



Annual Comprehensive Financial Report

Years Ending December 31, 2020 and 2019



We're Going Places.

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Annual Comprehensive Financial Report

Year Ended December 31, 2020 and 2019



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

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Ben Franklin Transit
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Introductory Section



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June 28, 2021

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, 2020 AND 2019.

Ben Franklin Transit's (BFT's) Annual Comprehensive Financial Report for the years ended December 31, 2020 and 2019 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 Authority'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 17 through 19. This report expresses an unmodified opinion as to the fair presentation of the financial statements noted on page 18.

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.

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.

COVID-19 Impact

In these unprecedented times, the COVID-19 pandemic has created numerous challenges in projecting revenues for the upcoming budget year. Throughout the pandemic, sales tax revenues have remained stable. Additionally, COVID-19 impacted the operations of many of BFT's activities. BFT adapted to continue providing the essential services to our citizens while striving to keep both employees and members of the public safe. Numerous safety measures were incorporated across the agency and vehicle fleet. These measures included: requiring drivers and riders wear masks, cleaning and disinfecting buses on a daily basis, stocking all vehicles with hand sanitizing stations and masks, and mandating employee temperature checks daily before starting work. BFT has received multiple grants from the Federal Transit Authority (FTA) to offset these additional operating costs and the impact of not charging fares for Fixed Route and Dial-A-Ride services.

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) was annexed into the PTBA.

Today, BFT provides fixed route, demand response including paratransit, and vanpool services in a 616-square-mile area located in Benton and Franklin Counties. The service area includes the entire cities of Kennewick, Pasco, Richland, West Richland, Benton City, Prosser and certain unincorporated areas of Benton and Franklin Counties with a combined population of approximately 302,000 residents. In 2020, combined ridership for all modes of service totaled 1,613,486.

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

II. PROFILE OF THE AGENCY (continued)

unions of BFT. The Board appoints a General Manager to implement policies authorized by the Board and oversee BFT's daily operations as well as its approximately 350 employees. The overall management of BFT is divided into six departments: Transit Operations; Fleet, Facilities and Capital Projects; Planning & Service Development; Marketing & Communications; Human Resources and Labor Relations; and Administrative Services.

BFT operates eighteen (18) fixed routes serving Benton City, Kennewick, Pasco, Prosser, Richland, and West Richland. There are eight (8) inter-city routes, which travel between cities and ten (10) local routes that operate within a given city. Fixed route service is derived from a network of four (4) transit center hubs and eleven (11) park and ride lots connecting passengers with destinations such as the Tri-Cities Airport, Pasco Amtrak and Greyhound Stations, Grape Line service to Walla Walla, and People for People service to Yakima and Connell. 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 2020, fixed route services carried 1,218,177 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 2020, total demand response ridership was 173,376.

Since its inception in 1984, BFT's Vanpool program has expanded to approximately 300 vans with over 2,100 daily weekday riders serving rural employment locations such as the Hanford nuclear cleanup site, Washington State Department of Corrections in both Walla Walla and Connell, and neighboring agricultural facilities.

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

Service Changes

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

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.

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 2025 and is sustainable at 2019 year-end service levels, which reflects pre-COVID-19 service levels.

II. PROFILE OF THE AGENCY (continued)

In February 2020, Governor Inslee declared a state of emergency in response to the COVID-19 virus pandemic. In subsequent Governor Proclamations, Mass Transit was identified as an essential critical subsector and, therefore, BFT continued operations with adjustments to routes, workforce, and hygienics to accommodate the Governor's directive and the public's response to COVID-19. The length of time these measures were to be in place and the full extent of the financial impact on BFT, was unknown. Reductions were expected in some revenue sources (sales taxes, fares, etc.) and increases were expected in other revenue sources (Federal & State Grants). The Governor's restrictions remained in place throughout 2020 and the community is just now beginning to return to a normal open status, with full opening anticipated for July 1, 2021. BFT was able to weather the pandemic with little financial impact as sales tax revenues remained stable throughout the year. CARES Act funding will also help ensure the stability of agency finances through 2024.

Major Goals and Initiatives

Initiatives established for 2020 were planned in accordance with the TDP. Each initiative and/or project was carefully reviewed before implementation to ensure sustainability and adherence to BFT's strategic priorities. The major initiatives identified for 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

Progress on Major Goals and Initiatives

Safety First: Our focus in 2020 was drastically changed in response to the COVID-19 pandemic. Energy and resources were devoted to employee and public safety through increased cleaning and sanitization efforts. There were also process changes to ensure social distancing safety measures were followed. Through it all, many of our Fixed Route Coach Operators and our Dial-a-Ride Operators were still able to earn their National Safety Council Safe Driver award for safe driving by the National Safety Council. An impressive 163 combined operators received this award which is indicative of the highly skilled professionals who work at BFT providing safe, reliable service to our community.

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 opens back up in 2021 and riders begin to return to public transportation, BFT will begin again to focus its efforts on ridership growth.

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 II, with work continuing in 2021. Substantial progress was made on the organizational infrastructure initiative with work continuing throughout 2021.

PROFILE OF THE AGENCY (continued)

Implementation of Operational Technology: During 2020, BFT engaged in an ongoing search for Operational Software that would provide a wider range of functionality than what is currently used. This included attending multiple software conferences highlighting current product capabilities and future projections. A software consultant has been hired to assist in the overall process of securing the best possible option for BFT, with hopes of completing this project before the end of 2021.

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 also completed a standard design template for bus stops that focused on ensuring ADA compliance and entered into a construction contract for up to 50 concrete bus pads to be completed in 2021. By the end of 2020, BFT had completed the initial design for a new Queensgate Transit Hub that will be located adjacent to a new mixed-use development. This project involved close coordination with the developer to create a high-quality transit facility, integrated into a new development. Likewise, work continued on site selection for a new Downtown (East) Pasco Transit Hub.

BFT also launched “Operation Transform” in late 2020 with the goal of updating, modernizing, and integrating many of BFT’s IT hardware and software applications throughout the entire agency.

Alternative Fuels: Due to BFT’s focused response on providing service throughout the COVID-19 pandemic, efforts on the Alternative Fuels Project in 2020 were paused. The project was picked back up in 2021 and is currently making forward progress.

Labor Relations: In 2020, BFT completed negotiations for three labor contracts that carried forward from 2019. These three Collective Bargaining Agreements (CBA) were successfully ratified as follows: Dispatchers/Schedulers on March 15, 2020; Dial-a-Ride drivers and Reservation Clerks on October 27, 2020; and Coach Operators on October 27, 2020.

III. ECONOMIC CONDITION AND OUTLOOK

Per Washington Employment Security Department (WESD) non-seasonally adjusted data, the 2020 Tri-Cities economy lost over 6,000 jobs - a decrease of 4.3 percent compared to 2019. WESD reported an unemployment rate of 6.9 percent in December of 2020 over a full point higher than the 5.7 percent unemployment rate posted in December 2019.

According to WESD, the 2021 Tri-City region projected employment growth rate is approximately 1.4 percent. Highest growth is expected in education and health care services, construction, leisure and hospitality, government, educational services and finance and insurance. Economic growth in these sectors factor into budgeted sale tax revenues of \$40.2 million or 56% of BFT’s projected total revenue for 2021.

Federal and State funding remain an integral revenue source for BFT. These funds are budgeted to contribute about 41% of total revenues for 2021. Federal and State funds are used to subsidize operations and to procure capital assets. BFT is optimistic in its position with these grantors and the ongoing availability of its significant funding sources.

ECONOMIC CONDITION AND OUTLOOK (continued)

I-976 originally passed in 2019 and would have affected the State of Washington's ability to fund certain mobility projects throughout the state. The initiative was declared unconstitutional on October 15, 2020 by the Washington State Supreme Court.

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 Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019. This was the eighth 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 Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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. 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.

Gloria Boyce
General Manager

Jeff Lubeck
Administrative Services Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Ben Franklin Transit
Washington**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

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December 31, 2020

Board of Directors

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

Board of Directors Alternates

Roach, Zahra – *Council Member, City of Pasco*
Peck, Brad – *Commissioner, Franklin County*
Taylor, Randy – *Council Member, City of Prosser*
Buel, Rich – *Council Member, City of West Richland*
Beaver, James “Jim” – *Commissioner, Benton County*
No Alternate – *Council Member, City of Benton City*
Christensen, Terry – *Council Member, City of Richland*
Millbauer, Jim – *Council Member, City of Kennewick*
Stewart, Lisa – *Non-Voting Rep, Teamsters Union*

BFT Management Team

General Manager

Gloria Boyce

Executive Management Team

Jerry Otto – *Assistant General Manager, Director of Fleet, Facilities, Capital Projects*
Ayodeji Arojo – *Director of Transit Operations*
Wendi Warner – *Director of Human Resources & Labor Relations*
Keith Hall – *Director of Planning & Service Development*
Ali Madison – *Director of Marketing & Communications*
Jeff Lubeck – *Director of Administrative Services*



Financial Section

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Directors
Ben Franklin Transit
Richland, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Ben Franklin Transit, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Transit's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Transit's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

of the Transit's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ben Franklin Transit, as of December 31, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 13 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Transit is unknown. Management's plans in response to this matter are also described in Note 13. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transit's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and is not a required part of the basic financial statements of the Transit. Such information has not been subjected to the auditing procedures applied in

the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 18, 2021, 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".

Pat McCarthy, State Auditor

Olympia, WA

June 18, 2021

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Management's Discussion and Analysis

The Management's Discussion and Analysis of BFT's Annual Comprehensive Financial Report provides a narrative overview and analysis of BFT's financial performance for the fiscal years ended December 31, 2020 and 2019. To obtain a complete understanding of BFT's financial condition, this document should be read in conjunction with the financial statements and accompanying notes.

Financial Highlights

- The COVID-19 pandemic certainly had an impact on BFT's revenues, expenses, operations, and activities in 2020. Some of the more significant impacts are highlighted in the following bullet points:
 - In March 2020, the agency stopped collecting fares for Fixed Route (FR) and Dial-A-Ride (DAR) services. The agency continues to operate fare free at the time of this report and uncertainty continues as to when fare collections will resume. This measure was taken to help ensure proper social distancing for the safety of both drivers and passengers.
 - Ridership was also severely reduced as a result of the pandemic. Although service levels were adjusted, no service was ever suspended, and full service was restored in March 2021. Ridership levels reached their lowest point in April 2020 and have been showing month-over-month growth returning throughout the rest of the year.
 - Sales tax revenues saw a drastic decline in March and April but rebounded quickly with 2020 sales tax revenues slightly exceeding 2019 levels.
 - With a reduction in ridership and service reductions, many ongoing operating expenses were lower as well. Costs such as fuel, maintenance, insurance and others were much lower than budgeted.
 - Other costs did increase as a result of COVID-19. These were primarily related to additional cleaning supplies and labor to provide more robust and frequent cleaning of vehicles and facilities along with personal protection equipment.
 - In March 2020, BFT was awarded a Federal grant of \$18.9 million of CARES Act funding. This grant was issued by the Federal Transit Authority (FTA) grants management program. These funds are flexible in use and can be used for Operating expenses. These funds do not expire and can be used in future years.
 - In December 2020, BFT was awarded additional grant funding totaling \$8.5 million. This funding was a result of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and was also awarded by FTA through the grants program. These funds are flexible in use and can be used for Operating expenses. These funds do not expire and can be used in future years.
 - In March 2021, BFT received an additional \$20.9 million of grant funding as a result of the American Recovery Plan (ARP). This was also awarded through the FTA grants management program and can be used for operating expenses. Unlike CARES and CRRSAA funds though, this money must be obligated no later than September 2024.
 - Several capital projects planned for 2020 were deferred. No grant funding associated with these projects will be reduced or eliminated as a result of these delays.
 - Service expansions planned for 2020 were postponed until 2021.
- The assets and deferred outflows of resources of BFT exceeded its liabilities and deferred inflows of resources (net position) at December 31, 2020 by \$88.1 million compared to \$79.6 million in 2019 and \$72.3 million in 2018. Of these amounts, \$36.5 million, \$36.0 million and \$37.1 million were invested in net capital assets and \$51.5 million, \$43.6 million and \$35.1 million were in unrestricted net position in 2020, 2019 and 2018 respectively.

