

Kansas City Area Transportation Authority

Financial Report
December 31, 2014

Contents

Independent Auditor's Report	1 – 2
Management's discussion and analysis	3 – 9
Basic Financial Statements	
Statements of net position	10 – 11
Statements of revenues, expenses and changes in net position	12
Statements of cash flows	13 – 14
Statements of plan net position – pension trust fund	15
Statements of changes in plan net position – pension trust fund	16
Notes to basic financial statements	17 – 37
Supplementary Information	
Required supplementary information:	
Schedule of changes in net pension liability	38
Schedule of net pension liability and related ratios	39
Schedule of employer contributions	40
Schedule of investment returns	41
Schedule of funding progress – pension plans	42
Schedule of funding progress – other postemployment benefit plan	43
Combining statement of net position, by division	44 – 45
Combining statement of revenues, expenses and changes in net position, by division	46
Note to other supplementary information	47



Independent Auditor's Report

To the Board of Commissioners
Kansas City Area Transportation Authority
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary fund of the Kansas City Area Transportation Authority (the Authority) as of and for the years ended December 31, 2014 and 2013, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Pension Trust Fund were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund of the Kansas City Area Transportation Authority, as of December 31, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Authority adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No.25*, which changed the standards for the recognition, measurement and presentation of information about the Authority's Salaried and Union Employees Retirement Plans.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 and pension and postemployment information on pages 38 through 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Kansas City Area Transportation Authority. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports for the years ended December 31, 2014 and 2013 dated April 8, 2015 and April 8, 2014, respectively, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

McGladrey LLP

Kansas City, Missouri
April 8, 2015

Kansas City Area Transportation Authority

Management's Discussion and Analysis Year Ended December 31, 2014

The following management's discussion and analysis of the Kansas City Area Transportation Authority's (the Authority) financial performance provides an overview of the financial activities for the fiscal years ended December 31, 2014 and 2013. Please read it in conjunction with the Authority's basic financial statements and notes.

Financial Highlights for Fiscal Year 2014 vs. 2013

- Net position of the Authority decreased by \$1.1 million or (.69) percent in 2014 over 2013 primarily attributable to a decrease in restricted assets and net investments in capital assets.
- In April of 2004, Kansas City, Missouri retailers began collecting the 3/8-cent sales tax approved in November 2003 by citizens of Kansas City, Missouri (the City) to support public transit and the Authority. The sales tax was renewed, effective April 2009, for 15 years through March 2024. A total of \$234,175,385 had been received by the Authority from the 3/8-cent sales tax from inception through December 2014.

Financial Highlights for Fiscal Year 2013 vs. 2012

- Net position of the Authority decreased by \$3.9 million or (2.5) percent in 2013 over 2012 primarily attributable to a decrease in restricted assets and net investments in capital assets.
- In April of 2004, Kansas City, Missouri retailers began collecting the 3/8-cent sales tax approved in November 2003 by citizens of Kansas City, Missouri (the City) to support public transit and the Authority. The sales tax was renewed, effective April 2009, for 15 years through March 2024. A total of \$210,900,084 had been received by the Authority from the 3/8-cent sales tax from inception through December 2013.

Overview of the Financial Statements

This report consists of three parts: Management's Discussion and Analysis, Basic Financial Statements and Required Supplementary Information. The basic financial statements also include notes that provide more detail for some of the data presented.

Components of the Financial Statements

Basic Financial Statements. The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as applied to an enterprise fund using the accrual basis of accounting. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred.

The Authority's basic statements are the statements of net position, the statements of revenues, expenses and changes in net position and the statements of cash flows.

The statements of net position report the difference between the Authority's assets and liabilities, and provides one way to measure the Authority's financial health or position.

The statements of revenues, expenses and changes in net position report all of the revenues earned and expenses incurred during the current fiscal year.

The statements of cash flows provide information on the Authority's cash receipts and cash payments during the reporting period.

The statements of plan net position and changes in plan net position provide information about the Authority's Pension Trust Fund in which the Authority acts solely as a trustee or agent for the benefit of others. The resources of this fund are not available to support the Authority's programs or operations. This fund is comprised of the activity of the Authority's Salaried Employees Retirement Plan.

Kansas City Area Transportation Authority

Management's Discussion and Analysis Year Ended December 31, 2014

The basic financial statements can be found on pages 10 – 16 of this report and represent combined results for The Metro and Share-A-Fare operating divisions.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements, such as the Authority's accounting methods and policies. The notes to basic financial statements can be found on pages 17 through 37 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension benefits to its employees and also information regarding the Authority's other postemployment benefit plan. Required supplementary information can be found on pages 38 through 43 of this report.

Changes in Net Position

Fiscal Year 2014 vs. 2013

The Authority's assets exceeded liabilities by \$155.6 million as of December 31, 2014.

The largest portion of the Authority's net position, \$92.5 million or 59.0 percent reflects its investment in capital assets (e.g., land, buildings, transit facilities and revenue vehicles). The remaining 41.0 percent is primarily related to unrestricted balances of \$13.5 million and \$49.6 million of restricted balances: (1) restricted for the replacement of capital assets and (2) 3/8-cent sales tax not yet applied to operations.

Net position of the Authority decreased by \$1.1 million over 2013 primarily attributable to a reduction in restricted cash and net investments in capital assets.

Fiscal Year 2013 vs. 2012

The Authority's assets exceeded liabilities by \$156.6 million as of December 31, 2013.

The largest portion of the Authority's net position, \$90.9 million or 58.0 percent reflects its investment in capital assets (e.g., land, buildings, transit facilities and revenue vehicles). The remaining 42.0 percent is primarily related to unrestricted balances of \$13.5 million and \$52.3 million of restricted balances: (1) restricted for the replacement of capital assets and (2) 3/8-cent sales tax not yet applied to operations.

Net position of the Authority decreased by \$3.9 million over 2012 primarily attributable to a reduction in restricted cash and net investments in capital assets.

Kansas City Area Transportation Authority

Management's Discussion and Analysis Year Ended December 31, 2014

**Table 1 - Condensed Statements of Net Position
As of December 31, 2014, 2013 and 2012**

	2014	2013	2012
Current and other assets	\$ 82,382,663	\$ 88,790,783	\$ 91,181,622
Capital assets, net	92,463,977	90,888,556	91,402,306
Total assets	174,846,640	179,679,339	182,583,928
Current and other liabilities	13,859,835	17,895,093	15,929,358
Noncurrent liabilities	5,416,671	5,140,242	6,076,152
Total liabilities	19,276,506	23,035,335	22,005,510
Net position:			
Investment in capital assets	92,463,977	90,888,556	91,402,306
Restricted	49,603,557	52,296,692	53,124,934
Unrestricted	13,502,600	13,458,756	16,051,178
Total net position	\$ 155,570,134	\$ 156,644,004	\$ 160,578,418

Fiscal Year 2014

A portion of the Authority's net position, \$49.6 million, represents resources that are subject to external restrictions on how resources may be used. The restrictions are set by sales tax legislation and contracts with local jurisdictions. The restricted net position includes local contributions restricted for the replacement of capital assets and 3/8-cent sales tax funds which have not yet been applied to operations.

A majority of the \$6.4 million or 7.2 percent decrease in current and other assets in 2014 over the prior year is attributable to a \$2.6 million decrease in amounts due from the federal government.

Capital assets, net, increased by \$1.6 million or 1.7 percent over 2013 due to revenue equipment.

The Authority experienced a decrease of \$4.0 million or (22.6) percent in current and other liabilities from 2013. This decrease was due primarily to a decrease in accounts payable.

Fiscal Year 2013

A portion of the Authority's net position, \$52.3 million, represents resources that are subject to external restrictions on how resources may be used. The restrictions are set by sales tax legislation and contracts with local jurisdictions. The restricted net position includes local contributions restricted for the replacement of capital assets and 3/8-cent sales tax funds which have not yet been applied to operations.

A majority of the \$2.4 million or 2.6 percent decrease in current and other assets in 2013 over the prior year is attributable to a \$2.3 million decrease in amounts due from the federal government.

Capital assets, net, decreased by \$514 thousand or (0.6) percent under 2012 due to revenue equipment.

The Authority experienced an increase of \$2.0 million or 12.3 percent in current and other liabilities from 2012. This increase was due primarily to an increase in accounts payable.

Kansas City Area Transportation Authority

**Management's Discussion and Analysis
Year Ended December 31, 2014**

**Table 2 - Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2014, 2013 and 2012**

	2014	2013	2012
Operating revenues:			
Passenger revenues	\$ 12,062,643	\$ 12,307,123	\$ 12,255,314
Charter and stadium express	12,960	15,497	20,738
Other	413,377	605,397	566,354
Total operating revenues	12,488,980	12,928,017	12,842,406
Nonoperating revenues:			
Investment income	1,045,250	-	1,172,650
Operating funding	65,194,017	64,395,497	63,783,940
Capital related grants and funding	14,921,695	12,885,166	11,535,045
Federal grant revenue received for subrecipients	1,875,018	17,831,139	9,133,905
Other	940,242	454,380	469,218
Gain on disposal of assets	65,033	-	32,279
Total nonoperating revenue	84,041,255	95,566,182	86,127,037
Total revenue	96,530,235	108,494,199	98,969,443
Operating expenses:			
Transportation	48,499,499	48,398,833	49,325,609
Maintenance	19,148,560	18,745,073	18,316,430
Public liability and property damage claims	1,456,197	2,068,288	449,709
General and administrative	12,529,360	12,002,144	11,550,759
Depreciation and amortization	13,951,471	13,066,841	12,899,616
Total operating expenses	95,585,087	94,281,179	92,542,123
Nonoperating expenses:			
Investment expense	-	75,605	-
Loss on disposal of assets	-	96,690	-
Federal funds passed through to subrecipients	1,875,018	17,831,139	9,133,905
Other nonoperating expense	144,000	144,000	36,000
Total expenses	97,604,105	112,428,613	101,712,028
Change in net position	(1,073,870)	(3,934,414)	(2,742,585)
Net position, beginning of the year	156,644,004	160,578,418	163,321,003
Net position, end of year	\$ 155,570,134	\$ 156,644,004	\$ 160,578,418

Kansas City Area Transportation Authority

Management's Discussion and Analysis Year Ended December 31, 2014

Revenues

Fiscal Year 2014 vs. 2013

In 2014, total revenue, which includes operating and nonoperating revenues, decreased by \$12.0 million, or 11.0 percent when compared to 2013. Operating revenues for the fiscal year ended December 31, 2014, totaled \$12.5 million and decreased by \$439 thousand or (3.4) percent from 2013. Revenue from bus advertising decreased \$192 thousand, or (31.7) percent over 2013. Passenger revenue, the Authority's largest operating revenue source, reflected a decreased of \$244 thousand or (2.0) percent over the previous year. The decrease is directly related to the implementation of the 31-day transit pass in April of 2014. Previously, passes were issued for a specific month and the revenue was recognized in the month of the pass. Revenue for the 31-day pass is deferred until the pass is initiated in a farebox. Once initiated the revenue is recognized in the month and the pass has a 31-day life.

