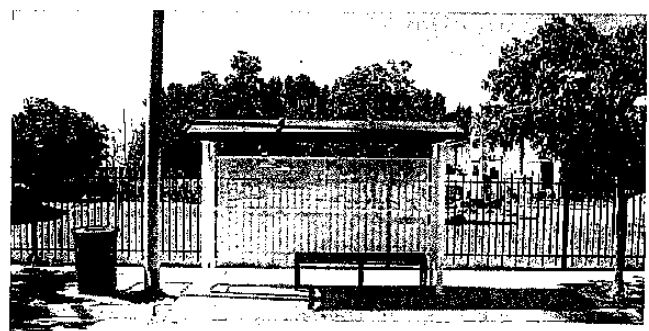
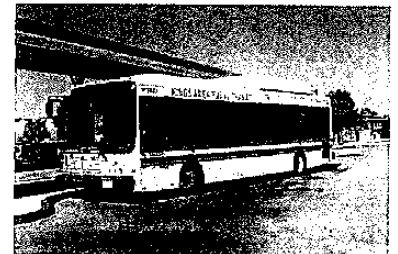
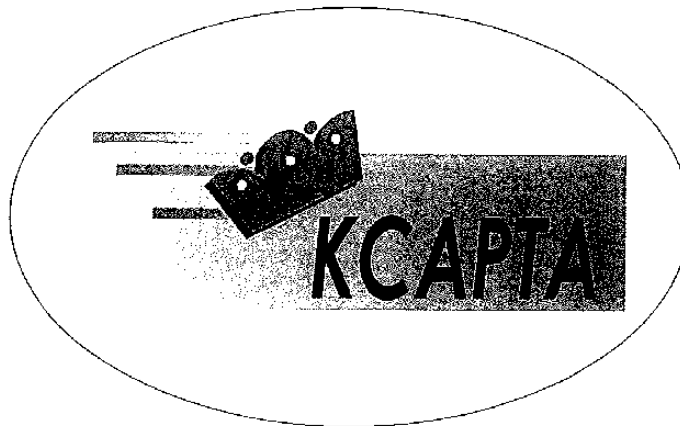
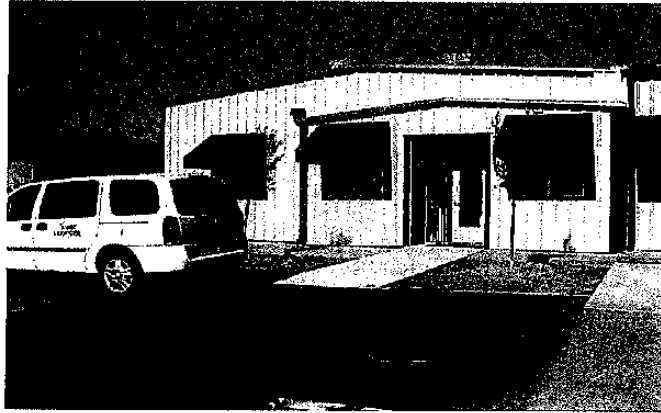


KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
County of Kings, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010



Prepared by:
Finance Department

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
COUNTY OF KINGS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by
FINANCE DEPARTMENT

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
COUNTY OF KINGS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2010 AND 2009**

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December 30, 2010

Board of Directors
Kings County Area Public Transit Agency
1340 North Drive
Hanford CA 93230

It is with pleasure that we submit to you Kings County Area Public Transit Agency's (KCAPTA) Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2010. KCAPTA is required to undergo an annual audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133 as it pertains to audits of state and local governments. State law requires that KCAPTA publish a completed audited financial statement within six months of the close of the fiscal year in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants licensed to practice in the State of California.

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

Dedekian, George, Small & Markarian Accountancy Corporation, a firm of licensed certified public accountants, has audited KCAPTA's financial statements for the fiscal year ending June 30, 2010. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit includes examining evidence supporting the amounts and disclosures in the financial statement, on a test basis; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's findings are contained in a separate report.

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

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



Kings Area Rural Transit (KART) / KART Vanpool / Agricultural Industries Transportation Services (AITS)
1340 North Drive - Hanford, California 93230-5962 / P. O. BOX 209 - Hanford, California 93232
1 (866) 655-5444 or (559) 582-8211 ext. 2711
FAX (559) 587-0714 - www.kartaits.com - southvalleyrideshare.com

PROFILE OF KCAPTA

Kings County Area Public Transit Agency (KCAPTA), a joint powers agency, is comprised of the County of Kings and the cities of Hanford, Lemoore, and Avenal. KCAPTA is governed by a five-member board consisting of two members appointed by the Kings County Board of Supervisors, one member appointed by the City of Hanford, one member appointed by the City of Lemoore, and one member appointed by the City of Avenal. KCAPTA is fiscally independent of the Cities and County. KCAPTA oversees the operation of Kings Area Rural Transit (KART), the Vanpool systems program, and the Agricultural Industries Transportation Services.

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

KART began its fixed route and demand response operations in June of 1980. KART presently uses a fleet of vehicles ranging in size from 9-passenger vans to 33-passenger buses to provide transit services.

Two levels of services are offered: fixed-route and demand/response (Dial-a-Ride) service. Demand/response service is available daily in Hanford, Lemoore, Avenal, and Armona. There are regular Hanford-Lemoore, Hanford-Avenal, Hanford-Corcoran, Hanford-Laton, Hanford-Visalia, and Hanford-Fresno fixed-route service, along with commuter service to Corcoran State Prison. In addition to regular fares, there are discount tickets, monthly passes, and one-half price senior citizen passes.

KCAPTA started the vanpool program in 2001 to provide services for those who commute. The goals of the vanpool program include providing safe alternative transportation means to travel to and from work. KCAPTA presently has agreements with Kern, Tulare, Fresno, and Madera Counties allowing for the operation of over 280 vanpools. Vans consist of 7 to 15 passenger vans that serve to connect the employees going within and between the counties.

Over the past eight years, KCAPTA has received several grants to establish vanpools for farm workers. The first grant was funded in 2002 and titled the AITS (Agricultural Industries Transportation Services). Its purpose was to establish the project in Kings, Tulare and Fresno Counties. Additional grants were funded to expand the project to Kern and Madera Counties, and the cities of Greenfield and Ventura. In 2008 a grant was funded to establish a new and separate transit agency to manage the multiple county vanpool projects. This new agency is expected to be formed by March of 2011. The transition will be completed by July 1, 2011. The projects primary purpose continues to be providing safe transportation alternatives to farm workers to and from agricultural worksites.

KCAPTA provides local, intercity, and interregional public transportation throughout Kings, Fresno Tulare, Kern, and Madera counties, and the cities of Greenfield and Ventura.

FACTORS AFFECTING FINANCIAL CONDITION

KCAPTA is responsible for establishing and maintaining a system of internal financial controls that provide reasonable, although not absolute, assurance that assets are protected from loss, theft, or misuse. KCAPTA management is responsible for assuring that adequate accounting controls are in place to provide reasonable assurance as to the accuracy of information and data

used to prepare this report. The concept of reasonable assurance in internal controls recognizes that the cost of implementing a control should not outweigh the benefits likely to receive, and that the valuation of costs and benefits requires estimates and judgment exercised by management.

KCAPTA closely monitors changes in the economy because of the potential impact to transportation revenues. KCAPTA will continue to research ways to improve funding options to preserve a sustainable level of service.

The Mills-Alquist-Deddeh Act (SB325) was enacted by the California Legislature to improve existing public transportation services and encourage regional transportation coordination. Known as the Transportation Development Act (TDA) of 1971, this law provides funding to be allocated to transit. The TDA provides two funding sources: 1) Local Transportation Fund (LTF), which is derived from a ¼ cent of the general sales tax collected statewide and 2) State Transit Assistance Fund (STA), which is derived from the statewide sales tax on gasoline and diesel fuel.

The STA funds are appropriated by the Legislature to the State Controller's Office. That Office then allocates the tax revenue by formula. Statute requires that 50% of STA funds be allocated according to population and 50% be allocated according to operator revenues from the prior fiscal year.

The local economy and the state budget crisis has affected all transit agencies throughout California. There was a reduction in both LTF and STA transit funding. KCAPTA received American Recovery and Reinvestment Act (ARRA) funding but due to its limitations, it did not fund other operating expenditures. In an effort to bridge the gap between our expenditures and reduced funding revenue, KCAPTA implemented a service modification in August 2009.

KCAPTA's Short Range Transit Plan (S RTP) is current and available upon request. The operating and capital plan for the fiscal year 2010 through fiscal year 2014 is included within this plan.

KCAPTA is in the process of separating the vanpool operations from under its jurisdiction. The vanpool project operates between many counties within the San Joaquin Valley. A new valley wide organization is forming and the vanpool operations will be under their jurisdiction.

LOCAL ECONOMY

Major industries located within Kings County or in close proximity are agriculture and related industries. The State also is a significant economic presence thanks to three correctional facilities, one substance abuse facility, and one mental health facility.

The annual average unemployment rate for Kings County in 2009 was 14.6%, while the statewide rate was 11.4%. During the past ten years, the unemployment rate rose from an initial low of 8.4% (2006) to high of 14.6% (2009). Unemployment is expected to continue to increase primarily due to the demographics of the County. Kings County is a low-income county. It will

continue having a larger percentage of low-income persons and a smaller percentage of upper-income persons, than does the state overall, due to the large farm worker population and lack of large industries.

Taxable Sales within Kings County has steadily grown during the last nine years from 887,936,000 (2000) to 1,389,409,000 (2008). However, 2009 taxable sales are projected to decline by approximate 15%. This decline will directly affect the amount of LTF revenue KCAPTA receives in fiscal year 2011.

