

ATTACHMENT B
FISCAL YEAR 2020/2021 COMPREHENSIVE
FINANCIAL REPORT

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
COUNTY OF KINGS, CALIFORNIA**

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2021 AND 2020**

1. Introduction
2. Objectives
3. Scope
4. Definitions

The purpose of this document is to provide a clear and concise overview of the project's goals and objectives. It is intended for use by all stakeholders involved in the project, including the project manager, team members, and sponsors. The document will serve as a reference point for the project's progress and outcomes.

The project is designed to address the current challenges faced by the organization and to provide a solution that meets the needs of our customers. The project will be managed in a structured and organized manner, following the principles of project management. The project manager will be responsible for ensuring that the project is completed on time, within budget, and to the satisfaction of all stakeholders.

The project will be managed using a combination of traditional and agile project management practices. The project manager will be responsible for identifying the project's risks and developing a risk management plan. The project will be reviewed regularly to ensure that it is on track and that any issues are identified and resolved promptly.

INTRODUCTORY SECTION

The project is a strategic initiative that will have a significant impact on the organization's performance. The project manager will be responsible for ensuring that the project is completed on time, within budget, and to the satisfaction of all stakeholders. The project will be managed in a structured and organized manner, following the principles of project management.

The project will be managed using a combination of traditional and agile project management practices. The project manager will be responsible for identifying the project's risks and developing a risk management plan. The project will be reviewed regularly to ensure that it is on track and that any issues are identified and resolved promptly.



November 30, 2021

Board of Directors
Kings County Area Public Transit Agency
610 W 7th Street
Hanford, CA 93230

It is with pleasure that we submit to you Kings County Area Public Transit Agency's (KCAPTA) Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 2021 and 2020. KCAPTA is required to undergo an annual audit in conformity with the provisions of the Uniform Guidance as it pertains to audits of state and local governments. State law requires that KCAPTA publish a completed audited financial statement within six months of the close of the fiscal year in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of Certified Public Accountants licensed to practice in the State of California.

This report consists of management's representations concerning the finances of KCAPTA. Responsibility for both the accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with KCAPTA management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents the financial position and results of KCAPTA's operations. Disclosures are included to enable the reader to gain an understanding of KCAPTA's activities.

Brown Armstrong Accounting Corporation, a firm of licensed Certified Public Accountants, has audited KCAPTA's financial statements for the fiscal years ending June 30, 2021 and 2020. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit includes examining evidence supporting the amounts and disclosures in the financial statements, on a test basis; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's findings are contained in a separate report.

The independent audit also was designed to meet the requirements of a broader, federally mandated "Single Audit" to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports related specifically to the Single Audit are issued under separate cover.

GAAP requires that management provide a narrative introduction, statement overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). KCAPTA's MD&A immediately follows the report of the independent auditors.



KCAPTA

610 W. 7th St. • Hanford, CA 93230 • (559) 852-2717 • www.myKARTbus.com

As stewards of the taxpayer's money, KCAPTA continues to achieve its primary objective of safeguarding the funds entrusted to us. Our primary focus is planning, securing, and controlling KCAPTA's financial resources. This includes:

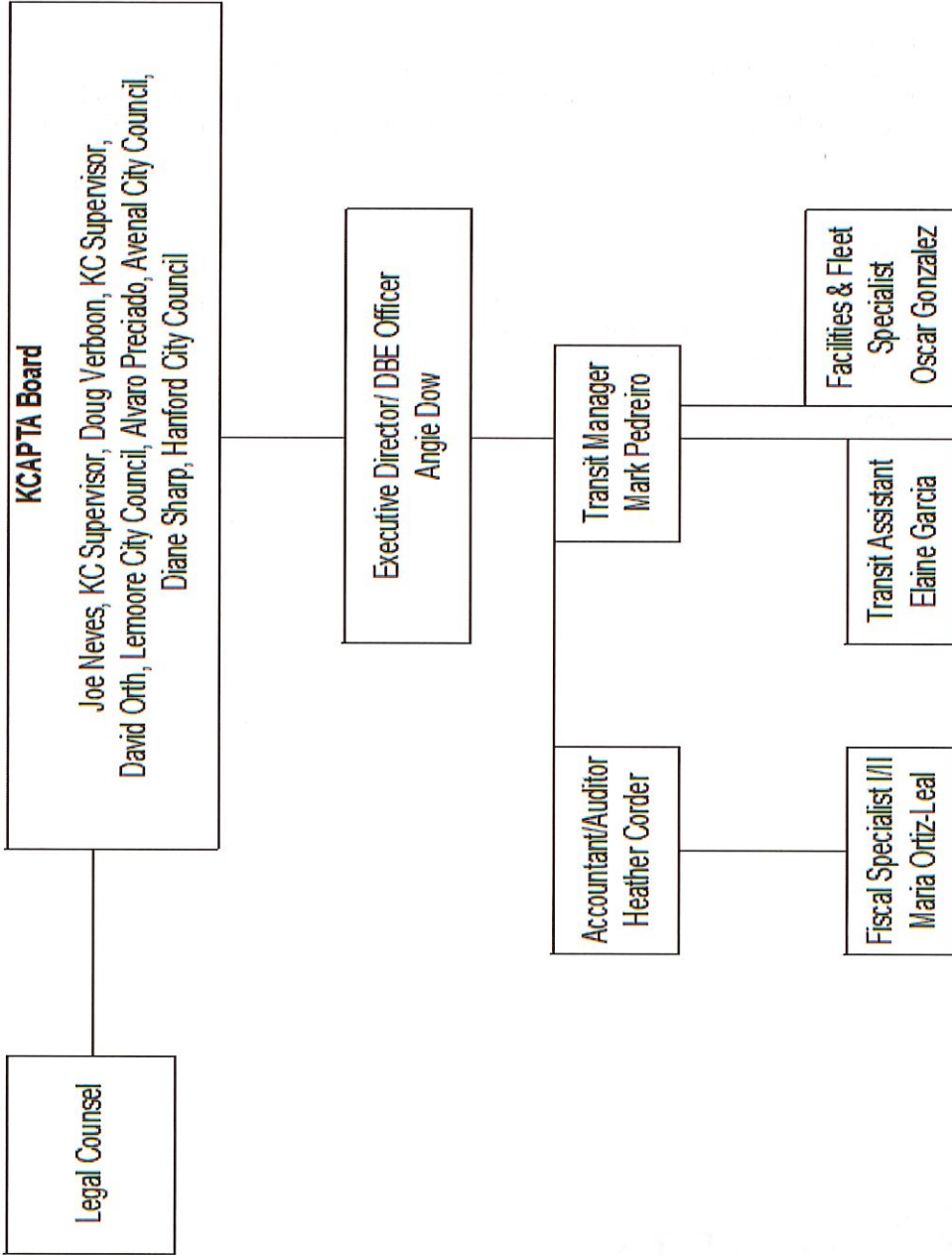
- **Developing an Accurate Budget**
Develop a realistic budget that clearly indicates what expenditures KCAPTA will incur during the fiscal year. The budget clearly shows how much KCAPTA can spend on each particular activity.
- **Secure Funding**
Research, apply, and secure all available funding opportunities to ensure adequate cash flow to support the construction, operation, and maintenance of KCAPTA's transportation system. This includes the day-to-day operations as well as long-term goals.
- **Maintaining Transparency**
Provide transparency in our operations to all the stakeholders of KCAPTA to instill a sense of trust by consistent actions that show we are reliable, cooperative, and committed to the success of KCAPTA. This includes providing thorough and accurate financial information to all stakeholders.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of KCAPTA Staff. The preparation of this ACFR is a manifestation of Staff's dedication to improve the standard of reporting to the Board of Directors and KCAPTA's clientele.

Respectively submitted,

Angie Dow
Executive Director



**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
ELECTED OFFICIALS AND MANAGEMENT PERSONNEL**

BOARD OF DIRECTORS

Joe Neves	Kings County Supervisor	Chair
Doug Verboon	Kings County Supervisor	Director
Diane Sharp	Hanford City Council	Director
Alvaro Preciado	Avenal City Council	Director
David Orth	Lemoore City Council	Director

MANAGEMENT STAFF

Angie Dow	Executive Director
Mark Pedreiro	Transit Manager
Heather Corder	Accountant/Auditor

APPROVED BY:

1. The first part of the document is the title page, which includes the title of the report, the author's name, and the date of publication.

2. Introduction

The introduction provides a brief overview of the research objectives and the scope of the study. It also discusses the significance of the research and the methods used to collect and analyze the data.

3. Methodology

The methodology section describes the research design, the data collection methods, and the statistical techniques used to analyze the data.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kings County Area Public Transit Agency
Hanford, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Kings County Area Public Transit Agency (KCAPTA) as of and for the fiscal years ended June 30, 2021 and 2020, and the related notes to the basic financial statements, which collectively comprise KCAPTA'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 basic 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 audits to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic 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 KCAPTA'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 KCAPTA'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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of KCAPTA as of June 30, 2021 and 2020, and the respective changes in financial position, and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions, as 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of KCAPTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 KCAPTA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 30, 2021

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Introduction

The following discussion and analysis of the financial performance and activity of the Kings County Area Public Transit Agency (KCAPTA) provides an introduction and understanding of the basic financial statements of KCAPTA for the fiscal years ended June 30, 2021 and 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Kings Area Rural Transit (KART) operations in Kings County began in June of 1980 as a joint powers agency comprised of the County of Kings and the Cities of Hanford, Lemoore, Corcoran, and Avenal. In June of 1982, the City of Corcoran determined that the City of Corcoran's reasonable transit needs are being met by their own transportation services and withdrew from the agency.

KCAPTA started vanpool programs in 2001. These programs expanded, operating in multiple counties. In 2008, KCAPTA began the process of separating the vanpool programs into a new joint power entity comprised of the counties in which the vanpool programs operate. This process was completed with the formation of California Vanpool Authority (CalVans) in October of 2011. CalVans began operating the vanpool programs as of January 1, 2012. All assets related to the vanpool programs and related staff were transferred to CalVans as of January 1, 2012.

KCAPTA is governed by a five-member Board of Directors (the Board), two of which are appointed from the Kings County Board of Supervisors, one appointed from the City of Hanford, one appointed from the City of Lemoore, and one appointed from the City of Avenal.

KCAPTA operates nine routes in the Hanford area, two routes in the Lemoore area, one route between Hanford and Lemoore, three county routes, two commuter routes, and two regional routes.

KCAPTA has 37 revenue vehicles (24 buses, 11 cutaways, and two vans), six employees in administration, and 54 contracted employees (MV Transportation, Inc.) working in three Hanford operations and administrative locations: Hanford Transit Center, KCAPTA Administrative Office, and KART Maintenance Facility.

The Financial Statements

KCAPTA's basic financial statements include (1) the Statement of Net Position; (2) the Statement of Revenues, Expenses, and Changes in Net Position; and (3) the Statement of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The Statement of Net Position reports assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the difference as net position. The entire equity section is combined to report total net position and is displayed in three components: net investment in capital assets, restricted net position, and unrestricted net position.

The net position component of net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any borrowings attributable to the acquisition, construction, or improvements of those assets.

The restricted net position consists of assets where constraints on their use are externally imposed by creditors (such as through debt covenants, if any), grantors, contributors, or laws and regulations of other governments.

The unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets. This component includes net position that has been designated by management as operating or capital reserves for purposes that may include assets allocated to fund capital projects and/or operations, provided such use is approved by the KCAPTA Board.

Revenues and expenses are categorized as either operating or non-operating based upon the definitions provided by Governmental Accounting Standards Board (GASB) Statements No. 33. and No. 34. Significant recurring resources of KCAPTA are reported as non-operating revenues.

The Statement of Cash Flows is presented using the direct method and includes a reconciliation of operating cash flows to operating income (loss).