Non-operating revenues decreased by \$11.5 million or 12.1 percent from 2013 due primarily to federal grant funds received for subrecipients. Funding from capital grants decreased in 2014 due to federal grant funds received for subrecipients. The major component of the decrease is related to the completion of projects in the Kansas City, Missouri (KCMO) Green Impact Zone funded from the federal program known as Transportation Investment Generating Economic Recovery (TIGER).

Fiscal Year 2013 vs. 2012

In 2013, total revenue, which includes operating and nonoperating revenues, increased by \$9.5 million, or 9.6 percent when compared to 2012. Operating revenues for the fiscal year ended December 31, 2013, totaled \$12.9 million and increased by \$86 thousand or 0.7 percent from 2012. Revenue from bus advertising increased \$39 thousand, or 6.9 percent over 2012. Passenger revenue, the Authority's largest operating revenue source, reflected an increase of \$52 thousand or 0.4 percent over the previous year. The increase is directly related to an increase in Metro ridership.

Non-operating revenues increased by \$9.4 million or 11.0 percent from 2012 due primarily to an increase in funding from capital grants. Funding from capital grants increased in 2013 due to federal grant funds received for subrecipients. The major component is related to projects in the Kansas City, Missouri (KCMO) Green Impact Zone funded from the federal program known as Transportation Investment Generating Economic Recovery (TIGER).

Expenses

Fiscal Year 2014 vs. 2013

Total expenses in 2014 were \$97.6 million, resulting in a decrease of \$14.8 million or 13.2 percent under 2013. The non-operating expenses category, federal funds passed through to subrecipients, is the key component. The decrease is a result of the completion of the KCMO Green Impact Zone, a project funded by TIGER funds.

Fiscal Year 2013 vs. 2012

Total expenses in 2013 were \$112.4 million, resulting in an increase of \$10.7 million or 10.5 percent over 2012. The non-operating expenses category, federal funds passed through to subrecipients, is the key component, with TIGER funds used on the KCMO Green Impact Zone.

Kansas City Area Transportation Authority

Management's Discussion and Analysis Year Ended December 31, 2014

**Table 3 - Schedules of Capital Assets
As of December 31, 2014, 2013 and 2012**

	2014	2013	2012
Land	\$ 8,672,679	\$ 8,672,679	\$ 8,672,679
Capital projects-in-progress	7,169,309	1,797,128	6,489,804
Building and improvements	56,433,596	56,495,659	49,700,056
Revenue equipment	87,317,686	84,662,831	89,371,411
Other equipment and structures	57,245,728	57,260,338	49,492,867
Other furniture and equipment	4,959,018	5,443,686	5,873,084
	221,798,016	214,332,321	209,599,901
Less accumulated depreciation	129,334,039	123,443,765	118,197,595
Net capital assets	\$ 92,463,977	\$ 90,888,556	\$ 91,402,306

Capital Assets

Fiscal Year 2014 vs. 2013

The Authority's investment in capital assets is \$92.5 million (net of accumulated depreciation) as of December 31, 2014. Investments in capital assets increased by \$1.6 million or 1.7 percent over 2013 capital assets.

Capital projects-in-progress increased \$5.4 million or 299 percent due to construction of the CNG building and fueling station.

Revenue equipment increased by \$2.7 million or 3.1 percent over 2013 related to CNG buses purchased.

Accumulated depreciation increased \$5.9 million or 4.8 percent due to an increase in depreciation expense. As shown in Note 4, the normal annual increase in accumulated depreciation is \$14 million. In 2014 the disposal of assets was \$8.1 million, which increased accumulated depreciation \$5.8 million from 2013 to 2014.

Fiscal Year 2013 vs. 2012

The Authority's investment in capital assets is \$90.9 million (net of accumulated depreciation) as of December 31, 2013. Investments in capital assets decreased by \$514 thousand or (0.6) percent over 2012 capital assets.

Capital projects-in-progress decreased \$4.7 million or (72.3) percent due to TIGER funded projects, Troost BRT Corridor, Unified Government transit center and corridor improvements, and system-wide passenger amenities.

Other equipment and structures increased by \$7.8 million or 15.7 percent over 2012 related to the addition of two transit centers in the Unified Government of Kansas City, Kansas/Wyandotte County Kansas.

Kansas City Area Transportation Authority

Management's Discussion and Analysis Year Ended December 31, 2014

Accumulated depreciation increased \$5.2 million or 4.4 percent due to an increase in depreciation expense. As shown in Note 4, the normal annual increase in accumulated depreciation is \$13.1 million. In 2013 the disposal of assets was \$7.8 million, which increased accumulated depreciation \$5.2 million from 2012 to 2013. In contrast, the 2012 disposal was \$8.3 million, which increased accumulated depreciation \$4.6 million from 2011 to 2012.

Additional information on the Authority's capital assets can be found in Note 4 of this report.

Economic Factors and Next Year's Operations

The economy is beginning to recover. As a result, sales tax revenue increased 13% in 2014 after several years with an average annual growth of 1%.

In the state of Missouri's fiscal year 2014/15, funding for transit operating assistance decreased 48% from \$225,100 in 2013/14 to \$116,439 in 2014/15.

The City of Kansas City, Missouri, provides 48% of the funds required for transit and para-transit service in Kansas City, Missouri through the Public Mass Transit Fund (1/2-cent sales tax). The ½-cent sales tax has a ten-year sunset expiring December 31, 2015. The renewal of the tax is currently advancing through the Missouri state legislative process. It is anticipated the tax will be renewed in the second quarter of 2015.

The federal fiscal year begins on October 1 and ends September 30. Federal 5307 formula funding for fiscal year 2015 was partially allocated for 8/12 of the fiscal year. This is a result of the transportation program known as Moving Ahead for Progress in the 21st century (MAP-21) expiring September 30, 2014. The program was extended through May 31, 2015 by the U.S. Congress. It is anticipated another extension will be granted covering the period of June 1 through September 30, 2015. A new transportation program is currently being debated in both the U.S. House and Senate.

In 2014, the Board of Commissioners approved the reorganization of the Authority's operating structure to position itself as the regional transit authority in the Kansas City Metropolitan Area. As a result, beginning February 1, 2015, the Authority and Johnson County, Kansas entered into an agreement allowing the Authority to provide management services for transit operations previously provided by Johnson County Transit. Services include oversight and management of all third party transit service contracts. In 2015, the Authority will continue to strengthen regional partnerships in the Kansas City metropolitan area.

The Authority's capital focus in 2015 is the continued conversion to compressed natural gas (CNG) through acquisition of CNG revenue and non-revenue vehicles, new transit center, upgrade to existing transit facilities and passenger amenities, and various regional capital projects related to the Regional Transit Coordinating Council.

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers and creditors with a general overview of the Authority's finances. Questions concerning this report or requests for additional financial information should be directed to Senior Manager of Finance, Kansas City Area Transportation Authority, 1350 East 17th Street, Kansas City, Missouri 64108, telephone number (816) 346-0241.

Kansas City Area Transportation Authority

**Statements of Net Position
December 31, 2014 and 2013**

Assets	2014	2013
Current assets:		
Cash and investments	\$ 3,850,519	\$ 4,750,398
Accounts receivable	467,881	384,910
Due from other governments:		
Local governments	89,455	74,016
State governments	486,778	421,215
Federal government	2,744,165	5,311,133
Materials and supplies	2,453,983	2,250,787
Prepaid expenses and other assets	1,477,546	1,436,484
Designated cash and investments	2,538,447	2,679,826
Total current assets	14,108,774	17,308,769
Noncurrent assets:		
Restricted cash and investments	49,603,557	52,296,692
Designated cash and investments	18,670,332	19,185,322
Capital assets:		
Land and other nondepreciable assets	15,841,988	10,469,807
Other depreciable capital assets, net of depreciation	76,621,989	80,418,749
Total noncurrent assets	160,737,866	162,370,570
Total assets	174,846,640	179,679,339

See Notes to Basic Financial Statements.

Liabilities	2014	2013
Current liabilities:		
Accounts payable	\$ 3,914,289	\$ 6,841,449
Accrued liabilities:		
Payroll and benefits	2,158,564	3,219,278
Compensated absences	3,808,676	3,784,007
Other	10,338	13,700
Public liability and property damage claims	1,198,647	1,175,533
Workers' compensation claims	1,354,185	1,517,497
Unearned revenue	1,415,136	1,343,629
Total current liabilities	13,859,835	17,895,093
Noncurrent liabilities:		
Public liability and property damage claims	270,926	595,527
Workers' compensation claims	928,618	385,216
Other post employment benefits obligation	2,283,772	1,946,660
Net pension obligation	578,282	951,775
Compensated absences	1,355,073	1,261,064
Total noncurrent liabilities	5,416,671	5,140,242
Total liabilities	19,276,506	23,035,335
Net Position		
Investment in capital assets	92,463,977	90,888,556
Restricted for capital and operating purposes	49,603,557	52,296,692
Unrestricted	13,502,600	13,458,756
Total net position	\$ 155,570,134	\$ 156,644,004

Kansas City Area Transportation Authority

Statements of Revenues, Expenses and Changes in Net Position Years Ended December 31, 2014 and 2013

	2014	2013
Operating revenues:		
Passenger	\$ 12,062,643	\$ 12,307,123
Charter and stadium express	12,960	15,497
Advertising	413,377	605,397
Total operating revenues	12,488,980	12,928,017
Operating expenses:		
Transportation	48,499,499	48,398,833
Maintenance	19,148,560	18,745,073
Public liability and property damage claims	1,456,197	2,068,288
General and administrative	12,529,360	12,002,144
Depreciation	13,951,471	13,066,841
Total operating expenses	95,585,087	94,281,179
Operating loss	(83,096,107)	(81,353,162)
Nonoperating revenues (expenses):		
Grants and funding used for operations:		
Local governments	54,180,772	53,596,322
State government	309,400	231,542
Federal government	10,703,845	10,567,633
Capital related grants and funding	14,921,695	12,885,166
Federal grant revenue received for subrecipients	1,875,018	17,831,139
Federal funds passed through to subrecipients	(1,875,018)	(17,831,139)
Investment income (loss)	1,045,250	(75,605)
Gain (loss) on disposition of capital assets	65,033	(96,690)
Rental and other nonoperating income	940,242	454,380
Other nonoperating expense	(144,000)	(144,000)
Total nonoperating revenues	82,022,237	77,418,748
Change in net position	(1,073,870)	(3,934,414)
Net position, beginning of year	156,644,004	160,578,418
Net position, end of year	\$ 155,570,134	\$ 156,644,004

See Notes to Basic Financial Statements.