BALANCED FUNDING CONCEPTS

KCAPTA is currently reviewing its strategic goals, which will delineate the operating and capital requirements for the next 5-10 years. It will be increasingly important to ensure the availability of financial resources to maintain existing levels of service and to fund capital and operating expenditures related to existing service, major rolling stock replacements, and facility improvements. KCAPTA currently has three major sources of funding, all of which will be used:

- Locally controlled Federal and State funding allocations (funding given to local governments and agencies to spend on their priorities and/or operations)
- Federal discretionary funding awards (identified by the Federal Transit Administration for specific projects)
- Locally raised money (i.e. fares)

BUDGET CONTROLS

KCAPTA adopts an annual operating budget that serves as the foundation for financial planning and control. The budget is a financial plan governing the fiscal year operating and capital investments. For capital projects exceeding one fiscal year, KCAPTA management adopts a project length budget. The budget matches revenues with the operating and capital project expenses based on adopted policies and strategic plans set by KCAPTA Board of Directors. The budget process follows three basic steps that provide continuity in decision making: 1) assess current conditions and needs and develop goals, objectives, policies, and plans, 2) prioritize projects and develop a work program, 3) implement identified plans and policies and evaluate their effectiveness and shortcomings. KCAPTA maintains budgetary controls to monitor compliance with KCAPTA authorization and adopted rules.

MAJOR INITIATIVES

It is expected that the State of California economic crisis will continue to affect all transit agencies throughout California. In the event of a loss in anticipated revenues, KCAPTA will identify services that have the highest operating costs and least return in ridership. KCAPTA will prioritize service adjustments to maintain current Americans with Disabilities Act (ADA) services levels and meet all ADA service requirements.

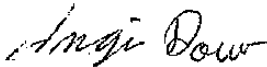
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Kings County Area Public Transit Agency (KCAPTA) for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2009. The Certificate of Achievement is a very prestigious national award, recognizing conformance with the highest standards for preparation of a state or local government finance report. This was the first year that KCAPTA has received this award. In order to be eligible for this award, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program's requirements, and we will submit it to the GFOA to determine KCAPTA eligibility for another certificate.

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

Respectively submitted,



Angie Dow
Assistant Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kings County
Area Public Transit Agency
California

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2009

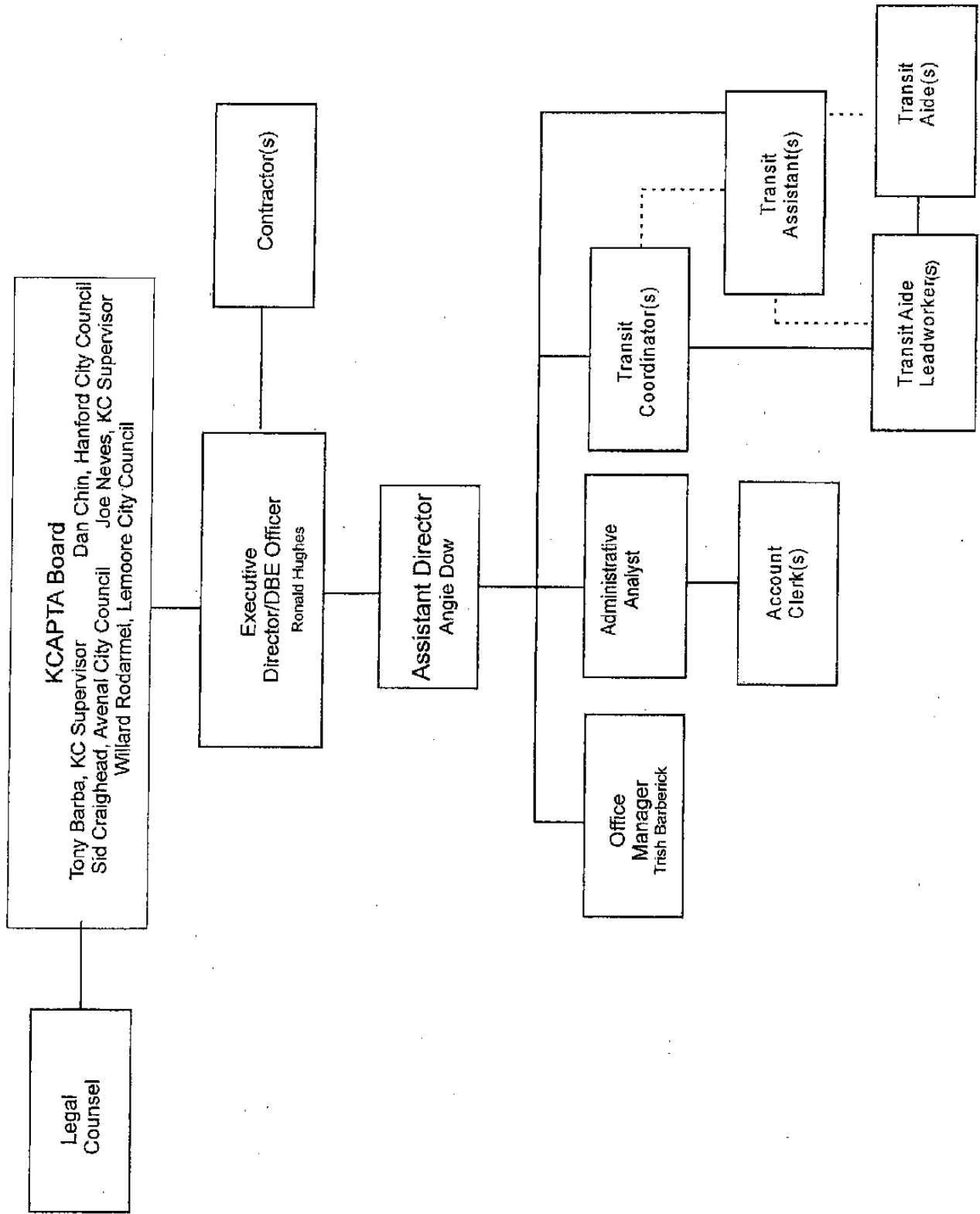
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Kings County Area Public Transit Agency



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

BOARD OF DIRECTORS

Joe Neves	Kings County Supervisor	Chair
Tony Barba	Kings County Supervisor	Director
Dan Chin	Hanford City Council	Director
Sid Craighead	Avenal City Council	Director
Willard Rodarmel	Lemoore City Council	Director

MANAGEMENT STAFF

Ronald Hughes	Executive Director
Angie Dow	Assistant Director
Trish Barberick	Office Manager

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the Kings County Area Public Transit Agency, as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Kings County Area Public Transit Agency's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Kings County Area Public Transit Agency, as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

8080 North
Palm Avenue,
Suite 201

Fresno, CA
93711-5797

559/431-5500

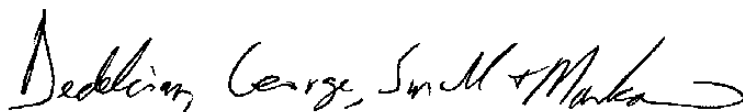
Fax: 559/431-4937
www.cpaplus.com

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance with "Government Auditing Standards," we have also issued our report dated December 23, 2010, on our consideration of the Kings County Area Public Transit Agency'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management's discussion and analysis, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Kings County Area Public Transit Agency's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Dedekian, George, Small & Markarian
Accountancy Corporation
December 23, 2010

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
JUNE 30, 2010 AND 2009**

Introduction

The following discussion and analysis of the financial performance and activity of the Kings County Area Public Transit Agency (KCAPTA) provides an introduction and understanding of the basic financial statements of KCAPTA for the year ended June 30, 2010 with selected comparative information for the year ended June 30, 2009. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

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

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

The Financial Statements

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

The Statement of Net Assets presents information on all of KCAPTA's assets and liabilities with the difference between the two being reported as net assets. Trends of increasing or decreasing net assets may serve as useful indicators of financial health. The entire equity section is combined to report total net assets and is displayed in three components – invested in capital assets, net of related debt, restricted net assets and unrestricted net assets.

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

Restricted net assets consist of assets where constraints on their use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislations.

Unrestricted net assets consist of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt. This net asset component includes net assets that have been designated by management for specific purposes which in the case of KCAPTA include assets allocated to fund capital projects, reserved for other liabilities, and reserves of catastrophic events, which indicate that management does not consider them to be available for general operations.

Revenues and expenses are categorized as either operating or non-operating based upon the definitions provided by GASB Statements No. 33 and No. 34. Significant recurring resources of KCAPTA such as capital contributions are reported as non-operating revenues.

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

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
JUNE 30, 2010 AND 2009**

Financial Highlights

Statement of Revenues, Expenses and Changes in Net Assets

A summary of KCAPTA's Statements of Revenue, Expenses and Changes in Net Assets for fiscal years 2010, 2009 and 2008 is as follows:

	<u>2010</u>	<u>2009</u>	<u>Increase/(Decrease)</u>		<u>2008</u>
			<u>Amount</u>	<u>%</u>	
Operating revenues	\$4,965,149	\$5,380,328	(\$415,179)	(8)%	\$4,552,222
Operating expenses	10,489,257	9,483,150	1,006,107	11%	8,970,534
Operating loss	(5,524,108)	(4,102,822)	(1,421,286)	35%	(4,418,312)
Non-operating revenue	4,192,740	4,099,506	93,234	2%	4,139,896
Capital contributions	4,404,439	1,826,743	2,577,696	141%	4,871,091
Increase/(decrease) in net assets	<u>\$3,073,071</u>	<u>\$1,823,427</u>	<u>\$1,249,644</u>	<u>69%</u>	<u>\$4,592,675</u>

The combined operating and non-operating revenues for fiscal year 2010 decreased by \$321,945 over fiscal year 2009. The decrease in operating revenues in 2010 over fiscal 2009 is due primarily to decrease in fare revenue resulting from the reduction of services in the fixed route system and the reduction of lease payment due in the vanpool operations. The increase in non-operating revenue is due to the new grants received for the vanpool program.