Financial Highlights

Statement of Revenues, Expenses, and Changes in Net Position

A summary of KCAPTA's Statements of Revenues, Expenses, and Changes in Net Position for fiscal years 2021, 2020, and 2019 is as follows:

	2021	2020	Increase/(Decrease)		2019
			Amount	%	
Operating revenues	\$ 744,267	\$ 530,728	\$ 213,539	40%	\$ 670,858
Operating expenses	7,545,159	6,820,178	724,981	11%	6,684,298
Operating loss	(6,800,892)	(6,289,450)	(511,442)	-8%	(6,013,440)
Non-operating revenues	5,106,966	4,687,208	419,758	9%	4,310,773
Capital contributions and transfers	5,075,705	1,853,816	3,221,889	174%	2,299,415
Increase in net position	<u>\$ 3,381,779</u>	<u>\$ 251,574</u>	<u>\$ 3,130,205</u>	<u>-1244%</u>	<u>\$ 596,748</u>

KCAPTA's fiscal year 2021 operating revenues increased by 40% and operating expenses increased by 11% over fiscal year 2020. The fiscal year 2021 operating revenues increase was due to recognizing the income from vanpool and the rent payments from KCAPTA's tenant. If the Vanpool revenue is excluded, the revenue from ridership is down 34%. This is due to KCAPTA's ridership beginning to recover from COVID-19. Operating expenses increased primarily due to an increase in Professional and Special Services. This comes from an increase in the contract with MV Transportation and the cost of the Vanpool program.

Non-operating revenues are mostly operating subsidies from federal, state, and local funding sources. The increase in non-operating revenues is primarily due to utilization of the CARES and ARPA funds allocated to KCAPTA.

Capital contributions in the fiscal year 2021 were higher compared to the fiscal year 2020 due a mostly to a 5339 grant in the amount of \$3.2 million. This grant was used to purchase six buses. In addition to the purchase of the buses, projects for the fiscal year 2021 included the purchase of land for the new transit center project, purchase of a scrubber for the shop, fare boxes for the Cutaways, Driver barriers and CNG bus engine rebuilds.

The combined operating and non-operating revenues for the fiscal year 2021 increased by \$633,297 over the fiscal year 2020. The increase in operating revenues was due to revenues from the vanpool program. The increase in the non-operating revenue was due to the increase in using the allocated CARES and ARPA funds.

Below is a schedule showing major sources of revenue broken out between operating and non-operating sources.

	2021	2020	Increase/(Decrease)		2019
			Amount	%	
Operating Revenue by Major Source:					
Passenger	\$ 670,790	\$ 485,364	\$ 185,426	38%	\$ 612,866
Auxiliary	73,477	45,364	28,113	62%	57,992
Non-Operating Revenue by Major Source:					
Local Transportation Fund	101,630	1,045,748	(944,118)	-90%	997,452
State Transit Assistance	200,737	10,117	190,620	1884%	357,011
Federal Cash Grants	4,661,116	3,412,505	1,248,611	37%	2,739,773
Fresno Rural Transit	54,586	59,840	(5,254)	-9%	60,000
Miscellaneous	46,333	38,343	7,990	21%	31,965
Gain (Loss) on Sale of Equipment	(6,782)	-	(6,782)	100%	30
Interest Income (Expense), Net	49,346	120,655	(71,309)	-59%	124,542
Total Revenue	\$ 5,851,233	\$ 5,217,936	\$ 633,297	12%	\$ 4,981,631

KART's passenger fares increased by \$185,426 or 38% in fiscal year 2021 over fiscal year 2020. This was due to revenues from the vanpool program.

Auxiliary revenue increased by \$28,113 or 62% due to the receipt of rent from a new tenant.

Local Transit Funds decreased by \$944,118 or -90% primarily due utilizing federal grants for operations.

State Transit Assistance Funds increased by \$190,620 or 1,884% primarily due to free and reduced transit programs in fiscal year 2021 being funded by a State Grant.

Federal cash grants increased by \$1,248,611 or 37% due to an increase in the Federal Grants entitlement funds received for the KART system and the use of Coronavirus Aid Relief and Economic Security (CARES) Act funding.

Miscellaneous revenues increased by \$7,990 or 21% due to a rebate on the gas line received during the fiscal year.

Loss on the sale of equipment increased by \$6,782 or 100% due to the disposal of assets which were not fully depreciated.

Interest income (expense), net decreased by \$71,309 or -59% in fiscal year 2021 over fiscal year 2020. This decrease was primarily due to a decrease in interest rates.

Below is a schedule showing the detail of operating expenses.

	2021	2020	Increase/(Decrease)		2019
			Amount	%	
Salaries	\$ 436,462	\$ 453,613	\$ (17,151)	-4%	\$ 402,724
Fringe Benefits	184,996	190,234	(5,238)	-3%	192,923
Maintenance - Equipment	90,697	92,254	(1,557)	-2%	53,248
Fuel and Oil	233,633	199,892	33,741	17%	106,496
Other Materials and Supplies	30,405	35,761	(5,356)	-15%	46,536
Rents and Leases	-	4,062	(4,062)	100%	-
Utilities	64,694	60,318	4,376	7%	61,583
Insurance	26,561	32,829	(6,268)	-19%	26,554
Purchased Transportation	3,741,841	3,547,218	194,623	5%	3,558,873
Contracted Services	667,737	228,830	438,907	192%	234,991
Miscellaneous	154,425	99,316	55,109	55%	140,672
Depreciation	1,913,708	1,875,851	37,857	2%	1,859,698
Total Operating Expenses	<u>\$ 7,545,159</u>	<u>\$ 6,820,178</u>	<u>\$ 724,981</u>	<u>11%</u>	<u>\$ 6,684,298</u>

Operating expenses (excluding depreciation and pension expense related to GASB Statement No. 68) for fiscal year 2021 were \$5,631,451, a net increase from 2020 of \$687,124 or 14%. Salaries and fringe benefits decreased \$22,389 or 3%, due to not being fully staffed the entire fiscal year. Fuel increased by \$33,741, or 17%, due to increases in the cost of fuel.

The purchased transportation contract increased \$194,623 due to an increase in the contracted prices for MV Transportation.

Depreciation expense increased by \$37,857 from \$1,875,851 in 2020 to \$1,913,708 in 2021. The increase was due to the purchase of capital assets in fiscal year 2021.

Statement of Net Position

A comparison of KCAPTA's Statements of Net Position as of June 30, 2021, 2020, and 2019, is as follows:

	2021	2020	Increase/(Decrease)		2019
			Amount	%	
Current assets	\$ 7,720,447	\$ 7,147,482	\$ 572,965	8.0%	\$ 7,095,091
Noncurrent assets:					
Capital assets, net	14,717,351	11,574,844	3,142,507	27.1%	11,528,758
Total Assets	22,437,798	18,722,326	3,715,472	19.8%	18,623,849
Deferred outflows of resources	105,902	109,618	(3,716)	-3.4%	103,380
Current liabilities	4,261,285	3,952,559	308,726	7.8%	4,128,765
Non-current liabilities	305,310	274,663	30,647	11.2%	245,437
Total Liabilities	4,566,595	4,227,222	339,373	8.0%	4,374,202
Deferred inflows of resources	2,683	12,079	(9,396)	-77.8%	11,958
Net position:					
Net investment in capital assets	14,713,289	11,568,507	3,144,782	27.2%	11,520,260
Restricted (Interest Earned on Grant Funds)	28,117	16,560	11,557	69.8%	-
Unrestricted	3,233,016	3,007,576	225,440	7.5%	2,820,809
Total Net Position	\$ 17,974,422	\$ 14,592,643	\$ 3,381,779	23.2%	\$ 14,341,069

Current assets increased by \$572,965 or 8.0% mostly due to a net increase in federal grants receivables. During the fiscal year 2020, receivables were \$363,667 versus \$2,588,417 as of June 30, 2021.

Noncurrent assets increased by \$3,142,507 or 27.1% compared to fiscal year 2020 primarily due the purchase of fixed assets.

Deferred outflows of resources comprise of the difference between expected and actual experience for pensions, changes in assumptions, and employer pension contributions made subsequent to the measurement dates of June 30, 2020 and 2019. Deferred outflows of resources decreased \$3,716 or -3.4% and was primarily due to changes of pension assumptions, differences between projected and actual pension investment earnings, and changes in KCAPTA's proportionate share of the net pension liability. Deferred Inflows of resources decreased by \$9,396 or -77.8% due to the same reason listed above.

Current liabilities increased by \$308,726 or 7.8% primarily due to an increase in the unearned revenues balance. The unearned revenues balance in 2020 was \$3,608,259 which increased to \$3,935,853 as of June 30, 2021.

Noncurrent liabilities increased by \$30,647 or 11.2% due to an increase in net pension liability.

Statement of Cash Flows

A comparison presentation of KCAPTA's major sources and uses of cash for the fiscal years ended June 30, 2021, 2020, and 2019, is as follows:

	2021	2020	Increase/(Decrease)		2019
			Amount	%	
Net cash used by operating activities	\$ (4,871,037)	\$ (4,577,260)	\$ (293,777)	-6%	\$ (3,994,814)
Net cash provided by noncapital financing activities	3,159,473	4,362,818	(1,203,345)	-28%	4,044,494
Net cash provided/(used) by capital and related financing activities	10,160	(70,669)	80,829	-114%	(354,756)
Net cash provided by investing activities	49,619	121,042	(71,423)	-59%	125,037
Net decrease in cash and cash equivalents	(1,651,785)	(164,069)	(1,487,716)	907%	(180,039)
Cash and cash equivalents, beginning of year	6,783,603	6,947,672	(164,069)	-2%	7,127,711
Cash and cash equivalents, end of year	\$ 5,131,818	\$ 6,783,603	\$ (1,651,785)	-24%	\$ 6,947,672

Overall, the total cash at the end of 2021 decreased by \$1,651,785 over 2020 primarily from the purchase of capital assets.

Capital Assets

Details of the capital assets, net of accumulated depreciation, as of June 30, 2021, 2020, and 2019, are as follows:

	2021	2020	Increase/(Decrease)		2019
			Amount	%	
Capital assets not being depreciated:					
Land	\$ 2,734,762	\$ 1,543,357	\$ 1,191,405	77%	\$ 554,291
Construction-in-progress	783,954	480,641	303,313	63%	169,639
Total capital assets not being depreciated	3,518,716	2,023,998	1,494,718	74%	723,930
Capital assets being depreciated:					
Buildings and improvements	6,033,299	6,033,299	-	0%	5,820,823
Revenue equipment	13,884,075	10,348,297	3,535,778	34%	13,580,490
Service vehicles, shop, office, and other equipment	3,609,106	3,679,144	(70,038)	-2%	3,597,568
Assets held for sale	-	3,793,058	(3,793,058)	-100%	233,048
Total capital assets being depreciated	23,526,480	23,853,798	(327,318)	-1%	23,231,929
Less: accumulated depreciation:					
Buildings and improvements	(2,437,671)	(2,020,648)	(417,023)	21%	(1,625,625)
Revenue equipment	(6,613,080)	(5,511,228)	(1,101,852)	20%	(8,035,459)
Service vehicles, shop, office, and other equipment	(3,277,094)	(2,999,233)	(277,861)	9%	(2,577,488)
Assets held for sale	-	(3,771,843)	3,771,843	-100%	(188,529)
Total accumulated depreciation	(12,327,845)	(14,302,952)	1,975,107	-14%	(12,427,101)
Capital assets, net	\$ 14,717,351	\$ 11,574,844	\$ 3,142,507	27%	\$ 11,528,758

KCAPTA's capital assets had a net increase of \$3,142,507 in fiscal year 2021. The net increase was primarily due to the net effect of purchasing new assets.

More detailed information about KCAPTA's capital assets and depreciation is presented in Note 4 of the Notes to the Financial Statements.

Long-Term Debt

At the end of the fiscal year 2021, KCAPTA had one (1) capital lease obligation outstanding in the amount of \$4,062.

Economic Condition, Outlook, and Activity

As the transit provider for the area of Kings County, KCAPTA's role in providing local and regional transit services is continuously changing to meet an ever-changing environment. Changes in the economy are closely monitored because of the potential impact on transportation revenues.

KCAPTA prepares an operating and capital budget annually that the Board of Directors approves before the beginning of its fiscal year.

The COVID-19 pandemic affected and continues to affect the lives of millions of people. County and State lockdowns and the closing of schools and business helped contribute to the drop in ridership and loss of revenue. The associated economic impact of COVID-19 is dependent on many variables that are difficult to predict. Due to the volatility and uncertainty, KCAPTA has taken steps to ensure that we can weather the storm.