Kansas City Area Transportation Authority

Statements of Cash Flows

Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Receipts from passengers and advertisers	\$ 12,477,516	\$ 13,399,725
Payments for payroll and related fringe benefits	(48,204,439)	(46,904,806)
Payments to suppliers for goods and services	(37,012,496)	(34,128,044)
Net cash (used in) operating activities	(72,739,419)	(67,633,125)
Cash flows from noncapital financing activities:		
Grants and other funding used for operations	67,679,983	67,073,366
Other nonoperating expense	(144,000)	(144,000)
Net cash provided by noncapital financing activities	67,535,983	66,929,366
Cash flows from capital and related financing activities:		
Purchases of capital assets	(16,102,496)	(13,031,617)
Proceeds from sale of capital assets	149,362	87,680
Capital grants and funding	14,921,695	12,885,166
Net cash (used in) capital and related financing activities	(1,031,439)	(58,771)
Cash flows from investing activities:		
Interest received	975,311	1,236,732
Purchases of investments	(13,697,885)	(24,176,949)
Sales and maturities of investments	16,737,676	20,674,671
Rental and other receipts	940,242	454,380
Net cash provided by (used in) investing activities	4,955,344	(1,811,166)
Net decrease in cash and cash equivalents	(1,279,531)	(2,573,696)
Cash and cash equivalents at beginning of year	4,648,358	7,222,054
Cash and cash equivalents at end of year	\$ 3,368,827	\$ 4,648,358

(Continued)

Kansas City Area Transportation Authority

Statements of Cash Flows (Continued) Years Ended December 31, 2014 and 2013

	2014	2013
Reconciliation of operating loss from operations to net cash (used in) operating activities:		
Operating loss	\$ (83,096,107)	\$ (81,353,162)
Adjustments to reconcile net cash (used in) operating activities:		
Depreciation	13,951,471	13,066,841
Changes in assets and liabilities:		
(Increase) in accounts receivable	(82,971)	(89,456)
(Increase) in materials and supplies and prepaid expenses	(244,258)	(581,329)
Increase (decrease) in accounts payable and accrued liabilities	(3,044,171)	2,074,285
Increase in unearned revenue	71,507	561,164
Increase (decrease) in self-insurance liabilities payable	78,603	(1,499,558)
Increase (decrease) in net pension obligation	(373,493)	188,090
Net cash (used in) operating activities	\$ (72,739,419)	\$ (67,633,125)
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and investments	\$ 3,850,519	\$ 4,750,398
Restricted cash and investments	49,603,557	52,296,692
Designated cash and investments	21,208,779	21,865,148
Total cash and investments	\$ 74,662,855	\$ 78,912,238
Reconciliation of cash and cash equivalents to specific assets on the statement of net position:		
Cash and investments	\$ 74,662,855	\$ 78,912,238
Less investments not meeting the definition of cash equivalents	71,294,028	74,263,880
Cash and cash equivalents at end of year	\$ 3,368,827	\$ 4,648,358
Supplemental schedules of noncash items:		
Noncash investing activities, increase (decrease) in fair value of investments	\$ 69,939	\$ (1,312,337)
Noncash capital and related financing activities, capital assets acquired through accounts payable	(491,275)	(294,156)

See Notes to Basic Financial Statements.

**Kansas City Area Transportation Authority
Pension Trust Fund**

**Statements of Plan Net Position
December 31, 2014 and 2013**

	2014	2013
Assets		
Investments:		
Common stock	\$ 4,822,522	\$ 4,277,851
Equity funds	5,979,289	6,945,286
U.S. agencies	1,264,960	1,183,242
Debt funds	769,719	744,326
Corporate bonds	2,029,947	1,460,682
U.S. treasury	353,027	439,370
Municipal bonds	49,248	47,222
Money market	473,188	424,270
Total investments	15,741,900	15,522,249
Accrued interest and dividends	33,869	28,787
Total assets	15,775,769	15,551,036
Liabilities		
Accrued administrative expenses	16,596	26,573
Net position available for pension benefits	\$ 15,759,173	\$ 15,524,463

See Notes to Basic Financial Statements.

**Kansas City Area Transportation Authority
Pension Trust Fund**

**Statements of Changes in Plan Net Position
December 31, 2014 and 2013**

	2014	2013
Additions:		
Employer contributions	\$ 860,445	\$ 945,000
Transfer from the Kansas City Area Transportation Authority Union Employees' Funded Pension Plan	27,314	14,245
Investment income:		
Net appreciation of fair value of investments	625,062	2,155,155
Interest and dividends	300,713	272,068
Net investment income	925,775	2,427,223
Total additions	1,813,534	3,386,468
Deductions:		
Benefits paid to participants	1,547,409	1,244,059
Administrative expenses	31,415	54,257
Total deductions	1,578,824	1,298,316
Net increase	234,710	2,088,152
Net position available for benefits:		
Beginning of year	15,524,463	13,436,311
End of year	\$ 15,759,173	\$ 15,524,463

See Notes to Basic Financial Statements.

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization: The Kansas City Area Transportation Authority (the Authority) serves four Missouri counties and three Kansas counties as a corporate body and political subdivision of the states of Missouri and Kansas. The Authority was established in 1965, approved by the United States Congress in 1966, and commenced operations in 1969, providing mass transportation service, primarily via bus, to the greater Kansas City metropolitan area. The Board of Commissioners consists of five members from the state of Missouri and five from the state of Kansas. The Kansas Commissioners are appointed by County Commissions (2) and by the Mayor/CEO of the Unified Government of Wyandotte County/Kansas City, Kansas (3). The Missouri Commissioners are appointed by the Mayor of Kansas City, Missouri (3), the Governor of Missouri (1) and the Jackson County Executive (1).

The Authority has considered all potential organizations for which the nature and significance of their relationships with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and (1) the ability of the Authority to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the Authority. Based on these criteria, there are no other organizations included in these financial statements.

Basis of accounting: The Authority accounts for its activities as an enterprise fund. The accompanying basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. In applying the accrual concept to federal grant revenues/contributions, the legal and contractual requirements of the individual programs are used for guidance. Generally, however, monies must be expended for the specific purpose or project before any amounts will be paid to the Authority. Therefore, revenues/contributions are recognized based on the expenses recorded/incurred.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Fiduciary fund type: The Authority also includes a pension trust fund, fiduciary fund type. Pension trust funds are accounted for in essentially the same manner as the enterprise fund, using the same measurement focus and basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Pension Trust Fund accounts for the assets of the Authority's Salaried Employees Retirement Plan. This plan is included in the reporting entity due to the Authority's significant administrative involvement. The Kansas City Area Transportation Authority Union Employees' Funded Pension Plan is excluded from the Authority's reporting entity since the Authority does not perform investment functions and does not have significant administrative involvement. The Authority's only requirement is to make the employer contribution in accordance with the union agreement. Although the Union Plan is not included in the Authority's report as a fiduciary fund, the notes to the financial statements and required supplementary information include detailed information about the Union Plan.

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Materials and supplies inventories: Materials and supplies inventories, consisting of bus parts, office supplies and maintenance supplies, are stated at average cost.

Prepaid expenses: Certain payments to vendors reflecting costs applicable to future accounting periods, such as the cost of insurance policies, have been recorded as prepaid expenses in the Authority's basic financial statements.

Capital assets: Capital assets with an initial cost of \$1,000 or more and useful life greater than one year are recorded at cost. Donated capital assets are recorded at fair value as of the date of donation. Capital assets, except for land and capital projects-in-progress, are depreciated over their respective useful lives using the straight-line method as follows:

Buildings and improvements	10 - 45 years
Revenue equipment	4 - 12 years
Office furniture and equipment and other equipment and structures	3 - 15 years

Expenditures for renewals and betterments that increase property lives are capitalized. Maintenance and repair costs are charged to operations as incurred. When assets are retired or sold, historical cost and accumulated depreciation are removed from the accounts and any resulting gain or loss, net of any proceeds, is reflected in the statements of revenues, expenses and changes in net position.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current fiscal year.

Cash and cash equivalents: For purposes of the statements of cash flows, cash and cash equivalents are demand deposit accounts, money market funds, mutual funds and securities with an original maturity of three months or less.

Compensated absences: Under the terms of the Authority's personnel policy, employees are granted vacation and sick leave in varying amounts. The liability for vacation pay is recorded as an expense in the period in which the vacation is earned. Sick pay may be carried forward indefinitely and 50 percent of any unused sick leave is paid at the time of retirement or death. The estimated amount to be paid to employees at the time of retirement or death is included in accrued compensated absences.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net position classifications: In the basic financial statements, net position is classified into the three components:

Investment in capital assets – consisting of capital assets, net of accumulated depreciation.

Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Authority first utilizes restricted resources to finance qualifying activities.

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “investment in capital assets.”

Unearned revenues: Unearned revenues primarily consist of passenger ridership revenue that has not yet been earned, as well as funds the Authority has received from insurance reimbursements in prior years that must be spent on allowable costs. The Authority recognizes this revenue once it has been earned; that is, when the expenses have been incurred.

Operating revenues and expenses: Operating revenues of the Authority principally consist of user charges for bus and shuttle services, as well as advertising revenue. Nonoperating revenues include reimbursements for operating and capital expenses from local, state and federal sources, including those passed through to subrecipients, interest earned on the Authority's cash and investments and a variety of other miscellaneous items. Operating expenses include the cost of operations and services, administrative expenses and depreciation on capital assets.

