Kansas City Area Transportation Authority

2018 Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2018

Kansas City, Missouri

Prepared by the KCATA Finance and Budget Departments

This page left blank intentionally.

Kansas City Area Transportation Authority

Kansas City, Missouri and the Metropolitan Area

Daniel Serda
Chairman
Board of Commissioners

Robbie Makinen
CEO/President

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2018

Prepared by the KCATA Finance Department

KANSAS CITY AREA TRANSPORTATION AUTHORITY

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

TABLE OF CONTENTS

This page left blank intentionally.

2018 KCATA
Comprehensive Annual Financial Report

Introductory Section

This page left blank intentionally.

RideKC

June 7, 2019

Members of the Board of Commissioners and
Citizens of Greater Kansas City, Missouri Metropolitan Area
Kansas City Area Transportation Authority

The Kansas City Area Transportation Authority (KCATA) is proud to submit their Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2018. This is the first CAFR issued by KCATA and will be submitted for Certification by the Government Finance Officers Association (GFOA). KCATA will continue to prepare the CAFR annually to present operational, financial and statistical information for the agency.

KCATA management is fully responsible for the reliability and accuracy of the information herein. Management is committed to ensuring a comprehensive framework of internal controls are maintained within the organization. As a result, the KCATA can provide reasonable assurances that financial reporting will not contain material inaccuracies.

The accounting firm of RSM US LLP preformed the audit of the KCATA financials and has issued an unmodified opinion for the year ended December 31, 2018. The Independent Auditor's Report is the first item located in the Financial Section of the CAFR.

RSM US LLP also performed a single audit of federal grants KCATA currently administers. An annual single audit of federal grants is done to meet federal requirements related to grant funding eligibility. This process is comprised of a sample review by the external auditors of federally funded grants administered by the KCATA.

Included in the Financial Section of the CAFR is Management's Discussion and Analysis (MD&A) which provides a narrative introduction, summary and analysis of the basic financial statements and immediately follows the Independent Auditor's Report. MD&A complements this letter of transmittal and should be read in conjunction with it.

Agency Background

The Kansas City Area Transportation Authority is a bi-state agency created through federal legislation created in October 1965. The area of authority includes both the States of Kansas and Missouri and required ratification from both states to be established. The district of the agency includes the counties of Cass, Clay, Jackson and Platte in Missouri, and the counties of Johnson, Leavenworth and Wyandotte in Kansas. The current KCATA service area includes Kansas City, Missouri (KCMO), eight suburban cities on the Missouri side of the metropolitan area and the Unified Government of Wyandotte County/Kansas City, Kansas. The agency also manages the operations for Johnson County, Kansas providing bus, paratransit and bus rapid transit services.

A ten-member Board of Commissioners (Board) establishes policy and sets direction for the management of the KCATA. The Board is comprised of five members from the State of Missouri and five members from the State of Kansas each serving four-year terms. For Missouri, one commissioner each shall be appointed from Cass, Platte and Clay counties. One commissioner shall be appointed from a part of Jackson County other than that part of such county that is within the city of Kansas City, and one commissioner shall be appointed from the city of Kansas City. For Kansas, there shall be three commissioners appointed from the Unified Government of Wyandotte County and Kansas City, Kansas, and one each from Johnson and Leavenworth counties.

The KCATA is led by the President/CEO with the Deputy CEO reporting directly to the President/ CEO. The Senior Vice President of Regional Planning, Marketing and Economic Development also reports directly to the President/CEO with two Vice-Presidents, Regional Planning and Marketing and Economic Development and Outreach, as direct reports. There is also a Senior Policy Advisor to the CEO, a Chief Strategy Officer, a Chief External Affairs Officer and Public Information Officer all of whom report directly to the CEO. The Deputy CEO supervises two Vice-Presidents, who are responsible for Finance and Procurement and Regional Services and Innovation. The Deputy CEO also supervises six Chiefs who are responsible for Human Resources, Technology, Vehicle Maintenance, Transportation, Facilities Maintenance and Transit Security. The KCATA Executive team is depicted in an organizational chart in this introductory section.

As of December 31, 2018, the KCATA had 789 employees; 630 are union employees and 159 are salaried staff. Fixed route services provided 9.3 million revenue miles and 2.8 million revenue miles of paratransit service. The KCATA fleet is comprised of 236 active buses, 10 contingency buses and 20 paratransit vehicles.

The primary sources of revenue for the KCATA are federal grant funds, sales tax revenue from Kansas City, Missouri and funding from other local communities. There are two sources of sales tax revenue, both of which are used to pay for KCATA services provided to KCMO; the Public Mass Transportation Tax (½ -cent) and the 3/8-cent Sales Tax. The ½-cent sales tax is a KCMO tax and is allocated to the KCATA at their discretion through the annual service contract. The ½-cent is also used to fund capital charges for KCMO as 7.5% of the tax receipts are submitted directly to the KCATA from the State of Missouri and held in the Capital Trust Account. The amount distributed to KCATA by KCMO is fully applied to service cost during the contract year. The 3/8-cent tax is dedicated to KCATA with the exception of reductions for tax increment financing projects prior to March 2009. The amount distributed to KCATA is used to cover the remaining KCMO service cost after applying all other revenues.

Annually, KCATA management prepares and presents the operating and capital budgets to the Board of Commissioners in a public meeting for approval. The budgets are developed on the departmental level and each department is accountable for ensuring expenditures remain consistent with their approved budgets. Budget amendments to revenues or expenditures must be submitted to the Board for approval.

As stated previously, departments are held accountable for their departmental budgets and each department must ensure operations are consistently performed in a responsible and prudent manner.

Budgeted and actual departmental expenses are reported for both the current month and year-to-date in the financial reports presented to the Board of Commissioners at the monthly business meeting. Significant variances in expenditures and their cause are addressed in the narrative summary to the financial report. The established strategic objectives as outlined by the Board provide the guidance departments must follow when making spending decisions. The KCATA utilizes accrual accounting methods for financial and budgetary reporting.

State of the Regional Economy and Forecast

Economic conditions and consumer sales play a major role in the generation of our sales tax revenues which are the primary revenue source for the KCATA. The economic forecast for KCMO is stable and sales tax revenues for that period are projected to increase 1.5% per year based on prior year trends. There remain uncertainties that could have a significant economic impact for the KCATA including:

- Federal funding continuing at same funding levels
- Transit ridership
- Personnel and future benefit cost

The KCATA provides service predominantly on the Missouri side of the state line in the counties of Jackson, Clay, Platte and Cass counties. This area includes the city of KCMO along with the cities of Blue Springs, Gladstone, Independence, Lee's Summit, Liberty, North Kansas City, Raytown and Riverside. Service is provided on the Kansas side to the Unified Government of Wyandotte County/Kansas City, Kansas. KCATA also assumed management of Johnson County, Kansas contract, service and financial operations in 2014 but does not provide the actual transportation services to the community. The urbanized service area for the KCATA is 678 square miles with a service population of 1,519,417 which is the 31st largest in the country per the Federal Transit Administration. The Kansas City metropolitan area has a total population of 2,143,651 which is the 31st largest in the country per the U.S. Census Bureau. Of this population, 669,199 reside in Jackson County and 597,555 reside in Johnson County, Kansas which are the two largest counties in the metropolitan area.

The local economy has continued to be strong, improving sales tax receipts for transit services through 2018. The favorable economy has also helped to reduce the unemployment rate from 4.4% at the end of 2016 to 3.7% at the end of 2018 in Jackson County, Missouri which also compares favorably with the national rate of 3.9%.

2018 Achievements

The KCATA supports a regional transportation initiative to provide access to jobs, educational opportunities, medical needs, shopping and local events. It also supports economic development, other major initiatives and provides a lifeline to those without cars in a growing population. Throughout 2018 KCATA has focused on the following strategic priorities:

- Safety and Security for employees and customers
- Regional stakeholder engagement
- Initiatives to increase ridership through improved reliability and customer experience
- Financial sustainability and economic development
- Innovation and Technology to improve regional mobility

Along with continuing support for traditional operations, 2018 expenses were considerably lower than budget as result of savings due to lower costs and the elimination of low volume services along with conscientious spending by departments. KCATA continues to commit to innovative solutions and responsible investment in new initiatives during 2018 including:

- An ongoing partnership commitment with Jackson County, Missouri to identify transit-related opportunities for the Rock Island Rail Corridor.
- Groundbreaking and the start of construction of transit-oriented development for the property at Twelfth and Charlotte as part of the Prospect MAX project.
- Provide services to citizens through the RideKC On-Demand service which provides taxi rides to customers when needed.
- A partnership between the KCATA, the Veteran's Administration and the AFL/CIO continued into 2018 to allow veterans to ride RideKC services for free.
- The continuation of the partnership with the Kansas City Police Department in 2018 that dedicates two police officers to public transit security for KCATA.
- The implementation of the free-rides for students pilot program.

Awards and recognition received by KCATA during 2018 include:

- Grand Award for Best Marketing and Communications Effort from the American Public Transportation Association (APTA)
- Community Impact Award from the South Kansas City Chamber of Commerce
- Recognition at the MCC Midwest Supplier Diversity forum for developing and fostering a sustained relationship with a disadvantaged business enterprise (DBE) firm

KCATA has continued to see declining fixed transit ridership from 2017 to 2018, primarily attributable to lower gasoline prices resulting in more potential riders using their personal vehicles along with competition from private transit providers. The level of impact realized by KCATA was a 5.7% reduction in fixed transit ridership in 2018 compared to 2017. This loss of ridership resulted in a 3% loss of fixed transit passenger revenues in 2018 compared to 2017. A contributing factor is the Veteran’s Free Fare program, which has been very successful as it provided over 1,000,000 free rides for Veteran’s in 2018 in recognition of their service to the country.

Goals and Objectives-Current and Future

KCATA continues to evolve into a regional transportation provider, working to design a productive service along with accelerating technology and innovation to enhance service delivery of service. The Board of Commissioners, regional partners, key leaders and all our employees continue to prioritize cost control and revenue growth. Safety, service quality and customer satisfaction remain our top priorities.

During the past year, KCATA made great strides as the Regional Transportation Authority in support of the Commission endorsed vision of “Quality Seamless Regional Transportation for Everyone.”

This continues the fundamental shift from simply providing transportation services to the global focus of ensuring that transportation needs of all stakeholders in the Kansas City metropolitan area are met. Leveraging the community’s recognition of KCATA as the leader in regional transportation, KCATA will grow and change by focusing on the following strategic priorities:

- wλŘŜŊăKλǋ øKλǑK λуǑƭdzŘŜă ǑdzăŰ2ϒŜŊ ăI·ŰλăŦI·ǑŰλ2уΣ ăI·ŦŜŰè I·уŘ 2ǋŜŊI·Űλ2уI·ƭ ŊŜƭλI·ōλƭλŰè.
- wŜØŜуdzŜ I·ƭƭ2øλу∃ Y/!¢! Ű2 ōŜ I· ŊŜăǋ2уăλōƭŜ Ŧλduciary steward through cost containment and new revenue streams.
- Relationships that allow KCATA to be a vital, high contributing community partner with priority on strong, meaningful internal and external relationships.

<u>Five-Year Capital Improvement Plan</u>

Annually, the KCATA develops a five-year capital improvement plan (CIP) as part of the budgeting process. Included in this document are projects, fleet and other capital equipment departments have deemed as necessary to accomplish the organization’s strategic initiatives and goals. The current plan covers the years from 2019 through 2023 and has a five-year total cost of $209.7 million. Major items in the five-year plan include:

- **<u>Operations ($138.4 million</u>)**
    - The KCATA has been working with other regional agencies in the Kansas City area on rebranding all fleet, shelters and other amenities with one consolidated regional brand called RideKC. New downtown transit centers are in development with initial work currently underway. KCATA continues to partner with Jackson County, Missouri as there was a joint purchase of the Rock Island railroad property on the eastern side of the county which will be revitalized and developed into a shared use pathway and multimodal transit corridor. The new BRT line on the Prospect corridor is scheduled to begin operation in the fourth quarter of 2019 which will implement new shelters, buses and sites that utilize high-end technologies. KCATA is also planning to develop two additional BRT lines on the Independence Avenue and North Oak corridors over the next three years incorporating the same types of amenities and technologies.
- **<u>Facility Improvements ($7.5 million</u>)**
    - Projects include real estate acquisitions, facility renovations, office and conference space and equipment upgrades.
- **<u>Revenue Vehicles and Installed Equipment ($51.3 million</u>)**
    - Revenue vehicles are replaced on a scheduled basis utilizing the standards established by the Federal Transit Administration for replacement of these vehicles. KCATA recognizes that by keeping the fleet age down, services will be reliable and consistent.

- **Office Equipment and Software ($10.8 million)**

    - IT hardware is replaced on a four-year cycle which includes servers, digital signage, printers and computers. KCATA will also be implementing upgrades to the software programs used in daily operations for scheduling and asset management along with investing in new transit corridor technologies.

- **Planning Expenses ($1.7 million)**

    - Planning projects for the current and future years includes a comprehensive service analysis, a regional planning update, a transit service plan for eastern Jackson County and a plan for the Rock Island corridor.

Certificate of Achievement for Financial Reporting

As this is the initial CAFR for KCATA, the 2018 report will be submitted to the Government Finance Officers Association of the United States and Canada to be considered for its Certificate of Achievement for Excellence in Financial Reporting. It is also management's intention to submit future CAFRs to GFOA for review under its Certificate of Achievement for Excellence in Financial Reporting Program. KCATA does believe the current report format conforms to the requirements of the program, and we will continue to strive to improve our reporting for 2019 and all subsequent years.

Acknowledgments

The KCATA expresses thanks to the staff of the Finance Department under the leadership of Vice President of Finance and Procurement/CFO Michael Graham, Finance Director Charles Letcher, Finance Manager Susan White and Accounting Supervisor Dee Watt for their efforts in preparing this document and their contributions with providing supplemental information used to complete the CAFR. Special thanks also go to Staff Accountant Crystal Bailey who researched data and prepared the statistical section of this report.

Michael Graham

Michael Graham, Vice President of Finance and Procurement/Chief Financial Officer

Robbie Makinen, President/Chief Executive Officer

Board of Commissioners and Executive Management Team

Board of Commissioners

Chairman	Daniel Serda
Vice Chairman	David Bower
Commissioners	Joe Peterson Gary Mallory Nancy Bauder Anne Post Melissa Bynum Thomas Sims Jim Allen

Executive Team

Robbie Makinen, President/Chief Executive Officer

Sam Desue, Deputy Chief Executive Officer

Richard Jarrold, Senior Vice President of Regional Planning, Marketing and Economic Development

Dennis Hays, Senior Policy Advisor to the CEO

Michael Graham	Vice-President of Finance and Procurement / CFO
Jameson Auten	Vice-President of Regional Services Delivery and Innovation
Bryan Beck	Chief Technology Officer
Bill Spies	Chief Maintenance Officer
Bobby Edwards	Chief Transportation Officer
Phil Scherer	Chief Facilities Maintenance Officer
Hugh Mills	Chief of Transit Security
Vacant	Chief of Human Resources

KCATA BOARD OF COMMISSIONERS

MISSION STATEMENT

We connect people to opportunities.

VISION STATEMENT

Quality seamless regional transportation for everyone.

CORE VALUES

- Safety
- Customer service
- Fiscal accountability
- Respect and integrity
- Employee Development
- Innovation
- Community involvement

GOALS

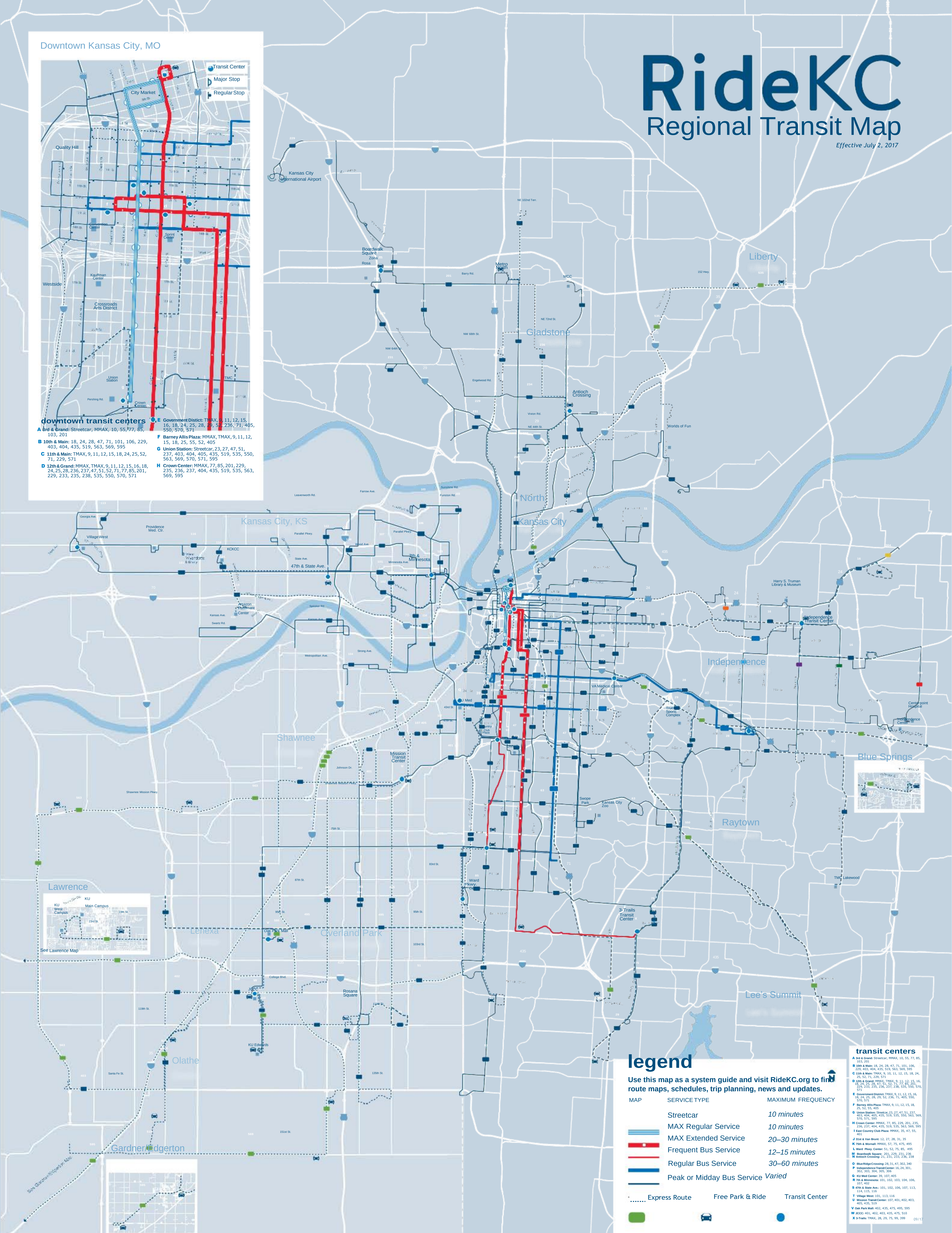
A. Position KCATA to be a recognized leader in regional transportation and related development.