Ben Franklin Transit
Management's Discussion and Analysis

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, 2020, by 10.7 percent or \$8.5 million compared to the year ended December 31, 2019. This is primarily driven by the impacts of COVID-19 which had the effect of significantly reducing many operating expenses while revenues remained relatively stable. This compares to an increase of 10.1 percent or \$7.3 million when comparing December 31, 2019, to December 31, 2018, due to an increase in sales tax and use of operating grants.
- BFT's total liabilities increased for the year ended December 31, 2020, by \$1.8 million compared to the year ended December 31, 2019 mainly due to an increase in OPEB Liability and Compensated Absences. This compares to a decrease for the year ended December 31, 2019, of \$1.1 million when compared to December 31, 2018 mainly due to the decrease in pension liability.
- BFT saw a decrease of \$2.2 million or 68.2 percent in fare revenue in 2020 compared to a decrease of \$0.4 million or 10.5 percent in fare revenue to \$3.2 million in 2019. In response to the COVID-19 pandemic, BFT became fare-free in March 2020 and did not collect any fare revenues for Fixed Route or Dial-A-Ride services the remainder of the year. Revenues associated with the Vanpool program were also substantially reduced as the number of vans in service was significantly reduced due to the pandemic as well. The decrease in 2019 was primarily due to a business closure. BFT's contracted service provider for general public paratransit, night (taxi), fixed route feeder and Sunday services closed its business at the end of 2018 resulting in a loss of revenues.
- BFT experienced an increase of \$0.2 million in sales tax revenue to \$39.5 million or 0.4 percent in 2020 over 2019. Even though businesses were impacted by the COVID-19 pandemic, BFT's tax base stayed consistent through essential retail business. Sales tax revenues in 2019 saw an increase of \$2.7 million in to \$39.3 million or 7.4 percent over 2018 due to growth in the local economy and increases in construction projects.
- Operating expenses for 2020, excluding depreciation and employer contributions to the state pension, totaled \$40.0 million, an increase of \$1.7 million or 4.5 percent over 2019. This is a result of continued growth in BFT. Although the expenses increased in 2020 over 2019, the 2020 expenses were \$2.6 million, or 5.9%, under budgeted expenses for 2020. This compares to total of \$38.3 million in 2019 which was an increase of \$1.4 million or 3.7 percent over 2018 mainly due to extended service hours as implemented by BFT in September 2018 and continued in 2019.
- Federal and State Operating Grants increased by \$3.9 million in 2020 as compared to 2019. This is due to the award of CARES Act funding through the Federal Transit Authority (FTA). The agency received CARES grant funding totaling \$18.9 million, which will be used over multiple years. Federal, State and Local Capital Contributions increased by \$1.9 million over the same period. In 2019 Federal and State Operating Grants increased by \$1.0 million as compared to 2018 and Federal, State and Local Capital Contributions decreased by \$8.6 million over the same period. Fluctuations are due to the timing of grant availability and the years in which they are budgeted.

Overview of the Financial Statements

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

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

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

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

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

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

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

Financial Statement Analysis

Net Position

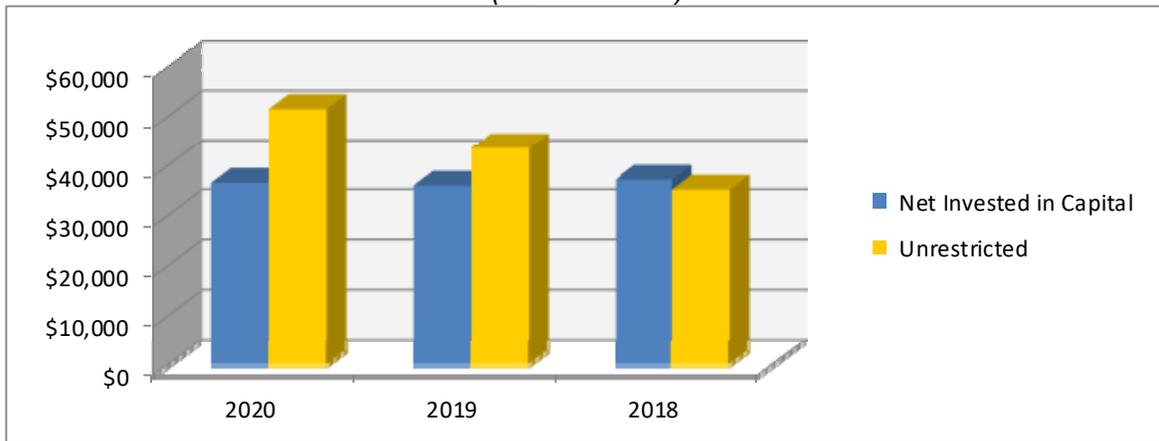
BFT's total net position(s) as of December 31, 2020, 2019 and 2018 reflect \$36.5 million, \$36.0 million and \$37.1 million, respectively, in net investment in capital assets such as revenue vehicles, passenger facilities, and shop equipment. BFT uses these capital assets to provide transportation service to the community. Therefore, this portion of the net position balance is not available for future spending. The remaining portion(s) of total net positions, \$51.5 million, \$43.6 million and \$35.1 million 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, 2020, 2019 and 2018
(in Thousands)

	2020	2019	2018
Assets:			
Current Assets	\$ 66,155	\$ 58,672	\$ 51,558
Capital Assets (net)	37,134	36,380	37,143
Total Assets	<u>103,289</u>	<u>95,052</u>	<u>88,701</u>
Deferred Outflows of Resources:			
Deferred Outflows	2,516	2,224	2,021
Total Deferred Outflows	<u>2,516</u>	<u>2,224</u>	<u>2,021</u>
Liabilities:			
Current Liabilities	3,363	3,209	2,388
Noncurrent Liabilities	12,567	10,879	12,763
Total Liabilities	<u>15,930</u>	<u>14,088</u>	<u>15,151</u>
Deferred Inflows of Resources:			
Deferred Inflows	1,815	3,633	3,300
Total Deferred Inflows	<u>1,815</u>	<u>3,633</u>	<u>3,300</u>
Net Position:			
Net Investment in Capital Assets	36,516	35,964	37,143
Unrestricted Net Position	51,544	43,591	35,128
Total Net Position	<u>\$ 88,060</u>	<u>\$ 79,555</u>	<u>\$ 72,271</u>

Net Position by Type
(in Thousands)

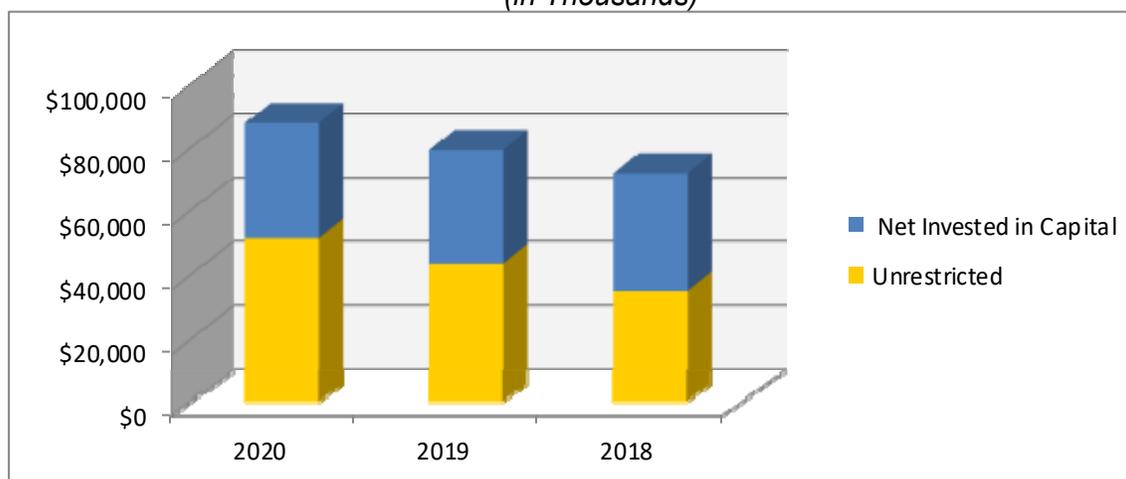


Net position may serve as a useful indicator of BFT's financial position over time. Total net position exceeded liabilities by \$72.1 million, \$65.5 million and \$57.1 million at December 31, 2020, 2019 and 2018 respectively.

The chart on the next page also reflects an improvement in BFT's 2020 financial condition over 2019 as well as BFT's improvement in 2019 financial condition over 2018. Although 2020 saw various impacts of COVID-19, BFT revenues were higher than both 2019 and the 2020 budget. Despite being fare-free for the majority of the year, BFT saw continued strength in local sales tax revenues and benefited from CARES Act funding awarded through the FTA grant program. Expenses did increase in 2020 compared to 2019 but were still lower than budgeted for 2020, thereby increasing the overall financial condition. In 2019 the main contributors to its improved condition were increases in sales tax revenue and efficient operations.

Ben Franklin Transit
Management's Discussion and Analysis

2020 – 2018 Trend of Net Position
(in Thousands)



Summary of Revenues, Expenses, and Changes in Net Position
For the years ended December 31, 2020, 2019 and 2018
(in Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenues	\$ 1,179	\$ 3,595	\$ 3,894
Operating Subsidies	48,402	44,382	40,715
Nonoperating Revenues	393	738	696
Total Revenues	<u>49,974</u>	<u>48,716</u>	<u>45,305</u>
Operating Expenses	(40,023)	(38,310)	(36,918)
Depreciation Expenses	(4,763)	(4,665)	(3,787)
Total Expenses	<u>(44,786)</u>	<u>(42,975)</u>	<u>(40,705)</u>
Excess (Deficiency) Before Contributions	5,188	5,741	4,600
Capital Contributions	3,474	1,544	10,178
Total Contributions	<u>3,474</u>	<u>1,544</u>	<u>10,178</u>
Change in Net Position	<u>8,662</u>	<u>7,285</u>	<u>14,778</u>
Total Net Position - Beginning	79,556	72,271	61,175
Prior Period Adjustment	(158)	-	(3,682)
Total Net Position - Ending	<u>\$ 88,060</u>	<u>\$ 79,556</u>	<u>\$ 72,271</u>

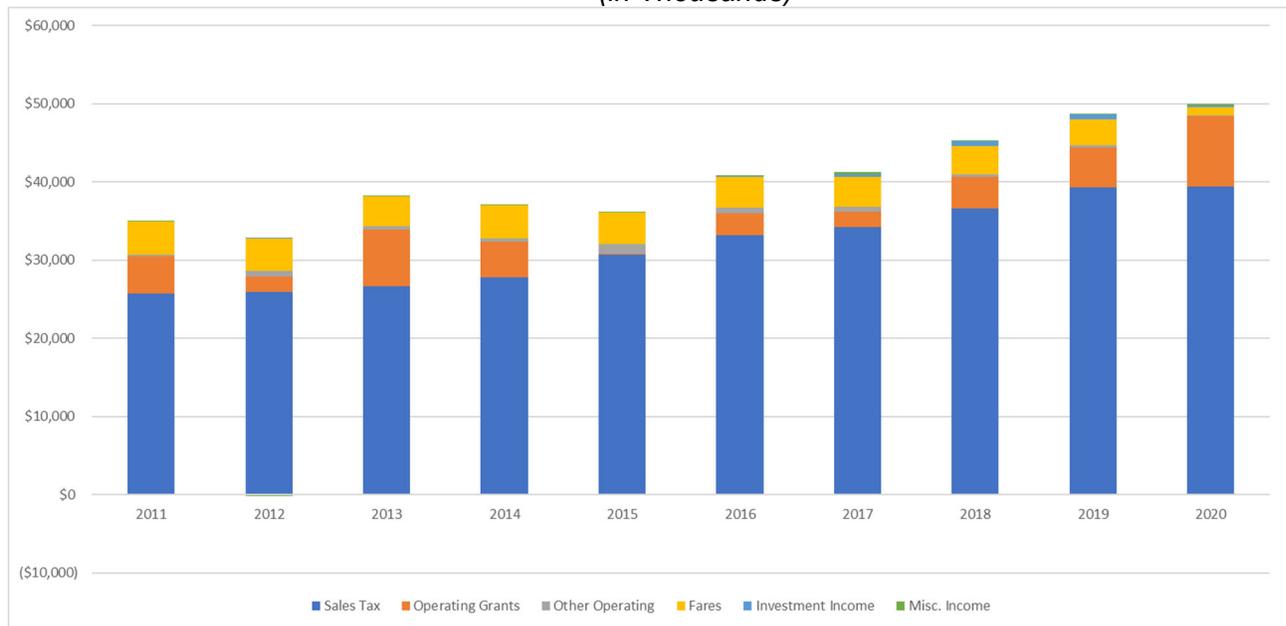
Ben Franklin Transit
Management's Discussion and Analysis

Revenues

BFT's primary source of revenue has been from local sales tax revenues, averaging 78.9% of revenues over the past 10 years. Historically, grants and fares have provided roughly the same amount of revenues with grants providing an average of 10.3% of revenues and fares providing an average of 8.9% of revenues over this period.