Note 2. Cash and Investments

The Authority has separate investment policies and investment accounts by purpose of the investments. These investment accounts are the Self-Insurance Account, Capital Account, Kansas Workers Compensation Account and 3/8-cent Transit Sales Tax Account. As of December 31, 2014, the Authority had the following investments, by account:

		Investment Maturities (in Years)					
	Fair Value	Less Than 1	1 - 2	2 - 5	Greater Than 5	Moody's Rating	Standard & Poor's Rating
Self-insurance account:							
Asset backed securities	\$ 43,458	\$ -	\$ -	\$ 43,458	\$ -	Aaa	AAA
Taxable municipal bonds	25,023	25,023	-	-	-	A2	AA+
U.S. agencies	5,234,906	2,209,322	918,807	2,106,777	-	Aaa	AA+
U.S. treasury notes	5,310,714	250,353	225,106	4,835,255	-	N/A	N/A
Other tax exempt	103,238	-	103,238	-	-	Aa3	AA-
Mortgage	48,839	-	-	48,839	-	N/A	AA+
Mutual funds	300,436	300,436	-	-	-	N/A	N/A
Corporate bonds	180,644	-	-	180,644	-	Aaa	AA
Corporate bonds	1,899,757	175,926	627,551	1,096,280	-	Aa	AA
Corporate bonds	751,613	220,365	308,360	222,888	-	Aa	A
Corporate bonds	1,063,089	200,918	-	862,171	-	A	AA
Corporate bonds	5,222,202	879,479	1,515,301	2,827,422	-	A	A
Corporate bonds	589,561	-	409,318	180,243	-	Baa	A
Corporate bonds	217,597	-	217,597	-	-	Baa	BBB
Accrued interest	92,321	-	-	-	-	N/A	N/A
Total self-insurance account	\$ 21,083,398	\$ 4,261,822	\$ 4,325,278	\$ 12,403,977	\$ -		
Kansas workers compensation account:							
Mutual funds	\$ 3,020	\$ -	\$ -	\$ -	\$ -	N/A	N/A
3/8-cent transit sales tax account:							
U.S. agencies	\$ 14,367,167	\$ 3,253,772	\$ 3,703,409	\$ 7,409,986	\$ -	Aaa	AA+
U.S. treasury notes	7,187,979	1,025,160	-	6,162,819	-	N/A	N/A
Mutual funds	326,626	326,626	-	-	-	N/A	N/A
Accrued interest	104,768	-	-	-	-	N/A	N/A
Total 3/8-cent transit sales tax account	\$ 21,986,540	\$ 4,605,558	\$ 3,703,409	\$ 13,572,805	\$ -		

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

	Fair Value	Investment Maturities (in Years)				Moody's Rating	Standard & Poor's Rating
		Less Than 1	1 - 2	2 - 5	Greater Than 5		
Capital account:							
U.S. agencies	\$ 6,776,768	\$ -	\$ 3,187,249	\$ 3,589,519	\$ -	Aaa	AA+
U.S. treasury notes	9,015,597	927,985	675,317	7,412,295	-	N/A	N/A
Taxable municipal bonds	268,790	-	-	268,790	-	A2	AA+
Other tax exempt	144,533	-	144,533	-	-	Aa3	AA-
Mutual funds	1,575,779	1,575,779	-	-	-	N/A	N/A
Corporate bonds	200,716	-	-	200,716	-	Aaa	AA
Corporate bonds	2,249,190	206,085	1,043,167	999,938	-	Aa	AA
Corporate bonds	1,090,183	240,398	372,159	477,626	-	Aa	A
Corporate bonds	1,585,947	231,056	-	1,354,891	-	A	AA
Corporate bonds	6,129,156	941,421	1,643,746	3,543,989	-	A	A
Corporate bonds	331,764	-	-	331,764	-	A	BBB
Corporate bonds	676,312	-	486,055	190,257	-	Baa	A
Corporate bonds	249,441	-	249,441	-	-	A	BBB
Accrued interest	129,736	-	-	-	-	N/A	N/A
Total capital account	\$ 30,423,912	\$ 4,122,724	\$ 7,801,667	\$ 18,369,785	\$ -		

As of December 31, 2013, the Authority had the following investments, by account:

	Fair Value	Investment Maturities (in Years)				Moody's Rating	Standard & Poor's Rating
		Less Than 1	1 - 2	2 - 5	Greater Than 5		
Self-insurance account:							
Asset backed securities	\$ 341,166	\$ -	\$ -	\$ 341,166	\$ -	Aaa	AAA
Taxable municipal bonds	86,660	-	-	86,660	-	A2	AA+
U.S. agencies	5,681,829	405,277	2,236,750	3,039,802	-	Aaa	AA+
U.S. treasury notes	5,730,887	1,003,142	250,395	4,034,766	442,584	N/A	N/A
Other tax exempt	152,942	-	-	152,942	-	Aa3	AA-
Mortgage	72,831	-	-	-	72,831	N/A	AA+
Mutual funds	57,347	-	-	-	-	N/A	N/A
Corporate bonds	378,224	-	-	200,220	178,004	Aaa	AA
Corporate bonds	2,106,892	430,470	384,978	1,291,444	-	Aa	AA
Corporate bonds	220,719	-	220,719	-	-	Aa	A
Corporate bonds	786,149	-	-	786,149	-	A	AA
Corporate bonds	5,999,579	817,414	1,331,212	3,850,953	-	A	A
Corporate bonds	589,231	206,358	-	382,873	-	Baa	A
Corporate bonds	408,778	200,734	-	208,044	-	Baa	BBB
Accrued interest	97,008	-	-	-	-	N/A	N/A
Total self-insurance account	\$ 22,710,242	\$ 3,063,395	\$ 4,424,054	\$ 14,375,019	\$ 693,419		
Kansas workers compensation account:							
Mutual funds	\$ 4,527	\$ -	\$ -	\$ -	\$ -	N/A	N/A
3/8-cent transit sales tax account:							
U.S. agencies	\$ 18,787,862	\$ 3,875,711	\$ 4,340,422	\$ 10,571,729	\$ -	Aaa	AA+
U.S. treasury notes	5,678,801	1,014,830	1,064,050	3,599,921	-	N/A	N/A
Mutual funds	694,936	-	-	-	-	N/A	N/A
Accrued interest	137,324	-	-	-	-	N/A	N/A
Total 3/8-cent transit sales tax account	\$ 25,298,923	\$ 4,890,541	\$ 5,404,472	\$ 14,171,650	\$ -		

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

	Fair Value	Investment Maturities (in Years)				Moody's Rating	Standard & Poor's Rating
		Less Than 1	1 - 2	2 - 5	Greater Than 5		
Capital account:							
Asset backed securities	\$ 268,677	\$ -	\$ -	\$ 268,677	\$ -	Aaa	AAA
U.S. agencies	6,030,234	251,080	-	5,779,154	-	Aaa	AA+
U.S. treasury notes	7,225,015	1,505,378	930,241	4,002,580	786,816	N/A	N/A
Taxable municipal bonds	273,097	-	-	273,097	-	A2	AA+
Other tax exempt	193,726	-	-	193,726	-	Aa3	AA-
Mutual funds	326,763	-	-	-	-	N/A	N/A
Corporate bonds	438,046	-	-	240,264	197,782	Aaa	AA
Corporate bonds	2,924,888	235,952	467,266	2,221,670	-	Aa	AA
Corporate bonds	436,408	-	-	436,408	-	Aa	A
Corporate bonds	974,215	-	-	974,215	-	A	AA
Corporate bonds	6,961,608	1,056,658	1,911,722	3,993,228	-	A	A
Corporate bonds	671,160	237,312	-	433,848	-	Baa	A
Corporate bonds	480,497	230,844	-	249,653	-	Baa	BBB
Accrued interest	124,936	-	-	-	-	N/A	N/A
Total capital account	\$ 27,329,270	\$ 3,517,224	\$ 3,309,229	\$ 19,066,520	\$ 984,598		

Authorized investments: The Authority was created as “a political subdivision of the states of Missouri and Kansas.” There are no statutory restrictions on the deposits or investments of the Authority’s funds. Pursuant to its investment policies, the Authority is limited to investments that are issued or guaranteed by the U.S. Government or Government Sponsored Enterprise (GSE) for the 3/8-cent transit sales tax account. For the self-insurance and capital accounts, investment grade bonds are also allowable investments. Money market funds may be used for reserves.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority limits the final maturity of its investment portfolio to seven years or less for the Self-insurance Account, with \$2 million limited to two-year average maturity. The Authority’s policy over the 3/8-cent Transit Sales Tax Account and the Capital Account states that investment maturities are determined by staff based on expenditure projections.

Information about the sensitivity of the fair values of the Authority’s investment to market interest rate fluctuations is provided by the previous tables that show the distribution of the Authority’s investments by maturity. The mutual funds are not subject to interest rate risk given they have no maturity dates.

Credit risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The December 31, 2014 and 2013 ratings are listed in the above table.

Concentration of credit risk: The Authority manages its concentration of credit risk by limiting the invested in GSE to 75 percent of its portfolio, with a maximum of 20 percent per issuer. The following investments were subject to concentration of credit risk as of December 31, 2014:

Federal Home Loan Mortgage Corp.	\$ 11,188,248	15%
Federal National Mortgage Association	13,553,775	19

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

The following investments were subject to concentration of credit risk as of December 31, 2013:

Federal Home Loan Mortgage Corp.	\$ 15,002,064	20%
Federal National Mortgage Association	14,229,733	19

Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds are not subject to concentration of credit risk.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of December 31, 2014, none of the Authority's bank balances with financial institutions was uninsured and uncollateralized. As of December 31, 2014, the Authority had \$71,291,009 exposed to custodial credit risk for investments that were uninsured and unregistered held by the counterparty or agent but not in the Authority's name. The Authority had \$2,205,861 of investments in mutual funds not exposed to custodial credit risk.

As of December 31, 2013, none of the Authority's bank balances with financial institutions was uninsured and uncollateralized. As of December 31, 2013, the Authority had \$74,259,387 exposed to custodial credit risk for investments that were uninsured and unregistered held by the counterparty or agent and not in the Authority's name. The Authority had \$1,083,573 of investments in mutual funds not exposed to custodial credit risk.