Operating expenses for fiscal year 2010 increased by \$1,006,107 or 11% over fiscal year 2009 due to growth in the vanpool operations and staffing needs, which consequently resulted in increased wages, fringe benefits, maintenance of equipment and fuel.

Capital contributions in fiscal year 2010 were higher compared to fiscal year 2009 due to funding received and applied for purchase of vans, buses, mobile data terminals and the building expansion of administrative office.

The combined operating and non-operating revenues for fiscal year 2009 increased by \$787,716 over fiscal year 2008. The increase in the fare revenue was the result of the growth in the vanpool operations.

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
JUNE 30, 2010 AND 2009**

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

	<u>2010</u>	<u>2009</u>	<u>Increase/(Decrease)</u>		<u>2008</u>
			<u>Amount</u>	<u>%</u>	
Operating Revenues by Major Source					
Passenger	\$4,886,839	\$5,322,152	(\$435,313)	(8)%	\$4,437,587
Auxiliary	78,310	58,176	20,134	35%	114,635
Non-Operating Revenues by Major Source					
Local Transportation Fund	1,856,386	1,950,765	(94,379)	(5)%	2,118,016
State Transit Assistance	1,535,045	1,079,603	455,442	42%	1,252,464
Federal cash grants	960,329	1,127,139	(166,810)	(15)%	921,490
Measure C Funding	86,460	121,183	(34,723)	(29)%	-
Fresno Rural Transit	49,278	-	49,278	100%	-
Miscellaneous	26,130	105	26,025	100%	25,001
Gain (loss) on sale of equip	(272,721)	(62,866)	(209,855)	334%	(8,318)
Interest Income (net expense)	(48,167)	(116,423)	68,256	59%	(168,757)
Total Revenue	<u>\$9,157,889</u>	<u>\$9,479,834</u>	<u>\$(321,945)</u>	<u>(3)%</u>	<u>\$8,692,118</u>

Passenger fares decreased by \$435,313 or 8% in fiscal year 2010 over fiscal year 2009 due primarily to the reduction of services in the fixed route system and the reduction of lease payment due in the vanpool operations.

Auxiliary revenues increased by \$20,134 or 35% due to the increase in advertising revenue.

State Transit Assistance funding increased by \$455,442 or 42% due to the grants available for the expansion of the Farmlabor Vanpool Program.

Federal cash grants decreased by \$166,810 or 15% due to the Federal Transit Administration Budget (SAFETEA-LU) for FY 2010 Section 5307 not being approved until May 2010.

Measure C funding decreased by \$34,723 or 29%. This funding source began in fiscal year 2009 and is only available for new vanpools originating out of Fresno County. Existing vanpools were not eligible for this funding.

Fresno Rural Transit funds for a portion of the cost for the Fresno and Laton fixed routes. In prior years revenue received showed as a deduction to expenditures.

Miscellaneous revenues increased by \$26,025 or 100% due to receiving the contribution from Tulare County to promote the vanpool rideshare program.

Loss on sale of equipment increased by \$209,855 or 334% this is due to the sale of obsolete buses, vans and equipment.

Interest income net of interest expense increased by \$68,256 or 59% in fiscal year 2010 over fiscal year 2009. This increase was due primarily to the maturity of debt which resulted in a decrease in interest expense.

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
JUNE 30, 2010 AND 2009**

Below is a schedule showing the detail of operating expenditures.

	<u>2010</u>	<u>2009</u>	<u>Increase/(Decrease)</u>		<u>2008</u>
			<u>Amount</u>	<u>%</u>	
Salaries	\$1,031,236	\$770,583	\$260,653	34%	\$621,621
Fringe Benefits	335,484	256,270	79,214	31%	198,780
Maintenance - Equip	656,982	777,555	(120,573)	(16)%	756,056
Fuel & Oil	2,229,826	2,235,373	(5,547)	0%	2,291,826
Other Materials & Supplies	56,563	92,739	(36,176)	(39)%	75,415
Rents & Leases of Equip	184,165	44,728	139,437	312%	14,683
Utilities	29,147	15,222	13,925	91%	7,008
Insurance	813,415	431,069	382,346	89%	587,142
Purchased Transportation	2,370,543	2,587,558	(217,015)	(8)%	2,401,988
Miscellaneous	1,043,658	825,056	218,602	26%	985,057
Depreciation	1,738,238	1,446,997	291,241	20%	1,030,958
Total Operating Expenses	<u>\$10,489,257</u>	<u>\$9,483,150</u>	<u>\$1,006,107</u>	<u>11%</u>	<u>\$8,970,534</u>

Operating expenses, net of depreciation, for fiscal year 2010 were \$8,751,019, a net increase over 2009 of \$714,866 or 8%. The increases result primarily from the growth of the farmlabor vanpool program, which consequently resulted in an increase of staff; salaries and fringe benefits increased by \$339,867; Insurance increased by \$382,346; Miscellaneous expenditures increased by \$218,602, this was primarily due to office rental for four remote locations, travel of staff for training and reclassifying communication charges from Maintenance of Equipment. The additional offices also caused utilities to increase by \$13,925.

Rents & Leases of Equipment increased by \$139,437 due to the addition of vans through operating leases for the vanpool program; Maintenance of equipment decreased by \$120,573 due to reclassifying communication charges. Other materials and supplies decreased by \$36,176 due to reduction in purchasing various printed materials. Purchased Transportation decreased by \$217,015 due to reduction in services.

Depreciation expense increased by \$291,241 from \$1,446,997 in 2009 to \$1,738,238 in 2010 due to an increase in depreciable fixed assets; resulting primarily from the addition of 60 vans for the farmlabor vanpool program.

Operating expenses, net of depreciation, for fiscal year 2009 were \$8,036,153 a net increase over 2008 of \$96,577 or 1%. The increase results primarily from the growth in the vanpool operation resulting in increases of salaries and fringe benefits, fuel and maintenance of equipment.

The depreciation expense increased by \$416,039 from \$1,030,958 in 2008 to \$1,446,997 in 2009 due to an increase in depreciable fixed assets resulting primarily from the completion of the new transfer site and the purchase of additional buses and vans.

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
JUNE 30, 2010 AND 2009**

Statement of Net Assets

A comparison of KCAPTA's Statement of Net Assets as of June 30, 2010, 2009, and 2008 is as follows:

	<u>2010</u>	<u>2009</u>	<u>Increase/(Decrease)</u> <u>Amount</u>	<u>%</u>	<u>2008</u>
Current assets	\$4,509,414	\$3,014,159	\$1,495,255	50%	\$2,941,747
Noncurrent assets - capital assets, net	13,620,384	11,852,016	1,768,368	15%	11,456,495
Total Assets	<u>18,129,798</u>	<u>14,866,175</u>	<u>3,263,623</u>	<u>22%</u>	<u>14,398,242</u>
Current liabilities	4,212,339	3,341,825	870,514	26%	4,055,663
Long-term liabilities	783,577	1,463,539	(679,962)	(46)%	2,105,195
Total Liabilities	<u>4,995,916</u>	<u>4,805,364</u>	<u>190,552</u>	<u>4%</u>	<u>6,160,858</u>
Net assets					
Invested in capital assets, net of related debt	12,185,320	9,273,534	2,911,786	31%	8,070,267
Unrestricted	948,562	787,277	161,285	20%	167,117
Total Net Assets	<u>\$13,133,882</u>	<u>\$10,060,811</u>	<u>\$3,073,071</u>	<u>31%</u>	<u>\$8,237,384</u>

For the fiscal year ended June 30, 2010, KCAPTA's net assets increased by \$3,073,071. The increase is primarily due to the acquisition of vans and decrease in long-term liabilities.

For fiscal year ended June 30, 2009, KCAPTA's net assets increased by \$1,823,427 over fiscal year 2008 due primarily to the decrease in liabilities.

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
JUNE 30, 2010 AND 2009**

Statement of Cash Flow/Cash Investments

A comparison presentation of KCAPTA's major sources and uses of cash, as of June 30, 2010, 2009 and 2008 are as follows:

	<u>2010</u>	<u>2009</u>	<u>Increase/(Decrease)</u> <u>Amount</u>	<u>%</u>	<u>2008</u>
Net cash used in operating activities	(3,661,110)	(2,553,660)	(1,107,450)	43%	(3,714,140)
Net cash provided by noncapital financing activities	3,241,456	6,168,905	(2,927,449)	(47)%	4,660,055
Net cash used in (provided by) capital and related financing activities	522,868	(2,753,793)	3,276,661	(119)%	322,087
Net cash provided by investing activities	<u>43,265</u>	<u>53,887</u>	<u>(10,622)</u>	<u>(20)%</u>	<u>56,181</u>
Net (decrease) increase in cash and cash equivalents	<u>146,479</u>	<u>915,339</u>	<u>(768,860)</u>	<u>(84)%</u>	<u>1,324,183</u>
Cash and cash equivalents, beginning of year	<u>2,421,162</u>	<u>1,505,823</u>	<u>915,339</u>	<u>61%</u>	<u>181,640</u>
Cash and cash equivalents, end of year	<u><u>\$2,567,641</u></u>	<u><u>\$2,421,162</u></u>	<u><u>\$146,479</u></u>	<u><u>6%</u></u>	<u><u>\$1,505,823</u></u>

Overall, the total cash at the end of 2010 increased by \$146,479 over 2009 primarily due to receipts of STA funding which remained unexpended as of June 30, 2010.