Regardless of the ongoing financial challenges preceded by COVID-19, KCAPTA did not raise fares in fiscal year 2021 and service levels were only slightly reduced. These service adjustments were made to respond to the changes in commuting patterns brought about by COVID-19 and will prepare KCAPTA for any future restricting that may be needed to improve services and efficiencies.

The CARES Act was passed by Congress and signed into law on March 27, 2020. Included in the CARES Act was almost \$50 billion in funds provided to transit agencies. These funds are provided as 100-percent federal share, with no local match required. These funds can be used to purchase capital, pay for operating and other expense to prevent, prepare for and respond to COVID-19. The American Rescue Plan Act of 2021 was signed on March 11, 2021 included \$30.5 billion in federal funding to support the nation's public transportation systems as they continue to respond to the COVID-19 pandemic. Both of these programs were created to assist Transit Agencies with recovery from COVID-19. KCAPTA is utilizing these funds and ensuring that all funds are used appropriately and in the best way for our constituents and the community KCAPTA serves.

KCAPTA's 2021 budget was created with a recognition of the pandemic and an expectation of the continued economic impact to ridership and revenues.

The capital budget consists of a multi-year bus Re-Power project, acquisition of replacement buses, replacements of administration vehicles, and bus stop improvements. Funding for these projects has been identified, approved by the Board of Directors, and committed to the projects. Additionally, KCAPTA is in the process of constructing a new Transit Center with Administrative Offices. The first phase of a site selection and feasibility study was completed by KCAG in fiscal year 2018. The purchase of the land is in progress, and the purchase, demolition and planning has been paid for with State Transit Funds. KCAPTA is in the process of applying for state and federal grant funds for the construction phase of the project.

KCAPTA will continue to pursue available funding and support towards increasing transit use to achieve our primary mission, moving people and connecting lives.

Contacting KCAPTA Financial Management

KCAPTA's financial report is designed to provide KCAPTA's Board of Directors, management, and the public with an overview of KCAPTA's finances. For additional information about this report, please contact Angie Dow, Executive Director, KCAPTA, 610 W 7th Street, Hanford, CA 93230.

FINANCIAL STATEMENTS

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 5,131,818	\$ 6,783,603
Receivables	2,588,417	363,667
Prepaid expenses	212	212
Total current assets	7,720,447	7,147,482
Noncurrent assets:		
Capital assets:		
Land	2,734,762	1,543,357
Construction-in-progress	783,954	480,641
Buses and equipment	17,202,053	13,736,313
Administrative vehicles	90,797	90,797
Equipment - office	200,331	200,331
Buildings and improvements	6,033,299	6,033,299
Assets held for sale	-	3,793,058
Less accumulated depreciation	(12,327,845)	(14,302,952)
Total capital assets (net of accumulated depreciation)	14,717,351	11,574,844
Total noncurrent assets	14,717,351	11,574,844
TOTAL ASSETS	22,437,798	18,722,326
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred pensions	105,902	109,618
TOTAL DEFERRED OUTFLOWS OF RESOURCES	105,902	109,618
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	271,606	284,433
Compensated absences	51,431	57,592
Unearned revenues	3,935,853	3,608,259
Current capital leases payable	2,395	2,275
Total current liabilities	4,261,285	3,952,559
Noncurrent liabilities:		
Net pension liability	303,643	270,601
Capital leases payable	1,667	4,062
Total noncurrent liabilities	305,310	274,663
TOTAL LIABILITIES	4,566,595	4,227,222
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred pensions	2,683	12,079
TOTAL DEFERRED INFLOWS OF RESOURCES	2,683	12,079
<u>NET POSITION</u>		
Net investment in capital assets	14,713,289	11,568,507
Restricted (Interest Earned on Grant Funds)	28,117	16,560
Unrestricted	3,233,016	3,007,576
TOTAL NET POSITION	\$ 17,974,422	\$ 14,592,643

The accompanying notes are an integral part of these financial statements.

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<u>OPERATING REVENUES</u>		
Passenger fares	\$ 670,790	\$ 485,364
Advertising revenue	73,477	45,364
	744,267	530,728
<u>OPERATING EXPENSES</u>		
Salaries and benefits	621,458	643,847
Insurance	26,561	32,829
Professional and specialized services	4,409,578	3,780,110
General and administrative	249,524	195,395
Fuel, repairs, and maintenance	324,330	292,146
Depreciation	1,913,708	1,875,851
	7,545,159	6,820,178
Total operating expenses	7,545,159	6,820,178
OPERATING LOSS	(6,800,892)	(6,289,450)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Federal and state operating grants	4,963,483	4,468,370
Other governmental funds	54,586	59,840
Gain on sale of equipment	(6,782)	-
Other income	46,333	38,343
Interest income	49,619	121,042
Interest expense	(273)	(387)
	5,106,966	4,687,208
Total non-operating revenues (expenses)	5,106,966	4,687,208
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,693,926)	(1,602,242)
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS</u>		
Contributions from governmental agencies	5,075,705	1,853,816
Transfer in	1,809	1,809
Transfer out	(1,809)	(1,809)
	5,075,705	1,853,816
Total capital contributions and transfers	5,075,705	1,853,816
INCREASE IN NET POSITION	3,381,779	251,574
NET POSITION, BEGINNING OF YEAR	14,592,643	14,341,069
NET POSITION, END OF YEAR	\$ 17,974,422	\$ 14,592,643

The accompanying notes are an integral part of these financial statements.

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 752,040	\$ 510,715
Payments to suppliers, contracted entities, and others	(4,746,735)	(4,252,118)
Payments to general and administrative expenses	(876,342)	(835,857)
Net Cash Used by Operating Activities	(4,871,037)	(4,577,260)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Federal, state, and local operating assistance	3,159,473	4,362,818
Net Cash Provided by Noncapital Financing Activities	3,159,473	4,362,818
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Federal and state capital grants received	5,075,705	1,853,816
Proceeds from sale of capital assets	10,900	-
Payments for capital assets	(5,073,897)	(1,924,098)
Principal received (paid) on capital leases	(2,275)	-
Interest paid on debt	(273)	(387)
Net Cash Provided/(Used) by Capital and Related Financing Activities	10,160	(70,669)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest from investments	49,619	121,042
Net Cash Provided by Investing Activities	49,619	121,042
Net Decrease in Cash and Cash Equivalents	(1,651,785)	(164,069)
CASH AND CASH EQUIVALENTS		
Beginning of Year	6,783,603	6,947,672
End of Year	\$ 5,131,818	\$ 6,783,603
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (6,800,892)	\$ (6,289,450)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	1,913,708	1,875,851
(Increase) Decrease in:		
Accounts receivable	7,773	(20,013)
Increase (Decrease) in:		
Accounts payable	(12,827)	(179,862)
Compensated absences	(6,161)	10,830
Net pension liability	27,362	25,384
Net Cash Used by Operating Activities	\$ (4,871,037)	\$ (4,577,260)

The accompanying notes are an integral part of these financial statements.

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

Kings County Area Public Transit Agency (KCAPTA), a joint powers agency, is comprised of Kings County (the County) and the cities of Hanford, Lemoore, and Avenal. Operations began in June of 1980. KCAPTA oversees the operation of Kings Area Rural Transit (KART) and, until December 31, 2011, the Vanpool systems program and the Agricultural Industries Transportation program (as of January 1, 2012, California Vanpool Authority (CalVans) assumed operations of the vanpool programs).

KCAPTA established the operating policies and defines the services to be provided by KART, including service hours and days, fares, and routes of the Public Transit System. The day-to-day management and actual operation of the system are carried out under contract with a private firm, MV Transportation, Inc. All operating personnel (managers, dispatchers, mechanics, and drivers) are employees of MV Transportation, Inc.

KART presently uses a fleet of vehicles ranging in size from 5-passenger vans to 33-passenger buses to provide transit services. Two levels of services are offered: fixed route and paratransit service. Paratransit service is available daily in Hanford, Lemoore, and Armona. There are regular Hanford-Lemoore, Hanford-Avenal, Hanford-Corcoran, Hanford-Laton, Hanford-Visalia, and Hanford-Fresno fixed route services, along with commuter service to Corcoran State Prison. In addition to regular fares, there are cash cards and 30-day passes.

KCAPTA started the vanpool programs in 2001 to provide services for those who commute. The goal of the vanpool programs was to provide safe alternative transportation to travel to and from work. Due to the growth of the programs, a new agency was formed on October 21, 2011. The new agency, CalVans, assumed responsibility for the vanpool programs and took over the operations as of January 1, 2012. All assets related to the operations of the vanpool programs were transferred to CalVans as of December 31, 2011.

Prior to July 4, 2005, KCAPTA was part of the governmental structure of the County of Kings (the County). On July 4, 2005, KCAPTA became a public entity separate from the County. Personnel became employees of KCAPTA and maintained the same employment benefits, rights, and protections afforded to employees of the County. The County provides the following benefits and services to KCAPTA on a cost allocation basis: self-insurance benefits, fiscal and accounting services, banking and investment services, and information technology. The following services are reimbursed by KCAPTA to the County: human resources and motor pool services. These services are reimbursed to the County based upon actual cost or rates established by the County for the same services provided to non-County agencies. The County provides additional services to KCAPTA on an as needed basis billed at the standard rate for actual services provided.

B. Measurement Focus, Basis of Accounting

The financial statements of KCAPTA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and all liabilities associated with operations are reported. Proprietary fund equity is classified as net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting (Continued)

In the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset used. Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with KCAPTA's principal ongoing operational activities. Charges to customers represent KCAPTA's principal operating revenues and include passenger fares and auxiliary revenues. Operating expenses include the cost of operating, maintenance, and support of transit services and related capital assets; administrative expenses; and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and/or expenses.

C. Pooled Cash and Investments

The County Treasurer pools cash from various governmental agencies for investment purposes. Interest received on the investment is prorated to individual agencies based on their average cash balances.

The County is authorized to deposit cash and invest excess funds by the California Government Code Section 53600 et. seq. Deposited funds maintained by the County are either secured by Federal depository insurance or collateralized. These pooled funds are carried at cost, which approximates fair value.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, KCAPTA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Capital Assets

Purchases of capital assets are recorded at cost at the time of purchase. Capital assets are defined by KCAPTA as assets with an estimated useful life in excess of one year and an initial individual cost of \$5,000 or more. Depreciation is computed using the straight-line method over the asset's estimated useful life ranging from five to fifty years.

	Years
Buildings and structures	25-50
Revenue equipment	5-10
Service vehicles, shop, office, and other equipment	5-10

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

F. Construction/Projects-in-Progress

Costs incurred for construction of associated facility improvements, building expansion, and/or large projects are capitalized as construction/projects-in-progress until they are complete and operational. Depreciation commences at the time of completion.

G. Accrued Vacation and Sick Leave

All regular full-time and regular part-time employees accumulate vacation based on length of service. Unused accrued vacation is paid out to employees at the date of termination.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accrued Vacation and Sick Leave (Continued)

All regular full-time and regular part-time employees accumulate sick leave based on length of service. If the employee retires in good standing from California Public Employees' Retirement System (CalPERS) at the time of their separation from KCAPTA employment, they will have, at their option, the ability to (1) apply to CalPERS for retirement service credit for their unused sick leave balance or (2) the option to receive a percentage of the dollar value of accrued sick leave (at the time of retirement) put into an "account" to be used toward the County health insurance premiums only, at a rate not to exceed the family option per month until the employee is eligible (by age) for Medicare or the money runs out, whichever is first. The retiree health benefit percentage shall be as follows:

Service Hours	Percent of Compensation (based on hours) Health Benefit
20,801-31,200	25%
31,201-41,600	35%
41,601 and over	45%

The accrued vacation liability and 25% of accrued sick leave liability is recorded on the Statement of Net Position as a current liability. Changes to the liability are recorded as an increase or decrease to operating expenditures on the Statement of Revenues, Expenses, and Changes in Net Position.

H. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KCAPTA's CalPERS plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are report by CalPERS. 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.

I. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

J. Classification of Revenues and Expenses

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions such as passenger revenues, advertising revenues, and concessions.

Operating expenses: Payments to suppliers, to employees, on behalf of employees, and all payments that do not result from transactions defined as capital and related financing, noncapital financing, or investing activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Classification of Revenues and Expenses (Continued)

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Examples of non-operating revenues would be sales tax revenues, federal grants, and investment income.