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

2011 – 2020 Annual Revenue
(in Thousands)



Operating Revenues
(in Thousands)

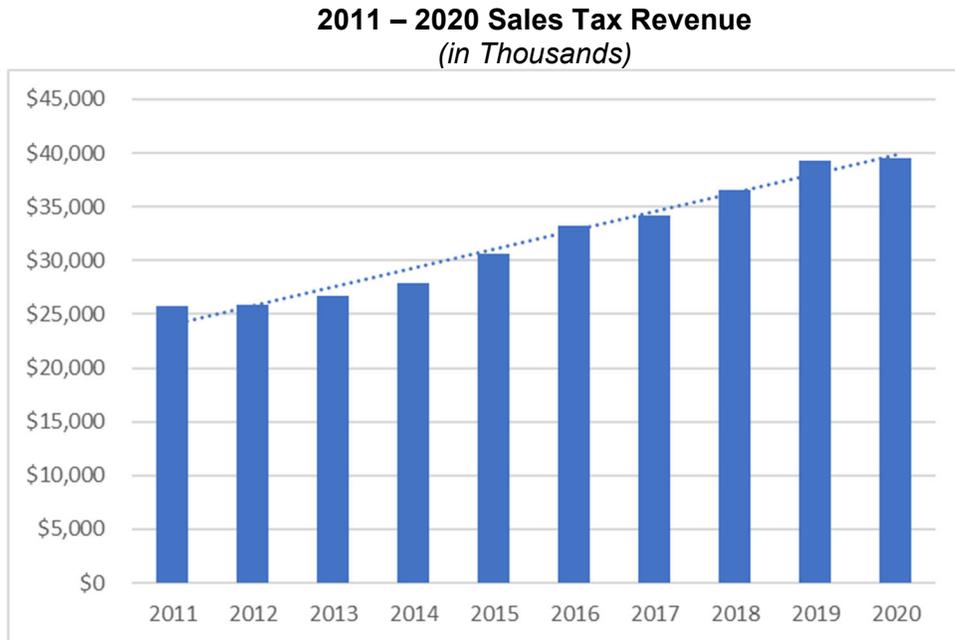
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenues			
Passenger Fares	\$ 1,029	\$ 3,239	\$ 3,621
Other Operating Revenues	150	356	273
Total Operating Revenues	<u>1,179</u>	<u>3,595</u>	<u>3,894</u>
Nonoperating Revenues			
Operating Subsidies			
Sales Tax	39,474	39,312	36,600
Operating Grants	8,928	5,070	4,115
Other Nonoperating Revenues			
Investment Income	236	707	600
Miscellaneous Income	157	31	96
Total Nonoperating Revenues	<u>48,795</u>	<u>45,121</u>	<u>41,411</u>
Total Revenues	<u>\$ 49,974</u>	<u>\$ 48,716</u>	<u>\$ 45,305</u>

Ben Franklin Transit
Management's Discussion and Analysis

BFT relies on sales tax revenues as its primary source of revenue. Sales tax revenues in 2020 totaled \$39.5 million, which represents 79.0% of all revenues received by the agency. This is an increase of \$162 thousand or 0.4% over 2019. Tax revenues are generated in four major sectors: the first was retail trade (50%), the second was construction (15%), the third was food and lodging (7%) and the fourth was wholesale trade (6%).

The local economy continues to grow and expand, resulting in strong growth in sales tax revenues. Sales tax revenues continue at all-time highs. Since 2010, sales tax revenues have a cumulative growth of 73.3% or 5.6% compounded annually. Over the past 5 year, the cumulative growth has been 41.7%, or 7.2% annually.

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



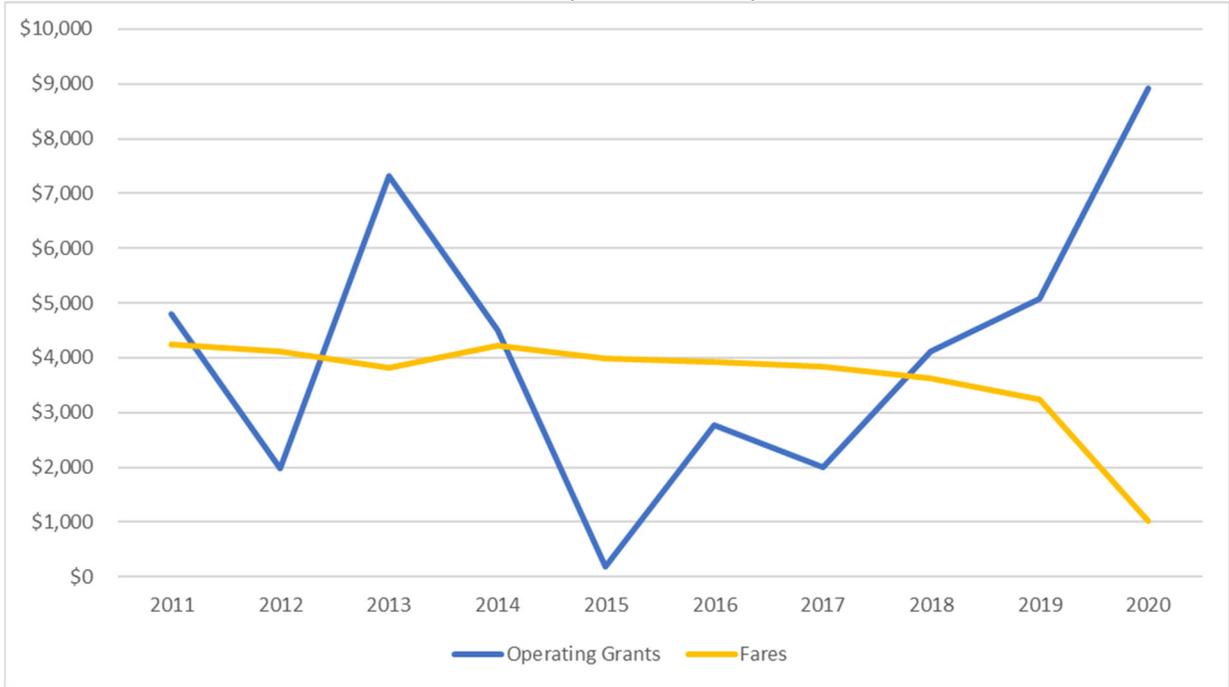
BFT's passenger fares consist of revenue from the sale of passes and tickets as well as cash fares collected on-board revenue vehicles. Passenger fares also include fares paid by vanpool customers. In response to the COVID-19 pandemic, BFT stopped collecting fares for both Fixed Route services as well as Dial-A-Ride services. It is uncertain when fare collection for these services will resume.

BFT receives grant awards from both state and Federal agencies. As previously mentioned, as a result of the CARES, CRRSAA and ARP Acts, BFT received additional grant funding through the FTA. These grants will be available for operating expenses in future years.

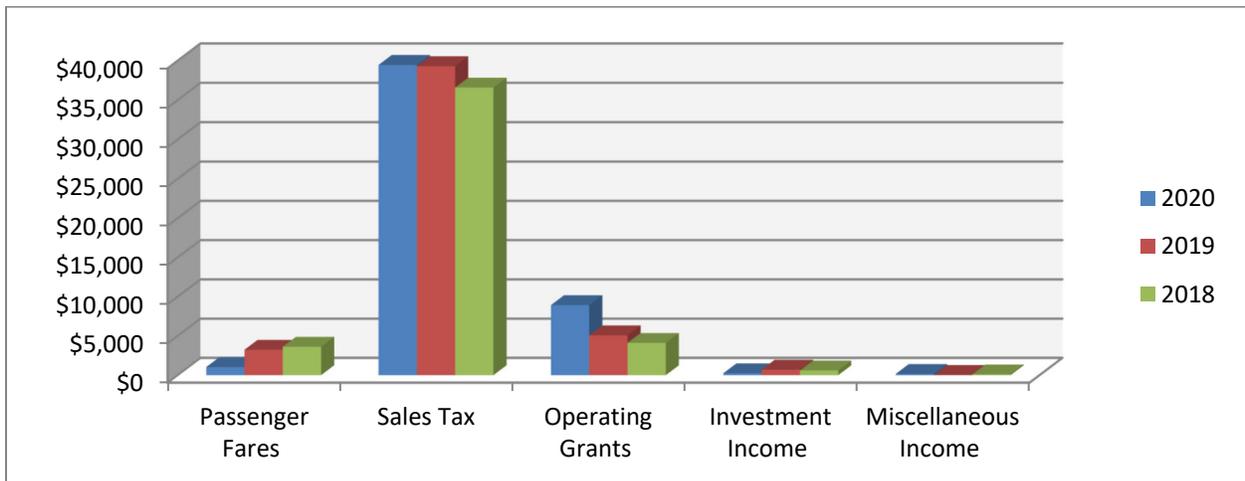
**Ben Franklin Transit
Management's Discussion and Analysis**

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

2011 – 2020 Fare and Grant Revenue
(in Thousands)



Revenues by Type
(in Thousands)



Ben Franklin Transit
Management's Discussion and Analysis

Expenses

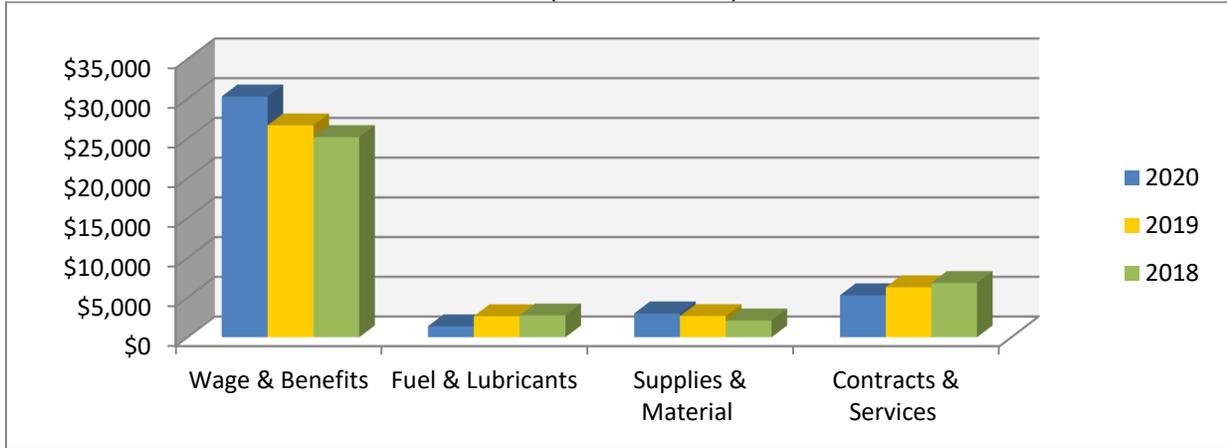
Wages and benefits of \$30.3 million in 2020, \$26.7 million in 2019 and \$25.2 million in 2018 made up 67.7, 62.1 percent and 61.9 percent of operating expenses respectively. These represented an increase of 13.6 percent in 2020 over 2019 and an increase of 5.8 percent in 2019 over 2018. This 2020 increase is a result of continued growth in BFT, with headcount increasing to support the overall agency growth progression. The 2019 increase was due to staffing increases associated with an extension of service hours as implemented by BFT in September 2018 and continued in 2019. Extended service hours result in additional service mile related costs. Fuel and lubricants decrease by 47.4 percent under 2019 due to the COVID-19 related decrease in service; whereas supplies and materials, which include repair and maintenance costs, increased by 12.1 percent over 2019. This was primarily driven by an increase in cleaning and sanitizing of vehicles and facilities in response to COVID-19. In 2019 fuel and lubricants decreased by 3.9 percent over 2018 due to a decrease in fuel prices; whereas supplies and materials, which include repair and maintenance costs, increased by 26.2 percent over 2018.

Contracts and services for 2020 of \$5.3 million decreased 15.9 percent under 2019. This was mainly due to the COVID-19 pandemic which had an adverse effect on services provided. Due to the halt of fare collection, our cash collection services were greatly reduced. Also, one of our largest contracts with The ARC of Tri-Cities was suspended resulting in a substantial decrease. Contracts and services for 2019 of \$6.3 million decreased 8.0 percent due to a business closure when BFT's contracted service provider for general public paratransit, night (taxi), fixed route-feeder and Sunday services closed its business at the end of October 2018. These services were suspended pending a solicitation for a new service provider which took place in 2019. BFT and the new contracted services provider are in the process of outlining the new services to begin in 2020.

Expenses
(in Thousands)

Operating Expenses	2020	2019	2018
Wage & Benefits	\$ 30,317	\$ 26,676	\$ 25,205
Fuel & Lubricants	1,395	2,650	2,754
Supplies & Material	3,002	2,678	2,122
Contracts & Services	5,292	6,293	6,837
Depreciation & Amortization	4,763	4,665	3,787
Total Operating Expenses	44,769	42,962	40,705
 Nonoperating Expenses			
Lease Interest	17	13	
Prior Period Adjustments	(158)	-	(3,682)
Total Non-Operating Expenses	(141)	13	(3,682)
Total Expenses	\$ 44,628	\$ 42,975	\$ 37,023

Operating Expenses by Type
(in Thousands)



Operating Grants

In 2020, BFT received \$8.9 million in Federal and State operating grants compared to \$5.1 million received in 2019 and \$4.1 million in 2018. In response to COVID-19, the FTA awarded \$18.9M of CARES Act grant funding to BFT. This is a multi-year grant that can be used for operating and capital expenditures. BFT uses these operating grants to pay for a portion of the wages of its fixed route coach operators and Dial-A-Ride drivers. For 2021, BFT has budgeted to receive \$8.2 million in CARES Act grant funding through the FTA to be used for operating expenses. In 2019 BFT had budgeted to receive \$4.5 million. Operating grant funds fluctuate based on need and BFT's choice to use funding for capital or operating needs.