Pension trust fund: Investments are valued at fair value. UMB, N.A. has discretionary authority concerning the purchases of investments in the Plan subject to the overall investment policy guidelines as approved by the Board of Commissioners. The investments have been valued at quoted market prices.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

All investments of the Plan are invested in common stocks, U.S. agencies, U.S. treasury, corporate bonds, municipal bonds, money market accounts and mutual funds (debt and equity) through UMB Bank, N.A. The Equity Funds consist of mutual funds that comprise common and convertible stocks. The Debt Funds consist of mutual funds that comprise United States government and agency securities, corporate bonds and commercial paper. The Money Market Fund consists of investments similar to the Debt Funds; however, the maturity date of the Money Market Fund investments is less than one year.

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

As of December 31, 2014 and 2013, the Plan had the following investments. Those equity investments that represent 5 percent or more of the Plan's net position are presented separately. All debt securities are presented separately.

Investment Type	2014			2013		
	Current Market Value	Moody's Rating	Standard & Poor's Rating	Current Market Value	Moody's Rating	Standard & Poor's Rating
Common Stock	\$ 4,822,522	N/A	N/A	\$ 4,277,851	N/A	N/A
Mutual Funds:						
Equity Funds:						
UMB Scout International Fund	-	N/A	N/A	1,188,740	N/A	N/A
Principal Mid Cap Fund	651,583	N/A	N/A	794,699	N/A	N/A
Vanguard 500 Index	612,733	N/A	N/A	539,812	N/A	N/A
Vanguard Developed Markets	810,249	N/A	N/A	-	-	-
Other equity funds	3,904,724	N/A	N/A	4,422,035	N/A	N/A
	<u>5,979,289</u>			<u>6,945,286</u>		
Debt Funds	769,719	Not Rated	Not Rated	744,326	Not Rated	Not Rated
Corporate Bonds:						
AFLAC Inc	124,972	A3	A	-	-	-
American Express Co	123,811	A3	BBB+	-	-	-
Anheuser Busch Inbev Worldwide Inc	151,405	A2	A	-	-	-
Archer Daniels Midland Co	38,987	A2	A	-	-	-
BB&T Corporation	125,256	A2	A-	-	-	-
Bhp Billiton Fin USA	126,034	A1	A+	-	-	-
BP Cap Mkts P L C Gtd NT	98,225	A2	A	-	-	-
Bank America Corp	115,778	Baa2	A-	57,089	Baa2	A-
Bunge Ltd Financial Corp.	-	-	-	77,135	Baa2	BBB-
Daimler Finance North America	102,085	A3	A-	101,557	A3	A-
Dayton Power and Light Co	-	-	-	70,572	Baa1	BBB-
Ford Motor Credit Co LLC	-	-	-	86,882	Baa3	BBB-
General Electric Corp	53,741	A1	AA+	-	-	-
General Electric Corp	56,262	A1	AA+	57,419	A1	AA+
Goldman Sachs Group Inc	-	-	-	68,216	Baa1	A-
Goldman Sachs Group Inc SR	-	-	-	91,589	Baa1	A-
Goldman Sachs Group Inc Medium Term	162,502	Baa1	A-	-	-	-
Halliburton Co	141,320	A2	A	-	-	-
Health Care REIT Inc	-	-	-	108,700	Baa2	BBB-
Hewlett Packard Co	-	-	-	81,329	Baa1	BBB+
John Deere	-	-	-	104,685	A2	A
JPMorgan Chase & Co Sr	55,235	A3	A	-	-	-
JPMorgan Chase & Co	50,475	A3	A	50,717	A3	A
Missouri State Health	-	-	-	40,154	Aa3	SP-2
Morgan Stanley SR	116,671	Baa2	A-	119,965	Baa2	A-
Rio Tinto Fin USA Ltd	30,241	A3	A-	95,875	A3	A-
Simon Ppty Group	142,262	A2	A	-	-	-
Spectra Energy	-	-	-	35,477	Baa2	BBB-
URS Corp New SR	-	-	-	76,404	Baa3	BBB-
Vale Overseas Ltd	106,660	Baa2	BBB+	110,914	Baa2	A-
Wachovia Corp	82,802	A2	A+	-	-	-
Wells Fargo Co	25,223	A2	A+	26,003	A2	A+
	<u>2,029,947</u>			<u>1,460,682</u>		
U.S. Agencies:						
Federal Home Loan	497,333	Aaa	AA+	556,932	Aaa	AA+
Federal National Mortgage Association	552,328	Aaa	AA+	367,325	Aaa	AA+
Government National Mortgage Association	215,299	Aaa	AA+	258,985	Aaa	AA+
	<u>1,264,960</u>			<u>1,183,242</u>		
U.S. Treasury	353,027	NA	NA	439,370	NA	NA
Municipal Bonds	49,248	A3	AA	47,222	A3	AA
BMO Prime Money Market Fund	473,188	NA	NA	424,270	NA	NA
	<u>\$ 15,741,900</u>			<u>\$ 15,522,249</u>		

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

Rate of return: For the year ended December 31, 2014, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 6.16 percent and 5.95 percent for the Salaried Employees and Union Employees Pension Plans, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Asset allocation: The Plan's investment policy has the following asset allocation ranges permitted and the long-term expected geometric real rate of return for each major asset class:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	55-75%	6.90% - 10.50%
Fixed income	10-40%	5.00%
Other	0-10%	5.00%
Cash	0-10%	1.70%

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. The Plan's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Plan's investments by maturity. Common stocks, mutual funds (equity and debt funds) and money market funds are not subject to interest rate risk given they have no maturity dates.

As of December 31, 2014:

Security Description	Current Market Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
Common Stock	\$ 4,822,522	\$ -	\$ -	\$ -	\$ -
Equity Funds	5,979,289	-	-	-	-
Debt Funds	769,719	-	-	-	-
Corporate Bonds	2,029,947	25,224	2,004,723	-	-
U.S. Agencies	1,264,960	101,146	587,171	204,612	372,031
Municipal Bonds	49,248	-	-	49,248	-
U.S. Treasuries	353,027	-	353,027	-	-
Money Market	473,188	-	-	-	-
	<u>\$ 15,741,900</u>	<u>\$ 126,370</u>	<u>\$ 2,944,921</u>	<u>\$ 253,860</u>	<u>\$ 372,031</u>

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

As of December 31, 2013:

Security Description	Current Market Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
Common Stock	\$ 4,277,851	\$ -	\$ -	\$ -	\$ -
Equity Funds	6,945,286	-	-	-	-
Debt Funds	744,326	-	-	-	-
Corporate Bonds	1,460,682	121,483	1,339,199	-	-
U.S. Agencies	1,183,242	151,601	480,414	35,081	516,146
Municipal Bonds	47,222	-	-	47,222	-
U.S. Treasuries	439,370	-	439,370	-	-
Money Market	424,270	-	-	-	-
	<u>\$ 15,522,249</u>	<u>\$ 273,084</u>	<u>\$ 2,258,983</u>	<u>\$ 82,303</u>	<u>\$ 516,146</u>

Credit risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The December 31, 2014 and 2013 ratings are listed in the above tables. In December 2014, the Plan updated its investment policy to establish a policy to minimize credit risk. Purchases of individual fixed income assets and bond mutual funds must be rated A3/A- or better by one major credit rating agency.

Concentration of credit risk: The Plan's investment policy is to apply the prudent-person rule: Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. It is the Plan's policy that the portfolio should be well diversified in an attempt to reduce the overall risk of the portfolio. The policy specifically places the following constraints on the following specific asset classes: Mutual funds may be used for these asset classes. The policy places no limit on the amount the Plan may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds are not subject to concentration of credit risk.

Small cap	Maximum 20% of total portfolio
Foreign	Maximum 30% of total portfolio
Large cap	Minimum 20% and maximum 40% of total portfolio
Mid cap	Maximum 20% of total portfolio

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Plan does not have a policy for custodial credit risk.

At December 31, 2014 and 2013, the Plan's corporate bonds, common stock, municipal bonds and U.S. agencies were uninsured investments, but the securities were held by the counterparty's trust department or agent in the name of the Plan. The equity funds, debt funds, U.S. Treasury and money market funds are not exposed to custodial credit risk. The Plan's investments during the years ended December 31, 2014 and 2013 did not differ significantly from these at the respective year-ends in amounts or level of risk.

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 3. Grants and Operating Funding

The Authority has entered into several contracts with the federal government under the Federal Transportation Act of 1964, as amended, whereby the Authority receives financial assistance for capital improvement projects, preventive maintenance and planning assistance. The Authority also receives federal financial assistance for its Share-A-Fare program. The Federal Transit Administration allocates the amount appropriated by Congress for public mass transportation to metropolitan areas using a formula that considers such factors as population, population/density and revenue vehicle miles.

In addition, the Authority also received local funding under contracts with 10 local governmental units in the greater Kansas City area, but principally from the City of Kansas City, Missouri (the City). The amounts of local funding income from the City for the years ended December 31, 2014 and 2013 were \$46,543,546 and \$46,392,042, respectively. In 2014 and 2013, local operating funding approximated 83 percent of the total operating grants and funding.

Federal operating funding is comprised of the following:

	2014	2013
Formula grants used for Metro operations	\$ 8,302,745	\$ 8,343,607
Formula grants used for Share-A-Fare operations	2,401,100	2,224,026
Totals	\$ 10,703,845	\$ 10,567,633

As of December 31, 2014 and 2013, amounts due from the federal government were as follows:

	2014	2013
Metro expenditures	\$ 2,457,852	\$ 5,074,369
Share-A-Fare expenditures	286,313	236,764
	\$ 2,744,165	\$ 5,311,133

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 4. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2014 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land and rights-of-way	\$ 8,672,679	\$ -	\$ -	\$ 8,672,679
Capital projects in progress	1,797,128	5,388,361	16,180	7,169,309
Total capital assets not being depreciated	10,469,807	5,388,361	16,180	15,841,988
Capital assets being depreciated:				
Buildings and improvements	56,495,659	-	62,063	56,433,596
Revenue equipment	84,662,831	9,793,377	7,138,522	87,317,686
Other equipment and structures	57,260,338	297,314	311,924	57,245,728
Office furniture and equipment	5,443,686	148,349	633,017	4,959,018
Total capital assets being depreciated	203,862,514	10,239,040	8,145,526	205,956,028
Less accumulated depreciation for:				
Buildings and improvements	31,043,550	1,680,012	41,083	32,682,479
Revenue equipment	55,357,807	6,846,641	7,133,199	55,071,249
Other equipment and structures	32,579,370	4,910,972	253,898	37,236,444
Office furniture and equipment	4,463,038	513,846	633,017	4,343,867
Total accumulated depreciation	123,443,765	13,951,471	8,061,197	129,334,039
Total capital assets being depreciated, net	80,418,749	(3,712,431)	84,329	76,621,989
Total capital assets, net	\$ 90,888,556	\$ 1,675,930	\$ 100,509	\$ 92,463,977

