# Report of Independent Auditors and Financial Statements with Supplementary Information For the Years Ended June 30, 2023 and 2022 (including Audit Comments and Disclosures Required by State Regulations)

*Tri-County Metropolitan Transportation District of Oregon – 2023 Annual Report*

## *Board of Directors*

***Thomas Kim***
*District 1 Washington County*
*Current term expires:*
*June 30, 2025*

***Keith Edwards***
*District 5 N and NE Portland*
*Current term expires:*
*May 24, 2026*

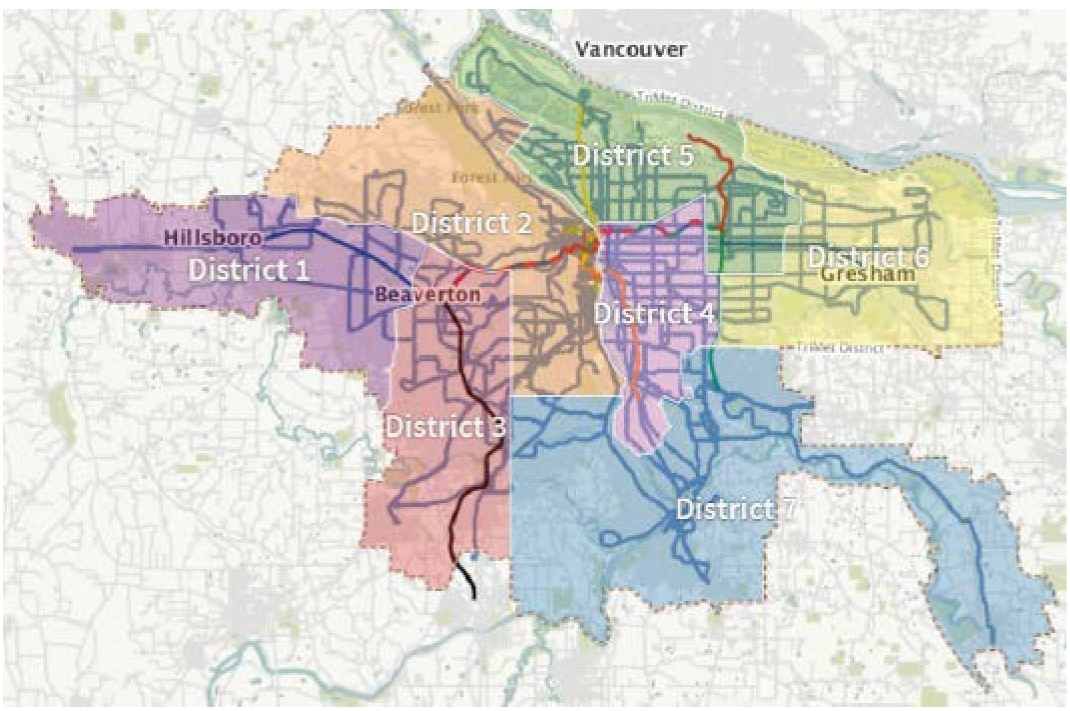
***Ozzie Gonzalez, President***
*District 2 N, NW & portions of SW Portland*
*Current term expires:*
*May 31, 2026*

***Dr. LaVerne Lewis***
***Vice President***
*District 6 E Multnomah County*
*Current term expires:*
*March 4, 2025*

***Robert Kellogg***
*District 3 SW Portland Current term expires:*
*May 31, 2027*

***Kathy Wai***
***Secretary/Treasurer***
*District 7 Clackamas County*
*Current term expires:*
*May 24, 2026*

***Tyler Frisbee***
*District 4 SE Portland*
*Current term expires:*
*May 31, 2027*




*Sam Desue Jr., General Manager*
*Shelley Devine, General Counsel and Registered Agent*
*Nancy Young-Oliver, Chief Financial Officer*

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*TriMet*
*101 SW Main Street, Suite 700*
*Portland, OR 97204*