Non-operating expenses: Payments that result from transactions defined as capital and related financing, non-capital financing, payments to pass-through agencies, or investing activities.

K. Contributed Capital

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, capital grants are required to be included in the determination of net income, which resulted in an increase in net revenues of \$5,075,705 and \$1,853,816 for the fiscal years ended June 30, 2021 and 2020, respectively.

L. Unearned Revenues

Unearned revenues arise when resources are received by KCAPTA before it has earned them.

M. Federal, State, and Local Grants

Federal, State, and local grants are accounted for in accordance with the purpose for which the grants are intended. Grants for operating assistance and the acquisition of equipment are recorded as revenues in the fiscal year in which the related grant conditions are met. Advances received on grants are recorded as unearned revenue until related grant conditions are met.

N. Pass-Through Activities

Revenues associated with grants, where KCAPTA serves as the administrating agent, are recorded either as non-operating revenues or capital contributions based on the approved use of the grant. The related expense is recorded as "pass-through to other agencies" in the Statement of Revenues, Expenses, and Changes in Net Position as the expenses do not support the operations of KCAPTA nor provide an asset.

O. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Net Position

Net position represents the residual interest in KCAPTA's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position is presented in three broad components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Net position is restricted when constraints are imposed by the third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted. Operating losses excluding depreciation are funded by operating and capital reserves.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Funding Sources/Program

Federal Grants

Section 5307 Formula Capital and Operating Grants for Urbanized Areas with a Population of 200,000 or More

Section 5307 provides grants to finance planning and capital projects at 80%. Capital projects include the acquisition, construction, improvement, and other incidental costs of facilities and equipment used in the operation or lease of transportation services. Operating assistance is provided at 50% to finance program administration, technical assistance activities, and operating assistance to transit authorities to continue existing service and to meet routine changes in demand.

Section 5311 Capital and Operating Grants

Section 5311 provides formula funding to states for supporting public transportation in areas of less than 50,000 population. Eighty percent of the statutory formula is based on the nonurbanized population of the state. Twenty percent of the formula is based on land area. No state may receive more than 5 percent of the amount apportioned for land area. In addition, the Federal Transit Administration (FTA) adds amounts apportioned based on nonurbanized population according to the growing states formula factors of 49 U.S.C. 5340 to the amounts apportioned to the states under the Section 5311 program. Section 5311 funding is apportioned by the State of California based on population of the rural area of the County.

Funds may be used for eligible capital expenses (at 80%), project administration, and operating expenses (at 50%) to provide efficient and coordinated public transportation service in nonurbanized areas.

Coronavirus Aid, Relief, and Economic Security (CARES) Act Capital and Operating Grants

FTA allocated \$25 billion to recipients of urbanized area and rural area formula funds, with \$22.7 billion to large and small urban areas and \$2.2 billion to rural areas. Funding is provided at a 100-percent federal share, with no local match required, and is available to support capital, operating, and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19. Operating expenses incurred beginning on January 20, 2020 for all rural and urban recipients including operating expense to maintain transit services as well as paying for administrative leave for transit personnel due to reduced operations during an emergency.

Funds are disbursed through the FTA apportionments to its Urbanized Area (section 5307) and Rural Formula (Section 5311) programs.

American Rescue Plan Act (ARP) of 2021 Capital and Operating Grants

The American Rescue Plan Act of 2021 which was signed on May 11, 2021, includes \$30.5 billion in federal funding to support the nation's public transportation systems as they continue to respond to the COVID-19 pandemic. Funding is provided at 100-percent federal share, with no local match required and is available to support capital, operating, and other expenses.

Funds are disbursed through the FTA apportionments to its Urbanized Area (section 5307) and Rural Formula (Section 5311) programs.

Section 5339 Bus and Bus Facilities Infrastructure Investment Program

Section 5339 provides formula funding for the replacement, rehabilitation, and purchase of buses and related equipment and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Funding Sources/Program (Continued)

Federal Grants (Continued)

Congestion Mitigation and Air Quality (CMAQ)

The State apportions Federal CMAQ funding for projects that will contribute to meeting the attainment of national ambient air quality standards for ozone and/or carbon monoxide in Clean Air Act non-attainment areas. The Kings County Association of Governments (KCAG) is responsible for selecting and prioritizing projects for funding, in consultation with the State, for this program.

Transportation Development Credits (Toll Revenue Credits)

Transportation Development Credits (formerly referred to as Toll Revenue Credits) provide a credit toward a project's local share for certain expenditures with toll revenues. The amount of the credit toward local share to be earned by a state is based on revenues generated by toll authorities within a state. Under the provisions of 23 U.S.C. 120(j), the Federal Highway Administration (FHWA) oversees the determination of transportation development credits within each state. For the FTA, the effect of utilizing transportation development credits means that the FTA, in essence, provides 100 percent of the total net project cost.

State Grants

Transportation Development Act Capital and Operating Grants

The Transportation Development Act (TDA) provides two major sources of funding for public transportation: the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STA). These funds are for the development and support of public transportation needs that exist in California and are allocated to areas of each county based on population, taxable sales, and transit performance.

LTF: KCAG, as the designated Regional Transportation Planning Agency, monitors the LTF; determines the annual apportionments; notifies the claimants; and approves the apportionments, allocations, and uses of the LTF funds. KCAPTA annually receives LTF money from each member agency based on their individual share, based on a formula of service hours provided and population. The apportionment is based on the population of the cities and unincorporated areas of the County.

STA: STA funds come from statewide sales tax and diesel fuel tax as a second source of TDA funding. It is used for transportation, planning, and mass transportation purposes. The funds are apportioned to KCAG by a formula based on population and operator revenues, which then reallocates the funds to transit operators on the same basis.

Public Transportation Modernization, Improvement, and Service Enhancement Account

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 includes the creation of the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Capital projects eligible for funding by PTMISEA include rehabilitation, safety, or modernization improvements; capital service enhancements or expansion; bus rapid transit improvements; and rolling stock procurement, rehabilitation, or replacement.

California Transit Assistance Fund

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 includes the creation of the California Transit Assistance Fund (CTAF). Capital projects eligible for funding by CTAF provide increased protection against security or safety threat.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Funding Sources/Program (Continued)

State Grants (Continued)

Low Carbon Transit Operation Program

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance, and other costs to operate those services or facilities, with each project required to reduce greenhouse gas emissions.

Senate Bill 1 - State of Good Repair Program (SB1-SGR)

Senate Bill 1 (SB1), the Road Repair and Accountability Act of 2017, was signed into law on April 28, 2017. This legislative package invests \$54 billion over the next decade to fix roads, freeways, and bridges in communities across California and puts more dollars toward transit and safety. These funds will be split equally between state and local investments. The State of Good Repair Program (SGR) can be used for transit capital projects or services to maintain or repair existing transit fleets and facilities. Also approved are new vehicles or facilities that improve existing transit services. The money is made available to transit operators based on the STA formula.

R. New Accounting Pronouncements – Implemented

GASB Statement No. 84 – *Fiduciary Activities*. There was no effect on KCAPTA's accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 90 – *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. There was no effect on KCAPTA's accounting and financial reporting as a result of implementing this standard.

S. Future Governmental Accounting Standards Board Statements

GASB Statement No. 87 – *Leases*. The requirements of this statement were originally effective for periods beginning after December 15, 2019. GASB Statement No. 95 delayed the effective date to June 15, 2021. KCAPTA will implement GASB Statement No. 87 if and where applicable.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The requirements of this statement were originally effective for periods beginning after December 15, 2019. GASB Statement No. 95 delayed the effective date to December 15, 2020. KCAPTA will implement GASB Statement No. 89 if and where applicable.

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement were originally effective for periods beginning after December 15, 2020. GASB Statement No. 95 delayed the effective date to December 15, 2021. KCAPTA will implement GASB Statement No. 91 if and where applicable.

GASB Statement No. 92 – *Omnibus 2020*. The requirements of this statement were originally effective for periods beginning after June 15, 2020. GASB Statement No. 95 delayed the effective date to June 15, 2021. KCAPTA will implement GASB Statement No. 92 if and where applicable.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The requirements of this statement were originally effective for periods beginning after June 15, 2020. GASB Statement No. 95 delayed the effective date to June 15, 2021. KCAPTA will implement GASB Statement No. 93 if and where applicable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Future Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for periods beginning after June 15, 2022. KCAPTA will implement GASB Statement No. 94 if and where applicable.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans*. The requirements in paragraph 4 as it applies to defined contribution plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans, and paragraph 5 are effective immediately. All other requirements are applicable for fiscal years beginning after June 15, 2021. KCAPTA will implement GASB Statement No. 97 if and where applicable.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in the County Treasury as part of the common investment pool and with a commercial bank. These pooled funds are carried at cost, which approximates fair value. Investment income from the pool is allocated back to the respective funds based on each fund's equity in the pool. Any investment losses are proportionately shared by all funds in the pool. At June 30, 2021 and 2020, KCAPTA had \$5,057,253 and \$6,659,209, respectively, with the County Treasurer.

At June 30, 2021 and 2020, the reported amount of KCAPTA's deposits with banks was \$74,315 and \$124,144, respectively.

At June 30, 2021 and 2020, the reported amount of KCAPTA's petty cash on hand was \$250.

The County is authorized to deposit cash and invest excess funds by California Government Code Sections 53601 et seq. and 53635 et seq. The County is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase agreements.

Investments in investment pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form. Investments in investment pools and other pooled investments are excluded from the concentration of credit risk disclosure under GASB Statement No. 40.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk is mitigated by: (a) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and (b) by investing operating funds primarily in shorter-term securities. As of fiscal year-end 2021 and 2020, the weighted average maturity of the investments contained in the County Treasury investment pool was approximately seventeen months and seventeen months, respectively.

Credit risk is the risk of loss due to the failure of the security issuer or backer. Credit risk is mitigated by: (a) limiting investments to the safest types of securities; (b) prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Treasury will do business; and (c) diversifying the investment portfolio so that potential losses on individual securities will be minimized.

As of fiscal year-end 2021 and 2020, the County Treasury investments in medium-term notes were rated Aaa to Aa3 by Moody's Investors Service (Moody's). The Federal Agencies, Money Market Mutual Funds, and Collateralized Timed Deposits are rated AAA to Aaa by Moody's.

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The County issues a financial report that includes custodial credit risk disclosures for the cash in the County Treasury. The report may be obtained by writing to the Kings County Treasurer, Government Center, 1400 West Lacey Boulevard, Hanford, California 93230.

NOTE 3 – RECEIVABLES

Receivables for the fiscal years ended June 30, 2021 and 2020, consisted of the following balances:

	<u>2021</u>	<u>2020</u>
Accounts	\$ 13,916	\$ 21,689
Due from other governments	<u>2,574,501</u>	<u>341,978</u>
Total	<u>\$ 2,588,417</u>	<u>\$ 363,667</u>

Management considers all receivables to be fully collectible. No allowance for uncollectible accounts has been recorded.