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
JUNE 30, 2010 AND 2009**

Capital Assets

Details of the capital assets, net of accumulated depreciation, as of June 30, 2010, 2009 and 2008 are as follows:

	2010	2009	Increase/(Decrease)		2008
			Amount	%	
Capital assets not being depreciated					
Land	\$171,830	\$171,830	-	-	\$171,830
Construction in Progress	1,568,161	138,503	1,429,658	1032%	1,735,819
Total capital assets not being depreciated	1,739,991	310,333	1,429,658	461%	1,907,649
Capital assets being depreciated					
Building & Improvements	2,361,607	2,361,607	-	-	469,393
Revenue Equipment	14,742,094	13,816,865	925,229	7%	12,754,344
Service vehicles, shop, office and other equipment	1,114,797	436,291	678,506	156%	244,720
Assets held for sale	-	578,409	(578,409)	(100)%	323,456
Total capital assets being depreciated	18,218,498	17,193,172	1,025,326	6%	13,791,913
Less: accumulated depreciation					
Leasehold improvements	(193,069)	(137,648)	(55,421)	40%	(116,919)
Revenue Equipment	(5,926,212)	(4,920,445)	(1,005,767)	20%	(3,777,627)
Service vehicles, shop, office and other equipment	(218,824)	(174,783)	(44,041)	25%	(119,659)
Assets held for sale	-	(418,613)	418,613	(100)%	(228,862)
Total Accumulated depreciation	(6,338,105)	(5,651,489)	(686,616)	12%	(4,243,067)
Capital Assets, net	\$13,620,384	\$11,852,016	\$1,768,368	15%	\$11,456,495

As of the end of fiscal year 2010, KCAPTA's capital assets, before accumulated depreciation, increased by \$2,454,984 over fiscal year 2009. The major additions during fiscal year 2010 were the two ongoing construction projects, the acquisition of new vans, and the acquisition of mobile data terminals. The two construction projects; Administrative Office's remodel and expansion, was completed in November of 2010; Bus Facility Improvement Project, is scheduled to begin construction in March of 2011.

As of the end of fiscal year 2009, KCAPTA's capital assets, before accumulated depreciation, increased by \$1,803,943 over fiscal year 2008. The major additions during fiscal year 2009 were the completion of the Amtrak Transfer Site, the purchase of new buses and vans and the purchase of surveillance equipment.

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

**KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
JUNE 30, 2010 AND 2009**

Long-Term Debt

At the end of the fiscal year 2010, KCAPTA has eight (8) capital lease obligations outstanding in the amount of \$731,119. In addition, KCAPTA has one (1) note payable outstanding related to the construction of the transfer site in the amount of \$703,945.

Economic Condition, Outlook, and Activity

As the transit provider for the area of Kings County, KCAPTA's role in providing local and regional transit services is continuously changing to meet an ever-changing environment.

Increased population growth in the County resulted in a corresponding increase in public demand for transit services. KCAPTA anticipates an increase in public transit dependency as a result of the declining economy and significant increase in fuel cost.

KCAPTA monitors changes in the economy because of the potential impact to transportation revenues. KCAPTA will continue to research ways to improve funding options to meet the growing demand placed on transit.

Operating and capital funding needs continue to rise as a result of increased public demand for service and increased fuel cost. KCAPTA needs to look beyond existing resources in order to maintain a stable source of revenues through the following actions.

KCAPTA capital projects include a variety of items including: the construction of a CNG slow fuel site, purchase and installation of mobile data terminals in the vanpool vehicles, installing shelters & benches at bus stops, purchasing new buses, and maintenance and facility improvements.

The largest portion of the capital programs will be funded with Proposition 1B funds and American Recovery & Reinvestment Act (ARRA) funds.

KCAPTA will continue to pursue available funding and support towards increasing transit use to achieve our primary mission to provide a safe, reliable, and efficient transportation system for the Kings County residents.

Contacting KCAPTA Financial Management

KCAPTA's financial report is designed to provide KCAPTA's Board of Directors, management, and the public with an overview of KCAPTA's finances. For additional information about this report please contact Angie Dow, Assistant Director, KCAPTA, P.O. Box 209, Hanford, CA 93232.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 2,567,641	\$ 2,421,162
Receivables	1,941,590	556,325
Prepaid expenses	183	36,672
Total current Assets	<u>4,509,414</u>	<u>3,014,159</u>
Noncurrent assets:		
Capital assets:		
Equipment - buses	5,193,404	5,251,155
Vans	9,920,279	8,899,054
Equipment - vans	515,377	-
Equipment - office	227,831	102,947
Building & improvements	2,361,607	2,361,607
Land	171,830	171,830
Assets held for sale	-	578,409
Construction-in-progress	1,568,161	138,503
Less accumulated depreciation	<u>(6,338,105)</u>	<u>(5,651,489)</u>
Total capital assets (net of accumulated depreciation)	<u>13,620,384</u>	<u>11,852,016</u>
Total noncurrent assets	<u>13,620,384</u>	<u>11,852,016</u>
TOTAL ASSETS	<u><u>18,129,798</u></u>	<u><u>14,866,175</u></u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 896,649	\$ 859,582
Accrued payroll & related liabilities	77,581	62,500
Deferred revenues	2,586,622	1,304,800
Current maturities of long-term debt	196,263	173,649
Current capital leases payable	455,224	941,294
Total current liabilities	<u>4,212,339</u>	<u>3,341,825</u>
Noncurrent liabilities:		
Long-term debt payable	507,682	719,380
Capital leases payable	275,895	744,159
Total noncurrent liabilities	<u>783,577</u>	<u>1,463,539</u>
TOTAL LIABILITIES	<u>4,995,916</u>	<u>4,805,364</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	12,185,320	9,273,534
Unrestricted	948,562	787,277
TOTAL NET ASSETS	<u><u>\$ 13,133,882</u></u>	<u><u>\$ 10,060,811</u></u>

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

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING REVENUE</u>		
Passenger fares	\$ 4,886,839	\$ 5,322,152
Advertising revenue	78,310	58,176
Total operating Revenues	<u>4,965,149</u>	<u>5,380,328</u>
<u>OPERATING EXPENSES</u>		
Salaries & benefits	1,366,720	1,026,853
Insurance	813,415	431,069
Professional & specialized services	2,923,692	2,817,981
General & administrative	745,277	666,921
Fuel, repairs, and maintenance	2,901,915	3,093,329
Depreciation	1,738,238	1,446,997
Total operating expenses	<u>10,489,257</u>	<u>9,483,150</u>
OPERATING LOSS	<u>(5,524,108)</u>	<u>(4,102,822)</u>
<u>NONOPERATING REVENUE (EXPENSES)</u>		
Federal & state operating grants	4,351,760	4,157,507
Gain (loss) on sale of equip	(272,721)	(62,866)
Other income	161,868	121,288
Interest income	43,265	53,887
Interest expense	(91,432)	(170,310)
Total nonoperating revenues (expenses)	<u>4,192,740</u>	<u>4,099,506</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(1,331,368)</u>	<u>(3,316)</u>
<u>CAPITAL CONTRIBUTIONS</u>		
Contributions from governmental agencies	<u>4,404,439</u>	<u>1,826,743</u>
INCREASE IN NET ASSETS	<u>3,073,071</u>	<u>1,823,427</u>
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>10,060,811</u>	<u>8,237,384</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 13,133,882</u>	<u>\$ 10,060,811</u>

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

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATEMENT OF CASH FLOWS
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 4,952,948	\$ 5,391,639
Payments to suppliers, contracted entities, and others	(7,262,419)	(6,919,034)
Payments to employees	(1,351,639)	(1,026,265)
Net cash used in operating activities	<u>(3,661,110)</u>	<u>(2,553,660)</u>
<u>CASH FLOWS FORM NONCAPITAL FINANCING ACTIVITIES</u>		
Federal, state, and local operating assistance	3,241,456	6,168,905
Net cash provided by noncapital financing activities	<u>3,241,456</u>	<u>6,168,905</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Federal and state capital grants received	5,609,311	2,047,513
Payments for capital assets	(3,842,186)	(3,093,601)
Principal paid on capital leases	(963,741)	(1,430,424)
Principal paid on debt payable	(189,084)	(106,971)
Interest paid on debt	(91,432)	(170,310)
Net cash provided by (used in) capital and related financing activities	<u>522,868</u>	<u>(2,753,793)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest from investments	43,265	53,887
Net cash flows from investing activities	<u>43,265</u>	<u>53,887</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	146,479	915,339
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,421,162</u>	<u>1,505,823</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,567,641</u>	<u>\$ 2,421,162</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</u>		
Operating loss	\$ (5,524,108)	\$ (4,102,822)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,738,238	1,446,997
(Increase) decrease in:		
Accounts receivable	36,123	(54,204)
Prepaid expenses	36,489	(36,672)
Increase (decrease) in:		
Accounts payable	37,067	192,453
Accrued payroll and related liabilities	15,081	588
Net cash used in operating activities	<u>\$ (3,661,110)</u>	<u>\$ (2,553,660)</u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS

Capital leases payable in the amount of \$9,407 and \$726,216 was incurred during the years ended June 30, 2010 and 2009, respectively, to purchase assets.

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

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

Kings County Area Public Transit Agency (KCAPTA), a joint powers agency, is comprised of the County of Kings and the cities of Hanford, Lemoore and Avenal began operations in June of 1980. KCAPTA oversees the operation of Kings Area Rural Transit (KART), the Vanpool systems program and the Agricultural Industries Transportation program.

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

KART presently uses a fleet of vehicles ranging in size from 9-passenger vans to 33-passenger buses to provide transit services. Two levels of services are offered: fixed-route and demand/response (Dial-A-Ride) service. Demand/response service is available daily in Hanford, Lemoore, Avenal and Armona. There are regular Hanford-Lemoore, Hanford-Avenal, Hanford-Corcoran, Hanford-Laton, Hanford-Visalia and Hanford-Fresno fixed-route service, along with commuter service to Corcoran State Prison. In addition to regular fares, there are discount tickets, monthly passes and one-half price senior citizen passes.

KCAPTA started the vanpool program in 2001 to provide services for those who commute. The goals of the vanpool program include providing safe alternative transportation to travel to and from work. KCAPTA presently has agreements with Kern, Tulare, Fresno and Madera Counties allowing for the operation of over 230 vanpools. These are 7 to 15 passenger vans that serve to connect the employees going within and between the counties.