A summary of changes in capital assets for the year ended December 31, 2013 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land and rights-of-way	\$ 8,672,679	\$ -	\$ -	\$ 8,672,679
Capital projects in progress	6,489,804	10,687,914	15,380,590	1,797,128
Total capital assets not being depreciated	15,162,483	10,687,914	15,380,590	10,469,807
Capital assets being depreciated:				
Buildings and improvements	49,700,056	8,043,859	1,248,256	56,495,659
Revenue equipment	89,371,411	1,129,549	5,838,129	84,662,831
Other equipment and structures	49,492,867	8,129,037	361,566	57,260,338
Office furniture and equipment	5,873,084	127,692	557,090	5,443,686
Total capital assets being depreciated	194,437,418	17,430,137	8,005,041	203,862,514
Less accumulated depreciation for:				
Buildings and improvements	30,645,097	1,646,707	1,248,254	31,043,550
Revenue equipment	54,578,723	6,466,035	5,686,951	55,357,807
Other equipment and structures	28,584,133	4,323,614	328,377	32,579,370
Office furniture and equipment	4,389,642	630,485	557,089	4,463,038
Total accumulated depreciation	118,197,595	13,066,841	7,820,671	123,443,765
Total capital assets being depreciated, net	76,239,823	4,363,296	184,370	80,418,749
Total capital assets, net	\$ 91,402,306	\$ 15,051,210	\$ 15,564,960	\$ 90,888,556

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities

A summary of long-term liability transactions for the year ended December 31, 2014 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Compensated absences	\$ 5,045,071	\$ 2,716,545	\$ 2,597,867	\$ 5,163,749	\$ 3,808,676
Self insurance claims	3,673,773	2,304,079	2,225,476	3,752,376	2,552,832
Total long-term liabilities	\$ 8,718,844	\$ 5,020,624	\$ 4,823,343	\$ 8,916,125	\$ 6,361,508

A summary of long-term liability transactions for the year ended December 31, 2013 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Compensated absences	\$ 5,025,618	\$ 2,869,476	\$ 2,850,023	\$ 5,045,071	\$ 3,784,007
Self insurance claims	5,173,331	1,518,282	3,017,840	3,673,773	2,693,030
Total long-term liabilities	\$ 10,198,949	\$ 4,387,758	\$ 5,867,863	\$ 8,718,844	\$ 6,477,037

Note 6. Restrictions and Designations of Assets

The following is a summary of restrictions and designations of assets for the years ended December 31, 2014 and 2013:

	2014	2013
Restricted assets - cash and investments used for the purchase of capital assets and operating purposes	\$ 49,603,557	\$ 52,296,692
Designated assets - cash and investments used for the payment of self insurance claims	21,208,779	21,865,148
Total restricted and designated assets	\$ 70,812,336	\$ 74,161,840

Note 7. Pension Plans

The Authority's employees are covered by one of two single-employer defined benefit pension plans depending on their status as union or salaried personnel.

For union personnel, retirement benefits accrue to members of the plans according to formulas prescribed by the plans and based upon earnings levels and years of service. The benefits which accrue to members become 100 percent vested after 10 years of service under the plan. Union employees contribute 3.75 percent of their annual salary to the contributory plan, while the Authority contributes 7.50 percent of the employee's annual salary to the union contributory plan. Effective March 2014, as a result of the labor arbitration decision, the Authority is now obligated to fund up to the actual recommended contribution annually.

For salaried personnel, retirement benefits accrue to members of the plans according to formulas prescribed by the plans and based upon earnings levels and years of service. The benefits which accrue to members become 100 percent vested after five years of service under the plan. All contributions to the plan are made by the Authority based upon the actuarially determined contribution amount.

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 7. Pension Plans (Continued)

Members who have attained at least the age of 55 with 15 years of continuous service under either the salaried plan or the union plan may elect early retirement, in which case they would be eligible to receive a percentage of their accrued benefit in accordance with the terms of the plan.

Retirement benefits are paid in monthly installments over the member's expected lifetime or in a lump sum at the member's option. The amount of monthly benefits paid by the salaried plan is based upon a percentage of the member's monthly earnings multiplied by the length of service. Union members retiring before December 1, 1989 receive monthly benefits of \$11.50 for each year of service subsequent to November 1, 1946, and \$4.00 per month for each year of service prior to November 1, 1946. Pursuant to a plan amendment on September 1, 1992, payment to union members who retired on or before November 1, 1989 received benefits payment increases of 5 percent. Pursuant to a plan amendment effective June 1, 2000, payment to union members who retired on or before December 31, 1999 received a benefit payment increase of 2 percent. Union members retiring December 1, 1989 and after receive benefits based on their highest five years' earnings multiplied by the length of service. The plans also provide for death and disability benefits.

The union benefit provisions and all other requirements are established through labor negotiations and administered by the Retirement Committee. Salaried pension provisions are established by the Board of Commissioners.

The union employees' pension plan and salaried employees' pension plan issue their own stand-alone financial reports. Copies may be requested from the Kansas City Area Transportation Authority, 1200 East 18th Street, Kansas City, Missouri 64108.

The Authority's annual pension cost for the salaried and for the union and related information for each plan is as follows:

	Required	Interest on	Actual	Actual		Increase	Net Pension	
	Contributions	Net Pension	Required	Pension	Contributions	(Decrease)	Asset	Net Pension
		Obligation	Contribution	Cost	Made	in Net	(Obligation)	Asset
2014			Adjustment			Pension	Beginning of	(Obligation)
						Assets	Year	End of Year
Salaried	\$ 775,980	\$ (33,908)	\$ 51,218	\$ 793,290	\$ 860,445	\$ 67,155	\$ 452,105	\$ 519,260
Union	2,238,400	105,291	(159,042)	2,184,649	2,490,987	306,338	(1,403,880)	(1,097,542)
Total	\$ 3,014,380	\$ 71,383	\$ (107,824)	\$ 2,977,939	\$ 3,351,432	\$ 373,493	\$ (951,775)	\$ (578,282)

	Required	Interest on	Actual	Actual		Increase	Net Pension	
	Contributions	Net Pension	Required	Pension	Contributions	(Decrease)	Asset	Net Pension
		Obligation	Contribution	Cost	Made	in Net	(Obligation)	Asset
2013			Adjustment			Pension	Beginning of	(Obligation)
						Assets	Year	End of Year
Salaried	\$ 891,546	\$ (32,173)	\$ 62,495	\$ 921,868	\$ 945,000	\$ 23,132	\$ 428,973	\$ 452,105
Union	2,272,083	89,449	(100,984)	2,260,548	2,049,326	(211,222)	(1,192,658)	(1,403,880)
Total	\$ 3,163,629	\$ 57,276	\$ (38,489)	\$ 3,182,416	\$ 2,994,326	\$ (188,090)	\$ (763,685)	\$ (951,775)

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 7. Pension Plans (Continued)

	Three Year Trend Information			
	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (Liability)
Salaried	12/31/2012	\$ 947,117	95.0%	\$ 428,973
	12/31/2013	921,868	102.5	452,105
	12/31/2014	793,290	108.5	519,260
Union	12/31/2012	\$ 2,487,037	85.3%	\$ (1,192,658)
	12/31/2013	2,260,548	90.7	(1,403,880)
	12/31/2014	2,184,649	114.0	(1,097,542)

	Salaried	Union
Contributions made	\$860,445	\$2,490,987
Actuarial valuation date	January 1, 2014	January 1, 2014
Amortization method	Level dollar closed	Level dollar open
Remaining amortization period	15 years	30 years
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Long-term rate of return	7.5%	7.5%
Discount rate	<p>The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p>	

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 7. Pension Plans (Continued)

	Salaried	Union
Salary assumptions	4.0%	4.25%
Disability	1987 Commissioners Table	RP2000 Combined Annuitant/Non-Annuitant Table set forward 7 years
Mortality	RP2000 Combined Annuitant/Non-Annuitant Mortality Table	RP2000 Combined Annuitant/Non-Annuitant Mortality Table Select rates of 15%, 10% and 10% in the first three years. Ultimate rates of Table T-3 of the Actuary's Pension Handbook
Turnover	Table T-3 of the Actuary's Pension Handbook	Pension Handbook
Amortization period	Closed	Open

Implementation of GASB pronouncement: The Authority adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, which changed the standards for the recognition, measurement and presentation of information about the pension plans. The Authority presents comparative financial statements, however, management determined the cost benefit of re-evaluating the prior year actuarial information for the year ended December 31, 2013 was cost prohibitive and therefore has determined to repeat the prior year disclosures and required supplementary information in accordance with GASB Statement No. 25.

Funded status and changes in net pension liability: The total pension liability was determined using an actuarial valuation date of January 1, 2014 rolled forward from the valuation date to the plan year ending December 31, 2014 using generally accepted actuarial principals and methods. The total pension liability was \$58,251,948; and the plan fiduciary net position was \$43,578,538; resulting in a net pension liability (NPL) of \$14,493,410 and 75.1 percent funding. The annual covered payroll (annual payroll of active employees covered by the Plan) was \$27,122,786; and the ratio of the NPL to the annual covered payroll was 53.4 percent.

The total pension liability was determined using an actuarial valuation date of January 1, 2014 rolled forward from the valuation date to the plan year ending December 31, 2014 using generally accepted actuarial principals and methods. The total pension liability was \$17,387,285; and the plan fiduciary net position was \$15,759,173; resulting in a net pension liability (NPL) of \$1,628,112 and 90.6 percent funding. The annual covered payroll (annual payroll of active employees covered by the Plan) was \$5,761,978; and the ratio of the NPL to the annual covered payroll was 28.3 percent.

Funded status and funding progress as of December 31, 2013: As of January 1, 2013, the union employees' pension plan and salaried employees' pension plan was 69.2 percent and 81.6 percent funded, respectively. The actuarial accrued liability for benefits was \$54,977,015 and \$16,848,290, respectively. The actuarial value of assets was \$38,036,451 and \$13,745,251, respectively, resulting in an unfunded actuarial accrued liability (UAAL) of \$(16,940,564) and \$(3,103,039), respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$26,890,312 and \$6,005,404, respectively, and the ratio of the UAAL to the covered payroll was (63.0) percent and (51.7) percent, respectively.