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital assets, net of accumulated depreciation, as of June 30, 2021 and 2020, are as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>
Capital assets, not being depreciated:				
Land	\$ 1,543,357	\$ 1,191,405	\$ -	\$ 2,734,762
Construction-in-progress	<u>480,641</u>	<u>303,313</u>	<u>-</u>	<u>783,954</u>
Total capital assets, not being depreciated:	<u>2,023,998</u>	<u>1,494,718</u>	<u>-</u>	<u>3,518,716</u>
Capital assets, being depreciated:				
Buses	10,348,297	3,535,778	-	13,884,075
Equipment	3,388,016	43,401	(113,439)	3,317,978
Administrative vehicles	90,797	-	-	90,797
Equipment - office	200,331	-	-	200,331
Buildings and improvements	6,033,299	-	-	6,033,299
Assets held for sale	<u>3,793,058</u>	<u>-</u>	<u>(3,793,058)</u>	<u>-</u>
Total capital assets, being depreciated:	<u>23,853,798</u>	<u>3,579,179</u>	<u>(3,906,497)</u>	<u>23,526,480</u>
Less accumulated depreciation for:				
Buses	(5,511,228)	(1,101,852)	-	(6,613,080)
Equipment	(2,730,471)	(380,528)	109,204	(3,001,795)
Administrative vehicles	(90,797)	-	-	(90,797)
Equipment - office	(177,965)	(6,537)	-	(184,502)
Buildings and improvements	(2,020,648)	(417,023)	-	(2,437,671)
Assets held for sale	<u>(3,771,843)</u>	<u>(7,768)</u>	<u>3,779,611</u>	<u>-</u>
Total accumulated depreciation	<u>(14,302,952)</u>	<u>(1,913,708)</u>	<u>3,888,815</u>	<u>(12,327,845)</u>
Total capital assets, net	<u>\$ 11,574,844</u>	<u>\$ 3,160,189</u>	<u>\$ (17,682)</u>	<u>\$ 14,717,351</u>

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION (Continued)

	Balance June 30, 2019	Additions	Retirements	Reclassifications/ Adjustments	Balance June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 554,291	\$ 989,066	\$ -	\$ -	\$ 1,543,357
Construction/projects-in-progress	169,639	326,857	-	(15,855)	480,641
Total capital assets, not being depreciated:	<u>723,930</u>	<u>1,315,923</u>	<u>-</u>	<u>(15,855)</u>	<u>2,023,998</u>
Capital assets, being depreciated:					
Buses	13,580,490	327,817	-	(3,560,010)	10,348,297
Equipment	3,321,722	66,294	-	-	3,388,016
Administrative vehicles	90,797	-	-	-	90,797
Equipment - office	185,049	15,282	-	-	200,331
Buildings and improvements	5,820,823	196,621	-	15,855	6,033,299
Assets held for sale	233,048	-	-	3,560,010	3,793,058
Total capital assets, being depreciated:	<u>23,231,929</u>	<u>606,014</u>	<u>-</u>	<u>15,855</u>	<u>23,853,798</u>
Less accumulated depreciation for:					
Buses	(8,035,459)	(1,035,779)	-	3,560,010	(5,511,228)
Equipment	(2,313,353)	(417,118)	-	-	(2,730,471)
Administrative vehicles	(90,797)	-	-	-	(90,797)
Equipment - office	(173,338)	(4,627)	-	-	(177,965)
Buildings and improvements	(1,625,625)	(395,023)	-	-	(2,020,648)
Assets held for sale	(188,529)	(23,304)	-	(3,560,010)	(3,771,843)
Total accumulated depreciation	<u>(12,427,101)</u>	<u>(1,875,851)</u>	<u>-</u>	<u>-</u>	<u>(14,302,952)</u>
Total capital assets, net	<u>\$ 11,528,758</u>	<u>\$ 46,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,574,844</u>

The amount recorded for depreciation for the fiscal years ended June 30, 2021 and 2020, was \$1,913,708 and \$1,875,851, respectively.

NOTE 5 – UNEARNED REVENUES

Unearned revenues consist of LTF, STA, SB1, Proposition 1B Security funds, and LCTOP funds received for multiple-year capital projects. Following is a schedule of capital projects and unearned revenues as of June 30, 2021.

<u>Project Description</u>	<u>Estimated Beginning</u>	<u>Estimated Ending</u>	<u>Estimated Cost</u>	<u>Unearned Revenues</u>
Bus	FY 19/20	FY 21/22	\$ 152,344	\$ 152,345
New Transit Center	FY 17/18	FY 22/23	2,788,272	2,788,272
Vanpool Subsidy	FY 19/20	FY 21/22	57,600	57,600
Free Fares	FY 19/20	FY 21/22	1,648	1,648
Electric Bus and Charger	FY 18/19	FY 21/22	267,063	267,063
CNG Buses	FY 19/20	FY 22/23	380,667	380,667
CNG Engine Rebuild	FY 20/21	FY 22/23	115,068	115,068
Admin Vehicle	FY 20/21	FY 21/22	35,000	35,000
Admin Truck	FY 20/21	FY 21/22	30,000	30,000
Shop Equipment	FY 20/21	FY 21/22	10,000	10,000
Display at Depot	FY 20/21	FY 21/22	4,500	4,500
Equipment for Buses	FY 18/19	FY 21/22	12,690	12,690
EV Charger	FY 20/21	FY 21/22	31,000	31,000
Transit Study	FY 21/22	FY 21/22	50,000	50,000
			<u>\$ 3,935,852</u>	<u>\$ 3,935,853</u>

Following is a schedule of capital projects and unearned revenues as of June 30, 2020.

<u>Project Description</u>	<u>Estimated Beginning</u>	<u>Estimated Ending</u>	<u>Estimated Cost</u>	<u>Unearned Revenues</u>
Bus	FY 19/20	FY 19/20	\$ 278,300	\$ 278,324
New Transit Center	FY 17/18	FY 21/22	2,689,600	2,689,591
Bus Cameras	FY 18/19	FY 19/20	1,690	1,690
Free Transit	FY 19/20	FY 19/20	22,605	22,605
Increased Frequency	FY 20/21	FY 19/20	54,500	54,518
Electric Bus	FY 18/19	FY 19/20	267,000	267,063
CNG Buses	FY 19/20	FY 19/20	294,500	294,468
			<u>\$ 3,608,195</u>	<u>\$ 3,608,259</u>

NOTE 6 – LONG-TERM LIABILITIES

A summary of long-term liability activity for the fiscal years ended June 30, 2021 and 2020, is as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Capital leases:					
Kansas State Bank	\$ 6,337	\$ -	\$ (2,275)	\$ 4,062	\$ 2,395
Total capital leases	6,337	-	(2,275)	4,062	2,395
Compensated absences	57,592	-	(6,161)	51,431	51,431
Net pension liability	290,601	13,042	-	303,643	-
Total long-term liabilities	<u>\$ 354,530</u>	<u>\$ 13,042</u>	<u>\$ (8,436)</u>	<u>\$ 359,136</u>	<u>\$ 53,826</u>
	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Capital leases:					
Kansas State Bank	\$ 8,498	\$ -	\$ (2,161)	\$ 6,337	\$ 2,275
Total capital leases	8,498	-	(2,161)	6,337	2,275
Compensated absences	46,762	26,142	(15,312)	57,592	57,592
Net pension liability	239,100	31,501	-	270,601	-
Total long-term liabilities	<u>\$ 294,360</u>	<u>\$ 57,643</u>	<u>\$ (17,473)</u>	<u>\$ 334,530</u>	<u>\$ 59,867</u>

Capital Leases

KCAPTA entered into one contract with Kansas State Bank of Manhattan during the fiscal year ended June 30, 2018, to purchase a copy machine. The contract was for the amount of \$11,212 borrowed at an effective annual interest rate of 5.15%. Sixty payments are scheduled and the note will mature in February 2023.

Equipment and related accumulated amortization under capital leases are as follows:

	2021	2020
Equipment	\$ 13,916	\$ 11,212
Accumulated amortization	(7,288)	(5,046)
Net value of equipment acquired through capital leases	<u>\$ 6,628</u>	<u>\$ 6,166</u>

Amortization of leased equipment is included with depreciation expense.

KCAPTA negotiated a 10-year lease beginning October 2, 2007, and terminating on October 1, 2017, to lease the premises in which KCAPTA currently conducts operations. The premises are owned by the City of Hanford. The agreement states the monetary contributions of \$1.00 per year shall be paid as annual rent for the premises. The lease may be extended for two (2) five (5) year periods following expiration of the initial term. In June 2014, KCAPTA successfully completed negotiations for purchase of the property. The property is included in KCAPTA's asset schedule at its appraised value.

NOTE 7 – COMPENSATED ABSENCES

Accumulated compensated absences payable in future years are recorded as an expense in the fiscal year earned by employees. At June 30, 2021 and 2020, \$51,431 and \$57,592, respectively, had been accrued and are included in accrued payroll and related liabilities.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description – KCAPTA participates in CalPERS, a cost sharing multiple-employer defined benefit pension plan administered by the CalPERS Board of Administration. Because KCAPTA's plan has less than 100 active members, it is required to participate in a larger CalPERS risk pool. All qualified permanent and probationary employees are eligible to participate in KCAPTA's Miscellaneous Plan administered by CalPERS.

CalPERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information for CalPERS. The report may be obtained from their executive office: 400 Q Street, Sacramento, California 95811.

Pursuant to Assembly Bill 340/Senate Bill 197 (AB340/SB197) (Public Employees' Pension Reform Act of 2013 (PEPRA)), all qualified permanent and probationary employees hired after January 1, 2013, are designated as "New Members" and qualified permanent and probationary employees hired on or before January 1, 2013, are designated as "Classic Members." This was later amended by Assembly Bill (AB) 1222, enacted on October 4, 2013, which exempts public transit employees whose interests are protected by Section 13(c) of the Federal Transit Act from PEPRA. The bill provides an exemption from PEPRA for transit employees from January 1, 2013, until January 1, 2015, or until a court determines that the provisions of PEPRA do not violate their collective bargaining rights, whichever is sooner. In December of 2014, the court's decision triggered the end of the exemption. All transit employees with appointments starting on or after January 1, 2013, through December 29, 2014, will retain their classic retirement benefits for this period of time. All employees hired on or after December 30, 2014, will be subject to PEPRA retirement benefits.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Benefit provisions are established by state statutes, legislatively amended, within the Public Employees' Retirement Law. Employees are eligible to retire at or after reaching the required minimum age, having attained five years of credited service, and are entitled to an annual retirement benefit. Benefits are payable monthly for life, in an amount equal to a percent of their average full-time pay rate based on the last consecutive 36 months of service.

Contributions – "Classic Member" participants are required to contribute 7.00% of their annual covered salary, and "New Members" are required to contribute 6.75% of their annual covered salary for the fiscal years ended June 30, 2021 and 2020. KCAPTA is required to contribute the remaining amounts necessary to fund the benefits for its members using the actuarial basis recommended by the CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. The required employer contribution rates for the fiscal years ended June 30, 2021 and 2020, were 10.48% and 9.68%, respectively, for "Classic Member" participants, and 7.73% and 6.99% for "New Members," respectively. KCAPTA's total contributions to CalPERS for the fiscal years ended June 30, 2021 and 2020, was \$57,570 and \$57,591, respectively, and equals 100% of the required contribution for each year. (See Required Supplementary Information, Schedule of Contributions.)

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021 and 2020, KCAPTA reported a liability of \$303,643 and \$270,601, respectively, for its proportionate share of the net pension liability. The net pension liability was measured using valuations as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. KCAPTA's proportion of the net pension liability was based on a projection of KCAPTA's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021 and 2020, KCAPTA's proportion was .007199% and .006757%, respectively, which was an increase of .00044% and .00041% from its proportion measured as of June 30, 2020 and 2019, respectively.

For the fiscal years ended June 30, 2021 and 2020, KCAPTA recognized pension expense of \$84,933 and \$82,975, respectively. At June 30, 2021 and 2020, KCAPTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2021	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,648	\$ -
Changes of assumptions	-	2,166
Difference between projected and actual investment earnings	9,020	-
Differences between employer's contributions and proportionate share of contributions	2,377	517
Change in employer's proportion	21,287	-
Contributions subsequent to the measurement date	<u>57,570</u>	<u>-</u>
Total	<u>\$ 105,902</u>	<u>\$ 2,683</u>
2020	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,794	\$ 1,456
Changes of assumptions	12,904	4,574
Difference between projected and actual investment earnings	-	4,731
Differences between employer's contributions and proportionate share of contributions	330	1,318
Change in employer's proportion	19,999	-
Contributions subsequent to the measurement date	<u>57,591</u>	<u>-</u>
Total	<u>\$ 109,618</u>	<u>\$ 12,079</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$57,570 and \$57,591 reported as deferred outflows of resources related to pensions resulting from KCAPTA contributions subsequent to the June 30, 2020 and 2019 measurement dates, respectively, will be recognized as a reduction of the net pension liability in the fiscal years ended June 30, 2021 and 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2022	\$ 14,529
2023	16,237
2024	10,556
2025	4,327
2026	-
Thereafter	-
Total	<u>\$ 45,649</u>

Actuarial Assumptions

For the measurement periods ended June 30, 2020 and 2019, the total pension liability was determined by rolling the total pension liability determined in the June 30, 2019 and 2018 actuarial accounting valuations to June 30, 2020 and 2019. The June 30, 2020 and 2019 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by entry age and service
Investment Rate of Return	7.15%
Mortality	Derived using CalPERS' Membership data for all funds (1)
Post-Retirement Benefit Increase	Protection Allowance floor on Purchasing Power applies

- (1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by entry age and service
Investment Rate of Return	7.15% net of pension plan investment and administrative expense; includes inflation
Mortality	Derived using CalPERS' Membership data for all funds (2)
Post-Retirement Benefit Increase	Allowance floor on Purchasing Power applies, 2.75% thereafter

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

- (2) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 Experience Study and Review of Actuarial Assumptions report available online.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

<u>Asset Class ^(a)</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10 ^(b)</u>	<u>Real Return Years 11+ ^(c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00	2.62
Inflation Assets	0.00%	0.77	1.81
Private Equity	8.00%	6.30	7.23
Real Assets	13.00%	3.75	4.93
Liquidity	1.00%	-	(0.92)
Total	<u>100.00%</u>		

^(a) In CalPERS' ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

^(b) An expected inflation of 2.00% was used for this period.