Over the past eight years, KCAPTA has received several grants to establish vanpools for farm workers. The first grant was funded in 2002 and titled the AITS (Agricultural Industries Transportation Services). Its purpose was to establish the project in Kings, Tulare and Fresno Counties. Additional grants were funded to expand the project to Kern and Madera Counties, the cities of Greenfield and Ventura, and the Sacramento Area, allowing for the operation of over 250 farm workers vanpools.

In 2008 a grant was funded to establish a new and separate transit agency to manage the multiple county vanpool projects. This new agency is expected to be formed by March of 2011. The transition will be completed by July 1, 2011. The projects primary purpose continues to be in providing transportation alternatives to farm workers to and from agricultural worksites.

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

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting and Presentation

The financial statements of Kings County Area Public Transit Agency have been prepared in conformity with general accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

As required under GASB Statement No. 20, *Accounting and Financial reporting for Proprietary funds and other Governmental Entities That Use Proprietary Fund Accounting*, KCAPTA will continue to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. KCAPTA has elected under GASB Statement No. 20, to not apply all FASB Statements and Interpretations issued after November 30, 1989, due to the governmental nature of KCAPTA's operations.

Measurement Focus

The statement of net assets and the statement of revenues, expenses and changes in net assets, are presented using the economic resources measurement focus. The accounting objective of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

KCAPTA maintains their accounting records on the cash basis of accounting. The records are converted to the accrual basis for financial reporting purposes at year end. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with KCAPTA's principal ongoing operational activities. Charges to customers represent KCAPTA's principal operating revenues and include passenger fares. Operating expenses include the cost of operating maintenance and support of transit services and related capital assets, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and/or expenses.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, KCAPTA may fund certain programs with a combination of cost-reimbursement grants, state and local grants.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Pooled Cash and Investments

Cash from various governmental agencies is pooled for investment purposes by the Kings County Treasurer. Interest received on the investment is prorated to individual agencies based on their average cash balances.

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

D. Cash and Cash Equivalents

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

E. Capital Assets

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

	<u>Years</u>
Buildings and structures	25-50
Revenue equipment	5-10
Service vehicles, shop, office and other equip	5-10

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

F. Construction-in-Progress

Cost incurred for construction associated facility improvements or building expansion is capitalized as construction-in-progress until such time as they are complete and operational. Depreciation commences at the time of completion.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accrued Vacation and Sick Leave

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

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

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

The accrued vacation liability and 25% of accrued sick leave liability is recorded on the statement of net assets as current liability. Changes to the liability are recorded as an increase or decrease to operating expenditures on the statement of revenues, expenses, and changes in net assets.

H. Classification of Revenues and Expenses

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

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

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

I. Deferred Revenues

Deferred revenues arise when resources are received by KCAPTA before they have earned them.

J. Contributed Capital

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, capital grants are required to be included in the determination of net income, resulting in an increase in net revenue of \$4,404,439 and \$1,826,743 for the years ending June 30, 2010 and 2009, respectively.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Net Assets

Net assets represent the residual interest in KCAPTA's assets after liabilities are deducted. Net assets are presented in three broad components: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets invested in capital assets, net of related debt include capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net assets are restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net assets are unrestricted.

L. Federal, State and Local Grants

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

M. Estimates

The preparation of the 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 in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. Comparative Data and Reclassifications

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the KCAPTA's financial position and operations. Certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

O. Funding Sources/Program

Federal Grants

Section 5307 Formula Capital and Operating Grants for Urbanized Area with population of 200,000 or more.

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

Section 5307 ARRA Capital and Operating Grants

This program provides grants to finance capital projects at 100% and operating assistance at 10%. Capital project include construction, improvement and other incidental costs of facilities and equipment used in the operation.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Section 5316 Capital, Planning and Operating Grants

Section 5316 was established to address the unique transportation challenges faced by welfare recipients and low-income persons seeking to obtain and maintain employment. Many new entry-level jobs are located in suburban areas, and low-income individuals have difficulty accessing these jobs from their inner city, urban, or rural neighborhoods. In addition, many entry-level jobs require working when conventional transit services are either reduced or non-existent. Grants may be used for capital, planning and operating expenses for projects that transport low income individuals to and from jobs and activities related to employment and for reverse commuters regardless of income.

Section 5311 Capital and Operating Grants

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

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

Section 5311 ARRA Capital Projects

This program provides grant to finance capital projects at 100%. Capital project include construction, improvement and other incidental costs for facilities and equipment used in the operations.

Congestion Mitigation and Air Quality (CMAQ)

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

State Grants

Transit Development Act (TDA) Capital and Operating Grants

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

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Agricultural Worker Transportation Program (AWTP) Capital and Operating Grants

The Agricultural Worker Transportation Program (AWTP) provides funding for safe, efficient, reliable and affordable transportation services, utilizing vans and buses, to agricultural workers commuting to/from worksites in rural areas statewide. Competitive grants are awarded to public agencies to purchase or lease new and/or used vans and buses, and program related equipment to operate transportation services for agricultural workers statewide.

Public Transportation, Modernization, Improvement and Service Enhancement (PTMISEA)

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

California Transit Assistance Fund (CTAF)

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

P. Reclassifications

Certain amounts in the 2009 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2010 financial statements.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in the Kings County Treasury as part of the common investment pool and with a commercial bank. These pooled funds are carried at cost, which approximates market value. Investment income from the pool is allocated back to the respective funds based on each fund's equity in the pool. Any investment losses are proportionately shared by all funds in the pool. At June 30, 2010 and 2009, KCAPTA had \$2,586,280 and \$2,304,026, respectively, with the County Treasurer. The fair market value of this pool as of that date, provided by the pool sponsor, was \$2,611,648 and \$2,315,504, respectively.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 2: CASH AND CASH EQUIVALENTS (continued)

At June 30, 2010 and 2009, the reported amount of KCAPTA's deposits with banks was \$98,977 and \$117,086, respectively. KCAPTA maintains \$50 in petty cash.

The County is authorized to deposit cash and invest excess funds by *California Government Code* Sections 53601 et seq., 53635 et seq. and 53648 et seq. The County is restricted by *Government Code* Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase agreements. The investment policy for the Kings County Treasury prohibits reverse repurchase securities and foreign investments.

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

Interest rate risk is the risk that changes in market interest rates that adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. As of the year end, the weighted average maturity of the investments contained in the County Treasury investment pool was approximately eighteen months.

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

NOTE 3: RECEIVABLES

Receivables for the fiscal year ending June 30, 2010 and 2009 consist of the following balances:

	<u>2010</u>	<u>2009</u>
Accounts	\$ 81,555	\$ 105,827
Due from other governments	<u>1,860,035</u>	<u>450,498</u>
	<u>\$ 1,941,590</u>	<u>\$ 556,325</u>

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

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 4: CAPITAL ASSETS AND DEPRECIATION

Capital asset, net of accumulated depreciation, as of June 30, 2010 is as follows:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 171,830	\$ -	\$ -	\$ 171,830
Construction-in-progress	138,504	1,429,657	-	1,568,161
Total capital assets, not being depreciated:	310,334	1,429,657	-	1,739,991
Capital assets being depreciated:				
Equipment – buses	5,251,155	191,077	(248,828)	5,193,404
Vans	8,899,053	1,579,785	(558,559)	9,920,279
Equipment – Vans	-	515,377	-	515,377
Equipment – office	102,947	145,104	(20,220)	227,831
Buildings and improvements	2,361,607	-	-	2,361,607
Assets held for sale	578,409	-	(578,409)	-
Total capital assets, being depreciated:	17,193,171	2,431,343	(1,406,016)	18,218,498
Less accumulated depreciation for:				
Equipment – buses	(1,219,668)	(529,306)	192,670	(1,556,304)
Vans	(3,835,207)	(1,107,771)	397,690	(4,545,288)
Equipment – Vans	-	-	-	-
Equipment – office	(40,353)	(15,075)	11,983	(43,445)
Buildings and improvements	(137,648)	(55,420)	-	(193,068)
Assets held for sale	(418,613)	(30,666)	449,279	-
Total accumulated depreciation	(5,651,489)	(1,738,238)	1,051,622	(6,338,105)
Capital assets, net	\$ 11,852,016	\$ 2,122,762	\$ (354,394)	\$ 13,620,384

The amount recorded for depreciation for the years ended June 30, 2010 and 2009 was \$1,738,238 and \$1,446,997, respectively.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 5: DEFERRED REVENUES

Deferred revenues consist of STA, Proposition 1B Capital funds, and Proposition 1B Security funds received for multiple-year capital projects. Following is a schedule of multiple-year capital projects and deferred revenues as of June 30, 2010.