Operating Grants		
<i>(in Thousands)</i>		
2020	2019	2018
\$ 8,928	\$ 5,070	\$ 4,115

Capital Grants

BFT received Federal and State capital grants to assist with the procurement of revenue vehicles and other capital projects. Investments in capital assets have decreased in recent years. In 2020, BFT received \$3.5 million in capital contributions with the majority of the funds being used towards the purchase of replacement cutaways, the completion of the Knight Street Transit Center renovations, and replacement of the hydraulic lift system utilized by the fleet-maintenance team. In 2019 BFT received \$1.5 million as focus shifted to normal fleet replacement. Additionally, in 2021 continued investment in replacement vehicles, transit center renovations, and the MOA campus upgrades and security enhancements. BFT has budgeted for \$3.4 million in federal and state capital grant contributions in 2021 as compared to the \$1.6 million budget for 2020 as it geared up for transit center technological updates and site improvements.

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

Capital Assets

BFT's investment in capital assets as of December 31, 2020 amounted to \$37.1 million net of accumulated depreciation/amortization. As of December 31, 2019, and 2018 the investment in capital assets net of accumulated depreciation/amortization equaled \$36.4 million and \$37.1 million respectively. Capital assets consist of transit coaches and other vehicles, buildings, equipment, software, transit centers, and park and ride lots.

Capital assets subject to depreciation and amortization increased by 5.4 percent in 2020 and 1.3 percent in 2019. In 2020, the increase consisted of \$5.7 million of additions and \$2.5 million of retirements, which compares to the \$3.4 million of additions and \$0.7 million of retirements that occurred in 2019. In addition, depreciation/amortization expense was recorded at \$4.8 million in 2020 and \$4.7 million in 2019. \$4.8 million in accumulated depreciation/amortization was removed for assets disposed of in 2020, \$4.7 million for assets disposed of in 2019 and \$1.6 million for assets disposed of in 2018.

In 2020 and 2019 major capital asset acquisitions (value over \$50,000) included the following:

Vehicles

- In 2020 major vehicles included 34 Dial-a-Ride vehicles (\$3.2 million), 10 light duty pick-ups (\$0.4 million)
- In 2019 major vehicles included 8 vans for the van pool program (\$0.2 million) and 3 paratransit vehicles (\$0.3 million)

Equipment & Furnishings

- In 2020 major equipment in included maintenance equipment replacements (\$0.4 million) and technology upgrades/improvements (\$22 thousand).
- In 2019 major equipment in included maintenance equipment replacements (\$75 thousand) and technology upgrades/improvements (\$0.5 million).

Intangible Software

- In 2020 an Intangible Software Asset account was created. All existing software assets were reclassified to this account from Equipment and Furnishings.
- There were no major intangible software acquisitions in 2020.

Building and Structures

- In 2020 there were no major acquisitions.
- In 2019 there were facility improvements (\$0.1 million).

Land Improvements

- In 2020 there were no major acquisitions.
- In 2019 there were no major acquisitions.

Land

- In 2020 there were no major acquisitions.
- In 2019 there were no major acquisitions.

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

Ben Franklin Transit
Management's Discussion and Analysis

Financial Outlook

BFT recognizes that its heavy reliance on sales tax revenues makes it susceptible to economic fluctuations. To prepare, BFT has in place a reserve policy to insulate it from short-term revenue downturns and unanticipated expenditures. The following table describes the Board-approved reserve funds and the current funding levels (*in thousands*):

Reserve Fund	BFT Approve Range	Current
Operating	2 to 6 months operating expenses	\$12,120
Fuel	3 to 6 months average total fuel costs	1,400
Fleet	20% to 40% of forecasted replacement costs; pro-rated over the life of the vehicle	6,601
Non-Fleet Capital	50% to 100% of estimated cost of non-fleet capital needs as determined by Facilities Condition Assessment every 5 years.	6,730
	Totals	\$26,851

Sales tax revenues for 2020 totaled \$39.5 million exceeding the budgeted amount of \$38.0 million. In 2019 sales tax revenues totaled \$39.3 million exceeding the budgeted amount of \$37.0 million. Through the 2021 and 2020 Budget processes, BFT budgeted \$40.2 million and \$38.0 million, respectively, in sales tax revenues. Increases in sales tax revenues in recent years continue to contribute to the overall improved financial position of BFT and help the agency meet operating, fleet, fuel, and non-fleet capital reserve needs as well as future service, restoration of prior services and expansion.

BFT closely monitors revenues when determining service levels and capital expansion as stated in its six-year TDP. Capital investments will focus on modest vehicle replacements as funds allow and maintaining a state of good repair of existing assets for safe and reliable transit operations. With current reserves and a conservative approach in uncertain economic conditions, BFT has a positive financial outlook.

Request for Information

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



Basic Financial Statements

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Ben Franklin Transit
Comparative Statement of Net Position
As of December 31, 2020 and 2019
(in Thousands)

	2020	2019
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 38,015	\$ 41,493
Accounts Receivables	20,083	8,898
Sales Tax Receivables	7,290	7,498
Inventories	391	505
Prepayments	376	277
Total Current Assets	<u>66,155</u>	<u>58,672</u>
Noncurrent Assets		
Capital Assets Not Being Depreciated/Amortized		
Land	2,209	2,209
Construction in Progress	1,947	2,623
Capital Assets Being Depreciated/Amortized		
Buildings & Structures	22,286	20,450
Vehicles	46,760	45,475
Equipment & Furnishings	3,895	4,631
Intangibles	1,037	-
Leases - Buildings & Structures	721	386
Leases - Equipment	167	120
Less: Accumulated Depreciation & Amortization	<u>(41,888)</u>	<u>(39,514)</u>
Total Capital Assets (Net)	<u>37,134</u>	<u>36,380</u>
Total Noncurrent Assets	<u>37,134</u>	<u>36,380</u>
Total Assets	<u>\$ 103,289</u>	<u>\$ 95,052</u>
Deferred Outflows of Resources		
Deferred Outflows - PERS Pension	\$ 2,493	\$ 2,201
Deferred Outflows - OPEB	23	23
Total Deferred Outflows	<u>\$ 2,516</u>	<u>\$ 2,224</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 1,507	\$ 1,587
Accrued Expenses	1,255	1,167
Contracts Payable	4	2
Compensated Absences	342	313
Total OPEB Liability	47	47
Lease Liability	208	93
Total Current Liabilities	<u>3,363</u>	<u>3,209</u>
Noncurrent Liabilities		
Net Pension Liability	6,471	6,460
Total OPEB Liability	4,596	3,329
Compensated Absences	1,090	767
Lease Liability	410	323
Total Noncurrent Liabilities	<u>12,567</u>	<u>10,879</u>
Total Liabilities	<u>\$ 15,930</u>	<u>\$ 14,088</u>
Deferred Inflows of Resources		
Deferred Inflows - PERS Pension	\$ 1,815	\$ 3,633
Total Deferred Inflows of Resources	<u>\$ 1,815</u>	<u>\$ 3,633</u>
Net Position		
Net Investment in Capital Assets	\$ 36,516	\$ 35,964
Unrestricted	51,544	43,591
Total Net Position	<u>\$ 88,060</u>	<u>\$ 79,555</u>

Ben Franklin Transit
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2020 and 2019
(in Thousands)

	2020	2019
Operating Revenues		
Passenger Fares	\$ 1,029	\$ 3,239
Other Operating Revenues	150	356
Total Operating Revenues	1,179	3,595
Operating Expenses		
Operations	24,076	23,814
Maintenance	5,548	6,849
Administrative Expenses	10,382	7,634
Depreciation & Amortization	4,763	4,665
Total Operating Expenses	44,769	42,962
Operating Income (Loss)	(43,590)	(39,367)
Nonoperating Revenues (Expenses)		
Sales Tax	39,474	39,312
Investment Income	236	707
Lease Interest	(17)	(13)
Operating Grants	8,928	5,070
Gains/(Losses) on Capital Asset Disposition	157	31
Total Nonoperating Revenues (Expenses)	48,778	45,108
Income (Loss) Before Contributions	5,188	5,741
Capital Contributions	3,474	1,544
Change in Net Position	8,662	7,285
Total Net Position - Beginning of Period	79,556	72,271
Prior Period Adjustment	(158)	-
Total Net Position - End of Period	\$ 88,060	\$ 79,556

The accompanying notes are an integral part of this statement.

Ben Franklin Transit
Comparative Statement of Cash Flows
For the Years Ended December 31, 2020 and 2019
(in Thousands)

	2020	2019
Cash Flows from Operating Activities		
Receipts From Customers	\$ 1,303	\$ 3,075
Other Receipts	183	426
Payments to Employees	(13,517)	(12,462)
Payments to Suppliers	(26,965)	(27,287)
Net Cash Provided (Used) by Operating Activities	(38,996)	(36,248)
Cash Flows from Noncapital Financing Activities		
Sales Tax Received	39,530	38,282
Operating Grants Received	10	3,170
Net Cash Provided (Used) by Noncapital Financing Activities	39,540	41,452
Cash Flows from Capital and Related Financing Activities		
Capital Contributions	923	3,095
Net proceeds from the Disposition of Capital Assets	157	31
Debt Service Leases	(196)	(103)
Acquisition and Construction of Capital Assets	(5,136)	(3,396)
Net Cash Used in Capital and Related Financing Activities	(4,252)	(373)
Cash Flows from Investing Activities		
Interest and Dividends	230	707
Net Cash Provided by Investing Activities	230	707
Net Increase (Decrease) in Cash and Cash Equivalents	(3,478)	5,539
Balances - Beginning of the Year	41,493	35,954
Balances - End of the Year	\$ 38,016	\$ 41,493
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ (43,590)	\$ (39,367)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation & Amortization Expense	4,763	4,665
PERS Pension Expense / (Credit)	(2,098)	(1,692)
OPEB Expense / (Credit)	1,268	(398)
Change in Assets and Liabilities:		
Receivables, Net	284	(89)
Inventories	115	(35)
Prepaid Expense	(99)	(72)
Payables	9	708
Vacation Accrual	352	32
Net Cash (Used) by Operating Activities	\$ (38,996)	\$ (36,248)

NON-CASH TRANSACTIONS:

Non-cash investing, capital, or financing activities includes net capital contributions accruals of \$2.6 million in 2020 and \$3.6 million in 2019.

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,

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

C. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents – It is BFT’s policy to invest all temporary cash surpluses. At December 31, 2020, the treasurer was holding \$38.0 million in short-term residual investments of surplus cash. This amount at the end of 2019 was \$41.5 million. This amount is classified on the statement of net position as cash and cash equivalents.

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

2. Investments – State statutes permit BFT to invest in obligations of the United States, certificates of deposits issued by banks that are designated as public depositories by the Washington Public Deposit Protection Commission (PDPC), and the Local Government Investment Pool (LGIP). Investments are reported at fair value measured by quoted market price. The reported value of the LGIP is the same as the fair value of the pool shares. For more details see Note 2, Deposits and Investments.
3. Receivables – Taxes receivable consists of uncollected sales tax revenue from the state and related interest and penalties.

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

4. Inventories – Inventory consists of fuel, tires, repair parts, and supplies. Purchases are recorded as increases to inventory and valued by the First In, First Out (FIFO) method (which approximates the market value).
5. Prepayments - Prepaid expenses are amounts paid to secure the use of assets or the receipt of services, software licensing and insurance, with an initial cost of more than \$5,000 or an estimated useful life in excess of one year. Such assets are recorded at cost and amortized over estimated economic useful life of the asset.
6. Restricted Assets – Restricted assets are temporary restricted cash and cash equivalents resulting from the sale of property in which the FTA restricts the use of proceeds to the investment of approved capital assets.
7. Capital Assets – Capital assets, which include property, facilities, 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 related capital assets (net present value of the lease) are calculated per GASB 87.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs of normal maintenance and repairs are not capitalized. No depreciation is provided on works in progress until work is completed and the asset is placed in service.

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

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

Asset	Years
Vehicles	4 - 14
Buildings and Structures	10 - 40
Equipment and Furnishings	2 - 20
Intangibles	2 - 20
Land Improvements	5 - 40

(Also, see Note 4 – Capital Assets)

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

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

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

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

9. Pensions – For purposes of measuring the net pension liability 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 Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Federal, State, and Local Grant Funds – Grants are accounted for in accordance with the purpose for which the funds are intended. Approved grants for the acquisition of land, building, and equipment are recorded as capital contributions as the related grant conditions are met. Approved grants for operating assistance are recorded as revenues in the year in which the related grant conditions are met. Advances on grants are recorded as a liability until related grant conditions are met.
11. Leases - BFT implemented GASB 87 Leases in 2020. BFT's leases of Buildings & Structures and Equipment (or grouping of similar leases) must have a term of 12 months or greater and a Net Present Value (NPV) equal to or greater than \$5,000 to be accounted for per GASB 87 guidelines. For more details see Note 10 Leases – (Lessees).