^(c) An expected inflation of 2.92% was used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

The following presents KCAPTA's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what KCAPTA's proportionate share of the net pension liability would be if it were calculated using a discount rate of 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

2021	1% Decrease	Current	1% Increase
	6.15%	Discount Rate 7.15%	8.15%
Net pension liability	\$ 506,833	\$ 303,643	\$ 135,753
2020	1% Decrease	Current	1% Increase
	6.15%	Discount Rate 7.15%	8.15%
Net pension liability	\$ 456,859	\$ 270,601	\$ 116,859

Pension Plan Fiduciary Net Position

Detailed information about KCAPTA's pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 9 – DEFERRED COMPENSATION PLAN

KCAPTA has made available to its eligible employees a deferred compensation plan under the terms of Section 457 of the Internal Revenue Code. KCAPTA matches 33.3% of the management employee's deferral up to a maximum of \$2,500 annually. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Amounts accumulated under the plan have been invested in several investment options at the direction of the employee. For the fiscal years ended June 30, 2021 and 2020, \$28,053 and \$24,650, respectively, had been contributed to the Deferred Compensation Plan, which is not included as part of the KCAPTA's financial statements.

GASB Statement No. 32 rescinded GASB Statement No. 2 and established accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governmental employers. The laws governing these plans were changed to state that as of August 20, 1996, new plans would not be considered eligible unless all assets and income of the plan are held in trust or covered by annuity contract for the exclusive benefits of the participants and their beneficiaries. KCAPTA's plan meets this requirement.

NOTE 10 – CONTINGENT LIABILITIES

Grants have been received by KCAPTA for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement for costs disallowed under the terms of the grants. The amount, if any, of costs that may be disallowed by the granting agencies cannot be determined at this time. Management expects such amounts, if any, to be immaterial.

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS

Local Transportation Fund

Under the TDA of 1971, KCAPTA received apportionments of Local Transportation Funds of \$946,622 and \$1,200,000 for the fiscal years ended June 30, 2021 and 2020, respectively. \$101,630 and \$1,045,748 were used to meet operating and capital expenditures in the fiscal years 2021 and 2020, respectively. Unexpended proceeds at June 30, 2021 were \$999,244.

State Transit Assistance

STA funds in the amount of \$994,700 and \$1,169,986 for the fiscal years ended June 30, 2021 and 2020, respectively, were received. \$1,692,535 and \$0 were used to meet capital expenditures in the fiscal years 2021 and 2020, respectively. The funds will be used for the acquisition of land need to construct the new Hanford Transit Station and the match for replacement of buses. Unexpended proceeds at June 30, 2021 were \$2,341,195.

Sections 6633.2 and 6633.5

Pursuant to Sections 6633.2 and 6633.5 of the TDA, the ratio of fare revenues to operating cost of not less than 20% are set for an urban operator with a population of 500,000 or less and 10% for operators serving a non-urbanized area. The TDA allows the transportation planning agency to reduce the required minimum farebox recovery ratio to as low as 15%. Beginning with the fiscal year ended June 30, 2008, KCAG set the farebox ratio for KCAPTA at 15%. Therefore, KCAPTA was required to meet a farebox recovery ratio of 15% for the fiscal years ended June 30, 2021 and 2020. KCAPTA was not required to comply with the farebox ratio for the years ended June 30, 2021 and 2020, due to COVID-19.

The additional operating cost to a transit operator of providing comparable complementary paratransit services, pursuant to the Americans with Disabilities Act, that exceed the operator's prior year costs as adjusted by the Consumer Price Index are excluded from operating cost.

Section 99268.19

Pursuant to Section 99268.19 of the TDA, if fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost required by this article, an operator may satisfy that requirement by supplementing its fare revenues with local funds. As used in this section, "local funds" means any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator. KCAPTA local funds includes advertisement revenues and concession sales.

KCAPTA's farebox ratios are as follows:

	<u>2021</u>	<u>2020</u>
Farebox and local support	<u>\$ 798,853</u>	<u>\$ 590,568</u>
Operating cost	<u>\$ 5,631,724</u>	<u>\$ 4,944,327</u>
Farebox ratio	<u>14.18%</u>	<u>11.94%</u>

PTMISEA

The PTMISEA was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. The PTMISEA funds were available to transit operators over a ten-year period. KCAPTA has applied for and received all of the PTMISEA funds available to KCAPTA. As of June 30, 2021, KCPATA expended all funds plus interest earned on approved projects.

During the fiscal years ended June 30, 2021 and 2020, KCAPTA did not receive any PTMISEA funds.

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS (Continued)

During the fiscal year ended June 30, 2015, KCAPTA applied for and received \$1,477,904 from the State's PTMISEA account for CNG Bus Purchases. As of June 30, 2017, all of the funds (\$1,477,904) plus interest accrued (\$27,463) had been expended for this project.

During the fiscal year ended June 30, 2013, KCAPTA applied for and received \$1,457,871 from the State's PTMISEA account for (1) Bus Stop Amenities, (2) Intelligent Transportation System, and (3) Facility Improvements. As of June 30, 2017, all of the funds (\$1,457,871) plus interest accrued (\$29,494) had been expended on the projects.

During the fiscal year ended June 30, 2012, KCAPTA applied for and received \$2,169,459 from the State's PTMISEA account for (1) Davis Street Bus Facility Improvement Project, (2) Purchase New Transit Buses, (3) Bus Stop Amenities, and (4) Intelligent Transportation System. As of June 30, 2017, all of the funds (\$2,169,459) plus interest accrued (\$4,976) had been expended on the projects.

During the fiscal year ended June 30, 2011, KCAPTA applied for and received \$800,230 from the State's PTMISEA account for the Davis Street Bus Facility Improvement Project. As of June 30, 2011, all of the funds (\$800,230) plus interest accrued (\$48,423) had been expended for this project.

During the fiscal year ended June 30, 2008, KCAPTA applied for and received \$1,420,539 from the State's PTMISEA account for (1) purchase new CNG buses for KCAPTA fixed route transit system, (2) Purchase new paratransit buses for KCAPTA demand response system, and (3) the construction of a Compressed Natural Gas (CNG) fueling station. The construction of a CNG fueling station was canceled and the funds moved to a new project, Mobile Data Terminals. As of June 30, 2011, all of the funds (\$1,420,539) plus interest accrued (\$31,419) had been expended on the projects.

As of June 30, 2021 and 2020, KCAPTA did not spend PTMISEA funds.

As of June 30, 2018, KCAPTA has spent \$7,326,003 for the purchase of new CNG buses, new paratransit buses, Mobile Data Terminals, Fare Collection Boxes, Bus Facility Improvement Project, Bus Stop Amenities, and Bus Intelligent System. There were no unexpended proceeds on June 30, 2019.

These funds were held in an interest bearing account. Interest earned as of June 30, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008 was \$246, \$1,004, \$17,030, \$9,992, \$12,759, \$15,381, \$9,957, \$14,700, \$26,082, \$20,916, and \$13,708, respectively. Prior to fiscal year ended June 30, 2021, all of the interest earned (\$141,775) had been expended on the projects.

California Transit Assistance Fund (CTAF)

During the fiscal years ended June 30, 2021 and 2020, KCAPTA did not receive any CTAF funds.

As of June 30, 2021 and 2020, \$0 and \$118,342 of CTAF funds plus \$0 and \$2,257 in interest had been expended on a project, respectively.

During the fiscal year ended June 30, 2018, KCAPTA applied for and received \$118,342 from the CTAF funds for Facility Security Improvements. During the fiscal year ended June 30, 2017, 2016, and 2015, KCAPTA did not receive any CTAF funds.

During the fiscal year ended June 30, 2014, KCAPTA applied for and received \$236,684 from the CTAF for Communication Equipment and Transit Security Enhancements. As of June 30, 2016, all of the funds (\$236,684) plus the interest accrued (\$1,600) have been expended on the projects.

During the fiscal year ended June 30, 2013, KCAPTA applied for and received \$118,342 from the CTAF for security enhancement at bus stop locations. As of June 30, 2015, the project was completed and all funds (\$118,342) plus interest earned (\$784) were expended on the project.

During the fiscal year ended June 30, 2012, KCAPTA did not receive any CTAF funds.

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS (Continued)

California Transit Assistance Fund (CTAF) (Continued)

During the fiscal year ended June 30, 2011, KCAPTA applied for and received \$23,364 from the CTAF for security enhancement at the bus facility. During the fiscal year ended June 30, 2010, KCAPTA applied for and received \$103,261 from the CTAF for security enhancement at the bus facility. As of June 30, 2012, the project has been completed and all funds (\$126,625) plus interest earned (\$2,914) had been expended for this project.

During the fiscal year ended June 30, 2008, KCAPTA applied for and received \$142,087 from the CTAF to install bus surveillance equipment on the fixed route buses. As of June 30, 2009, the project was completed and all funds (\$142,087) plus interest earned (\$1,652) were expended on the project.

As of June 30, 2021, KCAPTA had spent \$99,651 of the CTAF funds for (1) bus surveillance equipment, (2) bus facility security enhancements, and (3) bus stop lighting. There were no unexpended proceeds at June 30, 2021.

These funds are held in an interest bearing account. Interest earned as of June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, and 2009 was \$0, \$354, \$1,684, \$320, \$0.00, \$48, \$1,053, \$997, \$285, \$1,012, \$1,606, \$297, and \$1,652, respectively. As of June 30, 2021, \$2,257 has been expended on the projects.

Low Carbon Transit Operation Program (LCTOP)

During the fiscal year ended June 30, 2021, KCAPTA applied for and received \$59,248 from the LCTOP funds for a zero emission bus. As of June 30, 2021, \$77,123 was expended on the project. The remaining funds (\$326,311) have been recorded as unearned revenue.

During the fiscal year ended June 30, 2020, KCAPTA applied for and received \$252,040 from the LCTOP funds for a zero emission bus. As of June 30, 2020, \$0 was expended on the project. The remaining funds (\$252,040) have been recorded as unearned revenue.

During the fiscal year ended June 30, 2019, KCAPTA applied for and received \$193,980 from the LCTOP funds for (1) Information Technology Project (2) Bus Stop Amenities (3) Hanford/Lemoore NAS Express. In fiscal year 2021 these projects were reprogrammed. The Bus Stop Amenities were reprogrammed to the Increased Frequency project in the amount of \$32,546. The Information Technology Project and NAS Express were reprogrammed to the Zero Emission bus project. As of June 30, 2021 and 2020, \$30,541 and \$24,181, respectively, were expended on the projects. The remaining funds (\$17,502) have been recorded as unearned revenue.

During the fiscal year ended June 30, 2018, KCAPTA applied for and received \$59,442 from the LCTOP funds for (1) free/ reduced fare (2) KART University. In fiscal year 2021 both of these projects were reprogrammed to the Increased Frequency project. As of June 30, 2021 and 2020, \$43,101 and \$24,217, respectively were expended on the projects. As of June 30, 2021 all funds have been expended.

During the fiscal year ended June 30, 2017, KCAPTA did not receive LCTOP funds.