Project Description	Estimated Beginning	Estimated Ending	Estimated Cost	Grant Funds	Loan	Deferred Revenues
Davis Street Facility Imp.	FY 09/10	FY 10/11	\$2,380,791	\$1,000,000	\$ -	\$1,380,791
Davis Street Security Fence	FY 10/11	FY 11/12	103,261	-	-	103,261
Bench/Shelters	FY 09/10	FY 11/12	100,000	-	-	100,000
CNG Buses	FY 10/11	FY 10/11	2,112,218	1,963,437	-	148,781
Small Buses	FY 10/11	FY 10/11	312,214	280,000	-	32,214
Mobile Data Terminal	FY 10/11	FY 10/11	299,920	-	-	299,920
Automatic Fare Boxes	FY 10/11	FY 10/11	521,655	-	-	521,655
			<u>\$5,830,059</u>	<u>\$3,243,437</u>	<u>\$ -</u>	<u>\$2,586,622</u>

NOTE 6: LONG-TERM LIABILITIES

A summary of long-term liability activity for the year ended June 30, 2010 is as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Capital leases:					
GE Capital Finance, Inc. - 01	\$ 120,199	\$ -	\$ (120,199)	\$ -	\$ -
GE Capital Finance, Inc. - 02	19,416	-	(19,416)	-	-
GE Capital Finance, Inc. - 03	354,057	-	(171,507)	182,550	182,550
GE Capital Finance, Inc. - 04	5,976	-	(5,976)	-	-
GE Capital Finance, Inc. - 05	36,271	-	(26,918)	9,353	9,353
GE Capital Finance, Inc. - 06	86,670	-	(56,891)	29,779	29,779
GE Capital Finance, Inc. - 07	165,414	-	(165,414)	-	-
GE Capital Finance, Inc. - 08	159,445	-	(159,445)	-	-
GE Capital Finance, Inc. - 09	14,899	-	(14,899)	-	-
Union Bank - 7157	139,784	-	(46,230)	93,554	47,979
Union Bank - 2208	188,377	-	(56,777)	131,600	59,237
Union Bank - 2127	301,910	-	(93,924)	207,986	97,702
Union Bank - 2464	93,036	-	(25,743)	67,293	26,947
US Bank - 1279562	-	9,407	(403)	9,004	1,677
Total capital leases	<u>1,685,453</u>	<u>9,407</u>	<u>(963,742)</u>	<u>731,119</u>	<u>455,224</u>
Note Payable:					
Union Bank Loan	<u>893,029</u>	<u>-</u>	<u>(189,084)</u>	<u>703,945</u>	<u>196,263</u>
Compensated absences*	<u>62,500</u>	<u>15,081</u>	<u>-</u>	<u>77,581</u>	<u>77,581</u>
Total debt	<u>\$ 2,640,982</u>	<u>\$ 24,488</u>	<u>\$ (1,152,826)</u>	<u>\$ 1,512,646</u>	<u>\$ 729,068</u>

*Compensated absences are shown at net change for the year.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 6: LONG-TERM LIABILITIES (continued)

Capital Leases

KCAPTA entered into one contract with US Bank during the year ended June 30, 2010 to purchase a copy machine. The contract was for the amount of \$9,407 borrowed at an effective annual interest rate of 6.359%. Sixty payments are scheduled and the note will mature March 2015.

KCAPTA entered into three contracts with Union Bank of California, N.A. during the year ended June 30, 2009 to purchase additional vans to be used in the Vanpool. The first contract was for the amount of \$384,813 borrowed at an effective annual interest rate of 3.95%. Forty-eight payments are scheduled and the note will mature July 2012. The second contract was for the amount of \$233,885 borrowed at an effective annual interest rate of 4.25%. Forty-eight payments are scheduled and the note will mature August 2012. The third contract was for the amount of \$107,518 borrowed at an effective annual interest rate of 4.58%. Forty-eight payments are scheduled and the note will mature November 2012.

KCAPTA entered into three contracts with GE Capital Public Finance, Inc. during the year ended June 30, 2008 to purchase additional vans to be used in the Vanpool and AITS programs. The first contract was for the amount of \$550,500 borrowed at an effective annual interest rate of 6.70%. Thirty-two payments are scheduled and the note matured in April 2010. The second contract was for the amount of \$531,714 borrowed at an effective annual interest rate of 6.70%. Thirty-two payments are scheduled and the note matured April 2010. The third contract was for the amount of \$48,338 borrowed at an effective annual interest rate of 6.45%. Thirty-one payments are scheduled and the note matured April 2010. KCAPTA also entered into a contract with Union Bank of California, N.A. to purchase additional vans. The contract was for the amount of \$187,966 borrowed at an effective annual interest rate of 3.72%. Forty-eight payments are scheduled and the note will mature May 2012.

KCAPTA entered into four contracts with GE Capital Public Finance, Inc. during the year ended June 30, 2007 to purchase additional vans to be used in the Vanpool and AITS programs. The first contract was for the amount of \$834,617 borrowed at an effective annual interest rate of 6.34%. Sixty payments are scheduled and the note will mature July 2011. The second contract was for the amount of \$65,701 borrowed at an effective annual interest rate of 6.666%. Thirty-six payments are scheduled and the note matured October 2009. The third contract was for the amount of \$100,161 borrowed at an effective annual interest rate of 6.26%. Forty-eight payments are scheduled and the note will mature November 2010. The fourth contract was for the amount of \$214,408 borrowed at an effective annual interest rate of 6.137%. Forty-eight payments are scheduled and the note will mature January 2011.

Note Payable

KCAPTA borrowed \$1,000,000 from Union Bank of California, N.A., on November 29, 2007. The loan proceeds were used to finance the costs of construction of the Amtrak Transfer Site in Hanford, California. The loan includes monthly payments of \$18,302.17, including interest at 3.75%, with all outstanding principal and interest due and payable on December 1, 2013.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 6: LONG-TERM LIABILITIES (continued)

Annual Debt Service

As of June 30, 2010, the annual debt service requirements are as follows:

Year Ending:	Capital Leases		Long-Term Debt	
	Principal	Interest	Principal	Interest
June 30, 2011	\$ 455,224	\$ 23,587	\$ 196,263	\$ 23,360
June 30, 2012	239,005	6,937	203,808	15,815
June 30, 2013	33,253	502	211,726	7,897
June 30, 2014	2,029	173	92,148	896
June 30, 2015	1,608	43	-	-
Total requirements	<u>\$ 731,119</u>	<u>\$ 31,242</u>	<u>\$ 703,945</u>	<u>\$ 47,968</u>

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

Equipment	\$ 6,334,678
Accumulated amortization	<u>(2,903,097)</u>
Net value of equipment acquired through capital leases	<u>\$ 3,431,581</u>

Amortization of leased equipment is included with depreciation expense.

NOTE 7: OPERATING LEASE COMMITMENTS

KCAPTA negotiated a vehicle leasing agreement with ALD Automotive on January 1, 2009. The term of the lease begins on the date a vehicle is accepted and continues for a minimum of twelve months. After the twelve months the lease shall continue on a month-to-month basis until the vehicle is surrendered to ALD Automotive.

At any time after the expiration of the minimum lease term, the vehicle can be surrendered to ALD Automotive. ALD will sell the vehicle. If the net proceeds exceed the depreciated value less the guaranteed residual value ALD will issue a refund. If the net proceeds are less than the depreciated value less the guaranteed residual value KCAPTA will be billed the difference. Vehicles are being depreciated over sixty months. The thirty-one vehicles being leased have met their minimum operating lease requirements. KCAPTA will continue to lease the vehicles until they have been fully depreciated. As of June 30, 2010, the depreciated value less the guaranteed residual value is \$493,970.

KCAPTA negotiated a 10 year lease beginning July 1, 2005 and terminating on June 30, 2015 to lease the premises in which the Agency currently conducts operations. The premises were constructed when KCAPTA was part of Kings County and are owned by the County. The agreement states the monetary contributions made by KCAPTA during the development and construction of the premises will serve as the Agency's sole payment. The lease may be terminated by either party upon 180 days written notice of such termination.

NOTE 8: COMPENSATED ABSENCES

Accumulated compensated absences payable in future years is recorded as an expense in the year earned by employees. At June 30, 2010 and 2009, \$77,581 and \$62,500, respectively, had been accrued and are included in accrued payroll and related liabilities.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 9: DEFINED BENEFIT PENSION PLAN

KCAPTA participates in the California Public Employee Retirement System (CalPERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the CalPERS Board of Administration. Because KCAPTA's plan has less than 100 active members it is required to participate in a larger CalPERS risk pool. CalPERS provides retirement, disability, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

CalPERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information for CalPERS. The report may be obtained by writing to CalPERS, P.O. Box 942709, Sacramento, California 94229-2709

KCAPTA has twenty-seven employees that participate in the California Public Employees Retirement System. Payroll for employees covered by the System for the years ended June 30, 2010 and 2009 was \$900,870 and \$679,605, respectively, (which represents 100.00% of covered payroll). All regular full-time and regular part-time KCAPTA employees are eligible to participate in CalPERS. Benefits vest after five years of service. Employees are eligible to retire at or after age 55 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to a percent of their average full-time pay rate based on the last consecutive 36 months of service.

Funding Policy

KCAPTA pays the contributions required of all eligible employees. For the years ended June 30, 2010 and 2009, the employees' contribution rate was 7.00%. An additional \$0.93 per pay period, per covered employee, was contributed for survivor's benefits. KCAPTA is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. The required employer contribution rate for the years ending June 30, 2010 and 2009 was 8.189% and 8.128%, respectively. The Agency's total contribution to CalPERS for the years ending June 30, 2010 and 2009 was \$124,578 and \$104,251, respectively, and equals 100% of the required contribution for each year.

Trend Information

Four year trend information regarding annual pension costs, including costs paid on behalf of the employees, are summarized as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$ 124,578	100%	\$ -
June 30, 2009	\$ 104,251	100%	\$ -
June 30, 2008	\$ 79,654	100%	\$ -
June 30, 2007	\$ 68,336	100%	\$ -

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 10: DEFERRED COMPENSATION PLAN

KCAPTA has made available to its eligible employees a deferred compensation plan under the terms of Section 457 of the Internal Revenue Code. KCAPTA matches 33% of the management employee's deferral up to a maximum of \$2,500 annually. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Amounts accumulated under the plan have been invested in several investment options at the direction of the employee. As of June 30, 2010 and 2009, \$18,942 and \$21,130, respectively, had been contributed to the Deferred Compensation Plan, which is not included as part of the KCAPTA's financial statements.

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

NOTE 11: CONTINGENT LIABILITIES

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

NOTE 12: TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS

Local Transportation Fund

Pursuant to the Transportation Development Act of 1971, KCAPTA received and spent apportionments of local transportation funds in the amount of \$2,161,499 for the year ended June 30, 2010 and \$2,072,960 for the year ended June 30, 2009, to meet its operating requirements.

State Transit Assistance

State transit assistance funds in the amount of \$862,498 for the year ended June 30, 2010 was received. Of that amount, \$40,209 was used to meet capital requirements. The remaining \$822,288 will be used in 2011 to meet capital requirements. State transit assistance funds in the amount of \$875,252 for the year ended June 30, 2009 were received to meet its operating and capital requirements.