B. Position the organization to meet current and future needs and opportunities.

C. Communicate KCATA's value in the vitality and economic growth of the community and the region.

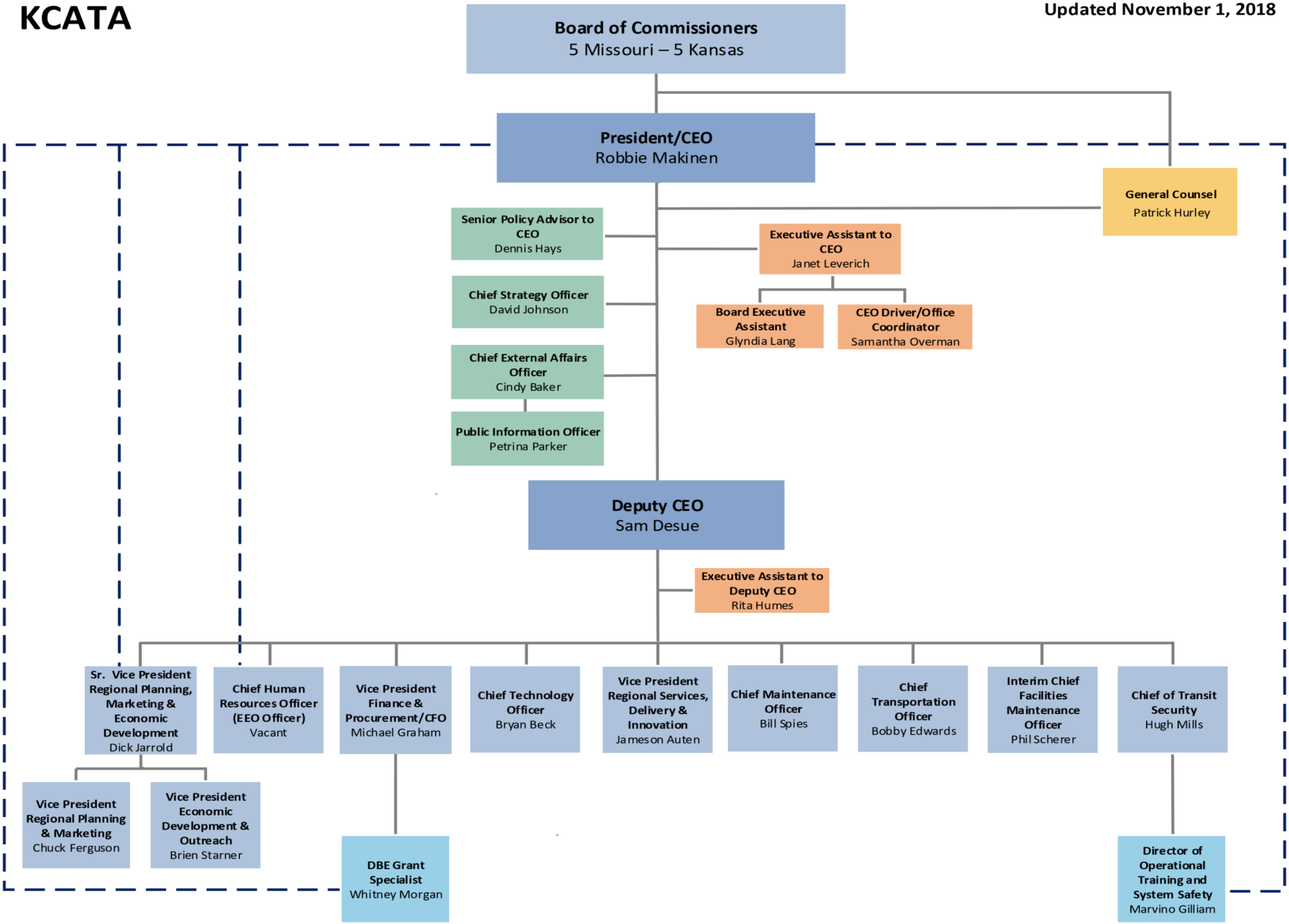
STRATEGIC DIRECTION

- Provide a business approach and best practices to technology.
- Provide a system that is efficient, fiscally responsible and uses resources wisely.
- Provides a work environment that develops employees and rewards innovation and high performance.
- Provide service that benefits the communities.
- Provide a safe and attractive system that draws new riders.
- Provide effective and innovative services that respond to change and growth.


RideKC
Regional Transit Map
Effective July 2, 2017
Downtown Kansas City, MO
Transit Center
Major Stop
Regular Stop
City Market
Quality Hill
Convention Center
Sprint Center
Kauffman Center
Westside
Crossroads Arts District
Union Station
Pershing Rd.
Crown Center
TMC
downtown transit centers
A 3rd & Grand: Streetcar, MMAX, 10, 55, 77, 85, 103, 201
B 10th & Main: 18, 24, 28, 47, 71, 101, 106, 229, 403, 404, 435, 519, 563, 569, 595
C 11th & Main: TMAX, 9, 11, 12, 15, 18, 24, 25, 52, 71, 229, 571
D 12th & Grand: MMAX, TMAX, 9, 11, 12, 15, 16, 18, 24, 25, 28, 236, 237, 47, 51, 52, 71, 77, 85, 201, 229, 233, 235, 238, 535, 550, 570, 571
E Government Distict: TMAX, 9, 11, 12, 15, 16, 18, 24, 25, 28, 29, 52, 236, 71, 405, 550, 570, 571
F Barney Allis Plaza: MMAX, TMAX, 9, 11, 12, 15, 18, 25, 55, 52, 405
G Union Station: Streetcar, 23, 27, 47, 51, 237, 403, 404, 405, 435, 519, 535, 550, 563, 569, 570, 571, 595
H Crown Center: MMAX, 77, 85, 201, 229, 235, 236, 237, 404, 435, 519, 535, 563, 569, 595
Kansas City International Airport
Boardwalk Square
Metro North
MCC
Liberty
Gladstone
Antioch Crossing
Worlds of Fun
North Kansas City
Kansas City, KS
Providence Med. Ctr.
Village West
KCKCC
7th & Minnesota
47th State Ave.
Argentine Center
Harry S. Truman Library & Museum
Independence Transit Center
Independence
VA Medical Center
KU Med
Truman Sports Complex
Centerpoint Hospital
Independence Center
Blue Springs
Shawnee
Mission Transit Center
Swope Park
Kansas City Zoo
Raytown
TMC Lakewood
Ward Pkwy.
3-Trails Transit Center
Lawrence
KU West Campus
KU Main Campus
See Lawrence Map
Lenexa
Oak Park Mall
Overland Park
Rosana Square
Lee's Summit
KU Edwards
Olathe
Gardner Edgerton
legend
Use this map as a system guide and visit RideKC.org to find route maps, schedules, trip planning, news and updates.
MAP
SERVICE TYPE
MAXIMUM FREQUENCY
Streetcar
10 minutes
MAX Regular Service
10 minutes
MAX Extended Service
20–30 minutes
Frequent Bus Service
12–15 minutes
Regular Bus Service
30–60 minutes
Peak or Midday Bus Service
Varied
Express Route
Free Park & Ride
Transit Center
transit centers
A 3rd & Grand: Streetcar, MMAX, 10, 55, 77, 85, 103, 201
B 10th & Main: 18, 24, 28, 47, 71, 101, 106, 229, 403, 404, 435, 519, 563, 569, 595
C 11th & Main: TMAX, 9, 10, 11, 12, 15, 18, 24, 25, 52, 71, 229, 571
D 12th & Grand: MMAX, TMAX, 9, 11, 12, 15, 16, 18, 24, 25, 28, 47, 51, 52, 71, 77, 85, 201, 229, 233, 235, 236, 237, 238, 535, 550, 570, 571
E Government District: TMAX, 9, 11, 12, 15, 16, 18, 24, 25, 28, 29, 52, 236, 71, 405, 550, 570, 571
F Barney Allis Plaza: TMAX, 9, 11, 12, 15, 18, 25, 52, 55, 405
G Union Station: Streetcar, 23, 27, 47, 51, 237, 403, 404, 405, 435, 519, 535, 550, 563, 569, 570, 571, 595
H Crown Center: MMAX, 77, 85, 229, 201, 235, 236, 237, 404, 435, 519, 535, 563, 569, 595
I East Country Club Plaza: MMAX, 35, 47, 55, 401
J 31st & Van Brunt: 12, 27, 28, 31, 35
K 75th & Wornall: MMAX, 57, 75, 475, 495
L Ward Pkwy. Center: 51, 52, 75, 85, 495
M Boardwalk Square: 201, 229, 231, 236
N Antioch Crossing: 21, 231, 233, 236, 238
O Blue Ridge Crossing: 28, 31, 47, 302, 340
P Independence Transit Center: 16, 24, 301, 302, 303, 304, 305, 306
Q KU Med Center: 39, 107, 405
R 7th & Minnesota: 101, 102, 103, 104, 106, 107, 402
S 47th & State Ave.: 101, 102, 106, 107, 113, 114, 115, 116
T Village West: 101, 113, 116
U Mission Transit Center: 107, 401, 402, 403, 405, 435, 519
V Oak Park Mall: 402, 435, 475, 495, 595
W JCCC: 401, 402, 403, 435, 475, 510
X 3-Trails: TMAX, 28, 29, 75, 99, 399
09/17

KCATA

Updated November 1, 2018



2018 KCATA
Comprehensive Annual Financial Report

Financial Section

Basic Financial Section and Notes

This page left blank intentionally.

Independent Auditor's Report

To the Board of Commissioners
Kansas City Area Transportation Authority

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, 2018 and 2017, 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. 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 opinions.

Opinions

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, 2018 and 2017, 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
As discussed in Note 8 to the financial statements, the Authority adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which restated beginning net position of the business-type activities financial statements to record the total OPEB liability. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and pension and other postemployment benefit plan information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The 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 report dated April 10, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

RSM US LLP

Kansas City, Missouri
April 10, 2019

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, 2018 and 2017. Please read it in conjunction with the Authority's basic financial statements and notes.

Financial Highlights for Fiscal Year 2018 vs. 2017

- Net position of the Authority increased by $17.3 million or (14) percent in 2018 over 2017 primarily attributable to an increase of $17.4 million of capital related federal funding recovery.
- 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 $348,789,902 had been received by the Authority from the 3/8-cent sales tax from inception through December 2018.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented during fiscal year 2018. The beginning net position for the Authority was restated ($8,679,799) to retroactively report the total other postemployment benefits (OPEB) liability as of January 1, 2018. The financial statement amounts for fiscal year 2017 OPEB obligation, OPEB expense and deferred inflows of resources were not restated because information was not available.

Financial Highlights for Fiscal Year 2017 vs. 2016

- Net position of the Authority increased by $2.7 million or (2) percent in 2017 over 2016 primarily attributable to an increase of capital related federal funding recovery along with lower expenses for public liability and property damage claims.
- 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 $316,391,283 had been received by the Authority from the 3/8-cent sales tax from inception through December 2017.

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 fiduciary net position and changes in fiduciary 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.

The basic financial statements can be found on pages 10–16 of this report and represent combined results for Fixed Route and RideKC Freedom 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 44 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 45 through 55 of this report.

Changes in Net Position

Fiscal Year 2018 vs. 2017

The Authority's assets exceeded liabilities by $141.2 million as of December 31, 2018.

The largest portion of the Authority's net position, $121.3 million reflects its investment in capital assets (e.g., land, buildings, transit facilities and revenue vehicles). The next largest portion is related to $43.4 million of restricted balances: (1) restricted for the replacement of capital assets and (2) 3/8-cent sales tax not yet applied to operations. Unrestricted net position decreased from negative $14.2 million in 2017 to a negative $23.5 million as increases of $3.7 million for current assets, $7.6 million for designated cash and investments and $3.7 million of deferred outflows for pension plans were offset by increases to liabilities of $10.1 million for funds due to other governments resulting primarily from Kansas City, Missouri funding for the Prospect MAX project, $8.6 million for OPEB and $6.4 for the pension funds.

Fiscal Year 2017 vs. 2016

The Authority's assets exceeded liabilities by $132.6 million as of December 31, 2017.

The largest portion of the Authority's net position, $97.0 million reflects its investment in capital assets (e.g., land, buildings, transit facilities and revenue vehicles). The next largest portion is related to $49.8 million of restricted balances: (1) restricted for the replacement of capital assets and (2) 3/8-cent sales tax not yet applied to operations. Unrestricted net position decreased from negative $8.26 million in 2016 to a negative $14.2 million due to reductions in current assets primarily associated with cash and investments, decreased designated cash and investments and increased amounts of deferred inflows of resources due to the difference between expected and actual union pension plan experience.

Table 1 - Condensed Statements of Net Position
As of December 31, 2018, 2017 and 2016

	2018	2017	2016
Current and other assets	**$ 82,671,603**	$ 77,422,597	$ 83,989,850
Capital assets, net	**121,331,222**	97,018,511	86,313,417
Total assets	**204,002,825**	174,441,108	170,303,267
Deferred outflows of resources	**9,959,259**	6,289,115	5,530,111
Current and other liabilities	**26,465,764**	14,703,787	14,109,176
Noncurrent liabilities	**43,286,332**	29,956,707	30,154,837
Total liabilities	**69,752,096**	44,660,494	44,264,013
Deferred inflows of resources	**2,979,502**	3,442,102	1,688,620
Net position:			
Investment in capital assets	**121,331,222**	97,018,511	86,313,417
Restricted	**43,446,962**	49,797,963	51,829,170
Unrestricted	**(23,547,698)**	(14,188,847)	(8,261,842)
Total net position	**$ 141,230,486**	$ 132,627,627	$ 129,880,745

Fiscal Year 2018
A portion of the Authority's net position, $43.4 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.

The $5.2 million or 6.8 percent increase in current and other assets in 2018 compared to the prior year is attributable to an increase of $3.8 million in current assets primarily related to funds due from Federal sources, an increase of $7.5 million in designated cash and investments due to increases in the operating liabilities fund with a decrease of $6.1 million to non-current restricted cash and investments related to usage of local capital funds.

Capital assets, net, increased by $24.3 million or 25.0 percent over 2017. The change was the result of land and building purchases of $3.8 million, revenue vehicle purchases of $16.3 million, capital projects in progress increasing by $5.5 million, reduced by a $1.3 million increase in accumulated depreciation.

The Authority experienced an increase of $11.8 million or 80.0 percent in current and other liabilities from 2017. This increase was due to increases of $1.9 million in accounts payable and $9.8 million in unearned revenue and due to other governments primarily related to Kansas City, Missouri funds for the Prospect MAX project.

Noncurrent liabilities experienced an increase of $13.3 million or 44 percent primarily due to decreases to risk management and workmen's compensation claims of $930 thousand and health insurance accruals of $850 thousand along with increases to OPEB of $8.6 million and $6.4 million of pension obligation.

Fiscal Year 2017
A portion of the Authority's net position, $49.8 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 $6.6 million or 7.8 percent decrease in current and other assets in 2017 compared to the prior year is primarily attributable to a decrease in current assets and an increase in both the non-current restricted and designated cash and investments.

Capital assets, net, increased by $10.7 million or 12.4 percent over 2016. The change was the result of land purchases of $3.4 million, capital projects in progress increasing by $5.8 million and an increase of $1.5 million in depreciable assets primarily attributed to lower accumulated depreciation.

The Authority experienced an increase of $595 thousand or 4.2 percent in current and other liabilities from 2016. This increase was due to increases of $980 thousand in accounts payable, $195 thousand in accrued payroll liabilities, $320 thousand in other liabilities and $570 thousand in unearned revenue along with decreases of $1.2 million in compensated absences and $250 thousand for liability and property damage claims.