During the fiscal year ended June 30, 2016, KCAPTA received \$130,415 from the LCTOP for (1) free transit day and (2) year two funding of route expansions. As of June 30, 2017, \$117,280 of the funds plus accrued interest (\$1,084) were expended on the projects. In fiscal year 2021 this project was reprogrammed to the Increased Frequency project. As of June 30, 2021 and 2020, \$13,541 and \$530, respectively, were expended on the projects. There are no remaining funds for this project.

These funds are held in an interest-bearing account. Interest earned as of June 30, 2021 and 2020, 2018, 2017, 2016, and 2015 was \$4,225, \$6,828, \$902, \$1,125, \$431, and \$2, respectively. As of June 30, 2021, \$5,615 had been expended on projects.

Unexpended proceeds at June 30, 2021, were \$326,311. The funds have been recorded as unearned revenue as of June 30, 2021.

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS (Continued)

State of Good Repair Program

During the fiscal year ended June 30, 2021, KCAPTA applied for and received \$196,503 from the State of Good Repair funds for a 35' Bus. As of June 30, 2021, \$207,415 of the SB1 funds were expended on the project. The remaining funds (\$269,103) were recorded as unearned revenue.

During the fiscal year ended June 30, 2020, KCAPTA applied for and received \$128,128 from the State of Good Repair funds for a 35' Bus. As of June 30, 2020, none of the SB1 funds had been expended on the project. The remaining funds (\$128,128) were recorded as unearned revenue.

During the fiscal year ended June 30, 2019, KCAPTA applied for and received \$150,196 from the State of Good Repair funds for a 35' Bus. As of June 30, 2021 and 2020, none of the funds were expended on the project. The remaining funds (\$150,196) were recorded as unearned revenue.

During the fiscal year ended June 30, 2018, KCAPTA applied and received \$35,569 from the State of Good Repair for a Bus Security Camera System. As of June 30, 2021 and 2020, \$33,878 and \$0, respectively, of the funds were expended on the project. The remaining funds (\$1,691) were recorded as unearned revenue.

Unexpended proceeds at June 30, 2021, were \$269,103. The funds were recorded as unearned revenue as of June 30, 2021.

NOTE 12 – FEDERAL TRANSPORTATION FUNDS

Under provisions of Section 5307 of the FTA, federal resources are made available for operating, planning, capital, and capital maintenance, subject to certain limitations. For the fiscal years ended June 30, 2021 and 2020, KCAPTA spent federal assistance funds in the amount of \$4,153,066 and \$3,070,527, respectively.

Under provisions of Section 5311 of the FTA, KCAPTA spent federal assistance of \$611,640 and \$341,978 for the fiscal years ended June 30, 2021 and 2020, respectively.

Under provisions of Section 5339 of the FTA, KCAPTA spent federal assistance of \$3,279,570 and \$169,999 for the fiscal years ended June 30, 2021 and 2020, respectively.

NOTE 13 – RISK MANAGEMENT LIABILITY

KCAPTA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. KCAPTA is insured with commercial carriers. KCAPTA's schedule of insurance coverage is as follows:

Kings County Area Public Transit Agency
Schedule of Insurance Coverage
June 30, 2021

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Effective Dates</u>
Workers' Compensation	\$125,000 per occurrence	7/01/2020 to 7/01/2021
Excess Worker's Compensation	Statutory	7/01/2020 to 7/01/2021
Commercial Auto, Commercial Property, and Crime	Varies	6/18/2020 to 6/18/2021
General Liability	\$2,000,000	6/19/2020 to 6/19/2021
General Excess Liability	\$2,000,000	6/19/2020 to 6/19/2021
Public Officials and Employment Practices Liability	\$1,000,000	12/26/2020 to 12/26/2021

NOTE 13 – RISK MANAGEMENT LIABILITY (Continued)

KCAPTA requires the operator, MV Transportation, Inc., to maintain the following policies:

MV Transportation, Inc.
Schedule of Insurance Coverage
June 30, 2021

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Effective Dates</u>
Workers' Compensation	\$1,000,000	2/01/2020 to 2/01/2021
Commercial General Liability	\$10,000,000	2/01/2020 to 2/01/2021
Commercial Automobile Liability	\$10,000,000	2/01/2020 to 2/01/2021
Automobile Collision and Comprehensive	Cash value of vehicles	2/01/2020 to 2/01/2021

NOTE 14 – PASS-THROUGH GRANTS

There were no pass-through grants approved during the fiscal years ended June 30, 2021 or 2020.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 30, 2021, the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE LAST 10 FISCAL YEARS***

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.007199%	0.006757%	0.006344%	0.006190%	0.006086%	0.006410%	0.006065%
Proportionate share of the net pension liability	\$ 303,643	\$ 270,601	\$ 239,100	\$ 243,935	\$ 203,013	\$ 235,436	\$ 166,033
Covered payroll	\$ 453,613	\$ 402,724	\$ 372,171	\$ 323,088	\$ 314,517	\$ 236,270	\$ 236,270
Proportionate share of the net pension liability as a percentage of its covered payroll	66.94%	67.19%	64.24%	65.54%	62.84%	74.86%	70.27%
Plan fiduciary net position as a percentage of the total pension liability	77.71%	77.73%	77.69%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

Changes of Assumptions

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2018, the discount rate was changed from 7.6 percent to 7.15 percent.

* Schedule is intended to show information for 10 years. Fiscal year 2015 was the first year of implementation; therefore, only six years are shown.

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
A COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
FOR THE LAST 10 FISCAL YEARS***

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contributions	\$ 31,240	\$ 41,201		\$ 31,797	\$ 24,135	\$ 30,208	\$ 135,504
Contributions in Relation to the Actuarially Determined Contribution	<u>(57,570)</u>	<u>(57,591)</u>	<u>(46,616)</u>	<u>(34,632)</u>	<u>(31,068)</u>	<u>(30,559)</u>	<u>(24,159)</u>
Contribution Deficiency (Excess)	<u>\$ (26,330)</u>	<u>\$ (16,390)</u>	<u>\$ (46,616)</u>	<u>\$ (2,835)</u>	<u>\$ (6,933)</u>	<u>\$ (351)</u>	<u>\$ 111,345</u>
Covered Payroll	\$ 436,462	\$ 453,613	\$ 402,724	\$ 372,171	\$ 323,088	\$ 314,517	\$ 236,270
Contributions as a Percentage of Covered Payroll	13.19%	12.70%	11.58%	9.31%	9.62%	9.72%	10.23%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by entry age and service
Investment Rate of Return	7.15%
Mortality	Derived using CalPERS' Membership data for all funds (1)
Post-Retirement Benefit Increase	Protection Allowance floor on Purchasing Power applies

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

* Schedule is intended to show information for 10 years. Fiscal year 2015 was the first year of implementation; therefore, only six years are shown.

STATISTICAL SECTION

The following table shows the number of persons employed in the various occupations in the State of New York, by sex, in 1900.

TABLE 1.—Persons employed in various occupations, by sex, in 1900.

Occupation	Male	Female
Total	1,234,567	876,543
Agriculture	123,456	98,765
Manufacturing	234,567	123,456
Commerce	345,678	234,567
Services	456,789	345,678
Professional	56,789	45,678
Unemployed	67,890	56,789

STATISTICAL SECTION

The following table shows the number of persons employed in the various occupations in the State of New York, by sex, in 1910.

TABLE 2.—Persons employed in various occupations, by sex, in 1910.

Occupation	Male	Female
Total	1,345,678	987,654
Agriculture	134,567	109,876
Manufacturing	245,678	134,567
Commerce	356,789	245,678
Services	467,890	356,789
Professional	67,890	56,789
Unemployed	78,901	67,890

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION**

This part of Kings County Area Public Transit Agency (KCAPTA) annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about KCAPTA's overall financial health.

CONTENTS **PAGE**

Financial Trends 38-41

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

Revenue Capacity 42-43

These schedules contain information to help the reader assess KCAPTA's most significant operating revenue, Passenger Fares.

Debt Capacity 44

This schedule assists readers in understanding and assessing KCAPTA's debt burden and its ability to issue future debt.

Demographic and Economic Statistics 45-46

This schedule offers demographic and economic indicators to help the reader understand the environment within which KCAPTA's financial activities take place and help make comparisons over time with other governments.

Operating Information 47-51

These schedules contain contextual information about KCAPTA's operation and resources to assist readers in using financial statement information to understand and assess KCAPTA's economic condition.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual reports for the relevant year.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
 STATISTICAL SECTION

FINANCIAL TRENDS

SCHEDULES OF NET POSITION
 LAST 10 FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
NET POSITION										
Net Investment in Capital Assets	\$ 14,713,289	\$ 11,568,507	\$ 11,520,260	\$ 11,105,775	\$ 12,340,309	\$ 15,606,675	\$ 12,937,692	\$ 13,006,083	\$ 11,751,130	\$ 12,621,266
Restricted (Interest Earned on Grant Funds) Unrestricted	28,117 3,233,016	16,560 3,007,576	- 2,820,809	- 2,638,546	- 2,366,058	- 2,217,998	- 1,860,848	- 1,537,398	- 1,382,441	- 1,222,782
Total	\$ 17,974,422	\$ 14,592,643	\$ 14,341,069	\$ 13,744,321	\$ 14,706,367	\$ 17,824,673	\$ 14,798,540	\$ 14,543,481	\$ 13,133,571	\$ 13,844,048

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

FINANCIAL TRENDS

SCHEDULES OF CHANGES IN NET POSITION
LAST 10 FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
OPERATING										
Total Operating Revenues	\$ 744,267	\$ 530,728	\$ 670,858	\$ 735,914	\$ 661,141	\$ 720,523	\$ 754,025	\$ 720,716	\$ 714,407	\$ 3,556,762
Total Operating Expenses	7,545,159	6,820,178	6,684,298	5,939,610	5,986,449	4,946,059	4,822,990	4,741,627	4,712,780	8,701,108
Operating Loss	(6,800,892)	(6,289,450)	(6,013,440)	(5,203,696)	(5,325,308)	(4,225,536)	(4,068,965)	(4,020,911)	(3,998,373)	(5,144,346)
Total Nonoperating Revenues	5,106,966	4,687,208	4,310,773	3,497,878	1,822,952	3,265,932	2,978,726	2,931,576	3,022,049	3,037,976
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,693,926)	(1,602,242)	(1,702,667)	(1,705,818)	(3,502,356)	(959,604)	(1,090,239)	(1,089,335)	(976,324)	(2,106,370)
Total Capital Contributions	5,075,705	1,853,816	2,299,415	743,772	384,050	3,985,737	1,345,298	2,499,245	265,847	3,171,557
Transfer Out	-	-	-	-	-	-	-	-	-	(7,314,616)
CHANGES IN NET POSITION	\$ 3,381,779	\$ 251,574	\$ 596,748	\$ (962,046)	\$ (3,118,306)	\$ 3,026,133	\$ 255,059	\$ 1,409,910	\$ (710,477)	\$ (6,249,429)

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

FINANCIAL TRENDS

SCHEDULES OF REVENUES BY SOURCE
LAST 10 FISCAL YEARS

Fiscal Year	OPERATING REVENUES			NON-OPERATING REVENUES (EXPENSES)						TOTAL NON-OPERATING REVENUES (EXPENSES)
	Passenger Fares	Advertisements/Concessions	TOTAL OPERATING REVENUES	Federal Cash Grants	Local Cash Grants	Interest, Net	Gain/(Loss) on Sale of Capital Assets	Other		
2021	\$ 670,790	\$ 73,477	\$ 744,267	\$ 4,661,116	\$ 356,953	\$ 49,346	\$ (6,782)	\$ 46,333	\$ 5,106,966	
2020	485,364	45,364	530,728	3,412,505	1,115,705	120,655	-	38,343	4,687,208	
2019	612,866	57,992	670,858	2,928,198	1,226,038	124,542	30	31,965	4,310,773	
2018	616,013	119,901	735,914	2,646,982	769,323	80,444	500	629	3,497,878	
2017	558,127	103,014	661,141	2,869,957	492,052	47,739	(1,670,926)	84,130	1,822,952	
2016	617,405	103,118	750,523	2,904,463	118,429	50,049	-	192,991	3,265,932	
2015	668,286	85,739	754,025	2,616,160	221,871	34,522	(60,270)	166,443	2,978,726	
2014	662,327	58,389	720,716	2,654,789	242,825	31,403	(8,914)	11,473	2,931,576	
2013	657,362	57,045	714,407	1,440,839	1,473,528	32,414	502	74,766	3,022,049	
2012	3,466,295	90,467	3,556,762	1,538,642	1,471,308	13,649	-	14,736	3,038,335	