Section 6634

Pursuant to Section 6634 of the Transportation Development Act, a transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less passenger fares, federal, state and local support and the amount received during the year from a city or county to which the operator has provided service beyond its boundaries.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 12: TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS (continued)

Pursuant to Section 6633.2 and 6633.5 of the Transportation Development Act, the ratio of fare revenues to operating cost of not less than 20% are set for an urban operator with a population of 500,000 or less and 10% for operators serving a non-urbanized area. The Transportation Development Act allows the transportation planning agency to reduce the required minimum farebox recovery ratio to as low as 15%. Beginning with the fiscal year ended June 30, 2008, KCAG set the farebox ratio for KCAPTA at 15%. Therefore, KCAPTA was required to meet a farebox recovery ratio of 15% for the years ended June 30, 2010 and 2009. KCAPTA's farebox ratios are as follows:

	June 30, 2010	June 30, 2009
Farebox and Local Support	\$ 537,146	\$ 652,569
Operating cost (99247(a))	\$ 3,313,304	\$ 3,950,984
Farebox ratio	16%	17%

Public Transportation, Modernization, Improvement and Service Enhancement (PTMISEA)

During the fiscal year ended June 30, 2010, KCAPTA applied for and received \$800,230 from the State's PTMISEA account for the Davis Street Bus Facility Improvement Project. As of June 30, 2010, no funds have been expended for this project.

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

These funds are held in an interest bearing account. Interest earned as of June 30, 2010, 2009 and 2008 was \$26,082, \$20,916 and \$13,708, respectively. As of June 30, 2010, KCAPTA has spent \$1,100,552 for the purchase of new CNG buses, new paratransit buses and Mobile Data Terminals. Unexpended proceeds at June 30, 2010 were \$1,180,922. The remaining funds have been recorded as deferred revenue as of June 30, 2010 (Note 5).

California Transit Assistance Fund (CTAF)

During the fiscal year ended June 30, 2010, KCAPTA applied for and received \$103,261 from the CTAF funds for perimeter fence enhancement at our bus facility. As of June 30, 2010, no funds have been expended for this project.

During the fiscal year ended June 30, 2009, KCAPTA applied for and received \$142,087 from the CTAF to install bus surveillance equipment on our fixed route buses. This project was completed and closed out on June 22, 2009.

These funds are held in an interest bearing account. Interest earned as of June 30, 2010 and 2009 was \$297 and \$1,652, respectively. As of June 30, 2010, KCAPTA has spent \$143,739 for the bus surveillance equipment. The remaining funds have been recorded as deferred revenue as of June 30, 2010. (Note 5).

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 13: FEDERAL TRANSPORTATION FUNDS

Under provisions of section 5307 of the Federal Transit Administration, federal resources are made available for operating, planning, capital and capital maintenance, subject to certain limitations. For the years ended June 30, 2010 and 2009, KCAPTA spent federal assistance funds in the amount of \$559,780 and \$927,350, respectively. Additionally, under provisions of section 5311 of the Federal Transit Administration, KCAPTA spent federal assistance of \$357,566 and \$199,789 for the years ending June 30, 2010 and 2009, respectively.

NOTE 14: RISK MANAGEMENT LIABILITY

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

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2010

Type of Coverage	Amount of Coverage	Effective Dates
Commercial Property	Varies	6/18/2010 to 6/18/2011
General Liability	\$2,000,000	6/19/2010 to 6/19/2011
Commercial Automobile	\$1,000,000	5/13/2010 to 5/13/2011
Automobile Excess Liability	\$9,000,000	5/13/2010 to 5/13/2011
Dishonesty Bond	\$20,000	6/01/2010 to 6/01/2011

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

MV TRANSPORTATION
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2010

Type of Coverage	Amount of Coverage	Effective Dates
Workers Compensation	\$1,000,000	2/01/2010 to 2/01/2011
Commercial General Liability	\$10,000,000	2/01/2010 to 2/01/2011
Commercial Automobile Liability	\$10,000,000	2/01/2010 to 2/01/2011
Automobile Collision & Comprehensive	Cash value of vehicles	2/01/2010 to 2/01/2011

NOTE 15: OTHER POST EMPLOYMENT BENEFITS

In July 2004, the GASB issued Statement 45, Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions. This statement establishes standards for the measurement, recognition and display of other postretirement benefits expenses/expenditures and related liabilities (assets), note disclosures and required supplementary information in the financial reports of state and local governmental employers. The provisions of this Statement are effective for KCAPTA year ended June 30, 2010.

KCAPTA does not offer any postretirement benefits other than pensions.

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

This part of KCAPTA's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about KCAPTA's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	31-34
These schedules contain trend information to help the reader understand how KCAPTA's financial performance and well-being have changed overtime.	
Revenue Capacity	35-39
These schedules contain information to help the reader assess KCAPTA's most significant operating revenue, passenger fares.	
Debt Capacity	40
This schedule assists readers in understanding and assessing KCAPTA debt burden and its ability to issue future debt.	
Demographic Information	41-42
This schedule offers demographic and economic indicators to help the reader understand the environment within which KCAPTA's financial activities take place and help make comparisons over time with other governments.	
Operating Information	43-46
These schedules contain contextual information about KCAPTA's operations and resources to assist readers in using financial statement information to understand and assess KCAPTA's economic condition.	

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

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

FINANCIAL TRENDS

SCHEDULE OF NET ASSETS
Last 7 fiscal years

NET ASSETS	2010	2009	2008	2007	2006	2005	2004
Invested in Capital Assets, Net of Related Debt	12,185,320	9,273,534	8,070,267	4,114,756	4,053,626	4,428,103	4,147,245
Unrestricted	948,562	787,277	170,550	(470,047)	(511,655)	(757,696)	(610,052)
Total	13,133,882	10,060,811	8,240,817	3,644,709	3,541,971	3,670,407	3,537,193

Prior to fiscal year 2004, KCAPTA was part of the governmental structure of Kings County. Therefore, comparative data for years prior to 2004 is not shown.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

FINANCIAL TRENDS (continued)

SCHEDULE OF CHANGE IN NET ASSETS
Last 7 fiscal years

	2010	2009	2008	2007	2006	2005	2004
<u>OPERATING REVENUE</u>							
Total Operating Revenue	4,965,149	5,380,328	4,552,222	4,377,595	3,349,021	2,494,647	1,175,233
Total Operating Expenses	10,489,258	9,483,150	8,970,534	7,707,528	6,696,136	6,018,293	5,192,145
Operating Loss	(5,524,109)	(4,102,822)	(4,418,312)	(3,329,933)	(3,347,115)	(3,523,646)	(4,016,912)
Total Nonoperating Revenue	4,192,741	4,099,506	4,143,329	3,415,052	3,235,223	3,275,993	3,889,286
NET LOSS BEFORE							
CAPITAL CONTRIBUTIONS	(1,331,368)	(3,316)	(274,983)	85,119	(111,892)	(247,653)	(127,626)
Total Capital Contributions	4,404,439	1,826,743	4,871,091	203,887	47,925	75,000	1,726,086
CHANGES IN NET ASSETS	3,073,071	1,823,427	4,596,108	289,006	(63,967)	(172,653)	1,598,460

Prior to fiscal year 2004, KCAPTA was part of the governmental structure of Kings County. Therefore, comparative data for years prior to 2004 is not shown.

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

FINANCIAL TRENDS (continued)

**SCHEDULE OF REVENUES BY SOURCE
Last 7 fiscal years**

Fiscal Year	OPERATING REVENUE			NON-OPERATING REVENUES					TOTAL NON- OPERATING REVENUES
	Passenger Fares	Advertisements	TOTAL OPERATING REVENUES	Federal Cash Grants	Local Cash Grants	Interest	Gain/(loss) on sale of equip	Other	
2010	\$ 4,886,839	\$ 78,310	\$ 4,965,149	\$ 960,329	\$ 3,549,052	\$ (48,167)	\$ (272,721)	\$ 4,248	\$ 4,192,741
2009	5,322,152	58,176	5,380,328	1,127,139	3,151,551	(116,423)	(62,866)	105	4,099,506
2008	4,437,587	114,635	4,552,222	921,490	3,370,480	(165,324)	(8,318)	25,001	4,143,329
2007	4,238,846	138,749	4,377,595	1,442,982	2,126,182	(181,382)	(2,327)	29,597	3,415,052
2006	3,253,418	95,603	3,349,021	993,199	2,514,323	(323,232)	2,892	48,041	3,235,223
2005	2,425,638	69,009	2,494,647	1,315,889	2,103,466	(148,653)	(1,736)	7,027	3,275,993
2004	1,137,944	37,289	1,175,233	1,026,000	2,911,097	(47,811)	-	-	3,889,286

Prior to fiscal year 2004, KCAPTA was part of the governmental structure of Kings County. Therefore, comparative data for years prior to 2004 is not shown.

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

FINANCIAL TRENDS (continued)
SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION
Last 7 fiscal years

	2010	2009	2008	2007	2006	2005	2004
OPERATING EXPENSES							
Salaries	\$ 1,031,236	\$ 770,583	\$ 621,622	\$ 514,373	\$ 462,601	\$ 338,509	\$ 220,765
Fringe Benefits	335,484	256,270	198,780	181,651	181,111	95,081	57,305
Maintenance - Equip	656,982	777,555	756,056	546,807	322,841	265,539	119,043
Fuel & Oil	2,229,826	2,235,373	2,291,826	1,943,337	1,625,915	1,140,604	571,353
Other Materials & Supplies	56,563	92,739	75,415	46,668	95,371	50,112	58,878
Rents & Leases of Equip	184,165	44,728	14,683	17,954	59,632	53,665	-
Utilities	29,147	15,222	7,008	8,061	8,532	6,756	97
Insurance	813,415	431,069	587,142	632,253	644,883	708,780	424,837
Purchased Transportation	2,370,543	2,587,558	2,401,988	2,424,016	2,150,458	2,360,118	2,022,123
Miscellaneous	1,043,658	825,056	985,376	570,417	380,394	275,326	1,132,038
Depreciation	1,738,238	1,446,997	1,030,959	821,991	764,398	723,803	585,706
Total Operating Expenses	\$ 10,489,257	\$ 9,483,150	\$ 8,970,855	\$ 7,707,528	\$ 6,696,136	\$ 6,018,293	\$ 5,192,145

Prior to fiscal year 2004, KCAPTA was part of the governmental structure of Kings County. Therefore, comparative data for years prior to 2004 is not shown.