Noncurrent liabilities experienced a decrease of $198 thousand or .66 percent primarily due to decreases to risk management and workmen's compensation claims of $850 thousand and net pension liability of $540 thousand along with increases to OPEB of $800 thousand and compensated absences of $380 thousand.

Table 2 - Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2018, 2017 and 2016

	2018	2017	2016
Operating revenues:			
Passenger revenues	**$ 9,439,792**	$ 9,402,516	$ 10,791,229
Other	**358,490**	397,833	579,704
Total operating revenues	**9,798,282**	9,800,349	11,370,933
Nonoperating revenues:			
Investment income	**1,143,778**	700,457	723,393
Operating funding	**81,056,635**	78,363,634	78,500,066
Capital related grants and funding	**31,790,151**	14,379,078	5,240,796
Federal grant revenue received for subrecipients	**2,207,891**	1,471,999	1,048,062
Federal grant revenue received on behalf of others	**7,930,604**	1,778,585	-
Other	**1,897,960**	2,039,773	1,781,670
Total nonoperating revenue	**126,027,019**	98,733,526	87,293,987
Total revenue	**135,825,301**	108,533,875	98,664,920
Operating expenses:			
Transportation	**47,429,399**	48,461,292	48,735,235
Maintenance	**26,447,255**	20,269,269	21,799,363
Public liability and property damage claims	**737,827**	727,769	2,977,280
General and administrative	**20,222,826**	20,265,149	20,455,191
Depreciation and amortization	**11,989,264**	11,300,458	11,712,844
Total operating expenses	**106,826,571**	101,023,937	105,679,913
Nonoperating expenses:			
Debt service reimbursement to Jackson County	**1,401,972**	1,404,472	535,146
Federal funds passed through to subrecipients	**2,207,891**	1,471,999	1,048,062
Federal funds spent on behalf of others	**7,930,604**	1,778,585	-
Loss on disposal of assets	**175,605**	-	-
Other nonoperating expense	**-**	108,000	144,000
Total expenses	**118,542,643**	105,786,993	107,407,121
Change in net position	**17,282,658**	2,746,882	(8,742,201)
Net position, beginning of the year, as restated	**123,947,828**	129,880,745	138,622,946
Net position, end of year	**$ 141,230,486**	$ 132,627,627	$ 129,880,745

Revenues

Fiscal Year 2018 vs. 2017

In 2018, total revenue, which includes operating and non-operating revenues, increased by $27.3 million, or 25.1 percent when compared to 2017. Operating revenues for the fiscal year ended December 31, 2018, totaled $9.8 million which is virtually no change from 2017.

Non-operating revenues increased by $27.3 million or 25.1 percent from 2017 due to increases to investment income, operating funding, capital related grants funding and federal grant revenues. Favorable markets resulted in an increase of $440 thousand to investment income. Operating funding increased $2.7 million from 2017 primarily due to additional funding received from Kansas City, Missouri in 2018. Capital related grants funding increased by $17.4 million due to a large purchase of revenue vehicles and increase in capital projects in process. Federal grants revenues received for subrecipients and on behalf of others, which are passed on, increased by $6.8 million as the Authority has more Johnson County service expenses being recovered by KCATA as are Kansas City, Missouri expenses related to the Prospect MAX project.

Fiscal Year 2017 vs. 2016

In 2017, total revenue, which includes operating and non-operating revenues, increased by $9.9 million, or 10 percent when compared to 2016. Operating revenues for the fiscal year ended December 31, 2017, totaled $9.8 million and decreased by $1.6 million or 13.81 percent from 2016. Revenue from bus advertising decreased $182,000 or 31.4 percent from 2016. Passenger revenue, the Authority’s largest operating revenue source, reflected a decrease of $1.38 million or 12.8 percent from the previous year. The decrease is directly related to a 4.95 percent reduction in Fixed-Route ridership from 2016 to 2017 resulting in a $1.45 million loss of passenger revenue.

Non-operating revenues increased by $11.4 million or 13.1 percent from 2016 due to increased capital related grants funding and increases to federal grant revenues received for subrecipients. Capital related grants funding increased by $9.1 million due to a large purchase of revenue vehicles and increase in capital projects in process. Federal grants revenues received for subrecipients and on behalf of others, increased by $2.2 million as the Authority has expanded their management services to include the Lee’s Summit OATS program, increased management of Johnson County grants and initiated region-wide taxi programs support by federal grants.

Expenses

Fiscal Year 2018 vs. 2017

Total expenses in 2018 were $118.5 million, resulting in an increase of $12.8 million or 12.1 percent from 2017. Operating expenses were higher in 2018 as the result of $6 million of maintenance cost and non-operating expenses increased as the result of $6.8 million of expenses passed through to other subrecipients or on behalf of others.

Fiscal Year 2017 vs. 2016

Total expenses in 2017 were $105.8 million, resulting in a decrease of $1.6 million or 1.5 percent from 2016. Operating expenses were lower in 2017 as the result of 2016 initiatives that were either completed in 2016 or no longer in operation in 2017 such as the regional rebranding project to RideKC and the pilot program with Bridj for alternative service delivery. Also, the Authority generated additional savings from the continuation of the organizational restructure.

Table 3 - Schedules of Capital Assets
As of December 31, 2018, 2017 and 2016

	2018	2017	2016
Land	**$ 12,991,155**	$ 12,209,641	$ 8,672,679
Capital projects-in-progress	**16,615,132**	10,925,355	5,317,233
Building and improvements	**65,421,117**	65,698,717	64,900,882
Revenue equipment	**108,089,588**	92,402,521	92,851,101
Other equipment and structures	**62,417,123**	58,432,572	58,522,313
Other furniture and equipment	**5,424,165**	5,720,403	5,508,579
	270,958,280	245,389,209	235,772,787
Less accumulated depreciation	**149,627,058**	148,370,698	149,459,370
Net capital assets	**$ 121,331,222**	$ 97,018,511	$ 86,313,417

Capital Assets

Fiscal Year 2018 vs. 2017

The Authority's investment in capital assets is $121 million (net of accumulated depreciation) as of December 31, 2018. Investments in capital assets increased by $24.3 million or 25.1 percent over 2017 capital assets.

Capital projects-in-progress increased $5.7 million or 5.2 percent due to the Breen building renovations and the Prospect MAX project.

Revenue equipment increased by $15.7 million or 17 percent from 2017 related to the replacement of 38 revenue vehicles with new CNG revenue vehicles.

Accumulated depreciation increased $1.26 million or .8 percent as the result of depreciation expense incurred during 2018 less the depreciation associated with disposed assets. In 2018, depreciation related to facility and bus stop improvements increased $3.6 million as a result of remodeling and structural improvements performed in the Breen facility. This increase was offset by a decrease of $2.4 million of depreciation associated with revenue vehicles as the result of older, fully depreciated fleet remaining in service throughout most of 2018 before new CNG vehicles were placed into service later in the year.

Fiscal Year 2017 vs. 2016

The Authority's investment in capital assets is $97 million (net of accumulated depreciation) as of December 31, 2017. Investments in capital assets increased by $10.7 million or 12.4 percent over 2016 capital assets.

Capital projects-in-progress increased $5.6 million or 105.5 percent due to the elevator project in Building 1, improvements to the BRT lines, Breen building renovations, the Prospect MAX project, the radio system upgrade and the customer service software upgrade. Projects added in 2017 include renovations to the Breen building, the Prospect MAX project and the customer service software upgrade.

Revenue equipment decreased by $449 thousand or .48 percent from 2016 related to the replacement of twenty revenue vehicles with new CNG revenue vehicles.

Accumulated depreciation decreased $1.1 million or .73 percent as the result of depreciation expense incurred during 2017 less the depreciation associated with disposed assets. In 2017, twenty revenue vehicles were retired reducing accumulated depreciation by $11.6 million, which more than offset the 2017 accumulated depreciation of $6.4 million for revenue vehicles, a net decrease of $5.2 million. There was also $4.1 million of increases to accumulated depreciation related to building improvements and other equipment and structures which offsets all by $1.1 million of the decrease to revenue vehicles.

Economic Factors and Next Year's Operations

Economic conditions in the region continued to be strong through most of 2018 with some regression in the markets during December. However, there has been a rebound so far during 2019 and losses recognized at the end of 2018 have since been recovered. Unemployment rates in the region continue to be low however fuel prices have increased some during the past year. Due to locked in contract pricing, KCATA anticipates agency expenditures to be relatively flat unless there is a considerable increase to prices during 2019. KCATA ridership continued to trend downward during 2018. Traditionally, strong economies result in ridership loss as individuals can afford their own vehicles or are willing to pay for more efficient and convenient modes of transportation such as the non-traditional transportation alternatives that continue to rise in popularity. As a result of this ridership loss, passenger revenues continue to decline. KCATA did receive additional ½-cent sales tax funding in 2018 from Kansas City, Missouri as a result of a reimbursement of funding set aside for a real estate purchase in a prior year. The City of Kansas City, Missouri, provides 53 percent of the funds required for transit and para-transit service through the Public Mass Transit Fund (1/2-cent sales tax) and 3/8-cent sales tax. Anticipated sales tax revenues for 2019 are expected to increase by 1.5% in 2019 based on discussions with the City. The state of Missouri's fiscal year 2017/18 funding received for transit operating assistance was $333,092 however the budgeted amount for 2018/19 funding is set at $329,054.

The federal fiscal year begins on October 1 and ends September 30. On December 4, 2015, the sitting President signed into law the Fixing America's Surface Transportation Act (FAST Act) that was effective as of October 1, 2015. The FAST Act authorized transit programs for five years (FFY 2016 through FFY 2020) and the Authority is now in the fourth year of funding under this Act. Government operations are currently operating under a recently passed bill that continues funding for transit operations through September 2019.

Throughout 2018, the Authority has provided support to their regional partners by working with them on innovative services to test alternative modes of public transportation. Currently, Johnson County is providing an on-demand curb-to-curb pilot program transporting multiple passengers using taxi service scheduled through an application. The pilot blends several initiatives, some of which were piloted by KCATA, incorporating lessons learned during the KCATA experience to maximize the potential for success. The program is growing, and the expectation is the service will continue in 2020. A redesign of existing KCATA services will be undertaken in 2019 to identify system efficiencies and seek opportunities to redefine service delivery. Changes implemented as a result of the redesign should generate savings to assist the agency with developing and maintaining a sustainable financial plan. The RideKC Freedom-on-Demand program was developed in 2018 as was expanded into Johnson County. The program had been very successful in both areas and is being marketed to other communities currently as it allows more scheduling alternatives for the public through the use of a mobile app. Also implemented in 2018 was the mobile ticketing application that lets riders purchase a virtual pass using a mobile device eliminating the need to use cash and the City of Lee's Summit to oversee transportation services for their communities. In 2019, the Authority will be relying on the results of the service redesign to make decisions impacting the long-term viability of the system while continuing to improve on current initiatives such as the alternative fare media. KCATA will be implementing ticket vending machines (TVM) in the first half of 2019 as a pilot program before rolling out the Prospect MAX service in late 2019 which incorporate TVMs throughout the corridor. Also, KCATA will continue in its pursuit of economic development opportunities as a way to diversify the business model and establish revenue streams for the future to ensure the long-term sustainability of the operation to provide reliable regional transportation services of the highest quality.

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 Director 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, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and investments	$ 710,639	$ 2,149,856
Accounts receivable	362,978	689,943
Due from other governments:		
Local governments	3,289,329	2,554,493
State governments	447,360	343,504
Federal government	6,920,457	1,929,437
Materials and supplies	1,594,882	1,738,501
Prepaid expenses and other assets	1,147,933	1,190,625
Designated cash and investments	2,961,870	2,806,291
Total current assets	17,435,448	13,402,650
Noncurrent assets:		
Restricted cash and investments	43,446,962	49,797,963
Designated cash and investments	21,789,193	14,221,984
Capital assets:		
Land and other nondepreciable assets	29,606,287	23,134,996
Other depreciable capital assets, net of depreciation	91,724,935	73,883,515
Total noncurrent assets	186,567,377	161,038,458
Total assets	204,002,825	174,441,108
Deferred outflows of resources, pension related amounts	9,959,259	6,289,115

See notes to basic financial statements.

	2018	2017
Liabilities		
Current liabilities:		
Accounts payable	**$ 6,731,556**	$ 4,453,024
Accrued liabilities:		
Payroll and benefits	**1,799,053**	2,687,755
Compensated absences	**3,545,081**	3,225,211
Other	**58,345**	326,355
Liabilities payable from designated assets:		
Public liability and property damage claims	**1,439,196**	1,439,979
Workers' compensation claims	**1,522,674**	1,366,312
Unearned revenue	**8,877,110**	1,205,151
Due to other governments	**2,492,749**	-
Total current liabilities	**26,465,764**	14,703,787
Noncurrent liabilities:		
Liabilities payable from designated assets:		
Public liability and property damage claims	**659,767**	1,171,105
Workers' compensation claims	**1,028,805**	1,605,163
Total other postemployment benefits liability	**12,857,805**	4,264,597
Net pension liability	**27,478,442**	21,056,543
Compensated absences	**1,261,513**	1,859,299
Total noncurrent liabilities	**43,286,332**	29,956,707
Total liabilities	**69,752,096**	44,660,494
Deferred inflows of resources:		
Deferred inflows of resources, OPEB related amounts	**602,734**	-
Deferred inflows of resources, pension related amounts	**2,376,768**	3,442,102
Total deferred inflows of resources	**2,979,502**	3,442,102
Net position		
Investment in capital assets	**121,331,222**	97,018,511
Restricted for capital and operating purposes	**43,446,962**	49,797,963
Unrestricted	**(23,547,698)**	(14,188,847)
Total net position	**$ 141,230,486**	$ 132,627,627

Kansas City Area Transportation Authority

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2018 and 2017

	2018	2017
Operating revenues:		
Passenger	**$ 9,437,354**	$ 9,402,016
Charter and stadium express	**2,438**	500
Advertising	**358,490**	397,833
Total operating revenues	**9,798,282**	9,800,349
Operating expenses:		
Transportation	**47,429,399**	48,461,292
Maintenance	**26,447,255**	20,269,269
Public liability and property damage claims	**737,827**	727,769
General and administrative	**20,222,826**	20,265,149
Depreciation	**11,989,264**	11,300,458
Total operating expenses	**106,826,571**	101,023,937
Operating loss	**(97,028,289)**	(91,223,588)
Nonoperating revenues (expenses):		
Grants and funding used for operations:		
Local governments	**67,593,420**	67,381,624
State government	**410,284**	662,541
Federal government	**13,052,931**	10,319,469
Federal grant revenue received for subrecipients	**2,207,891**	1,471,999
Federal funds passed through to subrecipients	**(2,207,891)**	(1,471,999)
Federal grant revenue, received on behalf of others	**7,930,604**	1,778,585
Federal funds spent on behalf of others	**(7,930,604)**	(1,778,585)
Investment income	**1,143,778**	700,457
Debt service reimbursement to Jackson County	**(1,401,972)**	(1,404,472)
Gain (loss) on disposition of capital assets	**(175,605)**	153,827
Rental and other nonoperating income	**1,897,960**	1,885,946
Other nonoperating expense	**-**	(108,000)
Total net nonoperating revenues	**82,520,796**	79,591,392
Decrease in net position before capital funding	**(14,507,493)**	(11,632,196)
Capital related grants and funding	**31,790,151**	14,379,078
Change in net position	**17,282,658**	2,746,882
Net position, beginning of year, as restated	**123,947,828**	129,880,745
Net position, end of year	**$ 141,230,486**	$ 132,627,627

See notes to basic financial statements.