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as of December 31, 2020 and 2019 respectfully as follows:

Composition of Cash and Cash Equivalents

	<i>(in Thousands)</i>	
	<u>2020</u>	<u>2019</u>
Demand Deposits	\$ 38,015	\$ 41,493
Investments having original maturities of less than 3 months	-	-
Total Cash and Cash Equivalents	<u>\$ 38,015</u>	<u>\$ 41,493</u>

BFT's bank deposits and certificates of deposit are entirely insured by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Currently BFT does not have a policy for custodial credit risk as that risk does not currently exist.

NOTE 3 – RECEIVABLE AND PAYABLE BALANCES

Receivables and Payables as of December 31, 2020 and 2019 consist of the following:

	<i>(in Thousands)</i>	
	<u>2020</u>	<u>2019</u>
Operating Grants Receivable	\$ 13,619	\$ 4,701
Customer Payments Receivable	218	492
Employee Payments Receivable	41	18
Capital Grants and Contributions Receivable	6,170	3,618
Other Cash Receivable	35	68
Sales Tax Receivable	7,290	7,498
Total Receivables	<u>\$ 27,374</u>	<u>\$ 16,396</u>
Accounts Payable	\$ 1,507	\$ 1,587
Contracts Payable	4	2
Total Payables	<u>\$ 1,511</u>	<u>\$ 1,589</u>

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 4 – CAPITAL ASSETS

Activity for the year ended December 31, 2020 was as follows (*in Thousands*):

Description	Balance Jan 1, 2020	Increases	Decreases	Adjustments	Balance Dec 31, 2020
Capital Assets, Not Being Depreciated:					
Land	\$ 2,209	\$ -	\$ -	\$ -	\$ 2,209
Work in Progress	2,623	829	1,505	-	1,947
Total Capital Assets, Not Being Depreciated	<u>4,832</u>	<u>829</u>	<u>1,505</u>	<u>-</u>	<u>4,156</u>
Capital Assets, Being Depreciated:					
Vehicles	45,474	3,639	2,354	-	46,760
Building and Structures	20,450	1,836	-	-	22,285
Equipment and Furnishing	4,631	392	-	(1,128)	3,895
Intangibles	-	53	-	984	1,037
Leases-Buildings & Structures	386	440	105	-	721
Leases-Equipment	120	55	8	-	167
Total Capital Assets, Being Depreciated	<u>71,061</u>	<u>6,415</u>	<u>2,467</u>	<u>(144)</u>	<u>74,865</u>
Less Accumulated Depreciation/Amortization For:					
Vehicles	25,073	3,360	2,354	-	26,079
Building and Structures	12,258	509	-	-	12,767
Equipment and Furnishing	2,084	488	-	(293)	2,279
Intangibles	-	247	-	257	504
Leases-Buildings & Structures	61	154	31	-	184
Leases-Equipment	37	40	4	-	73
Total Accumulated Depreciation/Amortization	<u>39,513</u>	<u>4,798</u>	<u>2,389</u>	<u>(36)</u>	<u>41,887</u>
Total Capital Assets, Being Depreciated, Net	<u>31,548</u>	<u>1,617</u>	<u>78</u>	<u>(108)</u>	<u>32,978</u>
Business-type Activities Capital Assets, Net	<u>\$ 36,380</u>	<u>\$ 2,446</u>	<u>\$ 1,583</u>	<u>\$ (108)</u>	<u>\$ 37,134</u>

Software purchases totaling \$0.9 million were reported as capital assets in the Equipment and Furnishings category in prior years. Those purchases and their associated depreciation/amortization have been reclassified in 2020 as Intangible Assets per GASB 51.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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

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

Construction Commitments

At December 31, 2020 the Passenger Amenities Project was ongoing with an estimated completion extending beyond December 31, 2021. At December 31, 2019 the renovations at Knight Street Transit Center were still ongoing with an estimated completion date of March 31, 2020.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 5 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the years 2020 and 2019 (*in Thousands*):

Aggregate Pension Amounts – All Plans		
	2020	2019
Pension liabilities	\$ 6,471	\$ 6,460
Pension assets	\$ -	\$ -
Deferred outflows of resources	\$ 2,493	\$ 2,201
Deferred inflows of resources	\$ 1,815	\$ 3,633
Pension expense/expenditures	\$ 417	\$ 629

State Sponsored Pension Plans

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

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

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

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

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

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 5 – PENSION PLANS (continued)

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 and 2019 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – June 2019		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%
July 2019 – August 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%
September – December 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%.

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

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

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 5 – PENSION PLANS (continued)

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2020 and 2019 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – June 2019		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%
July – August 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 5 – PENSION PLANS (continued)

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
September – December 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%

* For employees participating in JBM, the contribution rate was 19.75%.

BFT's actual PERS plan contributions to plans for the fiscal years 2020 and 2019 ending December 31, were as follows (*in Thousands*):

BFT's Actual Contributions		
	2020	2019
PERS Plan 1	\$ 951	\$ 916
PERS Plan 2/3	\$ 1,564	\$ 1,405

Actuarial Assumptions - 2020

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. 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 2019 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The 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.

NOTE 5 – PENSION PLANS (continued)

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

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method change.

Actuarial Assumptions - 2019

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 Experience Study and the 2017 Economic Experience Study.

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

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

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

NOTE 5 – PENSION PLANS (continued)

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

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

Discount Rate

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

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 return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (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

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, 2020 and June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 5 – PENSION PLANS (continued)

Asset Class	2020 Target Allocation	2020 % Long-Term Expected Real Rate of Return Arithmetic	2019 Target Allocation	2019 % Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%	20%	2.20%
Tangible Assets	7%	5.10%	7%	5.10%
Real Estate	18%	5.80%	18%	5.80%
Global Equity	32%	6.30%	32%	6.30%
Private Equity	23%	9.30%	23%	9.30%
	100%		100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents BFT's 2020 proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what BFT's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

As of June 30, 2020 (*in Thousands*):

Plan	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 5,544	\$ 4,426	\$ 3,451
PERS 2/3	\$ 12,728	\$ 2,046	\$ (6,751)

The table below presents BFT's 2019 proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what BFT's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

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

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

Pension Plan Fiduciary Net Position

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

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 5 – PENSION PLANS (continued)

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

At June 30, 2020, and June 30, 2019 BFT reported a total pension liability of \$6.5 million and \$6.5 million, respectively, for its proportionate share of the net pension liabilities as follows (*in Thousands*):

Plan	2020 Liability (or Asset)	2019 Liability (or Asset)
PERS 1	\$ 4,426	\$ 4,893
PERS 2/3	\$ 2,046	\$ 1,567

At June 30, 2020, June 30, 2019, and June 30, 2018 BFT's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/20	Proportionate Share 6/30/19	Proportionate Share 6/30/18	Change in Proportion	
				2019 to 2020	2018 to 2019
PERS 1	0.125358%	0.127247%	0.124894%	(0.001889)%	0.002353%
PERS 2/3	0.159938%	0.161352%	0.158252%	(0.001414)%	0.003100%

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

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2020, and December 31, 2019 BFT recognized pension expense as follows (*in Thousands*):

Plan	2020 Pension Expense	2019 Pension Expense
PERS 1	\$ 137	\$ 336
PERS 2/3	280	293
TOTAL	\$ 417	\$ 629

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 5 – PENSION PLANS (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, and December 31, 2019, BFT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (*in Thousands*):

PERS 1	2020		2019	
	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	-	(25)	-	(327)
Changes of assumptions	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-
Contributions subsequent to the measurement date	496	-	452	-
TOTAL	\$ 496	\$ (25)	\$ 452	\$ (327)

PERS 2/3	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 732	\$ (256)	\$ 449	\$ (337)
Net difference between projected and actual investment earnings on pension plan investments	-	(104)	-	(2,281)
Changes of assumptions	29	(1,397)	40	(658)
Changes in proportion and differences between contributions and proportionate share of contributions	421	(33)	523	(30)
Contributions subsequent to the measurement date	814	-	737	-
TOTAL	\$ 1,996	\$ (1,790)	\$ 1,749	\$ (3,306)

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 5 – PENSION PLANS (continued)

PERS 1 & 2/3 COMBINED	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 732	\$ (256)	\$ 449	\$ (337)
Net difference between projected and actual investment earnings on pension plan investments	-	(129)	-	(2,608)
Changes of assumptions	29	(1,397)	40	(658)
Changes in proportion and differences between contributions and proportionate share of contributions	421	(33)	523	(30)
Contributions subsequent to the measurement date	1,310	-	1,189	-
TOTAL	\$ 2,493	\$ (1,815)	\$ 2,201	\$ (3,633)

2020 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, 2021. 2019 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, 2020. 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, 2020 (*in Thousands*):

Year ended December 31	PERS 1	PERS 2/3
2021	\$ (112)	\$ (752)
2022	\$ (4)	\$ (106)
2023	\$ 34	\$ 133
2024	\$ 57	\$ 265
2025	\$ -	\$ (52)
Thereafter	\$ -	\$ (97)

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

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

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2020, the following changes occurred in long-term liabilities (in Thousands):

Description	Balance	Additions	Reductions	Balance	Due Within One Year
	Jan 1, 2020			Dec 31, 2020	
Compensated Absences	\$ 1,080	\$ 2,067	\$ 1,715	\$ 1,432	\$ 342
Pension Liability - PERS 1	4,893	484	951	4,426	-
Pension Liability - PERS 2/3	1,567	2,147	1,669	2,045	-
OPEB Liability	3,376	1,311	43	4,644	47
Lease Liability	416	229	27	618	208
Total Long-Term Liabilities:	\$ 11,332	\$ 6,238	\$ 4,405	\$ 13,165	\$ 597

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

Description	Balance	Additions	Reductions	Balance	Due Within One Year
	Jan 1, 2019			Dec 31, 2019	
Compensated Absences	\$ 1,048	\$ 2,002	\$ 1,970	\$ 1,080	\$ 313
Pension Liability - PERS 1	5,578	336	1,021	4,893	-
Pension Liability - PERS 2/3	2,702	646	1,780	1,568	-
OPEB Liability	3,775	334	733	3,376	47
Lease Liability	506	-	90	416	93
Total Long-Term Liabilities:	\$ 13,609	\$ 3,318	\$ 5,594	\$ 11,333	\$ 453

(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

	2020	2019
Federal	\$ 2,372	\$ 1,407
State	1,102	137
Total	\$ 3,474	\$ 1,544

Capital contributions include accruals of \$2.6 million in 2020 and \$1.4 million in 2019. BFT received \$0.0 million of 2019 accruals in 2020 leaving \$1.4 million of 2019 accruals outstanding.

NOTE 9 – RISK MANAGEMENT

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

At the end of 2020, BFT retained a \$5,000 deductible for its all-risk property coverage which includes auto physical damage. BFT has a \$5,000 deductible for public official's liability coverage and has no deductible for general and auto liability risks covered by WSTIP.

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

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

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

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 increase 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 \$3 million (in excess of \$2 million).

BFT purchases a Covered Locations Pollution Liability insurance policy. The policy term is from April 4, 2018 to April 4, 2021. The carrier is Beazley Eclipse. The insuring agreement has coverage parts for covered location pollution liability coverage – new pollution conditions, covered

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 9 – RISK MANAGEMENT (continued)

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 2020 or 2019 that exceeded its coverage limits through WSTIP.