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

REVENUE CAPACITY

SERVICE CONSUMPTION

KART

Past 5 fiscal years

<u>Fiscal Year</u>	<u>Annual Passenger Miles</u>	<u>Unlinked Passenger Trip</u>
2010	3,109,898	745,768
2009	3,966,416	949,862
2008	3,490,651	837,229
2007	2,612,500	792,479
2006	2,648,529	802,810

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

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

Source : National Transit Database and Finance Department

Prior to fiscal year 2006, KCAPTA was not required to report NTD data. Therefore, comparative data for years prior to 2006 is not shown.

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

REVENUE CAPACITY (continued)

**SERVICE CONSUMPTION
VANPOOL
Past 3 fiscal years**

<u>Fiscal Year</u>	<u>Annual Passenger Miles</u>	<u>Unlinked Passenger Trip</u>
2010	20,612,012	403,558
2009	24,096,351	583,973
2008	22,456,805	544,220

Passenger Miles: The cumulative sum of the distances ridden by each passenger.

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

Source : National Transit Database and Finance Department

Prior to fiscal year 2008, KCAPTA did not report vanpool NTD data. Therefore, comparative data for years prior to 2008 is not shown.

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

REVENUE CAPACITY (continued)

PASSENGER RATES

KART

Effective September 1, 2008

CASH FARES

DOWNTOWN ROUTES		
ADULT	\$	1.00
CHILD (7-12)	\$	0.50
Child (under 12)		FREE
ALL OTHER ROUTES		
ADULT	\$	1.50
CHILD (7-12)	\$	0.75
Child (under 12)		FREE
DIAL-A-RIDE		
ADULT	\$	2.00
CHILD (7-12)	\$	1.00
Child (under 12)		FREE

MONTHLY PASSES

DOWNTOWN	\$	40.00
OUT OF TOWN	\$	50.00
DIAL-A-RIDE	\$	60.00

Source: Finance Department

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

REVENUE CAPACITY (continued)

PASSENGER RATES

VANPOOL

Effective November 2008

MONTHLY CHARGE PER VAN

15 PASSENGER

Van Lease	\$	585.00
Fuel		Actual Usage
Insurance		251.00
Maintenance (per mile traveled)		0.08
Administrative (per mile traveled)		0.12

15 PASSENGER (24HR)

Van Lease	\$	1,170.00
Fuel		Actual Usage
Insurance		251.00
Maintenance (per mile traveled)		0.08
Administrative (per mile traveled)		0.06

7-8 PASSENGER

Van Lease	\$	385.00
Fuel		Actual Usage
Insurance		251.00
Maintenance (per mile traveled)		0.08
Administrative (per mile traveled)		0.12

Source: Finance Department

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

REVENUE CAPACITY (continued)

PASSENGER RATES

FARM LABOR

Effective July 2008

WEEKLY CHARGE PER VAN

WEEKLY MILES	FEE PER PASSENGER
Less than 300	\$ 25.00
Between 301-500	30.00
Between 501-600	35.00
Between 601-700	40.00
Between 701-800	45.00
Between 801-900	50.00
Between 901-1000	55.00

Source: Finance Department

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

DEBT CAPACITY

**RATIOS OF OUTSTANDING DEBT
Last Seven Years**

Year ended June 30	Capital Lease Vehicles	Capital Lease Equipment	Note Payable Equipment	Note Payable Capital	Note Payable Operating	Total	Percentage of Personal Income	Debt per Capita
2004	\$ 1,151,867	\$ -	\$ 82,671	\$ -	-	\$ 1,234,538	37%	8,685
2005	2,132,216	-	64,469	-	800,000	2,996,685	88%	20,930
2006	2,075,324	-	-	-	500,000	2,575,324	74%	17,740
2007	2,380,829	-	-	-	300,000	2,680,829	69%	18,160
2008	2,389,661	-	-	1,000,000	-	3,389,661	85%	22,788
2009	1,685,453	-	-	893,029	-	2,578,482	64%	17,165
2010	772,114	9,004	-	703,946	-	1,485,064	36%	9,789

Note: Details regarding KCAPTA outstanding debt can be found in the notes to the financial statements.

Prior to fiscal year 2004, KCAPTA was part of the governmental structure of Kings County. Therefore, comparative data for years prior to 2004 is not shown.

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

**DEMOGRAPHIC AND ECONOMIC STATISTICS
KINGS COUNTY**

For the Year Ended	(1)	(2)	(2)	(3)
June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2010	156,289	4,137,279 *	27,271 *	16.0%
2009	154,440	4,056,155 *	27,001 *	14.8%
2008	153,531	3,976,623	26,734	9.9%
2007	151,225	3,892,646	26,369	8.3%
2006	148,228	3,500,258	24,112	8.1%
2005	145,443	3,398,364	23,735	9.3%
2004	142,110	3,340,093	23,497	11.3%
2003	137,850	3,037,480	21,897	12.3%
2002	134,378	2,704,752	20,083	11.7%
2001	131,582	2,510,040	18,950	10.0%
2000	129,461	2,195,764	16,920	10.0%

Data Source:

(1) State Department of Finance (Estimate)

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

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

* Data not available, estimates based on % change from FY07 to FY08

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC STATISTICS (continued)
KINGS COUNTY
PRINCIPAL EMPLOYERS

Employer	Rank	Employee Count	2009
			Percentage of County Total
Corcoran State Prison	1	2,322	18.4%
California Substance Abuse Facility & State Prison at Corcoran	2	1,786	14.1%
Avenal State Prison	3	1,517	12.0%
Del Monte Food	4	1,400	11.1%
Lemoore Naval Air Station	5	1,400	11.1%
Kings County	6	1,041	8.2%
Adventist Health	7	955	7.6%
Leprion Foods (East & West)	8	824	6.5%
The Palace Casino	9	800	6.3%
Paramount Farms	10	600	4.7%
		<u>12,645</u>	<u>100%</u>

Data Source: Kings County Economic Development Corporation and Web Survey

Data not available for 2010 or 2000

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
STATISTICAL SECTION

OPERATING INFORMATION

FULL TIME AND PART TIME EMPLOYEES BY FUNCTION

Last Seven Years

As of June 30,

	2010	2009	2008	2007	2006	2005	2004
Administrative Staff	9	8	6	6	6	6	6
Transit Coordinators	6	3	3	2	2	2	2
Lead Transit Aide	2	2	0	0	0	0	0
Transit Aide	9	7	7	5	5	4	4
Total	26	20	16	13	13	12	12

Source: Finance Department

Prior to fiscal year 2004, KCAPTA was part of the governmental structure of Kings County. Therefore, comparative data for years prior to 2004 is not shown.

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

OPERATING INFORMATION (continued)

VEHICLES OPERATED IN MAXIMUM SERVICE

<u>FISCAL YEAR</u>	<u>FIXED ROUTE</u>	<u>DIAL-A-RIDE</u>	<u>VANPOOL</u>
2010	12	6	200
2009	16	8	180
2008	16	8	164
2007	16	8	- *

Source: National Transit Database

Prior to fiscal year 2006, KCAPTA was not required to report NTD data. Therefore, comparative data for years prior to 2006 is not shown.

* Prior to fiscal year 2008, KCAPTA did not report vanpool data into NTD. Therefore, comparative data for years prior to 2008 is not shown.

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

OPERATING INFORMATION (continued)

PROFILE

<u>General Statistics and Service Information</u>	
Service Area	13
Employees	25
Purchased Transportation Employees	63
Vehicles Available for Services	408
Hanford Routes	7
Lemoore Routes	3
Avenal Routes	3
Corcoran Routes	2
Visalia	3
Fresno (Monday, Wednesday, Friday)	1

Source: Finance Department and MV Transit

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

OPERATING INFORMATION (continued)

2011 OPERATING BUDGET

	<u>2010</u>	<u>2011</u>	<u>Difference</u>	<u>% Change</u>
REVENUES				
Passenger Fares	\$ 5,330,012	\$ 6,334,426	\$ 1,004,414	18.84%
Non/Transportation Revenues	125,000	625,000	500,000	400.00%
Operating Assistance				
Federal Grant	1,589,200	868,404	(720,796)	-45.36%
LTF	2,256,014	2,115,000	(141,014)	-6.25%
Other State	5,113,543	2,009,934	(3,103,609)	-60.69%
TOTAL REVENUES	<u>\$ 14,413,769</u>	<u>\$ 11,952,764</u>	<u>\$ (2,461,005)</u>	<u>-17.07%</u>
Labor and Fringes	1,656,130	2,232,604	576,474	34.81%
Professional Services	483,000	937,310	454,310	94.06%
Fuel and Lubricants and Supplies	2,922,897	2,892,000	(30,897)	-1.06%
Utilities	515,480	723,000	207,520	40.26%
Insurance	753,500	791,500	38,000	5.04%
Purchased Transportation	2,500,000	2,400,000	(100,000)	-4.00%
Miscellaneous	1,860,026	1,976,350	116,324	6.25%
TOTAL EXPENDITURES	<u>\$ 10,691,033</u>	<u>\$ 11,952,764</u>	<u>\$ 1,261,731</u>	<u>11.80%</u>

Source: Finance Department