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

FINANCIAL TRENDS

SCHEDULES OF EXPENSES BY CLASSIFICATION
LAST 10 FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
OPERATING EXPENSES										
Salaries	\$ 436,462	\$ 453,613	\$ 402,724	\$ 372,171	\$ 323,088	\$ 294,033	\$ 241,616	\$ 228,780	\$ 195,630	\$ 623,669
Fringe Benefits	184,996	190,234	192,923	102,394	242,997	102,788	94,456	97,918	61,486	284,531
Maintenance - Equipment	90,697	92,254	53,248	56,598	56,705	24,165	51,097	29,652	63,360	375,065
Fuel and Oil	233,633	199,892	106,496	177,048	107,794	191,168	243,750	284,394	333,894	1,684,270
Other Materials and Supplies	30,405	35,761	46,536	40,058	47,502	42,087	30,868	29,138	29,841	36,539
Rents and Leases	-	4,062	-	-	-	-	-	-	-	57,739
Utilities	64,694	60,318	61,583	52,452	54,595	52,715	41,756	40,118	54,254	44,826
Insurance	26,561	32,829	26,554	25,642	34,178	17,971	32,378	12,410	27,643	470,261
Purchased Transportation	3,741,841	3,547,218	3,558,873	2,733,458	2,733,896	2,560,040	2,515,393	2,547,843	2,572,859	2,456,055
Miscellaneous	822,162	328,146	375,663	400,149	393,361	299,054	223,806	253,617	232,435	750,345
Depreciation	1,913,708	1,875,851	1,859,698	1,979,640	1,992,333	1,362,038	1,347,870	1,217,757	1,141,348	1,917,808
Transfers Out	-	-	-	-	-	-	-	-	-	7,357,301
Total Operating Expenses	\$ 7,545,159	\$ 6,820,178	\$ 6,684,298	\$ 5,939,610	\$ 5,986,449	\$ 4,946,059	\$ 4,822,990	\$ 4,741,627	\$ 4,712,780	\$ 16,056,409

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION**

REVENUE CAPACITY

**SERVICE CONSUMPTION
KART
LAST 10 FISCAL YEARS**

<u>Fiscal Year</u>	<u>Annual Passenger Miles</u>	<u>Unlinked Passenger Trips</u>
2021	5,178,887	386,746
2020	3,421,757	548,691
2019	4,390,719	702,428
2018	4,550,413	719,223
2017	4,721,387	738,148
2016	3,859,715	705,306
2015	4,391,637	804,765
2014	4,312,642	794,820
2013	4,153,415	812,510
2012	4,115,696	805,763

Annual Passenger Miles: Calculated by multiplying the number of trips x average distance traveled.

Unlinked Passenger Trips: The number of passengers who board public transportation vehicles. Passengers are counted each time they board vehicles no matter how many vehicles they use to travel from their origin to their destination.

Source: National Transit Database and Finance Department

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

REVENUE CAPACITY

PASSENGER RATES

KART

EFFECTIVE JANUARY 1, 2017

CASH FARES

LOCAL ROUTES

General Fare	\$1.25
Child (under 6)	FREE

OUT OF TOWN ROUTES

General Fare	\$1.75
Child (under 6)	FREE

PARATRANSIT

General Fare	\$2.50
--------------	--------

30-DAY PASS

Local Routes	\$50.00
Out of Town Routes	\$60.00
Paratransit	\$100.00
Local Routes Student/Disable/Senior	\$40.00
Out of Town Student/Disable/Senior	\$50.00

Source: Finance Department

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

DEBT CAPACITY

RATIOS OF OUTSTANDING DEBT
LAST 10 FISCAL YEARS

Fiscal Year Ended June 30	Capital Lease Vehicles	Capital Lease Equipment	Note Payable Equipment	Note Payable Capital	Note Payable Operating	Total	Percentage of Personal Income	Debt per Capita
2012	\$ -	\$ 5,541	\$ -	\$ -	-	\$ 5,541	0.12%	37
2013	-	14,464	-	-	-	14,464	0.32%	96
2014	-	11,819	-	-	-	11,819	0.24%	79
2015	-	9,056	-	-	-	9,056	0.18%	60
2016	-	6,169	-	-	-	6,169	0.12%	41
2017	-	3,152	-	-	-	3,152	0.06%	21
2018	-	10,551	-	-	-	10,551	0.20%	70
2019	-	8,498	-	-	-	8,498	0.16%	57
2020	-	6,337	-	-	-	6,337	0.12%	42
2021	-	4,062	-	-	-	4,062	0.08%	27

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION**

DEMOGRAPHIC AND ECONOMIC STATISTICS

**DEMOGRAPHIC AND ECONOMIC STATISTICS
KINGS COUNTY
LAST 10 FISCAL YEARS**

Fiscal Year Ended June 30	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(3) Unemployment
2021	152,543	\$ 6,820,991 *	\$ 44,715 *	8.00%
2020	153,608	6,425,269 *	41,829	13.10%
2019	153,710	6,030,809	39,433	7.80%
2018	151,662	5,344,067	36,961	8.20%
2017	149,537	5,302,517	35,326	8.80%
2016	149,785	5,135,686	34,287	10.00%
2015	150,331	4,996,600	33,237	10.50%
2014	149,669	4,918,190	32,860	11.90%
2013	150,480	4,541,577	30,181	13.40%
2012	151,042	4,459,866	29,527	14.90%

Data Source:

(1) California Department of Finance May 2018 Population Report. Estimates for 2017-2018 reflect Kings County population

(1) U.S. Department of Commerce, Bureau of Economic Statistics

(2) U.S. Department of Labor, Bureau of Labor Statistics

* Data not available, estimates based on % change from fiscal year 16 to fiscal year 17.

** Data not available, estimates based on Year-to-Date Average.

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION**

DEMOGRAPHIC AND ECONOMIC STATISTICS

**DEMOGRAPHIC AND ECONOMIC STATISTICS (Continued)
KINGS COUNTY
LAST 10 FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>(1) Taxable Sales (Kings County)</u>	<u>(2) Local Transportation Funds (Kings County)</u>	<u>(2) Local Transportation Funds (KCAPTA)</u>	<u>KCAPTA % of Kings County Local Transportation Funds</u>
2021	\$ 2,522,112,275 *	\$ 5,884,795	\$ 946,622	16.1%
2020	2,155,651,517	4,208,300	1,200,000	28.5%
2019	1,832,315,335	4,600,208	592,501	12.9%
2018	1,734,054,868	4,248,034	592,618	14.0%
2017	1,701,360,707	4,046,607	519,883	12.8%
2016	1,734,382,743	4,525,735	805,878	17.8%
2015	1,697,559,662	4,002,467	-	0.0%
2014	1,564,920,000	3,670,144	1,190,862	32.4%
2013	1,459,712,000	3,486,487	1,440,917	41.3%
2012	1,385,862,000	3,387,691	2,090,000	61.7%

Data Source:

(1) California Board of Equalization

(2) Finance Department (estimates)

*Data not available, estimates based on % change from fiscal year 15 to fiscal year 16

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

OPERATING INFORMATION

FULL-TIME AND PART-TIME EMPLOYEES BY FUNCTION
LAST 10 FISCAL YEARS
AS OF JUNE 30

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Administrative Staff	3	3	3	2	2	2	2	2	2	2
Transit Coordinators	-	-	-	-	-	-	-	1	1	1
Facility and Fleet Specialist	1	1	1	1	1	1	1	1	-	-
Fiscal Specialist	1	1	1	1	-	-	-	-	-	-
Service Writer	-	-	-	-	-	-	-	-	-	-
Lead Transit Aid	-	-	-	-	-	-	-	-	-	-
Transit Assistant	1	1	1	2	2	2	1	-	-	-
Transit Aid	-	-	-	-	-	-	-	-	-	-
Total	6	6	6	6	5	5	4	4	3	3

Source: Finance Department

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION**

OPERATING INFORMATION

**VEHICLES OPERATED IN MAXIMUM SERVICE
LAST 10 FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>FIXED ROUTE</u>	<u>DIAL-A-RIDE</u>	<u>VANPOOL</u>
2021	16	5	30
2020	18	5	-
2019	16	5	-
2018	16	5	-
2017	16	5	-
2016	16	5	-
2015	14	6	-
2014	14	6	-
2013	14	6	-
2012	12	6	-

Source: National Transit Database

*Prior to fiscal year 2011, KCAPTA did not report the AITS vanpool data into the National Transit Database (NTD). Therefore, comparative data for years prior to 2011 is not shown.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

OPERATING INFORMATION

PROFILE
AS OF JUNE 30, 2021

General Statistic and Service Information		
Employees		6
Purchased Transportation Employees		54
Vehicles Available for Services		35
Hanford Routes		9
Hanford/Lemoore Routes		3
Lemoore City Routes		2
Avenal Routes		4
Corcoran Routes	(Monday-Friday)	2
Visalia Routes	(Monday-Friday)	3
Fresno Routes	(Monday-Friday)	1
Laton/Hardwick Routes	(Monday-Friday)	2

Source: Finance Department and MV Transportation, Inc.

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION**

OPERATING INFORMATION

2022 OPERATING BUDGET

	<u>2021</u>	<u>2022</u>	<u>Difference</u>	<u>% Change</u>
REVENUES				
Passenger Fares	\$ 1,422,800	\$ 1,184,800	\$ (238,000)	-16.73%
Non-Transportation Revenues	144,650	96,000	(48,650)	-33.63%
Operating Assistance				
Federal & state operating grants	4,650,644	5,734,420	1,083,776	23.30%
Other Governmental Funds	450,000	509,893	59,893	13.31%
Other income	277,646	170,392	(107,254)	-38.63%
TOTAL REVENUES	<u>\$ 6,945,740</u>	<u>\$ 7,695,505</u>	<u>\$ 749,765</u>	<u>10.79%</u>
EXPENDITURES				
Labor and Fringes	\$ 662,330	\$ 662,330	\$ -	0.00%
Professional Services	1,391,600	1,412,150	20,550	1.48%
Fuel and Lubricants and Supplies	325,000	635,385	310,385	95.50%
Utilities	83,000	83,000	-	0.00%
Insurance	41,000	50,000	9,000	21.95%
Purchased Transportation	3,920,000	4,287,850	367,850	9.38%
Miscellaneous	522,810	564,790	41,980	8.03%
TOTAL EXPENDITURES	<u>\$ 6,945,740</u>	<u>\$ 7,695,505</u>	<u>\$ 749,765</u>	<u>10.79%</u>

Source: Finance Department

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION**

OPERATING INFORMATION

2021 GOALS AND PERFORMANCE MEASURES

Performance	1. Service Efficiency Goal			2. Service Effectiveness Goal		
	Operating Farebox Ratio	Standard for Maximum Operating Cost			Minimum Passenger Trip per...	
		Passenger	Vehicle	Vehicle	Vehicle Revenue	Vehicle Revenue
	Trip	Mile	Hour	Hour	Mile	

KART Service

Standard	22%	\$	3.00	\$	6.35	\$	80.00	20.00	2.60
Local Routes*	6.7%	\$	16.42	\$	7.12	\$	107.41	6.54	0.49
Standard	15%	\$	6.50	\$	3.15	\$	80.00	10.00	0.60
County Route**	9.7%	\$	21.28	\$	2.89	\$	100.85	4.74	0.14
Standard	5%	\$	25.00	\$	9.50	\$	80.00	2.50	0.30
Paratransit	5%	\$	50.77	\$	11.14	\$	158.60	3.12	2.22
Standard	15%	\$	5.00	\$	4.80	\$	80.00	14.00	1.10
Systemwide	7.0%	\$	17.67	\$	6.64	\$	108.73	0.62	0.80

*Local Routes: Hanford Routes 1-9; Lemoore Route 20; Lemoore NAS Route 21; and Lemoore City Routes 30-31.

**County Routes: Avenal Route 1-2; Corcoran Route 13; Laton Route 14; Visalia Route 15; and Fresno Route 17.