Following is a summary of coverage provided in 2020:

RISK / EXPOSURE	COVERAGE	DEDUCTIBLE
GENERAL LIABILITY		
Bodily Injury & Property Damage Personal Injury & Advertising Injury Contractual Liability	\$25 million	Per occurrence
Personal Injury and Advertising Injury Contractual liability	\$25 million	Per offense
Vanpool Driver Medical Expense Protection	\$35,000	Per occurrence
Underinsured Motorist Coverage	\$60,000	Per occurrence
PUBLIC OFFICIALS LIABILITY	\$25 million	Per occurrence and aggregate
Endorsement 1 - Per Occurrence and Annual Per Member Aggregate	\$250,000	Per occurrence
* Each member selects the modes which uninsured motorist coverage is applied to.		
PROPERTY COVERAGE		
All perils subject to the following sublimits:	\$500 million	Per occurrence, all perils and insureds/ members combined
Flood zones A & V – annual aggregate	\$10 million	Per occurrence, annual aggregate
All flood zones except A & V – annual aggregate	\$50 million	Per occurrence, annual aggregate
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 with a model year of 2010 or later and valued over \$250,000	Replacement Cost	Limited to \$1.5 million any one vehicle
BOILER AND MACHINERY	\$100 million	\$250,000 or \$350,000 depending on size of boiler
CRIME / PUBLIC EMPLOYEE DISHONESTY		
Including faithful performance. (Also includes:)	\$1 million	Per occurrence
Employee theft	\$1 million	Per occurrence
Forgery or alteration	\$1 million	Per occurrence
Theft, disappearance and destruction (inside premises)	\$1 million	Per occurrence
Robbery and safe burglary (inside premises)	\$1 million	Per occurrence
Robbery and safe burglary (outside premises)	\$1 million	Per occurrence
Computer fraud	\$1 million	Per occurrence
Funds Transfer Fraud	\$1 million	Per occurrence
Money orders and counterfeit money	\$1 million	Per occurrence

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 9 – RISK MANAGEMENT (continued)

Summary of coverage provided in 2020: (continued)

CYBER LIABILITY INSURANCE

Breach Response Costs	\$500,000	Limit increases to \$1 million if carrier's nominated service providers are utilized	
<i>First Party Loss</i>			
Business Interruption			
Resulting from Security Breach	\$2 million	Limit to Liability	
Resulting from System Failure	\$500,000	Limit to Liability	
Dependent Business Loss			
Resulting from Security Breach	\$750,000	Limit to Liability	
Resulting from System Failure	\$100,000	Limit to Liability	
Cyber Extortion Loss	\$2 million	Limit to Liability	
Data Recovery Costs	\$2 million	Limit to Liability	
LIABILITY	\$2 million		
Data & Network Liability	\$2 million	Limit to Liability	
Regulatory defense and penalties	\$2 million	Limit to Liability	
Payment Card liabilities & Costs	\$2 million	Limit to Liability	
Media Liability	\$2 million	Limit to Liability	

RISK / EXPOSURE	COVERAGE	DEDUCTIBLE
eCRIME		
Fraudulent Instruction	\$75,000	Limit to Liability
Funds Transfer Fraud	\$75,000	Limit to Liability
Telephone Fraud	\$75,000	Limit to Liability
CRIMINAL REWARD	\$25,000	Limit
COVERAGES ENDORSEMENTS		
Reputation Loss	\$50,000	Limit to Liability
Claims Preparation Costs for Reputation Loss Claims Only	\$50,000	Limit to Liability
Computer Hardware Replacement Costs	\$75,000	Limit to Liability
Invoice Manipulation	\$100,000	Limit to Liability
Cryptojacking	\$25,000	Limit to Liability

POLLUTION LIABILITY INSURANCE

Claims Including Claims Expenses	\$5,000,000	Per Occurance	\$100,000
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Following is a summary of coverage provided in 2019:

RISK / EXPOSURE	COVERAGE	DEDUCTIBLE
GENERAL LIABILITY		
Bodily Injury & Property Damage	\$ 25,000,000	Per occurrence
Personal Injury & Advertising Injury		
Contractual Liability		
Personal Injury and Advertising Injury	\$ 25,000,000	Per offense
Contractual liability		
Vanpool Driver Medical Expense Protection	\$ 35,000	Per occurrence
Underinsured Motorist Coverage	\$ 60,000	Per occurrence
PUBLIC OFFICIALS LIABILITY	\$ 25,000,000	Per occurrence and aggregate
		\$ 5,000

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 9 – RISK MANAGEMENT (continued)

Summary of coverage provided in 2019: (continued)

PROPERTY COVERAGE

All perils subject to the following sublimits:	\$ 500,000,000	Per occurrence, all perils and insureds/ members combined	\$ 5,000
Flood zones A & V – annual aggregate	\$ 10,000,000	Per occurrence, annual aggregate	\$ 500,000
All flood zones except A & V – annual aggregate	\$ 50,000,000	Per occurrence, annual aggregate	\$ 500,000
Earthquake, volcanic eruption, landslide, and mine subsidence --	\$ 25,000,000	Per occurrence, annual aggregate	5% subject to \$500,000 minimum per occurrence per unit

AUTO PHYSICAL DAMAGE

Auto Physical Damage (below \$250,000 in value)	Fair market value	Limited to \$1,350,000 any one vehicle	\$ 5,000
Auto Physical Damage for all vehicles with a model year of 2009 or later and valued over \$250,000	Replacement Cost	Limited to \$1,350,000 any one vehicle	\$ 5,000

BOILER AND MACHINERY

	\$ 100,000,000		\$250,000 or \$350,000 depending on size of boiler
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CRIME / PUBLIC EMPLOYEE DISHONESTY

Including faithful performance. (Also includes:)	\$ 1,000,000	Per occurrence	\$ 10,000
Employee theft	\$ 1,000,000	Per occurrence	\$ 10,000
Forgery or alteration	\$ 1,000,000	Per occurrence	\$ 10,000
Theft, disappearance and destruction (inside premises)	\$ 1,000,000	Per occurrence	\$ 10,000
Robbery and safe burglary (inside premises)	\$ 1,000,000	Per occurrence	\$ 10,000
Robbery and safe burglary (outside premises)	\$ 1,000,000	Per occurrence	\$ 10,000
Computer fraud	\$ 1,000,000	Per occurrence	\$ 10,000
Funds Transfer Fraud	\$ 1,000,000	Per occurrence	\$ 10,000
Money orders and counterfeit money	\$ 1,000,000	Per occurrence	\$ 10,000

CYBER LIABILITY

Third Party Liability	\$ 2,000,000	Maximum limit	\$ 100,000
Breach Response Costs	\$ 500,000	Limit increases to \$1,000,000 if carrier's nominated service providers are utilized	
First Party Loss			
Business Interruption			
Resulting from Security Breach	\$ 2,000,000	Limit to Liability	
Resulting from System Failure	\$ 500,000	Limit to Liability	
Dependent Business Loss			
Resulting from Security Breach	\$ 750,000	Limit to Liability	
Resulting from System Failure	\$ 100,000	Limit to Liability	
Cyber Extortion Loss	\$ 2,000,000	Limit to Liability	
Data Recovery Costs	\$ 2,000,000	Limit to Liability	
LIABILITY			
Data & Network Liability	\$ 2,000,000	Limit to Liability	
Regulatory defense and penalties	\$ 2,000,000	Limit to Liability	
Payment Card liabilities & Costs	\$ 2,000,000	Limit to Liability	
Media Liability	\$ 2,000,000	Limit to Liability	

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

POLLUTION LIABILITY INSURANCE

Claims Including Claims Expenses	\$5,000,000	Per Occurrence	\$100,000
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* However, if covered loss exists, WSTIP general liability policy also includes a \$50,000 limit of coverage with no deductible.
As of July 1, 2019, the deductible was lowered to \$5,000.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 10 – LEASES- (LESSEES)

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

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 2020 AND 2019 BFT paid Bridgestone \$137.9 thousand and \$150.6 thousand, respectively, for leasing tires.

As of December 31, 2020 and 2019, the outstanding balances of the Lease Assets (net of amortization) & Liabilities by category are (*in Thousands*):

Leases - December 31, 2020		
Category	Net Asset Balance	Liability Balance
Park & Ride Lots	\$91	\$92
Buildings	446	429
Sub-total Structures	537	521
Potable Water Coolers	6	6
Photocopy & Fax Equip.	63	63
Mail Equipment	26	28
Sub-total Equipment	94	97
Total	\$631	\$618

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

As of December 31, 2020 and 2019, the principal and interest requirements to maturity on the leases are as follows (*in Thousands*):

Leases - 2020			
Year Ended December 31	Debt Service	Interest	Total
2021	\$ 208	\$15	\$223
2022	198	9	207
2023	62	5	66
2024	36	4	40
2025	31	3	33
2026-2030	77	6	84
2031-2035	7	0	7
Total	\$618	\$41	\$659

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

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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 2020 and 2019 (*in Thousands*):

Aggregate OPEB Amounts – All Plans		
	2020	2019
OPEB liabilities	\$4,644	\$3,376
OPEB assets	\$-0-	\$-0-
Deferred outflows of resources	\$23	\$23
Deferred inflows of resources	\$-0-	\$-0-
OPEB expense	\$1,311	\$ (343)

- a. As a member of the Washington State Public Employees Benefit Board (PEBB) BFT offers employees who retire the option to continue medical coverage on a self-pay basis. BFT's plan is considered a single-employer defined benefit plan.
- b. The plan is available to non-bargaining employees. The premiums for the retired employees are blended with the rates for active employees. The blending of rates is considered an implicit subsidy paid by BFT. There are no COLAs associated with the plan.
- c. At December 31, 2020 and 2019, the following employees were covered by the benefit terms:

	2020	2019
Inactive employees or beneficiaries currently receiving benefits	12	11
Inactive employees entitled to but not yet receiving benefits	3	4
Active employees	80	79
Total	95	94

- 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 3.50% for the beginning of the measurement year and 2.21% for the end of the measurement year. Projected salary changes were 3.5% plus service-based increases. Healthcare Trend rates used an initial rate of approximately 7%, trending down to about 5% in 2020. Mortality rates were calculated using the Healthy RP-2000 base mortality table with an age setback of 1 year, mortality improvements of 100% scale BB and a generational projection period. An inflation rate of 2.75% was used. Post-retirement participation percentage was 65% and the percentage with spousal coverage was 45%.

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

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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

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%)
2020 Total OPEB Liability	\$3,731	\$4,644	\$5,868
2019 Total OPEB Liability	\$2,754	\$3,776	\$4,197

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%)
2020 Total OPEB Liability	\$5,677	\$4,644	\$3,840
2019 Total OPEB Liability	\$4,077	\$3,776	\$2,826

Changes in the Total OPEB Liability

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

PEBB Plan	2020	2019
Total OPEB Liability on January 1st	\$3,376	\$3,775
Service cost	170	182
Interest	123	152
Changes of benefit terms	0	0
Changes in Experience Data and Assumptions	1,018	(677)
Benefit payments	(43)	(56)
Other changes	0	0
Total OPEB Liability on December 31st	\$4,644	\$3,376

a. The Alternative Measurement Method (AMM) was performed with a valuation date of June 30, 2020. The AMM was used to measure the TOL in place of an actuarial valuation.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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

- 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 period was \$1.3 million.
- g. At December 31, 2020, BFT reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (*in Thousands*):

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

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

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

Deferred outflows of resources of \$23.4 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, 2021.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

2020: The prior period adjustment listed on the financial statements was due to the sales tax revenue accrual at the end of 2018 never being adjusted to actual during 2019.

2019: BFT reported no prior period adjustments.

NOTE 13 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

On March 23, 2020, the Governor issued a Proclamation directing all residents to stay home, “except as needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as the State Public Health Officer may designate as critical....”. Mass Transit was identified as an essential critical subsector and, therefore, BFT continued operations. BFT has adjusted routes and workforce to accommodate this directive and the public’s response to COVID-19.

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

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

NOTE 14 – 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.

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Required Supplementary Information

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

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Ben Franklin Transit
 Required Supplementary Information
 For the Year Ended December 31, 2020 and 2019

Schedule of Proportionate Share of the Net Pension Liability
 PERS Plan1
 As of June 30, 2020
 Last 10 Fiscal Years*
 (in Thousands)

	2020	2019	2018	2017	2016	2015	20XX	20XX	20XX	20XX
Employer's proportion of the net pension liability (asset)	0.125358%	0.127247%	0.124894%	0.116013%	0.114841%	0.125862%				
Employer's proportionate share of the net pension liability	\$ 4,426	\$ 4,893	\$ 5,578	\$ 5,505	\$ 6,168	\$ 6,584				
TOTAL	\$ 4,426	\$ 4,893	\$ 5,578	\$ 5,505	\$ 6,168	\$ 6,584				
Covered payroll**	\$ 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	23.44%	27.64%	33.16%	37.82%	43.10%	46.31%				
Plan fiduciary net position as a percentage of the total pension liability	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 six 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, 2020 and 2019

Schedule of Proportionate Share of the Net Pension Liability
PERS Plan2/3
As of June 30, 2020
Last 10 Fiscal Years*
(in Thousands)

	2020	2019	2018	2017	2016	2015	20XX	20XX	20XX	20XX
Employer's proportion of the net pension liability (asset)	0.159938%	0.161352%	0.158252%	0.146848%	0.143055%	0.158146%				
Employer's proportionate share of the net pension liability	\$ 2,046	\$ 1,567	\$ 2,702	\$ 5,102	\$ 7,203	\$ 5,651				
TOTAL	\$ 2,046	\$ 1,567	\$ 2,702	\$ 5,102	\$ 7,203	\$ 5,651				
Covered payroll**	\$ 18,781	\$ 17,568	\$ 16,765	\$ 14,457	\$ 14,138	\$ 14,043				
Employer's proportionate share of the net pension liability as a percentage of covered payroll	10.89%	8.92%	16.12%	35.29%	50.95%	40.24%				
Plan fiduciary net position as a percentage of the total pension liability	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 six 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, 2020 and 2019

Schedule of Employer Contributions
 PERS Plan1
 As of December 31, 2020
 Last 10 Fiscal Years*
 (in Thousands)

	2020	2019	2018	2017	2016	2015	20XX	20XX	20XX	20XX
<u>Statutorily or contractually required contributions</u>	\$ 951	\$ 916	\$ 873	\$ 776	\$ 696	\$ 576				
<u>Contributions in relation to the statutorily or contractually required contributions***</u>	(951)	(916)	(873)	(776)	(696)	(576)				
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
<u>Covered payroll**</u>	\$ 19,777	\$ 18,322	\$ 17,084	\$ 15,755	\$ 14,396	\$ 14,121				
<u>Contributions as a percentage of covered payroll</u>	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 six 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).*

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

Ben Franklin Transit
 Required Supplementary Information
 For the Year Ended December 31, 2020 and 2019

Schedule of Employer Contributions
 PERS Plan2/3
 As of December 31, 2020
 Last 10 Fiscal Years*
 (in Thousands)

	2020	2019	2018	2017	2016	2015	20XX	20XX	20XX	20XX
Statutorily or contractually required contributions	\$ 1,564	\$ 1,405	\$ 1,270	\$ 1,086	\$ 888	\$ 840				
Contributions in relation to the statutorily or contractually required contributions**	(1,564)	(1,405)	(1,270)	(1,086)	(888)	(840)				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered payroll*	\$ 19,745	\$ 18,185	\$ 16,975	\$ 15,713	\$ 14,250	\$ 13,945				
Contributions as a percentage of covered payroll	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 six 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).