Kansas City Area Transportation Authority

Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from passengers and advertisers	**$ 17,797,206**	$ 11,280,831
Payments for payroll and related fringe benefits	**(57,587,094)**	(53,702,686)
Payments to suppliers for goods and services	**(34,623,498)**	(35,689,659)
Net cash used in operating activities	**(74,413,386)**	(78,111,514)
Cash flows from noncapital financing activities:		
Grants and other funding used for operations	**75,226,923**	75,580,027
Funding used for debt service payments	**1,401,972**	1,404,472
Debt service payments to Jackson County	**(1,401,972)**	(1,404,472)
Other nonoperating expense	**-**	(108,000)
Net cash provided by noncapital financing activities	**75,226,923**	75,472,027
Cash flows from capital and related financing activities:		
Purchases of capital assets	**(34,319,939)**	(21,167,286)
Proceeds from sale of capital assets	**9,055**	153,827
Capital grants and funding	**31,790,151**	14,379,078
Net cash used in capital and related financing activities	**(2,520,733)**	(6,634,381)
Cash flows from investing activities:		
Interest received	**906,846**	924,547
Purchases of investments	**(27,810,361)**	(15,575,179)
Sales and maturities of investments	**26,364,099**	20,641,744
Rental and other receipts	**495,988**	481,474
Net cash provided by (used in) investing activities	**(43,428)**	6,472,586
Net (decrease) in cash and cash equivalents	**(1,750,624)**	(2,801,282)
Cash and cash equivalents at beginning of year	**6,168,893**	8,970,175
Cash and cash equivalents at end of year	**$ 4,418,269**	$ 6,168,893

(Continued)

Kansas City Area Transportation Authority

Statements of Cash Flows (Continued)
Years Ended December 31, 2018 and 2017

	2018	2017
Reconciliation of operating loss to net cash (used in) operating activities:		
Operating loss	**$ (97,028,289)**	$ (91,223,588)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	**11,989,264**	11,300,458
Changes in assets and liabilities:		
Decrease in accounts receivable	**326,965**	907,636
Decrease in materials and supplies and prepaid expenses	**186,311**	351,285
Increase (decrease) in accounts payable and accrued liabilities	**(1,322,792)**	635,345
Increase in unearned revenue	**7,671,959**	572,846
(Decrease) in self-insurance liabilities payable	**(932,117)**	(1,114,115)
Increase in due to other governments	**2,492,749**	-
Increase in OPEB related amounts	**516,143**	-
Increase in pension related amounts	**1,686,421**	458,619
Net cash used in operating activities	**$ (74,413,386)**	$ (78,111,514)
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and investments	**$ 710,639**	$ 2,149,856
Restricted cash and investments	**43,446,962**	49,797,963
Designated cash and investments	**24,751,063**	17,028,275
Total cash and investments	**$ 68,908,664**	$ 68,976,094
Reconciliation of cash and cash equivalents to specific assets on the statement of net position:		
Cash and investments	**$ 68,908,664**	$ 68,976,094
Less investments not meeting the definition of cash equivalents	**64,490,395**	62,807,201
Cash and cash equivalents at end of year	**$ 4,418,269**	$ 6,168,893
Supplemental schedules of noncash items:		
Noncash investing activities, increase (decrease) in fair value of investments	**$ 236,932**	$ (224,090)
Noncash capital and related financing activities, capital assets acquired through accounts payable	**$ 2,166,696**	$ 838,266

See notes to basic financial statements.

Kansas City Area Transportation Authority
Pension Trust Fund

Statements of Fiduciary Net Position—Pension Plan
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	**$ 3,803**	$ -
Investments:		
Common stock	**5,597,995**	6,881,708
Equity funds	**6,312,840**	6,942,554
U.S. agencies	**537,497**	601,888
Debt funds	**595,174**	585,775
Corporate bonds	**1,758,585**	1,889,024
U.S. treasury	**1,516,424**	1,231,539
Municipal bonds	**49,993**	50,472
Money market	**767,016**	170,496
Total investments	**17,135,524**	18,353,456
Accrued interest and dividends	**91,154**	33,844
Total assets	**17,230,481**	18,387,300
Liabilities		
Accrued administrative expenses	**23,141**	20,095
Fiduciary net position restricted for pension benefits held in trust	**$ 17,207,340**	$ 18,367,205

See notes to basic financial statements.

Kansas City Area Transportation Authority
Pension Trust Fund

Statements of Changes in Fiduciary Net Position—Pension Plan
Years Ended December 31, 2018 and 2017

	2018	2017
Additions:		
Employer contributions	**$ 1,312,552**	$ 1,256,289
Transfer from the Kansas City Area Transportation Authority Union Employees' Funded Pension Plan	**47,189**	181,749
Investment income (loss):		
Net appreciation (depreciation) of fair value of investments, net of investment expense	**(1,837,148)**	2,208,832
Interest and dividends	**726,517**	349,792
Net investment income (loss)	**(1,110,631)**	2,558,624
Total additions	**249,110**	3,996,662
Deductions:		
Benefits paid to participants	**1,334,736**	2,045,437
Administrative expenses	**74,239**	70,560
Total deductions	**1,408,975**	2,115,997
Net increase (decrease)	**(1,159,865)**	1,880,665
Net position held in trust for pension benefits:		
Beginning of year	**18,367,205**	16,486,540
End of year	**$ 17,207,340**	$ 18,367,205

See notes to basic financial statements.

Note 1. Nature of Operations, Reporting Entity, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies

Nature of operations: 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 representing Johnson and Leavenworth counties are appointed by their respective County Commissions (2) and the Commissioners representing the Wyandotte County jurisdiction are appointed by the City Commissioners 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).

Reporting entity: 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.

Measurement focus and 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) as applied to business-type activities. 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 in its basic financial statements. 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. 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.

Note 1. Nature of Operations, Reporting Entity, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Summary of significant accounting policies:

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 acquisition 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 are expensed as incurred.

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

Investments: The Authority's investments are reported at fair value. Fair value is 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. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. See Note 2 for additional information regarding fair value measures.

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. Salaried employees hired after June 2016 are not eligible for sick pay benefit at the time of retirement.

Note 1. Nature of Operations, Reporting Entity, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Pensions: Measurement of the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Salaried Employees Pension Plan and Union Employees Pension Plan and additions to/deductions from these fiduciary net positions has been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows of resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense.

Deferred inflows of resources: Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include pension related amounts not yet recognized against pension expense and OPEB expense.

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 amounts reported on the financial statements and accompanying notes. 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.

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

Unearned revenues: Unearned revenues consist of passenger ridership revenue that has not yet been earned. The Authority recognizes this revenue once it has been earned. Unearned revenues also primarily consist of revenue from other governmental agencies, for which all eligibility requirements have not yet been satisfied. The Authority recognizes this revenue once those requirements have been met.

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, Operating Account and 3/8-cent Transit Sales Tax Account. As of December 31, 2018, 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:							
U.S. agencies	$ 1,161,750	$ -	$ 319,825	$ 642,463	$ 199,462	Aaa	AA+
U.S. treasury notes	3,315,036	123,528	392,524	1,568,396	1,230,588	N/A	N/A
Taxable municipal bonds	90,567	-	-	-	90,567	NR	AA+
Mutual funds	17,952	17,952	-	-	-	N/A	N/A
Corporate bonds	2,018,393	148,022	665,690	861,611	343,070	A	A
Corporate bonds	447,475	-	98,345	251,480	97,650	Aa	A
Corporate bonds	309,546	309,546	-	-	-	NR	A
Corporate bonds	362,996	362,996	-	-	-	A	AA
Corporate bonds	751,987	208,402	98,683	343,819	101,083	Aa	AA
Corporate bonds	58,954	-	58,954	-	-	A3	BBB+
Corporate bonds	63,581	-	-	-	63,581	Baa1	BBB+
Accrued interest (at cost)	43,298	-	-	-	-	N/A	N/A
Total self-insurance account	$ 8,641,535	$ 1,170,446	$ 1,634,021	$ 3,667,769	$ 2,126,001		
Operating account:							
U.S. agencies	$ 3,408,186	$ 1,070,656	$ 467,092	$ 1,870,438	$ -	Aaa	AA+
U.S. treasury notes	11,937,289	5,965,765	2,246,297	2,630,529	1,094,698	N/A	N/A
Mutual funds	1,475,316	1,475,316	-	-	-	N/A	N/A
Accrued interest (at cost)	52,086	-	-	-	-	N/A	N/A
Total operating account	$ 16,872,877	$ 8,511,737	$ 2,713,389	$ 4,500,967	$ 1,094,698		
3/8-cent transit sales tax account:							
U.S. agencies	$ 3,898,924	$ 1,341,619	$ 467,372	$ 1,790,740	$ 299,193	Aaa	AA+
U.S. treasury notes	13,630,501	2,579,866	740,750	8,116,161	2,193,724	N/A	N/A
Mutual funds	953,432	953,432	-	-	-	N/A	N/A
Accrued interest (at cost)	76,926	-	-	-	-	N/A	N/A
Total 3/8-cent transit sales tax account	$ 18,559,783	$ 4,874,917	$ 1,208,122	$ 9,906,901	$ 2,492,917		
Capital account:							
U.S. agencies	$ 2,991,506	$ -	$ 294,999	$ 2,098,121	$ 598,386	Aaa	AA+
U.S. treasury notes	10,163,693	-	367,991	7,345,232	2,450,470	N/A	N/A
Taxable municipal bonds	320,229	-	320,229	-	-	NR	AA
Taxable municipal bonds	126,744	-	-	-	126,744	Aa1	AA+
Taxable municipal bonds	276,733	-	-	-	276,733	Aa2	AA-
Taxable municipal bonds	230,017	-	-	-	230,017	Aa2	AA+
Mortgage	178,871	-	-	-	178,871	NR	NR
Mutual funds	54,138	54,138	-	-	-	N/A	N/A
Corporate bonds	5,358,958	296,043	1,258,804	1,931,936	1,872,175	A	A
Corporate bonds	839,465	-	295,035	251,480	292,950	Aa	A
Corporate bonds	218,027	218,027	-	-	-	A	AA
Corporate bonds	1,626,317	-	444,987	878,082	303,248	Aa	AA
Corporate bonds	196,514	-	196,514	-	-	A3	BBB+
Corporate bonds	220,092	-	-	-	220,092	Baa1	BBB+
Accrued interest (at cost)	115,734	-	-	-	-	N/A	N/A
Total capital account	$ 22,917,038	$ 568,208	$ 3,178,559	$ 12,504,851	$ 6,549,686		

Note 2. Cash and Investments (Continued)

As of December 31, 2017, 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:							
U.S. agencies	$ 1,192,906	$ 377,590	$ -	$ 815,316	$ -	Aaa	AA+
U.S. treasury notes	3,858,431	1,746,582	793,667	1,318,182	-	N/A	N/A
Mortgage	4,880	4,880	-	-	-	NR	AA+
Mutual funds	396,504	396,504	-	-	-	N/A	N/A
Corporate bonds	1,584,616	654,987	459,124	470,505	-	Aa	AA
Corporate bonds	524,897	214,942	163,579	146,376	-	Aa	A
Corporate bonds	363,593	-	363,593	-	-	A	AA
Corporate bonds	2,587,802	499,320	708,687	1,379,795	-	A	A
Accrued interest (at cost)	37,449	-	-	-	-	N/A	N/A
Total self-insurance account	$ 10,551,078	$ 3,894,805	$ 2,488,650	$ 4,130,174	$ -		
Operating account:							
U.S. agencies	$ 3,289,808	$ -	$ 1,373,454	$ 1,916,354	$ -	Aaa	AA+
U.S. treasury notes	4,470,041	199,500	1,094,285	3,176,256	-	N/A	N/A
Mutual funds	82,954	82,954	-	-	-	N/A	N/A
Accrued interest (at cost)	26,351	-	-	-	-	N/A	N/A
Total operating account	$ 7,869,154	$ 282,454	$ 2,467,739	$ 5,092,610	$ -		
3/8-cent transit sales tax account:							
U.S. agencies	$ 5,798,058	$ 2,996,295	$ 1,339,925	$ 1,461,838	$ -	Aaa	AA+
U.S. treasury notes	10,336,739	1,002,458	2,569,250	6,765,031	-	N/A	N/A
Mutual funds	308,371	308,371	-	-	-	N/A	N/A
Accrued interest (at cost)	62,838	-	-	-	-	N/A	N/A
Total 3/8-cent transit sales tax account	$ 16,506,006	$ 4,307,124	$ 3,909,175	$ 8,226,869	$ -		
Capital account:							
U.S. agencies	$ 5,281,363	$ 1,505,440	$ 1,150,976	$ 2,624,947	$ -	Aaa	AA+
U.S. treasury notes	10,806,923	1,695,983	3,169,846	5,941,094	-	N/A	N/A
Taxable municipal bonds	321,016	-	-	321,016	-	A2	AA+
Mortgage	206,943	-	-	206,943	-	NR	NR
Mutual funds	1,696,203	1,696,203	-	-	-	N/A	N/A
Corporate bonds	448,250	-	-	448,250	-	Aaa	AAA
Corporate bonds	2,184,796	799,734	548,913	836,149	-	Aa	AA
Corporate bonds	1,859,506	759,511	312,288	787,707	-	Aa	A
Corporate bonds	493,137	-	493,137	-	-	A	AA
Corporate bonds	6,943,394	1,128,815	1,171,130	4,643,449	-	A	A
Accrued interest (at cost)	124,401	-	-	-	-	N/A	N/A
Total capital account	$ 30,365,932	$ 7,585,686	$ 6,846,290	$ 15,809,555	$ -		

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. Mutual funds may be used for reserves.

Note 2. Cash and Investments (Continued)

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 a minimum of $2 million invested with a maximum average maturity of two years or less. 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, 2018 and 2017 ratings are listed in the above tables.

Concentration of credit risk: The Authority manages its concentration of credit risk by limiting the amount invested in GSE to 75 percent of its portfolio, with a maximum of 20 percent per issuer. The following investments were 5 percent or more of the Authority's investments as of December 31, 2018:

Federal Home Loan Bank Note	$	3,584,109	5%
Federal National Mortgage Association		5,020,447	8

The following investments were 5 percent or more of the Authority's investments as of December 31, 2017:

Federal Home Loan Bank Note	$	4,140,813	6%
Federal Home Loan Mortgage Corp.		3,629,119	6
Federal National Mortgage Association		5,589,925	9

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, 2018, none of the Authority's bank balances with financial institutions was uninsured and uncollateralized. As of December 31, 2018, the Authority had $64,490,395 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 $2,500,838 of investments in mutual funds not exposed to custodial credit risk.

Note 2. Cash and Investments (Continued)

As of December 31, 2017, none of the Authority's bank balances with financial institutions was uninsured and uncollateralized. As of December 31, 2017, the Authority had $62,807,201 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 $2,484,032 of investments in mutual funds not exposed to custodial credit risk.

Fair value measurements: The Authority categorizes it assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input: Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input: Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input: Inputs that are unobservable for the asset or liability which are typically based upon the City's own assumptions as there is little, if any, related market activity.

Hierarchy: The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs: If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

For the Authority, the following fair value techniques were utilized in measuring the fair value of its investments:

Corporate bonds: These investments are reported at fair value based on evaluation using market sources and integrating relative credit information, observed market movements, and sector news into the evaluated pricing applications and models.

U.S. treasury notes and mutual funds: These investments are reported at fair value based on quoted market prices obtained from exchanges.

U.S. Government agency securities and mortgage securities: U.S. Government securities are reported at fair value based on bullet (noncall) spread scale for each issuer for maturities going out to 40 years. These spreads represent credit risk and are obtained from the new issue market, secondary trading, and dealer quotes.

Municipal bonds: These investments are reported at fair value based on trades, bid price or spread, two-sided markets, quotes, benchmark curves, including but not limited to, treasury benchmarks and LIBOR and swap curves, market data feeds such as MSRB, financial statements, discount rate, capital rates and trustee reports.

An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. Final spreads are added to a U.S. Treasury curve. A cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes.

Note 2. Cash and Investments (Continued)

The Authority has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

	Fair Value at December 31, 2018	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level securities:				
U.S. agencies	$ 11,460,366	$ -	$ 11,460,366	$ -
U.S. treasury notes	39,046,519	39,046,519	-	-
Mortgage	178,871	-	178,871	-
Taxable municipal bonds	1,044,290	-	1,044,290	-
Corporate bonds	12,472,305	-	12,472,305	-
Mutual funds	2,500,838	2,500,838	-	-
Total securities	$ 66,703,189	$ 41,547,357	$ 25,155,832	$ -

	Fair Value at December 31, 2017	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level securities:				
U.S. agencies	$ 15,562,135	$ -	$ 15,562,135	$ -
U.S. treasury notes	29,472,134	29,472,134	-	-
Mortgage	211,823	-	211,823	-
Taxable municipal bonds	321,016	-	321,016	-
Corporate bonds	16,989,991	-	16,989,991	-
Mutual funds	2,484,032	2,484,032	-	-
Total securities	$ 65,041,131	$ 31,956,166	$ 33,084,965	$ -

Pension trust fund: 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.

Investment valuation and income recognition: Investments are recorded at fair value, except for money market funds, which are recorded at amortized cost. Fair value is 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.

All investments of the Plan are invested in common stocks, U.S. agencies, U.S. treasuries, 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.

Note 2. Cash and Investments (Continued)

As of December 31, 2018 and 2017, 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 corporate bonds are presented separately.