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 7. Pension Plans (Continued)

The schedule of funding progress for the year ended December 31, 2013, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Net pension liability of the Plans:

The components of the net pension liability of the Plans at December 31, 2014, were as follows:

	Salaried	Union
Total pension liability	\$ 17,387,285	\$ 58,251,948
Plan fiduciary net position	(15,759,173)	(43,758,538)
Net pension liability	\$ 1,628,112	\$ 14,493,410
Plan fiduciary net position as a % of the total pension liability	90.6%	75.1%

Sensitivity analysis:

The following presents the net pension liability of the Plans, calculated using the discount rate of 7.5 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

Salaried:

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
\$2,795,778	\$1,628,112	\$552,053

Union:

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
\$19,442,649	\$14,493,410	\$10,013,699

Asset allocation:

Refer to Note 2 for the asset allocation information for the Authority's Salaried Pension Plan. For the Union Pension Plan, the investment policy has the following asset allocation ranges permitted and the long-term expected geometric real rate of return for each major asset class:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	29 - 39%	3 - 20%
Fixed income	31 - 41%	36%
Other	18 - 28%	3 - 4%
Cash	2 - 12%	N/A

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 8. Other Postemployment Benefits (OPEB)

Plan description: The Authority provides a single-employer defined benefit healthcare plan that provides the same medical and pharmacy benefits to active employees as it does to eligible early retirees and their spouses. Employees who have attained age 55 and retire from active employment with 15 consecutive years of service are eligible for retiree benefits. Eligible retirees and their dependents receive medical and pharmacy benefits through a fully-insured plan. These are the same plans that are available for active employees. The Authority also provides a life insurance benefit of \$1,000 to each retiree. The OPEB plan does not issue a stand-alone financial report and is not included in the report of a public retirement system of another entity.

Funding policy: The Authority establishes and amends contribution requirements. Currently, retirees less than age 65 pay 10 percent of active premium rates, while the Authority contributes 90 percent. Retirees equal to or greater than age 65 pay 100 percent of the premium rates paid by active employees. Spouses pay 100 percent of the active premium rates. The current funding policy of the Authority is to pay premiums as they occur on a pay-as-you-go basis.

Annual OPEB cost and net OPEB obligation: The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the Authority's annual OPEB obligation:

	2014	2013
Annual required contribution	\$ 1,148,928	\$ 1,133,470
Interest on net OPEB obligation	77,866	63,937
Adjustment to annual required contribution	(131,028)	(104,836)
Annual OPEB cost (expense)	1,095,766	1,092,571
Contributions and payments made	(758,654)	(744,337)
Increase in net OPEB obligation	337,112	348,234
Net OPEB obligation - January 1	1,946,660	1,598,426
Net OPEB obligation - December 31	<u>\$ 2,283,772</u>	<u>\$ 1,946,660</u>

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 8. Other Postemployment Benefits (OPEB) (Continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2014 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	\$ 873,506	69.74%	\$ 1,598,426
December 31, 2013	1,092,571	68.13	1,946,660
December 31, 2014	1,095,766	69.24	2,283,772

Funded status and funding progress as of December 31, 2014: As of January 1, 2014, the plan was zero percent funded. The results of the January 1, 2013 valuation were rolled forward to December 31, 2014. The actuarial accrued liability for benefits was \$8,974,755 and the actuarial value of assets is none, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,974,755 as of December 31, 2014. The covered payroll as of December 31, 2014 (annual payroll of active employees covered by the plan) was \$32,439,093 and the ratio of the UAAL to the covered payroll was 27.7 percent.

Funded status and funding progress as of December 31, 2013: As of January 1, 2013, the most recent valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$8,974,755 and the actuarial value of assets is none, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,974,755 as of December 31, 2013. The covered payroll as of December 31, 2013 (annual payroll of active employees covered by the plan) was \$32,330,034 and the ratio of the UAAL to the covered payroll was 27.8 percent.

Actuarial estimates of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 8. Other Postemployment Benefits (OPEB) (Continued)

In the January 1, 2013 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4 percent discount rate and a 6.0 – 9.5 percent healthcare cost trend rate. The UAAL is being amortized as a closed level dollar. The amortization of UAAL is done over a period of 30 years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. There are multiple estimates and assumptions used in these valuations. The actuarial cost method used is the Projected Unit Credit. Mortality Rates are estimated using the 2008 IRS Static Mortality Table Scale AA Projected to 2013. Turnover Rates used for pension valuation are 15 percent, 10 percent and 10 percent for the first three years. Retirement rates are estimated at 3-100 percent for ages 55-65. It is also estimated that male spouses are assumed to be 3 years older, and female spouses are assumed to be 3 years younger.

Note 9. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the Authority's risk management program, the Authority retains up to a maximum of \$600,000 per occurrence (\$1,500,000 aggregate retention) for workers' compensation and \$1,000,000 per occurrence (\$1,000,000 aggregate retention) for vehicular liability. The Authority purchases commercial insurance for claims in excess of the maximum under an umbrella policy and purchases commercial insurance for employee health insurance.

A provision for claims expense and related liability is established when information available prior to the issuance of the basic financial statements indicates it is probable a liability has been incurred and the amount of the loss can be reasonably estimated.

Changes in the estimated liability for claims during 2014 and 2013 are as follows:

	2014	2013
Beginning balance	\$ 3,673,773	\$ 5,173,331
Claims expense	2,304,079	1,518,282
Claims payments and adjustments	(2,225,476)	(3,017,840)
Ending balance	<u>\$ 3,752,376</u>	<u>\$ 3,673,773</u>

The Authority has established a Board-designated asset account, which is available to pay such claims. The level of funding is determined based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Designated assets available to pay claims were \$21,208,779 and \$21,865,148 as of December 31, 2014 and 2013, respectively.

In addition to these designated assets, the Authority maintains a letter of credit, which has been renewed through 2015, as collateral for the payment of self insurance claims. As of December 31, 2014 and 2013, the amount available to the Authority on this letter of credit was \$1,473,000. There were no draws on the letter of credit in fiscal years 2014 and 2013.

The excess of designated assets available for payment of these claims over the recorded liability was \$17,456,403 and \$18,191,375 as of December 31, 2014 and 2013, respectively.

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 10. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation plan is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g) which allowed the plan to hold its assets in trust. Under these requirements, the assets of the plan are not subject to the creditors of the Authority and the liability and corresponding investment are not reflected in the financial statements.

Note 11. Commitments and Contingencies

Pending/threatened litigation: The Authority is involved in lawsuits, claims and grievances arising in the normal course of business, including claims for personal injury and personnel practices, property damage and disputes over eminent domain proceedings. In the opinion of the General Counsel to the Authority, payment of claims by the Authority, for amounts not covered by insurance, in the aggregate, are not expected to have a material adverse effect on the Authority's financial position.

Grants: The Kansas City Area Transportation Authority obtains financial assistance from various federal and state agencies in the forms of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the Authority.

Purchase commitments as of December 31, 2014:

Bus, van and equipment purchases: The Authority has a contractual commitment for the purchase of 15 CNG low floor buses, one maintenance service truck and four 12-passenger vans totaling approximately \$6,904,000. Expected delivery is by August 2015 for the buses, February 2015 for the service truck, and July 2015 for the passenger vans. The Authority also has a contractual commitment for the purchase of 2,100,000 gallons of diesel fuel totaling approximately \$5,600,000.

Construction contracts: The Authority has entered into various construction contracts totaling approximately \$15,742,000.

These commitments will be paid with federal, state or local grants and funding.

Note 12. Pending Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements not yet required to be implemented by the Authority:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the Authority beginning with its year ending December 31, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

Kansas City Area Transportation Authority

Notes to Basic Financial Statements

Note 12. Pending Pronouncements (Continued)

- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, issued November 2013, will be effective for the Authority beginning with its year ending December 31, 2015. This Statement eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. To correct this potential understatement, Statement 71 requires a state or local government, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions.

As a result of implementing these two Statements, management will record a net pension liability on the financial statements for the Salaried and Union Pension Plans. The net pension liabilities as of December 31, 2014 for the Salaried and Union Plans were \$1,628,112 and \$14,493,410, respectively.

- GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the Authority with its year ending December 31, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The related disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.

The Authority has not yet determined the effect this Statement will have on the Authority's financial statements.

Kansas City Area Transportation Authority

**Required Supplementary Information - Pension Plans
Schedule of Changes in Net Pension Liability
For the Fiscal Year Ended December 31, 2014**

	Salaried Employees Pension Plan 2014	Union Employees Pension Plan 2014
Total Pension Liability		
Service cost	\$ 393,564	\$ 1,657,267
Interest	1,267,046	4,199,534
Changes in benefit terms	-	-
Difference between expected and actual experience	-	-
Changes in assumptions	-	-
Benefit payments including refunds of member contributions	(1,547,409)	(3,882,725)
Net change in total pension liability	113,201	1,974,076
Total pension liability, beginning of year	17,274,084	56,277,872
Total pension liability, end of year	<u>\$ 17,387,285</u>	<u>\$ 58,251,948</u>
Plan Fiduciary Net Position		
Contributions, employer	\$ 860,445	\$ 2,490,987
Contributions, employee	-	1,083,747
Net investment income	925,775	2,463,634
Benefit payments including refunds of member contributions	(1,547,409)	(3,882,574)
Administrative expenses	(31,415)	(62,062)
Other (transfers)	27,314	(27,314)
Net change in plan fiduciary net position	234,710	2,066,418
Plan fiduciary net position, beginning of year	15,524,463	41,692,120
Plan fiduciary net position, end of year	<u>\$ 15,759,173</u>	<u>\$ 43,758,538</u>
Net Pension Liability	<u>\$ 1,628,112</u>	<u>\$ 14,493,410</u>

Information for prior year is unavailable.

Kansas City Area Transportation Authority

**Required Supplementary Information - Pension Plans
Schedule of Net Pension Liability and Related Ratios
For the Fiscal Year Ended December 31, 2014**

	Salaried Employees Pension Plan 2014	Union Employees Pension Plan 2014
Total pension liability, end of year	\$ 17,387,285	\$ 58,251,948
Plan fiduciary net position, end of year	15,759,173	43,758,538
Net pension liability	\$ 1,628,112	\$ 14,493,410
Plan fiduciary net position as a percentage of the total pension liability	90.64%	75.12%
Covered employee payroll	\$ 5,761,978	\$ 27,122,786
Net pension liability as a percentage of covered employee payroll	28.26%	53.44%
Information for prior years is unavailable.		