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

Ben Franklin Transit
 Required Supplementary Information
 For the Year Ended December 31, 2020 and 2019

Schedule of Changes in the Employer's Total OPEB Liability
 OPEB
 As of June 30, 2020
 (in Thousands)

	2020	2019	2018	20XX	20XX	20XX	20XX	20XX	20XX
Total OPEB Liability									
Service Cost	\$ 170	\$ 182	193						
Interest	123	152	139						
Changes in Experience Data and Assumptions	1,018	(677)	(218)						
Changes in Benefit Terms	-	-	-						
Benefit Payments	(43)	(56)	(42)						
Other	-	-	-						
Net Changes in total OPEB Liability	1,268	(399)	72						
Total OPEB Liability - Beginning	3,376	3,775	3,703						
Total OPEB Liability - Ending	4,644	3,376	3,775						
Covered Employee Payroll*	\$ 5,643	\$ 5,184	4,567						
Employer's proportionate share of the net pension liability as a percentage of covered payroll	% 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 three 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 inpts from BFT for eligible counts, average ages and covered payroll.

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

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Statistical Section

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Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2020 and 2019

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.

- Net Position.....76
- Changes in Net Position.....77

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.....78
- Direct and Overlapping Sales Tax Rates.....79

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.....80
- Principal Employers.....81

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

- Selected Operating Information.....82

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, 2020 and 2019

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net Position										
Invested in capital assets	\$ 36,516	\$ 35,964	\$ 37,143	\$ 27,109	\$ 28,692	\$ 30,351	\$ 26,881	\$ 22,779	\$ 23,518	\$ 26,423
Unrestricted	51,544	43,591	35,128	34,066	29,384	21,985	29,549	26,547	19,319	14,240
TOTAL Net Position	<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>	<u>\$ 49,326</u>	<u>\$ 42,837</u>	<u>\$ 40,663</u>

Source: Annual Comprehensive Financial Report

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2020 and 2019

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues										
Passenger Fares	\$ 1,029	\$ 3,239	\$ 3,621	\$ 3,841	\$ 3,928	\$ 3,981	\$ 4,220	\$ 3,822	\$ 4,105	\$ 4,246
Other Operating Revenues	150	356	273	593	755	1,246	457	356	800	159
Total Operating Revenues	\$ 1,179	\$ 3,595	\$ 3,894	\$ 4,434	\$ 4,683	\$ 5,227	\$ 4,677	\$ 4,178	\$ 4,905	\$ 4,405
Operating Expenses										
Operations	\$ 24,076	\$ 23,814	\$ 22,890	\$ 22,144	\$ 20,364	\$ 19,255	\$ 19,985	\$ 18,354	\$ 17,552	\$ 17,516
Maintenance	5,548	6,849	6,917	6,434	5,575	5,691	7,199	7,416	7,930	7,105
Administrative Expenses	10,382	7,634	7,111	6,398	5,795	4,819	4,899	4,699	4,035	3,707
Depreciation & Amortization	4,763	4,665	3,787	3,360	3,542	3,802	3,210	3,388	3,996	3,082
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	44,769	42,962	40,705	38,336	35,276	33,567	35,293	33,857	33,513	31,410
Operating Income (Loss)	\$ (43,590)	\$ (39,367)	\$ (36,811)	\$ (33,902)	\$ (30,593)	\$ (28,340)	\$ (30,616)	\$ (29,679)	\$ (28,608)	\$ (27,005)
Nonoperating Revenues (Expense)										
Sales Tax	\$ 39,474	\$ 39,312	\$ 36,600	\$ 34,214	\$ 33,218	\$ 30,667	\$ 27,864	\$ 26,650	\$ 25,902	\$ 25,733
Interest Income	236	707	600	316	81	40	18	23	22	25
Lease Interest	(17)	(13)								
Operating Grants	8,928	5,070	4,115	2,000	2,768	193	4,493	7,324	1,983	4,800
Gain (Loss) of Sale of Assets	157	31	96	373	6	113	43	9	(134)	13
Total Nonoperating Revenues (Expense)	\$ 48,778	\$ 45,108	\$ 41,411	\$ 36,903	\$ 36,073	\$ 31,013	\$ 32,418	\$ 34,006	\$ 27,773	\$ 30,571
Net Income (Loss) Before Contributions	\$ 5,188	\$ 5,741	\$ 4,600	\$ 3,002	\$ 5,480	\$ 2,673	\$ 1,802	\$ 4,327	\$ (835)	\$ 3,566
Capital Contributions	3,474	1,544	10,178	2,279	1,382	5,933	5,300	2,162	2,006	893
Net Income (Loss) After Contributions	\$ 8,662	\$ 7,285	\$ 14,778	\$ 5,281	\$ 6,862	\$ 8,606	\$ 7,102	\$ 6,489	\$ 1,171	\$ 4,459

Source: Annual Comprehensive Financial Report

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2020 and 2019

TAXABLE SALES BY CATEGORY
Benton County and Franklin County (combined)
2020 - 2011
(in Thousands)

CATEGORY (NAICS version)	CODE	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Retail Trade	<u>44-45</u>	\$ 3,463,325	\$ 3,154,627	\$ 2,944,106	\$ 2,742,707	\$ 2,607,444	\$ 2,448,277	\$ 2,249,885	\$ 2,130,696	\$ 2,020,399	\$ 1,907,943
Agriculture, Forestry, Fishing	<u>11</u>	6,736	5,296	5,352	5,026	4,577	4,506	4,427	5,093	19,902	8,855
Mining	<u>21</u>	1,322	1,270	1,921	843	1,561	1,596	1,045	440	2,030	2,642
Utilities	<u>22</u>	5,501	4,830	3,866	2,994	3,157	3,113	3,103	2,754	2,753	3,770
Construction	<u>23</u>	1,144,108	1,109,425	846,669	826,446	838,873	797,438	663,360	672,974	518,156	554,473
Manufacturing	<u>31-33</u>	138,001	128,202	110,776	91,175	92,698	83,173	84,310	79,589	68,407	81,707
Wholesale Trade	<u>42</u>	472,748	460,516	441,948	440,807	429,692	423,059	393,572	374,469	351,767	369,514
Transportation & Warehousing	<u>48-49</u>	24,544	18,783	17,477	16,612	13,007	11,727	11,074	11,824	13,218	8,777
Information	<u>51</u>	165,961	190,314	191,856	184,150	190,396	187,984	173,402	163,155	152,607	156,319
Finance, Insurance	<u>52</u>	50,985	47,020	51,519	41,545	39,148	30,523	24,640	24,192	23,858	23,827
Real Estate, Rental/Leasing	<u>53</u>	122,790	128,878	130,464	114,655	108,299	115,333	102,696	100,739	96,958	102,274
Professional, Scientific & Technical Svcs	<u>54</u>	125,096	105,748	87,102	94,168	83,982	66,366	66,098	70,350	81,480	72,643
Management, Education & Health Svcs	<u>55-62</u>	246,157	209,109	193,891	127,804	112,511	99,879	92,201	89,172	83,265	101,349
Arts, Entertainment & Recreation	<u>71</u>	29,802	59,364	56,160	48,827	45,945	42,709	39,422	37,477	36,099	30,824
Accommodations & Food Services	<u>72</u>	474,694	602,487	577,421	541,456	501,052	470,265	428,646	402,109	389,513	382,091
Other Services	<u>81</u>	156,872	167,103	159,815	157,044	141,831	138,861	139,635	131,758	108,730	158,414
Public Administration, Other	<u>92,00</u>	2,547	2,419	2,246	4,023	4,174	3,927	3,082	3,322	5,611	1,764
TOTAL TAXABLE SALES		\$ 6,631,189	\$ 6,395,391	\$ 5,822,589	\$ 5,440,282	\$ 5,218,347	\$ 4,928,736	\$ 4,480,598	\$ 4,300,113	\$ 3,974,753	\$ 3,967,186

Notes:

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

Ben Franklin Transit
 Statistical Section
 For the Years Ended December 31, 2020 and 2019

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 (%)
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
2013 Benton	0.6	1.8	6.5	8.3
2013 Franklin	0.6	2.1	6.5	8.6
2012 Benton	0.6	1.8	6.5	8.3
2012 Franklin	0.6	2.1	6.5	8.6
2011 Benton	0.6	1.8	6.5	8.3
2011 Franklin	0.6	1.8	6.5	8.3

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

Source: Washington Department of Revenue

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2020 and 2019

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Year	Population			Personal Income (in Thousands)			Per Capita		Unemployment Rate Seasonally Adjusted
	Benton County	Franklin County	Combined Total	Benton County	Franklin County	Combined Total	Benton County	Franklin County	Kennewick-Pasco-Richland (Benton & Franklin Counties)
2020	205,700	96,760	302,460	***** DATA NOT YET PUBLISHED *****			*****		8.2%
2019	201,800	94,680	296,480	\$ 9,959,637	\$ 3,742,322	\$ 13,701,959	\$ 49,354	\$ 39,526	5.2%
2018	197,420	92,540	289,960	9,413,380	3,501,343	12,914,723	47,682	37,836	5.6%
2017	193,500	90,330	283,830	8,915,706	4,182,098	13,097,804	46,076	46,298	5.8%
2016	190,500	88,670	279,170	8,657,463	3,133,598	11,791,061	45,446	35,340	6.7%
2015	188,590	87,150	275,740	8,450,529	3,059,575	11,510,104	44,809	35,107	7.1%
2014	186,500	86,600	273,100	7,776,677	2,843,165	10,619,842	41,698	32,831	7.7%
2013	183,400	84,800	268,200	7,451,725	2,668,062	10,119,787	40,631	31,463	9.1%
2012	180,000	82,500	262,500	7,464,960	2,603,288	10,068,248	41,472	31,555	9.5%
2011	177,900	80,500	258,400	7,543,316	2,573,988	10,117,304	42,402	31,975	8.4%

Note:

2020 estimates of Personal Income (In Thousands) and Per Capita are scheduled to be released in November 2021

Sources:

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

Personal Income and Per Capita Personal Income data - US Department of Commerce, Bureau of Economic Analysis

Last updated November 16, 2020 - new estimates for 2019; revised estimates for 2011-2018.