	2018			2017		
Investment Type	Balance	Moody's Rating	Standard & Poor's Rating	Balance	Moody's Rating	Standard & Poor's Rating
Common Stock	$ 5,597,995	N/A	N/A	$ 6,881,708	N/A	N/A
Mutual Funds:						
Equity Funds:						
Vanguard Developed Markets	1,152,825	N/A	N/A	1,347,629	N/A	N/A
Vanguard Institutional Index	1,174,536	N/A	N/A	1,085,334	N/A	N/A
Other equity funds	3,985,479	N/A	N/A	4,509,591	N/A	N/A
	6,312,840			6,942,554		
Debt Funds	595,174	Not Rated	Not Rated	585,775	Not Rated	Not Rated
Corporate Bonds:						
AFLAC Inc	-	-	-	100,082	A3	A-
Altria Group Inc	51,102	A3	BBB	53,619	A3	A-
American Express Co	-	-	-	124,854	A3	BBB+
Ameriprise	128,179	A3	A	132,596	A3	A
Anheuser Busch Inbev Worldwide Inc	-	-	-	132,014	A3	A-
Apple Inc	98,886	Aa1	AA+	100,731	Aa1	AA+
BB&T Corporation	29,791	A2	A-	30,099	A2	A-
BP Cap Mkts P L C Gtd NT	-	-	-	99,847	A1	A-
Bank America Corp	122,896	A2	A-	-	-	-
Carnival Corp Sr NT	101,289	A3	A-	104,401	A3	A-
Disney Walt Co Mtns	-	-	-	99,334	A2	A+
Goldman Sachs Group Inc Medium Term	157,482	A3	BBB+	165,285	A3	BBB+
GNMA Pass-thru X Platinum	21,677	Aaa	AA+	-	-	-
Home Depot Inc	102,985	A2	A	106,200	A2	A
JPMorgan Chase & Co Sr	73,907	A2	A-	129,328	A3	A-
JPMorgan Chase & Co	51,058	A2	A-	-	-	-
Lilly Eli & Co Nt	98,209	A2	A+	99,722	A2	AA-
Microsoft Corp NT	102,976	Aaa	AAA	105,356	Aaa	AAA
Pepsico Inc Sr	100,041	A1	A+	102,396	A1	A+
Salesforce	125,642	A3	A-	-	-	-
US Bancorp Mtns BK Ent	123,101	A1	A+	125,718	A1	A+
Walmart	97,493	Aa2	AA	-	-	-
Walt Disney Co	97,121	A2	A+	-	-	-
Wells Fargo & Co New Medium Term Sr	74,750	A2	A-	77,442	A2	A-
	1,758,585			1,889,024		
U.S. Agencies:						
Federal Home Loan	227,175	Aaa	AA+	485,863	Aaa	AA+
Federal Home Loan Mortgage Corporation	241,118	Aaa	AA+	-	-	-
Federal National Mortgage Association	40,316	Aaa	AA+	54,318	Aaa	AA+
Government National Mortgage Association	28,888	Aaa	AA+	61,707	Aaa	AA+
	537,497			601,888		
U.S. Treasury	1,516,424	NA	NA	1,231,539	NA	NA
Municipal Bonds	49,993	A1	AA	50,472	A1	AA
Federated Funds Group Governement Obligations	767,016	NA	NA	170,496	NA	NA
	$ 17,135,524			$ 18,353,456		

Note 2. Cash and Investments (Continued)

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.

	December 31, 2018					
		Investment Maturities (in Years)				
Security Description	Balance	Less Than 1	1-5	6-10	Greater Than 10	Fair Value Hierarchy
Investments reported at fair value:						
Common stock	$ 5,597,995	$ -	$ -	$ -	$ -	1
Mutual funds:						
Equity funds	6,312,840	-	-	-	-	1
Debt funds	595,174	-	-	-	-	1
Corporate bonds	1,758,585	-	1,758,585	-	-	2
U.S. agencies	537,497	-	414,374	81,204	41,919	2
Municipal bonds	49,993	-	49,993	-	-	2
U.S. Treasury	1,516,424	-	1,260,945	255,479	-	1
Investments reported at amortized cost:						
Money market fund	767,016	-	-	-	-	N/A
	$ 17,135,524	$ -	$ 3,483,897	$ 336,683	$ 41,919	

	December 31, 2017					
		Investment Maturities (in Years)				
Security Description	Balance	Less Than 1	1-5	6-10	Greater Than 10	Fair Value Hierarchy
Investments reported at fair value:						
Common stock	$ 6,881,708	$ -	$ -	$ -	$ -	1
Mutual funds:						
Equity funds	6,942,554	-	-	-	-	1
Debt funds	585,775	-	-	-	-	1
Corporate bonds	1,889,024	224,701	1,664,323	-	-	2
U.S. agencies	601,888	197	420,741	132,270	48,680	2
Municipal bonds	50,472	-	50,472	-	-	2
U.S. Treasury	1,231,539	417,738	393,613	420,188	-	1
Investments reported at amortized cost:						
Money market fund	170,496	-	-	-	-	N/A
	$ 18,353,456	$ 642,636	$ 2,529,149	$ 552,458	$ 48,680	

Note 2. Cash and Investments (Continued)

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, 2018 and 2017 ratings are listed on the previous page. 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:

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

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.

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, 2018 and 2017, 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, 2018 and 2017 did not differ significantly from these at the respective year-ends in amounts or level of risk.

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.

Note 3. Grants and Operating Funding (Continued)

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, 2018 and 2017 were $59,055,152 and $59,385,547, respectively. Local operating funding for the years ended December 31, 2018 and 2017 was approximately 83 percent and 86 percent of the total operating grants and funding, respectively.

Federal operating funding is comprised of the following:

	2018	2017
Formula grants used for Fixed Transit operations	$ 10,110,939	$ 7,626,639
Formula grants used for RideKC Freedom operations	2,941,992	2,692,830
Totals	$ 13,052,931	$ 10,319,469

As of December 31, 2018 and 2017, amounts due from the federal government were as follows:

	2018	2017
Fixed Transit expenditures	$ 6,517,687	$ 1,657,511
RideKC Freedom expenditures	402,770	271,926
	$ 6,920,457	$ 1,929,437

Note 4. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2018 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land and rights-of-way	$ 12,209,641	$ 850,725	$ 69,211	$ 12,991,155
Capital projects in progress	10,925,355	37,234,933	31,545,156	16,615,132
Total capital assets not being depreciated	23,134,996	38,085,658	31,614,367	29,606,287
Capital assets being depreciated:				
Buildings and improvements	65,698,717	76,328	353,928	65,421,117
Revenue equipment	92,402,521	25,494,228	9,807,161	108,089,588
Other equipment and structures	58,432,572	4,089,279	104,728	62,417,123
Office furniture and equipment	5,720,403	286,298	582,536	5,424,165
Total capital assets being depreciated	222,254,213	29,946,133	10,848,353	241,351,993
Less accumulated depreciation for:				
Buildings and improvements	38,335,276	1,922,237	352,751	39,904,762
Revenue equipment	58,767,431	7,303,496	9,692,892	56,378,035
Other equipment and structures	46,047,077	2,485,983	104,728	48,428,332
Office furniture and equipment	5,220,914	277,548	582,533	4,915,929
Total accumulated depreciation	148,370,698	11,989,264	10,732,904	149,627,058
Total capital assets being depreciated, net	73,883,515	17,956,869	115,449	91,724,935
Total capital assets, net	$ 97,018,511	$ 56,042,527	$ 31,729,816	$ 121,331,222

Note 4. Capital Assets (Continued)

A summary of changes in capital assets for the year ended December 31, 2017 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land and rights-of-way	$ 8,813,771	$ 3,395,870	$ -	$ 12,209,641
Capital projects in progress	5,176,141	7,291,091	1,541,877	10,925,355
Total capital assets not being depreciated	13,989,912	10,686,961	1,541,877	23,134,996
Capital assets being depreciated:				
Buildings and improvements	64,900,882	797,835	-	65,698,717
Revenue equipment	92,851,101	11,197,918	11,646,498	92,402,521
Other equipment and structures	58,522,313	538,811	628,552	58,432,572
Office furniture and equipment	5,508,579	325,904	114,080	5,720,403
Total capital assets being depreciated	221,782,875	12,860,468	12,389,130	222,254,213
Less accumulated depreciation for:				
Buildings and improvements	36,372,623	1,962,653	-	38,335,276
Revenue equipment	64,000,694	6,413,235	11,646,498	58,767,431
Other equipment and structures	44,006,095	2,669,534	628,552	46,047,077
Office furniture and equipment	5,079,958	255,036	114,080	5,220,914
Total accumulated depreciation	149,459,370	11,300,458	12,389,130	148,370,698
Total capital assets being depreciated, net	72,323,505	1,560,010	-	73,883,515
Total capital assets, net	$ 86,313,417	$ 12,246,971	$ 1,541,877	$ 97,018,511

Note 5. Long-Term Liabilities

A summary of long-term liability transactions for the year ended December 31, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Compensated absences	$ 5,084,510	$ 3,180,827	$ 3,458,743	$ 4,806,594	$ 3,545,081
Self insurance claims	5,582,559	1,753,961	2,686,078	4,650,442	2,961,870
Total long-term liabilities	$ 10,667,069	$ 4,934,788	$ 6,144,821	$ 9,457,036	$ 6,506,951

A summary of long-term liability transactions for the year ended December 31, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Compensated absences	$ 5,910,290	$ 3,170,551	$ 3,996,331	$ 5,084,510	$ 3,225,211
Self insurance claims	6,696,674	1,187,635	2,301,750	5,582,559	2,806,291
Total long-term liabilities	$ 12,606,964	$ 4,358,186	$ 6,298,081	$ 10,667,069	$ 6,031,502

Note 6. Restrictions and Designations of Assets

The following is a summary of restrictions and designations of assets for the years ended December 31, 2018 and 2017:

	2018	2017
Restricted assets—cash and investments used for the purchase of capital assets and long-term operating purposes	$ 43,446,962	$ 49,797,963
Designated assets—cash and investments used for the payment of self insurance claims	7,878,186	9,159,120
Designated assets—cash and investments used for long-term operating liabilities	16,872,877	7,869,155
Total restricted and designated assets	$ 68,198,025	$ 66,826,238

Note 7. Pension Plans

Each qualified Authority employee is included in one of two pension plans depending on their status as union or salaried personnel. Each plan is administered by a separate board of trustees and the assets are held in custody by certain banks.

Plan information is as follows:

Below is a summary of amounts reported by the Authority as of and for the year ended December 31, 2018:

	Union Plan	Salaried Plan	Total
Net pension liability	$ (21,117,622)	$ (6,360,820)	$ (27,478,442)
Deferred outflows of resources	6,156,278	3,802,981	9,959,259
Deferred inflows of resources	(2,376,768)	-	(2,376,768)
Pension expense	3,619,548	1,929,522	5,549,070

Below is a summary of amounts reported by the Authority as of and for the year ended December 31, 2017:

	Union Plan	Salaried Plan	Total
Net pension liability	$ (17,111,536)	$ (3,945,007)	$ (21,056,543)
Deferred outflows of resources	3,678,104	2,611,011	6,289,115
Deferred inflows of resources	(2,835,229)	(606,873)	(3,442,102)
Pension expense	2,898,012	1,139,128	4,037,140

Union Employees' Funded Pension Plan:

Plan description: The Union Plan is a single-employer defined benefit pension plan covering full-time union employees who meet the eligibility requirements of being a permanent employee (members). The Plan is administered by the Union Employees' Funded Pension Committee appointed by the Board of Commissioners of the Kansas City Area Transportation Authority (the Authority) and Division 1287, Amalgamated Transit Union, AFL-CIO (the Union).

Note 7. Pension Plans (Continued)

Basis of accounting: The Union Plan's financial information is prepared on the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. The Authority's contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Administrative costs of the Union Plan are financed through investment earnings.

The following represents the Union Plan's membership as of January 1, 2018 and 2017:

	2018	2017
Active employees	493	525
Retirees and beneficiaries currently receiving benefits	230	226
Terminated employees entitled to benefits but not yet receiving them	6	7
	729	758

Contributions: Each active participant is required to contribute 3.75 percent of their eligible earnings less allowances or other amounts provided in the applicable labor agreement for each week of credited service.

The Authority is required to contribute, per the terms of the Union labor agreement, (1) 7.50 percent of eligible wages per active participant for each week of credited service and (2) an actuarially calculated recommended contribution amount covering the difference between the 7.50 percent and the calculation. The Authority is required to pay the higher of the 7.50 percent or the calculation.

Investments: 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
US Equities	34%	5.15%
Non-US Equities	23%	5.69%
Fixed Income	36%	1.48%
Alternatives	7%	4.67%

Common collective trusts 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.

Net pension liability: The total pension liability was determined using an actuarial valuation date of January 1, 2018 using generally accepted actuarial principals and methods. The Authority is utilizing December 31, 2018 as its measurement date for reporting its net pension liability and related deferred inflows/outflows in their financial statements. Standard update procedures were used to roll forward the total pension liability to December 31, 2018.

Note 7. Pension Plans (Continued)

A schedule of the Authority's changes in its net pension liability for the Union Plan for the years ended December 31, 2018 and 2017 is as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2016	$ 62,732,903	$ 45,209,557	$ 17,523,346
Changes for the year:			
Service cost	1,996,043	-	1,996,043
Interest on total pension liability	4,522,438	-	4,522,438
Changes in assumptions	2,868,379	-	2,868,379
Differences between expected and actual experience	(193,109)	-	(193,109)
Contributions- employer	-	2,322,232	(2,322,232)
Contributions- employee	-	1,172,264	(1,172,264)
Net investment income	-	6,655,989	(6,655,989)
Benefit payments	(4,957,070)	(4,957,070)	-
Administrative expense	-	(363,175)	363,175
Other changes	-	(181,749)	181,749
Net changes	4,236,681	4,648,491	(411,810)
Balances at December 31, 2017	66,969,584	49,858,048	17,111,536
Changes for the year:			
Service cost	2,109,637	-	2,109,637
Interest on total pension liability	4,556,580	-	4,556,580
Differences between expected and actual experience	(1,290,395)	-	(1,290,395)
Contributions- employer	-	2,550,097	(2,550,097)
Contributions- employee	-	1,223,924	(1,223,924)
Net investment loss	-	(1,983,833)	1,983,833
Benefit payments	(3,815,708)	(3,815,708)	-
Administrative expense	-	(375,704)	375,704
Other changes	-	(44,748)	44,748
Net changes	1,560,114	(2,445,972)	4,006,086
Balances at December 31, 2018	$ 68,529,698	$ 47,412,076	$ 21,117,622
Plan fiduciary net position as a percentage of the total pension liability	69.18%		

Actuarial assumptions: The total pension liability in the January 1, 2018 actuarial valuation was determined using mortality rates based on the RP-2014 Blue Collar Combined Mortality Table with improvement scale MP-2014. The actuary used a 7.00 percent long-term rate of return, and salary increases of 4.25 percent.

Discount rate: The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan contributions from both employees and the employer will be made at the current contribution rates as determined annually by the Pension Committee in effect on the measurement date: (a) employee contribution rate of 3.75 percent of annual compensation; (b) employer contribution rate of the greater of 7.5 percent or the actuarially determined amounts per the actuarial valuation report; and (c) administrative expenses in the prior year projected forward with inflation as an estimate for administrative expenses in the current and future years. 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 the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 7. Pension Plans (Continued)

Sensitivity of the Authority's net pension liability to changes in the discount rate: The following presents the Authority's net pension liability calculated using the discount rate of 7.0 percent for 2018 and 2017, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability—2018	$ 27,531,369	$ 21,117,622	$ 15,603,906

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability—2017	$ 23,545,782	$ 17,111,536	$ 11,579,001

Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions: For the years ended December 31, 2018 and 2017, the Authority recognized pension expense of $3,619,548 and $2,898,012, respectively. At December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Union Plan from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	$ -	$ (2,376,768)	$ -	$ (1,576,222)
Changes of assumptions	3,115,900	-	3,678,104	-
Net difference between projected and actual earnings on pension plan investments	3,040,378	-	-	(1,259,007)
Total deferred amounts to be recognized in pension expense in future periods	$ 6,156,278	$ (2,376,768)	$ 3,678,104	$ (2,835,229)

Note: Changes of assumptions—In the January 1, 2017 actuarial valuation, the discount rate was decreased from 7.5 percent to 7.0 percent, resulting in a $2,868,379 increase in the total pension liability.

Note 7. Pension Plans (Continued)

Deferred inflows and outflows of resources related to the difference between expected and actual plan experience and assumption changes are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The deferred outflows related to the difference between expected and actual investment earnings is being amortized over a closed 5-year period as of the beginning of the measurement period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31:		
2019	$	1,230,915
2020		438,836
2021		496,104
2022		1,163,946
2023		343,243
Thereafter		106,466
	$	3,779,510

Salaried Employees' Pension Plan:

Plan description: The Plan is a single-employer defined benefit pension plan covering full-time salaried employees who meet the eligibility requirement of one year of continuous employment as an Employee (or at least one year of continuous employment as an employee of the Authority with at least six consecutive months of such employment as an Employee). The Plan is administered by the Salaried Pension Committee appointed by the Board of Commissioners of the Kansas City Area Transportation Authority (the Authority.) The Plan is a pension trust fund of the Authority. The Plan allows employee rollover contributions from the Kansas City Area Transportation Authority Union Employees' Funded Pension Plan (Union Plan).

Basis of accounting: The Salaried Plan's financial information is prepared on the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. The Authority's contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Administrative costs of the Salaried Plan are financed through investment earnings.

The following represents the Salaried Plan's membership as of January 1, 2018 and 2017:

	2018	2017
Active employees	103	109
Retirees and beneficiaries currently receiving benefits	55	50
Terminated employees entitled to benefits but not yet receiving them	13	12
	171	171

Contributions: Employer contributions are subject to annual appropriation by the Authority. The only employee contributions allowed are rollovers from the Union Plan sponsored by the Authority. The Plan receives an annual actuarial valuation for the purpose of determining the recommended contribution rates.

Note 7. Pension Plans (Continued)

Investments: 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
Large Cap Domestic Equity	30%	5.40%
Mid Cap Domestic Equity	11%	5.40%
Small Cap Domestic Equity	8%	5.40%
International Equity	16%	5.60%
Fixed income	30%	1.55%
Other	2%	3.25%
Cash	3%	2.30%

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.

Rate of return: For the years ended December 31, 2018 and 2017, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was -6.05 percent and 15.68 percent, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability: The total pension liability was determined using an actuarial valuation date of January 1, 2018 using generally accepted actuarial principals and methods. The Authority is utilizing December 31, 2018 as its measurement date for reporting its net pension liability and related deferred inflows/outflows in their financial statements. Standard update procedures were used to roll forward the total pension liability to December 31, 2018.