Kansas City Area Transportation Authority

Required Supplementary Information - Pension Plans Schedule of Employer Contributions For the Ten Years Ended December 31, 2014

Salaried Employees Pension Plan

Year Ended December 31,	Annual Recommended Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2005	\$ 664,659	\$ 889,659	\$ (225,000)	\$ 4,707,142	18.90%
2006	736,367	739,550	(3,183)	5,235,979	14.12
2007	779,086	795,951	(16,865)	5,646,903	14.10
2008	731,087	812,552	(81,465)	5,635,819	14.42
2009	811,286	860,000	(48,714)	6,141,909	14.00
2010	854,001	860,000	(5,999)	6,145,730	13.99
2011	806,145	900,000	(93,855)	6,235,887	14.43
2012	881,559	900,000	(18,441)	6,344,517	14.19
2013	860,445	945,000	(84,555)	6,005,404	15.74
2014	748,911	860,445	(111,534)	5,761,978	14.93

Union Employees Pension Plan

Year Ended December 31,	Annual Recommended Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2005	\$ 1,903,783	\$ 1,537,124	\$ 366,659	\$ 22,775,407	6.75%
2006	1,926,490	1,639,485	287,005	24,689,706	6.64
2007	1,792,053	2,047,060	(255,007)	25,468,958	8.04
2008	1,803,128	2,055,566	(252,438)	27,429,163	7.49
2009	2,422,138	2,882,344	(460,206)	27,443,885	10.50
2010	2,370,772	2,062,572	308,200	27,712,152	7.44
2011	2,441,900	2,051,196	390,704	28,258,875	7.26
2012	2,348,733	2,090,240	258,493	27,573,796	7.58
2013	2,161,149	2,050,024	111,125	26,890,312	7.62
2014	2,210,419	2,490,987	(280,568)	27,122,786	9.18

Kansas City Area Transportation Authority

Required Supplementary Information - Pension Plans
Schedule of Investment Returns
For the Fiscal Year Ended December 31, 2014

	Salaried Employees Pension Plan 2014	Union Employees Pension Plan 2014
Annual money-weighted rate of return, net of investment expense	6.16%	5.95%

Information for prior years is unavailable.

The information presented in the required supplementary schedules was determined as part of the January 1, 2014 actuarial valuation. Additional information follows:

	Salaried Employees Pension Plan	Union Employees Pension Plan
1. Cost method	Entry age	Entry age
2. Discount rate	7.5%	7.5%
3. Long-term rate of return	7.5%	7.5%
4. Salary increases	4.0%	4.25%
5. Amortization method	Level dollar, Closed	Level amount, Open
6. Remaining amortization period	15 years	30 years

Kansas City Area Transportation Authority

Required Supplementary Information – Pension Plans Schedule of Funding Progress December 31, 2013

Salaried Employees Pension Plan (dollars in thousands)							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) as Percentage of Covered Payroll (a-b)/c	
01/01/2011	\$ 12,484	\$ 15,170	\$ (2,686)	82.3%	\$ 6,236	(43.1)%	
01/01/2012	13,313	16,564	(3,251)	80.4	6,345	(51.2)	
01/01/2013	13,745	16,848	(3,103)	81.6	6,005	(51.7)	

Union Employees Pension Plan (dollars in thousands)							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) as Percentage of Covered Payroll (a-b)/c	
01/01/2011	\$ 36,767	\$ 56,743	\$ (19,976)	64.8%	\$ 28,259	(70.7)%	
01/01/2012	38,003	57,695	(19,692)	65.9	27,574	(71.4)	
01/01/2013	38,036	54,977	(16,941)	69.2	26,890	(63.0)	

The Authority has voluntarily agreed to make contributions to the salaried employees' pension plan sufficient to provide the plan with assets with which to pay pension benefits to plan participants. Although the Authority has not expressed any intent to terminate the Plan Agreement, it may do so at any time. Contributions to the plan are designed to fund normal costs on a current basis and to fund past service costs over a 30-year period.

The information presented in the required supplementary schedules was determined as part of the January 1, 2013 actuarial valuation. Additional information follows:

	Salaried Employees Pension Plan	Union Employees Pension Plan
1. Cost method	Frozen entry age	Entry age
2. Asset valuation	Fair value	Fair value
3. Net investment return	7.5%	7.5%
4. Salary increases	4.0%	4.25%
5. Amortization method	Level dollar, Closed	Level amount, Open
6. Remaining amortization period	4 years	30 years

Kansas City Area Transportation Authority

Required Supplementary Information – Other Postemployment Benefit Plan Schedule of Funding Progress December 31, 2014

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a-b)/c]
2012	01/01/2011	\$ -	\$ 7,855,251	\$ (7,855,251)	- %	\$ 31,997,568	(24.55)%
2013	01/01/2013	-	8,974,755	(8,974,755)	-	32,330,034	(27.76)
2014	01/01/2013		8,974,755	(8,974,755)	-	32,439,093	(27.67)

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of January 1, 2013. The results of the January 1, 2013 valuation were rolled forward to December 31, 2014. Additional information follows:

1. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
2. There are no plan assets.
3. Economic assumptions are as follows: discount rate of 4.0%; turnover rates are 15%, 10% and 10% for the first 3 years; retirement rates are estimated at 3-100% for ages 55-65.
4. The amortization method is closed level dollar.
5. Initial annual health care cost trend rate of 9.50%; annual reduction of 0.5%; ultimate annual health care cost trend rate of 6.0%.

Kansas City Area Transportation Authority

Combining Statement of Net Position, by Division December 31, 2014

Assets	Metro	Share-A-Fare	Total
Current assets:			
Cash and investments	\$ 3,850,519	\$ -	\$ 3,850,519
Intercompany	(659,329)	659,329	-
Accounts receivable	455,717	12,164	467,881
Due from other governments:			
Local governments	72,778	16,677	89,455
State governments	257,060	229,718	486,778
Federal government	2,457,852	286,313	2,744,165
Materials and supplies	2,453,983	-	2,453,983
Prepaid expenses and other assets	1,477,546	-	1,477,546
Designated cash and investments	2,538,447	-	2,538,447
Total current assets	12,904,573	1,204,201	14,108,774
Noncurrent assets:			
Restricted cash and investments	49,603,557	-	49,603,557
Designated cash and investments	18,670,332	-	18,670,332
Capital assets:			
Land and other nondepreciable assets	15,841,988	-	15,841,988
Other depreciable capital assets, net of depreciation	76,621,989	-	76,621,989
Total noncurrent assets	160,737,866	-	160,737,866
Total assets	173,642,439	1,204,201	174,846,640

See Note to Other Supplementary Information.

Liabilities	Metro	Share-A-Fare	Total
Current liabilities:			
Accounts payable	\$ 2,735,807	\$ 1,178,482	\$ 3,914,289
Accrued liabilities:			
Payroll and benefits	2,159,056	(492)	2,158,564
Compensated absences	3,782,811	25,865	3,808,676
Other	10,338	-	10,338
Liabilities payable from designated assets:			
Public liability and property damage	1,198,647	-	1,198,647
Workers' compensation claims	1,354,185	-	1,354,185
Unearned revenue	1,415,136	-	1,415,136
Total current liabilities	12,655,980	1,203,855	13,859,835
Noncurrent liabilities:			
Liabilities payable from designated assets:			
Public liability and property damage	270,926	-	270,926
Workers' compensation claims	928,618	-	928,618
Other postemployment benefits obligation	2,283,772	-	2,283,772
Net pension obligation	578,282	-	578,282
Accrued compensated absences	1,355,073	-	1,355,073
Total noncurrent liabilities	5,416,671	-	5,416,671
Total liabilities	18,072,651	1,203,855	19,276,506
Net Position			
Investment in capital assets	92,463,977	-	92,463,977
Restricted, capital and operating purposes	49,603,557	-	49,603,557
Unrestricted	13,502,254	346	13,502,600
Total net position	\$ 155,569,788	\$ 346	\$ 155,570,134

Kansas City Area Transportation Authority

Combining Statement of Revenues, Expenses and Changes in Net Position, by Division Year Ended December 31, 2014

	Metro	Share-A-Fare	Total
Operating revenues:			
Passenger	\$ 11,332,618	\$ 730,025	\$ 12,062,643
Charter and stadium express	12,960	-	12,960
Advertising	413,377	-	413,377
Total operating revenues	11,758,955	730,025	12,488,980
Operating expenses:			
Transportation	40,563,835	7,935,664	48,499,499
Maintenance	19,148,560	-	19,148,560
Public liability and property damage claims	1,456,197	-	1,456,197
General and administrative	11,495,729	1,033,631	12,529,360
Depreciation and amortization expense	13,951,471	-	13,951,471
Total operating expenses	86,615,792	8,969,295	95,585,087
Operating loss	(74,856,837)	(8,239,270)	(83,096,107)
Nonoperating revenues (expenses):			
Operating funding:			
Local governments	48,426,886	5,753,886	54,180,772
State government	225,116	84,284	309,400
Federal government	8,302,745	2,401,100	10,703,845
Capital related grants and funding	14,921,695	-	14,921,695
Federal grant revenue received for subrecipients	1,875,018	-	1,875,018
Federal funds passed through to subrecipients	(1,875,018)	-	(1,875,018)
Investment expense	1,045,250	-	1,045,250
Gain on disposition of capital assets	65,033	-	65,033
Rental and other nonoperating income	940,242	-	940,242
Other nonoperating expense	(144,000)	-	(144,000)
Total nonoperating revenues	73,782,967	8,239,270	82,022,237
Change in net position	(1,073,870)	-	(1,073,870)
Net position, beginning of year	156,643,658	346	156,644,004
Net position, end of year	<u>\$ 155,569,788</u>	<u>\$ 346</u>	<u>\$ 155,570,134</u>

See Note to Other Supplementary Information.

Kansas City Area Transportation Authority

Note to Other Supplementary Information

In addition to the basic financial statements, the Kansas City Area Transportation Authority presents a combining statement of net position and a combining statement of revenues, expenses and changes in net position for its two divisions. A brief explanation of these divisions is as follows:

Metro – This is the main operating division of the Authority which accounts for mass transit operations.

Share-A-Fare – This operating division accounts for the activities of the Authority's Share-A-Fare program, which is primarily devoted to the transport of elderly and disabled Americans.

This Page Intentionally Left Blank