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 April 7, 2021

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2020 and 2019

PRINCIPAL EMPLOYERS
Current Year and 9 Years Ago

Principal Employers:	2020			2011		
	Number of Employees	Rank	Percent of Employment	Number of Employees	Rank	Percent of Employment
PNNL/Battelle	4,700	1	3.52%	4,890	1	4.06%
KADLEC Medical Center	3,674	2	2.75%	2,242	6	1.86%
ConAgra (Lamb Weston)	3,000	3	2.25%	2,498	5	2.07%
Kennewick School District	3,000	3	2.25%	--	-	--
Washington River Protection Solutions	2,971	5	2.23%	1,670	7	1.39%
Mission Support Alliance, LLC	2,240	6	1.68%	1,405	9	1.17%
Pasco School District	2,288	7	1.71%	--	-	--
Richland School District	1,900	8	1.42%	--	-	--
CH2M Hill	1,688	9	1.26%	3,096	3	2.57%
Bechtel National	1,450	10	1.09%	2,897	4	2.40%
Tyson Foods	--	-	--	1,300	10	1.08%
URS-Washington Division	--	-	--	3,400	2	2.82%
Washington Closure Hanford	--	-	--	1,600	8	1.33%
Other	106,558		79.84%	95,476		79.25%
Total Number of Employees	133,469		100%	120,474		100%

Note:

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

Sources:

2020 & 2011 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, 2020 and 2019

SELECTED OPERATING INFORMATION
2020 – 2011
(in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
UNLINKED PASSENGER TRIPS										
A. Fixed Route	1,218	2,097	2,033	2,184	2,420	2,652	2,824	2,789	3,009	3,080
Directly Operated	154	299	316	293	308	317	n/a	n/a	n/a	n/a
Purchased Transportation	20	78	76	74	72	70	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	-	50	108	123	123	n/a	n/a	n/a	n/a
B. Demand Response	174	377	442	475	503	510	496	467	468	469
C. Vanpool	222	653	646	643	709	795	828	862	1,201	1,293
Total	1,614	3,127	3,121	3,302	3,632	3,957	4,148	4,118	4,678	4,842
PASSENGER MILES										
A. Fixed Route	5,129	8,827	8,801	9,195	9,976	10,931	11,648	20,981	22,746	23,258
Directly Operated	1,085	2,212	2,326	2,158	2,485	2,557	n/a	n/a	n/a	n/a
Purchased Transportation	104	616	607	614	613	557	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	-	377	856	988	638	n/a	n/a	n/a	n/a
B. Demand Response	1,189	2,828	3,310	3,628	4,086	3,752	3,782	2,820	2,785	2,367
C. Vanpool	7,546	2,161	2,132	2,160	22,376	25,387	27,036	27,595	38,780	50,633
Total	13,864	33,271	33,437	34,431	36,438	40,070	42,466	51,396	64,311	76,258
TOTAL ACTUAL MILES										
A. Fixed Route	2,892	2,960	2,682	2,406	2,345	2,331	2,307	2,308	2,310	2,444
Directly Operated	1,418	2,254	2,180	2,125	2,152	2,179	n/a	n/a	n/a	n/a
Purchased Transportation	138	267	292	287	272	257	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	-	305	644	702	706	n/a	n/a	n/a	n/a
B. Demand Response	1,556	2,521	2,777	3,056	3,126	3,142	3,055	2,832	2,832	2,759
C. Vanpool	1,346	3,502	3,471	3,421	3,516	3,804	4,079	4,047	4,663	5,032
Total	5,794	8,983	8,930	8,883	8,987	9,277	9,441	9,187	9,805	10,235
TOTAL ACTUAL HOURS										
A. Fixed Route	181	185	169	147	140	140	139	140	141	142
Directly Operated	91	136	136	140	138	128	n/a	n/a	n/a	n/a
Purchased Transportation	13	16	17	17	16	15	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	-	11	23	31	31	n/a	n/a	n/a	n/a
B. Demand Response	104	152	164	180	185	174	170	163	176	168
C. Vanpool	30	80	72	71	78	84	84	88	114	117
Total	315	417	405	398	403	398	393	391	431	427

Notes:

- 1) 2020 data source - BFT
- 2) Data for unlinked passenger trips and passenger miles reflect the National Transit Database (NTD) data for 2019 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 2019 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, 2020 and 2019

SELECTED OPERATING INFORMATION (continued)
2020 – 2011
(in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
VEHICLE REVENUE MILES										
A. Fixed Route	2,770	2,823	2,558	2,245	2,161	2,149	2,120	2,118	2,089	2,246
Directly Operated	1,213	1,997	1,963	1,798	1,850	1,878	n/a	n/a	n/a	n/a
Purchased Transportation	130	223	224	223	214	205	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	-	305	644	702	706	n/a	n/a	n/a	n/a
B. Demand Response	1,343	2,220	2,492	2,665	2,766	2,789	2,712	2,456	2,480	2,503
C. Vanpool	1,346	3,502	3,471	3,421	3,516	3,804	4,034	4,047	4,663	5,032
Total	5,459	8,545	8,521	8,331	8,443	8,742	8,866	8,621	9,232	9,781
VEHICLE REVENUE HOURS										
A. Fixed Route	176	179	164	140	133	132	131	131	133	133
Directly Operated	76	127	127	114	113	107	n/a	n/a	n/a	n/a
Purchased Transportation	12	14	13	13	12	12	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	-	11	23	31	31	n/a	n/a	n/a	n/a
B. Demand Response	88	141	151	150	156	150	148	138	151	158
C. Vanpool	30	80	72	71	78	84	84	88	114	117
Total	294	400	387	361	367	366	363	357	398	408
TOTAL OPERATING EXPENSES										
A. Fixed Route	\$ 22,530	\$ 19,669	\$ 17,892	\$ 15,423	\$ 13,583	\$ 13,202	\$ 14,017	\$ 13,751	\$ 12,373	\$ 11,731
DEMAND RESPONSE										
Directly Operated	14,102	14,400	13,645	13,201	11,900	11,785	n/a	n/a	n/a	n/a
Purchased Transportation	1,095	1,489	1,448	1,365	1,246	976	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	-	1,127	2,063	2,206	2,366	n/a	n/a	n/a	n/a
B. Demand Response	15,197	15,889	16,220	16,629	15,352	15,127	14,989	13,724	12,998	12,275
C. Vanpool	2,077	2,601	2,466	2,574	2,389	2,442	2,970	2,885	3,152	3,172
Total	\$ 39,804	\$ 38,159	\$ 36,578	\$ 34,626	\$ 31,324	\$ 30,771	\$ 31,976	\$ 30,360	\$ 28,523	\$ 27,178
FARE REVENUE										
A. Fixed Route	\$ 251	\$ 1,069	\$ 1,325	\$ 1,484	\$ 1,317	\$ 1,285	\$ 1,462	\$ 1,278	\$ 1,376	\$ 1,372
B. Demand Response	71	364	411	480	490	486	476	392	413	380
C. Vanpool	706	1,806	1,885	1,878	2,122	2,210	2,282	2,156	2,318	2,493
Total	\$ 1,028	\$ 3,239	\$ 3,621	\$ 3,842	\$ 3,929	\$ 3,981	\$ 4,220	\$ 3,826	\$ 4,107	\$ 4,245

Notes:

1) 2020 data source - BFT

2) Data for revenue miles and hours match the NTD reported data for 2019 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, 2020 and 2019

SELECTED OPERATING INFORMATION (continued)
2020 – 2011

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
COST PER PASSENGER MILE										
A. Fixed Route	\$ 4.39	\$ 2.23	\$ 2.03	\$ 1.68	\$ 1.36	\$ 1.21	\$ 1.20	\$ 0.66	\$ 0.56	\$ 0.50
B. Demand Response										
Directly Operated	13.00	6.51	5.87	6.12	4.79	4.61	4.66	6.01	5.66	6.90
Purchased Transportation	10.53	2.42	2.39	2.22	2.03	1.75	1.48	2.27	2.20	2.05
Taxi / Purchased Transportation	-	-	2.99	2.41	2.23	3.71	2.89	3.00	3.01	2.72
Total Demand Response	23.53	8.93	11.24	10.75	9.05	10.07	9.03	11.28	10.87	11.67
C. Vanpool	0.28	0.12	0.12	0.12	0.11	0.10	0.11	0.10	0.08	0.06
COST PER TOTAL ACTUAL MILE										
A. Fixed Route	\$ 7.79	\$ 6.64	\$ 6.67	\$ 6.41	\$ 5.79	\$ 5.66	\$ 6.08	\$ 5.96	\$ 5.51	\$ 4.80
B. Demand Response										
Directly Operated	9.94	6.39	6.26	6.21	5.53	5.41	5.53	5.47	5.03	4.74
Purchased Transportation	7.93	5.58	4.96	4.76	4.58	3.80	3.27	3.41	3.52	3.38
Taxi / Purchased Transportation	-	-	3.70	3.20	3.14	3.35	2.91	3.19	3.27	3.54
Total Demand Response	17.88	11.97	14.91	14.17	13.25	12.56	11.71	12.07	11.82	11.66
C. Vanpool	1.54	0.74	0.71	0.75	0.68	0.64	0.73	0.71	0.68	0.63
COST PER UNLINKED PASSENGER TRIP										
A. Fixed Route	\$ 18.50	\$ 9.38	\$ 8.80	\$ 7.06	\$ 5.61	\$ 4.98	\$ 4.96	\$ 4.93	\$ 4.23	\$ 3.81
B. Demand Response										
Directly Operated	91.57	48.16	43.18	45.05	38.64	37.18	37.21	36.02	32.43	30.07
Purchased Transportation	54.75	19.09	19.05	18.45	17.31	13.94	12.92	13.34	12.97	12.07
Taxi / Purchased Transportation	-	-	22.54	19.10	17.93	19.24	17.23	19.07	20.83	20.97
Total Demand Response	146.32	67.25	84.77	82.60	73.88	70.36	67.36	68.43	66.23	63.11
C. Vanpool	9.36	3.98	3.82	4.00	3.37	3.07	3.59	3.35	2.62	2.45
COST PER TOTAL ACTUAL HOUR										
A. Fixed Route	\$ 124.48	\$ 106.32	\$ 105.87	\$ 104.92	\$ 97.02	\$ 94.30	\$ 100.84	\$ 98.49	\$ 90.33	\$ 82.57
B. Demand Response										
Directly Operated	154.97	105.88	100.33	94.29	86.23	92.07	93.71	91.32	76.62	76.23
Purchased Transportation	84.23	93.06	85.18	80.29	77.88	65.07	56.65	55.39	53.58	50.48
Taxi / Purchased Transportation	-	-	102.45	89.70	71.16	76.32	64.55	69.83	71.53	68.68
Total Demand Response	239.20	198.94	287.96	264.28	235.27	233.46	214.91	216.54	201.73	195.39
C. Vanpool	69.23	32.51	34.25	36.25	30.63	29.07	35.36	32.71	27.66	27.21
FARE REVENUE PER PASSENGER										
All modes combined	\$ 0.64	\$ 1.04	\$ 1.16	\$ 1.16	\$ 1.08	\$ 1.01	\$ 1.02	\$ 0.93	\$ 0.88	\$ 0.88

Notes:

- 1) 2020 data source - BFT
- 2) Data for unlinked passenger trips and passenger miles reflect the National Transit Database (NTD) data for 2019 and years prior and are computed on a statistically sampled basis and subject to statistical variations from year to year.
- 3) Data for total actual and revenue miles and hours match the NTD reported data for 2019 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, 2020 and 2019

SELECTED OPERATING INFORMATION (continued)
2020 – 2011

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
FULL-TIME EQUIVALENT EMPLOYEES										
A. Fixed Route	174.2	180.1	176.3	161.4	115.1	116.1	119.2	120.1	128.7	119.9
B. Demand Response	96.6	141.0	139.5	129.2	101.0	102.0	107.0	105.9	119.4	106.7
C. Vanpool	10.1	11.3	10.3	10.4	9.9	7.9	8.8	10.0	12.0	9.8
Total	<u>280.8</u>	<u>332.5</u>	<u>326.0</u>	<u>301.0</u>	<u>226.0</u>	<u>226.0</u>	<u>235.0</u>	<u>236.0</u>	<u>260.1</u>	<u>236.4</u>
CAPITAL ASSETS - FLEET VEHICLES										
A. Fixed Route	65	72	72	60	63	62	68	69	63	94
B. Demand Response	125	101	123	118	118	123	147	97	108	88
C. Vanpool	272	314	335	347	334	346	386	337	364	353

Notes:

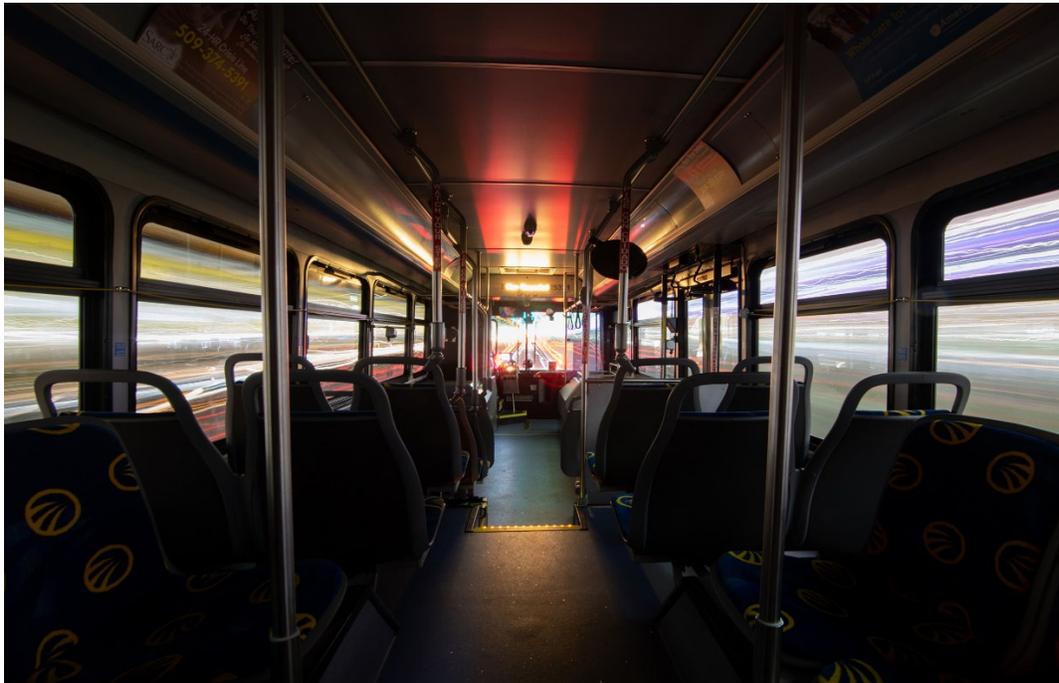
1) 2020 data source – BFT

2) 2019 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*