Note 7. Pension Plans (Continued)

A schedule of the Authority's changes in its net pension liability for the Salaried Plan for the years ended December 31, 2018 and 2017 is as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2016	$ 20,555,598	$ 16,486,540	$ 4,069,058
Changes for the year:			
Service cost	554,860	-	554,860
Interest on total pension liability	1,466,353	-	1,466,353
Changes in assumptions	903,754	-	903,754
Differences between expected and actual experience	877,084	-	877,084
Contributions- employer	-	1,256,289	(1,256,289)
Net investment income	-	2,558,624	(2,558,624)
Benefit payments	(2,045,437)	(2,045,437)	-
Administrative expense	-	(70,560)	70,560
Other changes	-	181,749	(181,749)
Net changes	1,756,614	1,880,665	(124,051)
Balances at December 31, 2017	22,312,212	18,367,205	3,945,007
Changes for the year:			
Service cost	695,574	-	695,574
Interest on total pension liability	1,515,929	-	1,515,929
Differences between expected and actual experience	379,181	-	379,181
Contributions- employer	-	1,312,552	(1,312,552)
Net investment loss	-	(1,110,631)	1,110,631
Benefit payments	(1,334,736)	(1,334,736)	-
Administrative expense	-	(74,239)	74,239
Other changes	-	47,189	(47,189)
Net changes	1,255,948	(1,159,865)	2,415,813
Balances at December 31, 2018	$ 23,568,160	$ 17,207,340	$ 6,360,820
Plan fiduciary net position as a percentage of the total pension liability	73.01%		

Actuarial assumptions: The total pension liability in the January 1, 2018 actuarial valuation was determined using mortality rates based on the RP2014 total mortality table with 2014 intermediate assumption Social Security improvement scale. The actuary used a 7.0 percent long-term rate of return, and salary increases of 4.00 percent.

Discount rate: The discount rate used to measure the total pension liability was 7.0 percent. 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. The projection also assumed employee contributions were none, and administrative expenses for the current and future years were assumed to be $45,000, projected forward with price inflation. 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 the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 7. Pension Plans (Continued)

Sensitivity of the Authority's net pension liability to changes in the discount rate: The following presents the Authority's net pension liability calculated using the discount rate of 7.0 percent for 2018 and 2017, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability—2018	$ 8,419,153	$ 6,360,820	$ 4,575,148

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability—2017	$ 5,956,772	$ 3,945,007	$ 2,197,784

Pension expense and deferred outflows of resources related to pensions: For the years ended December 31, 2018 and 2017, the Authority recognized pension expense of $1,929,522 and $1,139,128, respectively. At December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Salaried Plan pension from the following sources:

	2018	2017	
	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual plan experience	$ 1,426,879	$ 1,391,140	$ -
Changes of assumptions	1,027,159	1,219,871	-
Net difference between projected and actual earnings on pension plan investments	1,348,943	-	(608,873)
Total deferred amounts to be recognized in pension expense in future periods	$ 3,802,981	$ 2,611,011	$ (608,873)

Note: Changes of assumptions—In the January 1, 2017 actuarial valuation, the long-term rate of return assumption was decreased from 7.5 percent to 7.0 percent, resulting in a $903,754 increase in the total pension liability.

Note 7. Pension Plans (Continued)

Deferred outflows of resources related to the difference between expected and actual plan experience and assumption changes are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The deferred outflows related to the difference between expected and actual investment earnings is being amortized over a closed 5-year period as of the beginning of the measurement period. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31:		
2019	$	974,977
2020		759,390
2021		744,107
2022		866,660
2023		387,726
Thereafter		70,121
	$	3,802,981

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.

Note 8. Other Postemployment Benefits (OPEB)

As a result of the adoption of GASB Statement No. 75, the beginning net position of the business-type activities was restated. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The net OPEB obligation recorded in accordance with GASB Statement No. 45 was removed and the total OPEB liability was recorded in accordance with GASB Statement No. 75. The effect on the beginning net position is as follows:

Net position January 1, 2018, as previouly reported	$ 132,627,627
Total OPEB liability	(12,944,396)
Removal of net OPEB obligation	4,264,597
Net position January 1, 2018, as restated	$ 123,947,828

The financial statement amounts for fiscal year 2017 OPEB obligation, OPEB expense and deferred inflows/outflows of resources were not restated because this information was not available.

Plan description: The Authority's defined benefit OPEB plan, a single-employer health care plan, provides the same medical and pharmacy benefits to active employees as it does to eligible early retirees and their spouses. The plan is administered by the Authority and the Authority has the authority to establish or amend the plan provisions or contribution requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

Benefits provided: 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.

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

Contributions: 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.

Employees covered by benefit terms: At January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	360
Inactive employees entitled to but not yet receiving benefits	-
Active employees	698
	1,058

Total OPEB liability: The Authority's total OPEB liability of $12,857,805 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2018. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2018.

Actuarial methods and assumptions: The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.5%
Discount rate	4.10%–measurement date 3.44%–year preceding measurement date
Health care cost trend rates	7.87% decreasing to 5.0%
Retirees' share of benefit-related costs	10%
Mortality rates	SOA RP-2014 Total Dataset Mortality with Scale MP-2017

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of December, 2017	$ 12,944,396
Changes for the year:	
Service cost	849,282
Interest	433,714
Changes in assumptions or other inputs	(688,874)
Difference between actual and expected experience	(7,871)
Contributions and payments made	(672,842)
Net changes	(86,591)
Balance as of December 31, 2018	$ 12,857,805

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

Note: Changes of assumptions—The discount rate was changed from 3.44 percent at the beginning of the year to 4.10 percent at the end of the year, the actuarial method changed from *Projected Unit Credit* to *Entry-Age-Normal as a Percentage of Salary*, mortality assumption changed from RP-2000 Projected 10 Years using Projected Scale AA to SOA RP-2014 Total Dataset Mortality with Scale MP-2017, and the medical trend rate was updated to reflect actual experience. This resulted in a $688,874 decrease in the total OPEB liability.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's approximate total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10 percent) or 1-percentage-point higher (5.10 percent) than the current discount rate:

	1% Decrease 3.10%	Discount Rate 4.10%	1% Increase 5.10%
Total OPEB liability	$ 13,823,242	$ 12,857,805	$ 11,983,626

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.87 percent decreasing to 4 percent) or 1-percentage-point higher (8.87 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	(6.87% Decreasing to 4.00%)	Health Care Cost Trend Rates (7.87% Decreasing to 5.00%)	(8.87% Decreasing to 6.00%)
Total OPEB liability	$ 11,518,608	$ 12,857,805	$ 14,441,389

OPEB expense and deferred inflows of resources related to OPEB: For the year ended December 31, 2018, the Authority recognized OPEB expense of $1,188,985. At December 31, 2018, the Authority reported and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,809
Changes of assumptions or other inputs	595,925
	$ 602,734

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

Amounts reported as the deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average remaining service lives of plan participants (actives and retirees) as follows:

Years ending December 31:		
2019	$	94,011
2020		94,011
2021		94,011
2022		94,011
Thereafter		226,690
	$	602,734

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 $2,000,000 per occurrence 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 2018 and 2017 are as follows:

		2018		2017
Beginning balance	$	5,582,559	$	6,696,674
Claims expense		1,753,961		1,187,635
Claims payments and adjustments		(2,686,078)		(2,301,750)
Ending balance	$	4,650,442	$	5,582,559

The Authority has established a Board-designated cash and investment 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 $7,878,186 and $9,159,120 as of December 31, 2018 and 2017, respectively.

In addition to these designated assets, the Authority maintains a letter of credit, which has been renewed through 2019, as collateral for the payment of self-insurance claims. As of December 31, 2018 and 2017, the amount available to the Authority on this letter of credit was $1,372,000 and $1,304,000, respectively. There were no draws on the letter of credit in fiscal years 2018 and 2017.

The excess of designated assets available for payment of these claims over the recorded liability was $3,227,744 and $3,576,561 as of December 31, 2018 and 2017, respectively.

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 investments 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, 2018:

The Authority has committed to purchase the following:

1) $24,487,690 in construction projects;
2) $12,605,129 for property/casualty insurance and employee health insurance/benefits;
3) $176,103 legal services;
4) $11,735,051 miscellaneous materials;
5) $3,941,921 in services;
6) $589,277 in Software subscriptions and annual maintenance agreements; and
7) $978,569 for equipment,

KCATA's legal services and A&E Professional Services are procured on an "as needed" basis with an annual "not to exceed" contract amount.

Rock Island Railroad Corridor Project: The Authority and Jackson County, Missouri have forged a partnership for the acquisition and public use of the 17.7 mile railroad corridor running from near the Truman Sports Complex through Raytown and into Lee's Summit into southern Jackson County (the County).

Jackson County will be constructing a shared use pathway for walking/biking for transportation purposes. The Authority will study the appropriate future transit option for the corridor as well as TOD (Transit Oriented Development) opportunities for economic development at key location along the corridor.

The Rock Island Corridor was purchased from Union Pacific for $52 million by the County in partnership with the Authority with annual debt service for the cost of acquisition funded on 50/50 basis. The funding agreement requires the Authority to reimburse the County for 50 percent of the annual debt service payment of approximately $1.4 million each year for 30 years through 2046.

Note 11. Commitments and Contingencies (Continued)

Key dates for the project:

- September 2015 the Authority and the County enter into a Cooperative Agreement for funding the purchase of Rock Island.
- April 2016 Jackson Legislature approves issuance of Bonds to purchase the Corridor.
- May 2016 Jackson County closes the purchase transaction.
- January 2017 the County and the Authority enter a Cooperative Agreement for the Maintenance and Operations of the RIRR Corridor.

Under Section 8 of the Cooperative Agreement approved by the Authority Board on September 30, 2015:

The Authority retains the exclusive right to purchase the rail corridor ROW excluding the Trail for purposes of constructing and operating a Multi-Modal Corridor Project. Should County bonds issued for the purchase be outstanding at the time purchase occurs, the Authority will assume responsibility of that outstanding debt.

At this time, there are no plans to exercise this option in the near future.

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

Prospect MAX Bus Rapid Transit (BRT) Project: The Authority, in partnership with the City of Kansas City, Missouri, is implementing a plan for enhanced transit service along Kansas City's Prospect Avenue corridor. The ten-mile Prospect Avenue Corridor is a key urban commercial arterial and residential street that parallels US 71. Prospect MAX will operate along 11th and 12th Streets into the downtown area and connect with the downtown Streetcar line. The two new mobility hubs will include options like paratransit connections, bikeshare, scooters and connections to other local routes.

Benefits of MAX service

- Improved faster service with fewer stops
- Improved streets and sidewalks
- 10-minute service intervals
- Enhanced passenger stations with attractive, well-lit shelters
- New technologies

Key Dates

- August 2015 FTA Approval for Entry into Project Development
- April 2017 KCATA / City of Kansas City, Missouri cooperative agreement signed
- April 2017 Environmental Clearance
- April 2018 FTA Single Year Grant Agreement Executed
- November 2019 Complete Construction
- December 2019 Begin Prospect MAX BRT Service

Project costs for the Prospect MAX is estimated to be $55.8 million, with $38 million in Federal funds and $17.8 million in local matching funds ($12.5 million from KCMO and $5.3 million from KCATA.) Capital improvements include 48 new MAX stations, two transit centers, 12 BRT compressed natural gas (CNG) buses and pedestrian safety and access improvements such as new sidewalk and pedestrian traffic signal upgrades.

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. 84, *Fiduciary Activities*, issued February 2017, will be effective for the Authority beginning with its fiscal year ending December 31, 2019. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets.

GASB Statement No. 87, *Leases 2017*, issued June 2017, will be effective for the Authority beginning with its fiscal year ending December 31, 2020. Statement No. 87 is designed to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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

This page left blank intentionally.

Kansas City Area Transportation Authority

Required Supplementary Information—Salaried Employees Pension Plan
Schedule of Changes in Net Pension Liability
For the Last Five Fiscal Years

	2018	2017
Total Pension Liability		
Service cost	$ 695,574	$ 554,860
Interest on total pension liability	1,515,929	1,466,353
Difference between expected and actual experience	379,181	877,084
Changes in assumptions	-	903,754
Benefit payments including refunds of member contributions	(1,334,736)	(2,045,437)
Net change in total pension liability	1,255,948	1,756,614
Total pension liability, beginning of year	22,312,212	20,555,598
Total pension liability, end of year	$ 23,568,160	$ 22,312,212
Plan Fiduciary Net Position		
Contributions, employer	$ 1,312,552	$ 1,256,289
Contributions, employee	-	-
Net investment income (loss)	(1,110,631)	2,558,624
Benefit payments including refunds of member contributions	(1,334,736)	(2,045,437)
Administrative expenses	(74,239)	(70,560)
Other (transfers)	47,189	181,749
Net change in plan fiduciary net position	(1,159,865)	1,880,665
Plan fiduciary net position, beginning of year	18,367,205	16,486,540
Plan fiduciary net position, end of year	$ 17,207,340	$ 18,367,205
Net Pension Liability	$ 6,360,820	$ 3,945,007

Information prior to 2014 is unavailable.

2016	2015	2014
$ 471,547	$ 398,735	$ 393,564
1,375,401	1,349,207	1,267,046
890,536	65,236	-
-	636,032	-
(1,022,654)	(995,727)	(1,547,409)
1,714,830	1,453,483	113,201
18,840,768	17,387,285	17,274,084
$ 20,555,598	$ 18,840,768	$ 17,387,285
$ 754,000	$ 750,000	$ 860,445
-	-	-
1,060,105	94,531	925,775
(1,022,654)	(995,727)	(1,547,409)
(28,313)	(39,208)	(31,415)
113,455	41,178	27,314
876,593	(149,226)	234,710
15,609,947	15,759,173	15,524,463
$ 16,486,540	$ 15,609,947	$ 15,759,173
$ 4,069,058	$ 3,230,821	$ 1,628,112

Kansas City Area Transportation Authority

Required Supplementary Information—Union Employees Pension Plan
Schedule of Changes in Net Pension Liability
For the Last Five Fiscal Years

	2018	2017
Total Pension Liability		
Service cost	**$ 2,109,637**	$ 1,996,043
Interest on total pension liability	**4,556,580**	4,522,438
Difference between expected and actual experience	**(1,290,395)**	(193,109)
Changes in assumptions	**-**	2,868,379
Benefit payments including refunds of member contributions	**(3,815,708)**	(4,957,070)
Net change in total pension liability	**1,560,114**	4,236,681
Total pension liability, beginning of year	**66,969,584**	62,732,903
Total pension liability, end of year	**$ 68,529,698**	$ 66,969,584
Plan Fiduciary Net Position		
Contributions, employer	**$ 2,550,097**	$ 2,322,232
Contributions, employee	**1,223,924**	1,172,264
Net investment income (loss)	**(1,983,833)**	6,655,989
Benefit payments including refunds of member contributions	**(3,815,708)**	(4,957,070)
Administrative expenses	**(375,704)**	(363,175)
Other (transfers)	**(44,748)**	(181,749)
Net change in plan fiduciary net position	**(2,445,972)**	4,648,491
Plan fiduciary net position, beginning of year	**49,858,048**	45,209,557
Plan fiduciary net position, end of year	**$ 47,412,076**	$ 49,858,048
Net Pension Liability	**$ 21,117,622**	$ 17,111,536

Information prior to 2014 is unavailable.

	2016	2015	2014
	$ 1,894,701	$ 1,823,167	$ 1,657,267
	4,524,248	4,483,228	4,199,534
	(1,896,192)	(77,383)	-
	-	1,676,801	-
	(4,151,286)	(3,796,329)	(3,882,725)
	371,471	4,109,484	1,974,076
	62,361,432	58,251,948	56,277,872
	$ 62,732,903	$ 62,361,432	$ 58,251,948
	$ 2,530,180	$ 2,436,703	$ 2,490,987
	1,138,310	1,103,227	1,083,747
	3,453,539	(677,912)	2,463,634
	(4,151,286)	(3,796,329)	(3,882,574)
	(333,039)	(77,356)	(62,062)
	(113,455)	(61,563)	(27,314)
	2,524,249	(1,073,230)	2,066,418
	42,685,308	43,758,538	41,692,120
	$ 45,209,557	$ 42,685,308	$ 43,758,538
	$ 17,523,346	$ 19,676,124	$ 14,493,410

Kansas City Area Transportation Authority

Required Supplementary Information—Salaried Employees Pension Plan
Schedule of Net Pension Liability and Related Ratios
For the Last Five Fiscal Years

	2018	2017
Total pension liability, end of year	**$ 23,568,160**	$ 22,312,212
Plan fiduciary net position, end of year	**17,207,340**	18,367,205
Net pension liability	**$ 6,360,820**	$ 3,945,007
Plan fiduciary net position as a percentage of the total pension liability	**73.01%**	82.32%
Covered payroll	**$ 8,728,639**	$ 7,902,132
Net pension liability as a percentage of covered payroll	**72.87%**	49.92%

Information prior to 2014 is unavailable.

	2016	2015	2014
	$ 20,555,598	$ 18,840,768	$ 17,387,285
	16,486,540	15,609,947	15,759,173
	$ 4,069,058	$ 3,230,821	$ 1,628,112
	80.20%	82.85%	90.64%
	$ 6,795,068	$ 6,076,318	$ 5,761,978
	59.88%	53.17%	28.26%

Kansas City Area Transportation Authority

Required Supplementary Information—Union Employees Pension Plan
Schedule of Net Pension Liability and Related Ratios
For the Last Five Fiscal Years

	2018	2017
Total pension liability, end of year	**$ 68,529,698**	$ 66,969,584
Plan fiduciary net position, end of year	**47,412,076**	49,858,048
Net pension liability	**$ 21,117,622**	$ 17,111,536
Plan fiduciary net position as a percentage of the total pension liability	**69.18%**	74.45%
Covered payroll	**$ 32,198,194**	$ 30,963,093
Net pension liability as a percentage of covered payroll	**65.59%**	55.26%

Information prior to 2014 is unavailable.

2016	2015	2014
$ 62,732,903	$ 62,361,432	$ 58,251,948
45,209,557	42,685,308	43,758,538
$ 17,523,346	$ 19,676,124	$ 14,493,410
72.07%	68.45%	75.12%
$ 30,780,779	$ 28,631,221	$ 27,122,786
56.93%	68.72%	53.44%

Kansas City Area Transportation Authority

Required Supplementary Information—Pension Plans
Schedule of Employer Contributions
For the Last Ten Fiscal Years

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
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
2015	793,573	750,000	43,573	6,076,318	12.34
2016	931,915	754,000	177,915	6,795,068	11.10
2017	1,226,529	1,256,289	(29,760)	7,902,132	15.90
2018	1,312,552	1,312,552	-	8,728,639	15.04

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
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
2015	2,436,703	2,436,703	-	28,631,221	8.51
2016	2,530,180	2,530,180	-	30,780,779	8.22
2017	2,322,232	2,322,232	-	30,963,093	7.50
2018	2,550,097	2,550,097	-	32,198,194	7.92

The information presented in the required supplementary schedules was determined as part of the January 1, 2018 actuarial valuation. Additional information follows:

	Salaried Employees Pension Plan	Union Employees Pension Plan
1. Cost method	Entry age normal	Entry age normal
2. Long-term rate of return	7.0%	7.0%
3. Salary increases	4.0%	4.25%
4. Amortization method	Level dollar, Closed	Level amount, Open
5. Remaining amortization period	15 years	30 years

Kansas City Area Transportation Authority

Required Supplementary Information—Salaried Pension Plan
Schedule of Investment Returns
For the Last Five Fiscal Years

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	(6.05)%	15.68%	6.91%	1.00%	6.16%

Information prior to 2014 is unavailable.

Kansas City Area Transportation Authority

Required Supplementary Information
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios

		2018
Total OPEB liability		
Service cost	$	849,282
Interest		433,714
Changes of benefit terms		-
Differences between expected and actual experience		(7,871)
Changes of assumptions or other inputs		(688,874)
Benefit payments		(672,842)
Net change in total OPEB liability		(86,591)
Total OPEB liability—beginning		12,944,396
Total OPEB liability—ending	$	12,857,805
Covered payroll		39,471,554
Total OPEB liability as a percentage of covered payroll		32.57%

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.44%
2018	4.10%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

This page left blank intentionally.

Kansas City Area Transportation Authority

Combining Statement of Net Position, by Division
December 31, 2018

	Fixed Transit	RideKC Freedom	Total
Assets			
Current assets:			
Cash and investments	$ 710,639	$ -	$ 710,639
Intercompany	(435,205)	435,205	-
Accounts receivable	341,084	21,894	362,978
Due from other governments:			
Local governments	3,231,258	58,071	3,289,329
State governments	296,008	151,352	447,360
Federal government	6,517,687	402,770	6,920,457
Materials and supplies	1,594,882	-	1,594,882
Prepaid expenses and other assets	1,147,933	-	1,147,933
Designated cash and investments	2,961,870	-	2,961,870
Total current assets	16,366,156	1,069,292	17,435,448
Noncurrent assets:			
Restricted cash and investments	43,446,962	-	43,446,962
Designated cash and investments	21,789,193	-	21,789,193
Capital assets:			
Land and other nondepreciable assets	29,606,287	-	29,606,287
Other depreciable capital assets, net of depreciation	91,724,935	-	91,724,935
Total noncurrent assets	186,567,377	-	186,567,377
Total assets	202,933,533	1,069,292	204,002,825
Deferred outflows of resources, pension related amounts	9,959,259	-	9,959,259

See note to other supplementary information.

	Fixed Transit	RideKC Freedom	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 5,704,203	$ 1,027,353	$ 6,731,556
Accrued liabilities:			
Payroll and benefits	1,790,187	8,866	1,799,053
Compensated absences	3,520,946	24,135	3,545,081
Other	58,345	-	58,345
Liabilities payable from designated assets:			
Public liability and property damage	1,439,196	-	1,439,196
Workers' compensation claims	1,522,674	-	1,522,674
Unearned revenue	8,877,110	-	8,877,110
Unearned revenue	2,492,749	-	2,492,749
Total current liabilities	25,405,410	1,060,354	26,465,764
Noncurrent liabilities:			
Liabilities payable from designated assets:			
Public liability and property damage	659,767	-	659,767
Workers' compensation claims	1,028,805	-	1,028,805
Total other postemployment benefits liability	12,857,805	-	12,857,805
Net pension liability	27,478,442	-	27,478,442
Compensated absences	1,252,925	8,588	1,261,513
Total noncurrent liabilities	43,277,744	8,588	43,286,332
Total liabilities	68,683,154	1,068,942	69,752,096
Deferred inflows of resources:			
Deferred inflows of resources, OPEB related amounts	602,734	-	602,734
Deferred inflows of resources, pension related amounts	2,376,768	-	2,376,768
Total deferred inflows of resources	2,979,502	-	2,979,502
Net position			
Investment in capital assets	121,331,222	-	121,331,222
Restricted, capital and operating purposes	43,446,962	-	43,446,962
Unrestricted	(23,548,048)	350	(23,547,698)
Total net position	$ 141,230,136	$ 350	$ 141,230,486

Kansas City Area Transportation Authority

Combining Statement of Revenues, Expenses and Changes in Net Position, by Division
Year Ended December 31, 2018

	Fixed Transit	RideKC Freedom	Total
Operating revenues:			
Passenger	$ 8,259,194	$ 1,178,160	$ 9,437,354
Charter and stadium express	2,438	-	2,438
Advertising	358,490	-	358,490
Total operating revenues	8,620,122	1,178,160	9,798,282
Operating expenses:			
Transportation	37,361,001	10,068,398	47,429,399
Maintenance	26,447,255	-	26,447,255
Public liability and property damage claims	737,827	-	737,827
General and administrative	18,554,026	1,668,800	20,222,826
Depreciation and amortization expense	11,989,264	-	11,989,264
Total operating expenses	95,089,373	11,737,198	106,826,571
Operating loss	(86,469,251)	(10,559,038)	(97,028,289)
Nonoperating revenues (expenses):			
Operating funding:			
Local governments	60,053,816	7,539,604	67,593,420
State government	333,092	77,192	410,284
Federal government	10,110,939	2,941,992	13,052,931
Federal grant revenue received for subrecipients	2,207,891	-	2,207,891
Federal funds passed through to subrecipients	(2,207,891)	-	(2,207,891)
Federal grant revenue, received on behalf of others	5,431,213	-	5,431,213
Federal funds spent on behalf of others	(5,431,213)	-	(5,431,213)
Federal grant revenue received for project	2,499,391	-	2,499,391
Federal funds passed through for project	(2,499,391)	-	(2,499,391)
Investment income	1,143,778	-	1,143,778
Debt service reimbursement to Jackson County	(1,401,972)	-	(1,401,972)
Gain on disposition of capital assets	(175,605)	-	(175,605)
Rental and other nonoperating income	1,897,710	250	1,897,960
Total nonoperating revenues	71,961,758	10,559,038	82,520,796
Decrease in net position before capital funding	(14,507,493)	-	(14,507,493)
Capital related grants and funding	31,790,151	-	31,790,151
Change in net position	17,282,658	-	17,282,658
Net position, beginning of year	123,947,478	350	123,947,828
Net position, end of year	$ 141,230,136	$ 350	$ 141,230,486

See note to other supplementary information.

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:

Fixed Transit: This is the main operating division of the Authority which accounts for mass transit operations.

RideKC Freedom: This operating division accounts for the activities of the Authority's para-transit program, which is primarily devoted to the transport of elderly and disabled Americans.

This page left blank intentionally.

2018 KCATA

Comprehensive Annual Financial Report

Statistical Section

KANSAS CITY AREA TRANSPORTATION AUTHORITY

STATISTICAL SECTION

This part of the Kansas City Area Transportation Authority's Comprehensive Annual Financial Report presents detailed statistics as a basis for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the Authority's overall financial health.

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

These schedules offer economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provided and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules are derived from the KCATA's financial statements.

KANSAS CITY AREA TRANSPORTATION AUTHORITY
Net Position by Components
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Investment in Capital Assets	$ 76,766,930	$ 90,644,774	$ 93,372,769	$ 91,402,306	$ 80,687,875	$ 76,766,930	$ 92,595,323	$ 86,313,417	$ 97,018,511	$ 121,331,222
Restricted	62,034,311	60,161,138	54,508,851	53,124,934	52,234,055	62,034,311	51,827,060	51,829,170	49,797,963	43,446,962
Unrestricted	17,134,754	16,180,234	15,439,383	16,051,178	21,464,983	17,134,754	(5,799,437)	(8,261,842)	(14,188,847)	(23,547,698)
Total Net Position	$ 155,935,995	$ 166,986,146	$ 163,321,003	$ 160,578,418	$ 154,386,913	$ 155,935,995	$ 138,622,946	$ 129,880,745	$ 132,627,627	$ 141,230,486

KANSAS CITY AREA TRANSPORTATION AUTHORITY
Changes in Net Position
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018
OPERATING REVENUE:										
Passenger Revenue :	$ 11,686,490	$ 11,505,545	$ 12,030,920	$ 12,255,314	12,307,123	$ 12,062,643	$ 11,146,180	$ 10,778,789	$ 9,402,016	$ 9,437,354
Charter and stadium express	15,738	9,520	16,520	20,738	15,497	12,960	21,812	12,440	500	2,438
Advertising	274,046	447,341	334,306	566,354	605,397	413,377	536,366	579,704	397,833	358,490
Total operating revenues	$ 11,976,274	$ 11,962,406	$ 12,381,746	$ 12,842,406	$ 12,928,017	$ 12,488,980	$ 11,704,358	$ 11,370,933	$ 9,800,349	$ 9,798,282
OPERATING EXPENSES:										
Transportation	$ 45,345,962	$ 45,858,040	$ 48,130,032	$ 49,325,609	$ 48,398,833	$ 48,499,499	$ 50,350,040	$ 48,735,235	$ 48,461,292	$ 47,429,399
Maintenance	17,741,447	18,568,886	18,622,930	18,316,430	18,745,073	19,148,560	21,149,058	21,799,363	20,269,269	26,447,255
Public liability and property damage claims	1,443,392	1,200,331	2,647,142	449,709	2,068,288	1,456,197	1,846,193	2,977,280	727,769	737,827
General and administrative	10,318,640	11,229,211	11,019,957	11,550,759	12,002,144	12,529,360	14,505,445	20,455,191	20,265,149	20,222,826
Total	$ 74,849,441	$ 76,856,468	$ 80,420,061	$ 79,642,507	$ 81,214,338	$ 81,633,616	$ 87,850,736	$ 93,967,069	$ 89,723,479	$ 94,837,307
Depreciation	10,216,959	10,582,901	12,716,046	12,899,616	13,066,841	13,951,471	12,240,204	11,712,844	11,300,458	11,989,264
Total operating expenses	$ 85,066,400	$ 87,439,369	$ 93,136,107	$ 92,542,123	$ 94,281,179	$ 95,585,087	$ 100,090,940	$ 105,679,913	$ 101,023,937	$ 106,826,571
OPERATING LOSS	$ (73,090,126)	$ (75,476,963)	$ (80,754,361)	$ (79,699,717)	$ (81,353,162)	$ (83,096,107)	$ (88,386,582)	$ (94,308,980)	$ (91,223,588)	$ (97,028,289)
NON-OPERATING REVENUE (EXPENSES)										
Operating grants and funding:										
Local governments	$ 51,478,224	$ 48,039,407	$ 53,620,502	$ 51,882,627	$ 53,596,322	$ 54,180,772	$ 62,413,732	$ 66,092,890	$ 67,381,624	$ 67,593,420
State governments	1,050,219	891,667	206,735	197,784	231,542	309,400	434,161	290,938	662,541	410,284
Federal government	14,452,608	15,489,286	10,352,435	11,703,529	10,567,633	10,703,845	11,543,962	12,116,238	10,319,469	13,052,931
Capital related grants and funding	6,417,495	20,461,391	14,810,414	11,535,045	12,885,166	14,921,695	10,917,253	5,240,796	14,379,078	31,790,151
Federal grant revenue received for subrecipients	-	-	1,214,416	9,133,905	17,831,139	1,875,018	469,477	1,048,062	1,471,999	2,207,891
Federal funds passed through to subrecipients	-	-	(1,214,416)	(9,133,905)	(17,831,139)	(1,875,018)	(469,477)	(1,048,062)	(1,471,999)	(2,207,891)
Federal grant revenue received on behalf of others	-	-	-	-	-	-	-	-	1,778,585	7,930,604
Federal funds passed through on behalf of others	-	-	-	-	-	-	-	-	(1,778,585)	(7,930,604)
Investment Income	735,922	1,425,693	1,372,976	1,172,650	(75,605)	1,045,250	745,467	723,393	700,457	1,143,778
Debt service reimbursement to Jackson County	-	-	-	-	-	-	-	(535,146)	(1,404,472)	(1,401,972)
Gain (loss) on dispositon of capital assets	42,831	(235,911)	348,020	32,279	(96,690)	65,033	22,000	13,147	153,827	(175,605)
Rental and other nonoperating income	461,909	455,581	489,700	469,218	454,380	940,242	1,050,059	1,768,523	1,885,946	1,897,960
Other nonoperating expense	-	-	-	(36,000)	(144,000)	(144,000)	(144,000)	(144,000)	(108,000)	-
Total nonoperating revenues	$ 74,639,208	$ 86,527,114	$ 81,200,782	$ 76,957,132	$ 77,418,748	$ 82,022,237	$ 86,982,634	$ 85,566,779	$ 93,970,470	$ 114,310,947
Change in net position	$ 1,549,082	$ 11,050,151	$ 446,421	$ (2,742,585)	$ (3,934,414)	$ (1,073,870)	$ (1,403,948)	$ (8,742,201)	$ 2,746,882	$ 17,282,658

* Net position restated for 2015
Amounts are presented in accordance with generally accepted accounting principles, on an accrual basis
Source: The Authority's Independently audited annual financial statements

KANSAS CITY AREA TRANSPORTATION AUTHORITY
Revenues by Source
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUE:										
Sales Tax Revenue	$ 40,628,016	$ 40,717,871	$ 49,579,711	$ 48,703,236	$ 49,973,016	$ 49,495,050	$ 52,918,918	$ 58,331,117	$ 57,934,889	$ 59,748,536
Local Revenue	10,850,208	7,321,536	4,040,791	3,179,391	3,623,306	4,685,722	9,494,814	7,761,773	9,446,735	7,844,884
Passengers Fares	11,686,490	11,505,545	12,030,920	12,255,314	12,307,123	12,062,643	11,146,180	10,778,789	9,402,016	9,437,354
Charters	15,738	9,520	16,520	20,738	15,497	12,960	21,812	12,440	500	2,438
Advertising Revenue	274,046	447,341	334,306	566,354	605,397	413,377	536,366	579,704	397,833	358,490
State Assistance	1,050,219	891,667	206,735	197,784	231,542	309,400	434,161	290,938	662,541	410,284
Federal Assistance	14,452,608	15,489,286	10,352,435	11,703,529	10,567,633	10,703,845	11,543,962	12,116,238	10,319,469	13,052,931
Federal Capital Grants Federal	6,417,495	20,461,391	14,810,414	11,535,045	12,885,166	14,921,695	10,917,253	5,240,796	14,379,078	31,790,151
Grant for Subrecipients	-	-	1,214,416	9,133,905	17,831,139	1,875,018	469,477	1,048,062	3,250,584	10,138,495
Investment Income	735,922	1,425,693	1,372,976	1,172,650	-	1,045,250	745,467	723,393	700,457	1,143,778
Miscellaneous	504,740	455,581	837,720	501,497	454,380	1,005,275	1,072,059	1,781,670	2,039,773	1,897,960
TOTAL REVENUES	$ 86,615,482	$ 98,725,431	$ 94,796,944	$ 98,969,443	$ 108,494,199	$ 96,530,235	$ 99,300,469	$ 98,664,920	$ 108,533,875	$ 135,825,301

KANSAS CITY AREA TRANSPORTATION AUTHORITY
Principal Revenues
Last Ten Fiscal Years

Source	2009 Revenue	2010 Revenue	2011 Revenue	2012 Revenue	2013 Revenue	2014 Revenue	2015 Revenue	2016 Revenue	2017 Revenue	2018 Revenue
1/2-cent Sales Tax	$ 23,049,768	$ 19,205,785	$ 21,155,231	$ 22,895,714	$ 23,433,924	$ 23,245,816	$ 26,562,500	$ 29,148,805	$ 27,588,814	$ 27,373,993
3/8-cent Sales Tax	17,578,248	21,512,086	28,424,480	25,807,522	26,539,092	26,249,234	26,356,418	29,182,312	30,346,075	32,374,543
Other Local	10,850,208	7,321,536	4,040,791	3,179,391	3,623,306	4,685,722	9,494,814	7,761,773	9,446,735	7,844,884
Passenger Revenues	11,686,490	11,505,545	12,030,920	12,255,314	12,307,123	12,062,643	11,146,180	10,778,789	9,402,016	9,437,354
Federal Funding	20,870,103	35,950,677	26,377,265	32,372,479	41,283,938	27,500,558	22,930,692	18,405,096	27,949,131	54,981,577
Other Sources	2,580,665	3,229,802	2,768,257	2,459,023	1,306,816	2,786,262	2,809,865	3,388,145	3,801,104	3,812,950
Total Revenue	86,615,482	98,725,431	94,796,944	98,969,443	108,494,199	96,530,235	99,300,469	98,664,920	108,533,875	135,825,301

	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue
1/2-cent Sales Tax	26.61%	19.45%	22.32%	23.13%	21.60%	24.08%	26.75%	29.54%	25.42%	20.15%
3/8-cent Sales Tax	20.29%	21.79%	29.98%	26.08%	24.46%	27.19%	26.54%	29.58%	27.96%	23.84%
Other Local	12.53%	7.42%	4.26%	3.21%	3.34%	4.85%	9.56%	7.87%	8.70%	5.78%
Passenger Revenues	13.49%	11.65%	12.69%	12.38%	11.34%	12.50%	11.22%	10.92%	8.66%	6.95%
Federal Funding	24.10%	36.41%	27.83%	32.71%	38.05%	28.49%	23.09%	18.65%	25.75%	40.48%
Other Sources	2.98%	3.27%	2.92%	2.48%	1.20%	2.89%	2.83%	3.43%	3.50%	2.81%
Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

KANSAS CITY AREA TRANSPORTATION AUTHORITY
Fare Rate Structure
December 31, 2018

CASH FARES:	
Express	$ 3.00
Local	1.50
RideKC Freedom ADA Trip(1)	3.00
RideKC Freedom Non- ADA Trip(1)	(1)
Transfer	Free
DAY PASSES	
1-Day Pass(2)	$ 3.00
3-Day Pass(3)	10.00
10-RIDE PASSES:	
K-10 Connector (4)	$ 27.00
Johnson County (5)	20.25
Independence	12.00
MONTHLY PASSES:	
Express	$ 95.00
Local	50.00
K-10 Connector	95.00
Senior Discount Card(6)	25.00
FREEDOM-ON-DEMAND	
0-5 Miles	$ 5.00
Each Additional Mile	2.00
SPECIAL FARES:	
Children 6 to 11 years old	$ 0.75
Children 5 and under	Free
All ADA Card recipients on fixed-route bus service only(7)	0.75
Summer Youth Pass June 1 - August 31(8)	12.00

(1) Door-to-door service on demand, wheelchair lift-equipped paratransit mini-buses, for eligible disabled riders holding an "ADA" card. The ADA paratransit service is operated within 3/4-mile of local bus routes and costs $3 per one-way trip. The Non-ADA demand repsonse service has a larger service area and cost is determined by the length of the trip.
(2) Local bus service - regular fare for most routes
(3) 3-Day passes are good for 3 days from the first use.
(4) For K-10 Connector between Overland Park and Lawrence, Kansas.
(5) For routes in Johnson County and between Johnson County and downtown KCMO.
(6) Photo identification card, for riders aged 65 and over.
(7) Photo identification card, for eligible disabled riders.
(8) Available for youth in June, July, and August and good only on KCATA routes.

KANSAS CITY AREA TRANSPORTATION AUTHORITY
JACKSON COUNTY, MISSOURI
Demographic Statistics
Last Ten Fiscal Years

YEAR	POPULATION (1)	PER CAPITA INCOME (2)	TOTAL PERSONAL INCOME (3)	MEDIAN AGE (4)	UNEMPLOYMENT RATE (5)
2009	670,763	36,570	25,176,838,608	37.2	10.2
2010	675,259	36,512	26,271,915,445	36.1	10.7
2011	675,373	38,502	25,869,417,280	36.1	9.5
2012	677,558	38,782	26,450,894,473	36.2	7.8
2013	680,290	38,844	27,129,800,412	36.5	7.5
2014	683,683	40,054	28,670,110,315	36.5	7.1
2015	687,623	41,545	28,641,560,819	36.4	5.9
2016	691,801	42,621	28,740,872,545	36.5	5.1
2017	698,895	44,432	29,787,603,795	36.5	4.4
2018	669,199	50,652	31,053,428,000	37.5	3.7

Note: All information presented is for Jackson County
* Information not available
Sources:
(1) U.S. Department of Commerce Bureau of Economic Analysis
(2) U.S. Department of Commerce Bureau of Economic Analysis
(3) Jackson County CAFR
(4) U.S Census
(5) Data.bls.gov

KANSAS CITY AREA TRANSPORTATION AUTHORITY

PRINCIPAL EMPLOYERS

2018

RANKED BY NUMBER OF JACKSON COUNTY, MISSOURI EMPLOYEES

	2018		
Employer	**Employees**	**Rank**	**Percentage of Jackson County Employees**
U.S. Government (excludes military)	18,774	1	5.34%
Cerner Corporation	14,000	2	3.99%
HCA Midwest Health System	9,934	3	2.83%
St. Luke's Health System	8,020	4	2.28%
Children's Mercy Hospitals and Clinics	7,096	5	2.02%
Ford Kansas City Assembly Plant	7,030	6	2.00%
Sprint Corp	6,000	7	1.71%
Hallmark Cards Inc	5,000	8	1.42%
City of Kansas City, Missouri	4,521	9	1.29%
Garmin Ltd	3,651	10	1.04%
Total	84,026		23.92%

Sources: Kansas City Business Journal, Book of Lists, U.S. Census American Fact Finder

Jackson County employment for 2018 was 372,619

KANSAS CITY AREA TRANSPORTATION AUTHORITY
Number of Employees and Labor Classification
LAST TEN FISCAL YEARS

CLASSIFICATION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
VEHICLE OPERATIONS	499	472	483	473	464	467	481	489	500	473
VEHICLE MAINTENANCE	132	128	128	132	131	133	133	134	133	142
NON-VEHICLE MAINTENANCE	39	37	37	36	36	36	37	37	37	38
GENERAL ADMINISTRATION	98	92	93	95	94	94	95	105	109	135
CAPITAL LABOR EMPLOYEE	1	2	2	2	2	1	1	1	1	1
TOTAL LABOR	769	730	744	738	727	731	747	766	780	789

Source: The Authority's annual National Transit Database Report, filed with Federal Transit Administration

KANSAS CITY AREA TRANSPORTATION AUTHORITY
Operating Statistics
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
SYSTEM RIDERSHIP										
Motor bus	15,004,166	14,610,848	15,414,499	15,988,034	14,116,689	14,306,016	13,531,071	12,415,022	11,888,260	11,365,396
Bus rapid transit	*	*	*	*	1,591,117	1,545,431	1,435,736	1,350,482	1,240,926	1,160,189
Demand responsive - DO	184,306	176,585	190,042	185,256	120,584	102,530	110,096	107,406	84,273	73,604
Demand responsive - PT	266,219	271,692	282,593	276,285	280,259	282,915	267,507	273,338	240,795	214,773
Demand responsive - Taxi	*	5,934	6,294	6,505	6,391	10,739	26,724	31,247	63,249	89,355
Vanpool	59,572	56,624	59,944	61,626	66,186	65,826	57,184	42,904	41,382	54,019
AVERAGE WEEKDAY SYSTEM RIDERSHIP										
Motor bus	50,615	49,417	52,079	53,668	47,376	47,771	45,215	41,475	39,812	37,992
Bus rapid transit	*	*	*	*	5,115	4,949	4,586	4,340	3,953	3,659
Demand responsive - DO	625	601	641	619	424	366	399	385	305	265
Demand responsive - PT	917	946	982	943	954	966	911	921	822	733
Vanpool	233	221	236	243	264	258	228	171	253	206
VEHICLE MILES OPERATED										
Motor bus	9,511,422	8,940,312	9,014,778	8,880,773	8,471,570	8,529,971	8,586,534	8,664,104	8,186,046	8,382,473
Bus rapid transit	*	*	*	*	551,109	550,556	551,146	559,536	539,094	493,486
Demand responsive - DO	775,148	756,146	737,580	718,490	476,302	414,808	423,633	512,370	348,957	284,127
Demand responsive - PT	3,666,409	3,631,792	3,747,558	3,729,008	3,626,233	3,183,238	2,812,299	2,797,772	2,665,497	2,563,375
Demand responsive - Taxi	*	86,290	96,961	97,569	93,172					
Vanpool	442,257	448,333	463,853	484,237	513,353	546,546	506,466	349,797	324,178	417,049
AVERAGE WEEKDAY VEHICLE MILES OPERATED										
Motor bus	31,865	29,978	30,250	29,790	28,291	28,465	28,632	28,928	27,294	28,031
Bus rapid transit	*	*	*	*	1,760	1,758	1,758	1,774	1,717	1,569
Demand responsive - DO	2,549	2,503	2,383	2,312	1,659	1,498	1,535	1,878	1,272	1,050
Demand responsive - PT	12,493	12,583	12,890	12,624	12,176	10,724	9,406	9,290	8,863	8,621
Vanpool	1,727	1,751	1,826	1,914	2,045	2,143	2,018	1,372	2,438	1,587
REVENUE MILES										
Motor bus	8,276,459	7,754,839	7,819,840	7,794,854	7,491,351	7,521,462	7,555,947	7,625,430	7,425,128	7,385,703
Bus rapid transit	*	*	*	*	512,874	512,256	512,787	518,198	498,988	455,147
Demand responsive - DO	640,728	618,171	597,960	586,231	376,543	318,132	324,025	327,208	250,205	184,013
Demand responsive - PT	3,192,187	3,175,512	3,293,712	3,251,285	3,130,182	2,782,896	2,450,642	2,436,028	2,366,812	2,273,133
Demand responsive - Taxi	*	86,290	96,961	97,569	93,172	136,903	286,828	361,302	470,737	521,110
Vanpool	442,257	448,333	463,853	484,237	513,353	546,546	506,466	349,797	324,178	417,049

* Data not available
Source: The Authority's annual National Transit Database Report, filed with Federal Transit Administration
DO: Directly Operated
PT: Purchased Transportation

KANSAS CITY AREA TRANSPORTATION AUTHORITY
Operating Statistics
Last Ten Fiscal Years (continued)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PASSENGER MILES										
Motor bus	55,746,137	50,083,960	56,314,347	58,638,621	53,423,947	52,636,459	53,078,869	48,848,725	43,395,746	41,681,970
Bus rapid transit	*	*	*	*	4,311,927	4,163,427	3,826,842	3,545,294	3,308,900	3,193,498
Demand responsive - DO	1,188,886	1,162,075	1,362,933	1,388,668	691,993	486,460	513,960	485,317	369,624	306,934
Demand responsive - PT	1,807,143	2,420,799	2,455,338	2,412,232	2,394,277	2,039,315	1,849,389	1,840,496	1,860,194	1,750,386
Demand responsive - Taxi	*	89,709	101,979	102,655	101,837	140,911	290,007	365,957	474,625	532,574
Vanpool	2,139,888	2,073,770	2,196,346	2,330,242	2,463,332	2,438,437	2,186,338	1,687,133	1,531,010	1,919,621
VEHICLE HOURS OPERATED										
Motor bus	666,817	630,880	647,625	624,805	577,043	581,977	585,745	587,938	575,995	577,747
Rapid bus transit	*	*	*	*	46,541	46,481	46,531	47,019	47,045	47,142
Demand responsive - DO	49,471	51,841	48,565	46,605	33,280	30,759	30,995	39,817	26,123	23,436
Demand responsive - PT	213,096	198,713	194,589	188,163	186,405	202,345	189,086	183,325	167,092	159,442
Demand responsive - Taxi	*	3,842	4,325	4,190	3,680	4,593	10,932	13,137	20,212	23,365
Vanpool	10,230	10,451	10,797	11,423	12,278	13,276	11,903	8,123	8,338	11,096
VEHICLE REVENUE HOURS										
Motor bus	615,523	580,551	587,023	579,042	536,231	540,346	544,566	546,623	536,501	536,938
Rapid bus transit	*	*	*	*	44,395	44,362	44,373	44,789	44,835	45,032
Demand responsive - DO	42,413	44,253	41,105	39,652	28,287	25,873	26,012	25,906	22,338	19,741
Demand responsive - PT	189,925	170,461	176,551	174,357	172,444	162,840	150,081	151,809	143,780	137,294
Demand responsive - Taxi	*	3,842	4,325	4,190	3,680	4,593	10,932	13,137	20,212	23,365
Vanpool	10,230	10,451	10,797	11,423	12,278	13,276	11,903	8,123	8,338	11,096
DIESEL, BIODIESEL, CNG, GASOLINE FUEL USAGE (IN GALLONS)	2,762,983	2,699,620	2,735,031	2,659,282	2,610,900	2,658,838	2,669,210	2,670,217	2,608,754	2,560,079
FLEET REQUIREMENTS (DURING PEAK HOURS)										
Motor bus	215	208	197	195	178	168	168	168	165	162
Demand responsive	101	76	76	76	78	79	73	81	70	66
TOTAL REVENUE VEHICLES DURING PERIOD										
Motor bus	268	248	260	248	222	253	272	225	203	204
Demand responsive	126	108	112	100	103	102	94	109	94	97
NUMBER OF EMPLOYEES	768	728	742	736	721	731	747	768	780	789

Source: The Authority's annual National Transit Database Report, filed with Federal Transit Administration

KANSAS CITY AREA TRANSPORTATION AUTHORITY

Operating Information-Capital Assets

Fiscal Year 2009 Through Fiscal Year 2018

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Capital Assets Not Being Depreciated										
Land	$ 8,372,679	$ 8,672,679	$ 8,672,679	$ 8,672,679	$ 8,672,679	$ 8,672,679	$ 8,672,679	$ 8,813,771	$ 12,209,641	$ 12,991,155
Construction-in-Progress	4,909,796	1,396,388	1,782,201	6,489,804	1,797,128	7,169,309	11,605,847	5,176,141	10,925,355	16,615,132
Total Capital Assets Not Being Depreciated	$ 13,282,475	$ 10,069,067	$ 10,454,880	$ 15,162,483	$ 10,469,807	$ 15,841,988	$ 20,278,526	$ 13,989,912	$ 23,134,996	$ 29,606,287
Capital Assets Being Depreciated										
Builidings and Improvements	$ 45,132,581	$ 48,173,426	$ 49,665,476	$ 49,700,056	$ 56,495,659	$ 56,433,596	$ 56,717,418	$ 64,900,882	$ 65,698,717	$ 65,421,117
Revenue Equipmenet	77,426,274	82,840,127	89,455,858	89,371,411	84,662,831	87,317,686	91,350,862	92,851,101	92,402,521	108,089,588
Other Equipment and Structures	34,927,734	49,432,218	51,489,912	49,492,867	57,260,338	57,245,728	57,453,789	58,522,313	58,432,572	62,417,123
Office Furniture and Equipment	6,861,799	5,280,879	5,873,377	5,873,084	5,443,686	4,959,018	5,305,133	5,508,579	5,720,403	5,424,165
Total Capital Assets Being Depreciated	$ 164,348,388	$ 185,726,650	$ 196,484,623	$ 194,437,418	$ 203,862,514	$ 205,956,028	$ 210,827,202	$ 221,782,875	$ 222,254,213	$ 241,351,993
Less Accumulated Depreciation for:										
Builidings and Improvements	$ 25,559,213	$ 27,209,826	$ 28,992,949	$ 30,645,097	$ 31,043,550	$ 32,682,479	$ 34,352,579	$ 36,372,623	$ 38,335,276	$ 39,904,762
Revenue Equipmenet	49,185,376	50,690,672	52,689,506	54,578,723	55,357,807	55,071,249	58,426,609	64,000,694	58,767,431	56,378,035
Other Equipment and Structures	21,026,414	23,274,405	27,287,795	28,584,133	32,579,370	37,236,444	40,959,889	44,006,095	46,047,077	48,428,332
Office Furniture and Equipment	5,092,930	3,976,040	4,596,484	4,389,642	4,463,038	4,343,867	4,771,328	5,079,958	5,220,914	4,915,929
Total Capital Assets Being Depreciated	$ 100,863,933	$ 105,150,943	$ 113,566,734	$ 118,197,595	$ 123,443,765	$ 129,334,039	$ 138,510,405	$ 149,459,370	$ 148,370,698	$ 149,627,058
Net Capital Assets Being Depreciated	$ 63,484,455	$ 80,575,707	$ 82,917,889	$ 76,239,823	$ 80,418,749	$ 76,621,989	$ 72,316,797	$ 72,323,505	$ 73,883,515	$ 91,724,935
Net Capital Assets, End of Year	$ 76,766,930	$ 90,644,774	$ 93,372,769	$ 91,402,306	$ 90,888,556	$ 92,463,977	$ 92,595,323	$ 86,313,417	$ 97,018,511	$ 121,331,222

Source: Kansas City Area Transportation Authority Financial Statements 2009-2018

This page left blank intentionally.