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# Financial Section

# Independent Auditor's Report

The Board of Directors
Tri-County Metropolitan Transportation District of Oregon
Portland, Oregon

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the enterprise and fiduciary funds of the Tri-County Metropolitan Transportation District of Oregon (District) as of and for the years ended June 30, 2023 and June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise and fiduciary funds of the District, as of June 30, 2023 and June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### *Required Supplementary Information*

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the reconciliation of revenues and expenses (budget basis) to schedule of revenues and expenses (GAAP basis), the reconciliation of fund balance (budget basis) to net position (GAAP basis), the schedule of revenues and expenses budget (budget basis) and actual – general fund, and the schedule of bonds payable obligations outstanding are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards, the reconciliation of revenues and expenses (budget basis) to schedule of revenues and expenses (GAAP basis), the reconciliation of fund balance (budget basis) to net position (GAAP basis), the schedule of revenues and expenses budget (budget basis) and actual – general fund, and the schedule of bonds payable obligations outstanding are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 13, 2023, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Ahmad Gharaibeh, Partner, for
Eide Bailly, LLP
Menlo Park, California
October 13, 2023

# *Management's Discussion and Analysis*

(dollars in thousands)

This section provides an overview and analysis of key data presented in the basic financial statements of Tri-County Metropolitan Transportation District of Oregon ("TriMet" or "the District") for the fiscal years ended June 30, 2023 and 2022, including the District operations within the Enterprise Fund, the TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund and the Pension Plan for Bargaining Unit Employees of TriMet Trust Fund ("the Trust funds"). The Enterprise Fund accounts for all activities and operations of the District except for the activities included within the Trust funds. The TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund accounts for the assets of the non-union employee benefit plan held by the District in a trustee capacity. The Pension Plan for Bargaining Unit Employees of TriMet Trust Fund accounts for the assets of the union employee benefit plan held by the District in a trustee capacity. Information within this section should be used in conjunction with the basic financial statements and accompanying notes. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

## OVERVIEW OF THE FINANCIAL STATEMENTS

TriMet, a public corporation in the State of Oregon, is a regional transit authority providing a high-capacity transportation system throughout parts of Multnomah, Washington and Clackamas Counties through light rail ("MAX"), bus transportation systems, commuter rail ("WES"), paratransit service ("LIFT") and Streetcar (owned by the City of Portland, operated by TriMet).

In accordance with requirements set forth by the Governmental Accounting Standards Board (GASB), the District's financial statements employ the accrual basis of accounting in recognizing increases and decreases in economic resources. Accrual accounting recognizes all revenues and expenses incurred during the year, regardless of when cash is received or paid.

The basic financial statements, presented on a comparative format for the years ended June 30, 2023 and 2022, are comprised of:

Statements of Net Position – The District presents its statement of net position using the balance sheet format. The statement reflects assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District. Net position is separated into: net investment in capital assets, net position – restricted for debt service, net position – restricted for capital projects and net position – unrestricted.

Statements of Revenues, Expenses and Changes in Net Position – This statement reflects the transactions that have increased or decreased the District's total economic resources during the fiscal year. Revenues are presented net of allowances and are summarized by major source. Revenues and expenses are classified as operating or non-operating based on the nature of the transaction.

Statements of Cash Flows – This statement presents the sources and uses of cash separated into four categories of activities: operating, noncapital financing, capital and related financing, and investing.

Statements of Fiduciary Net Position – This statement presents the Plan's assets and liabilities and the resulting net position restricted for pensions. The statement reflects the Plan's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

Statements of Changes in Fiduciary Net Position – This statement reflects the transactions that have increased or decreased the Plan's net position for the fiscal year. This statement reflects District contributions and investment earnings along with deductions for retirement benefits and administrative expenses.

The Notes to the Financial Statements, presented at the end of the basic financial statements, are considered an integral part of the District's presentation of financial position, results of operations, and changes in cash flows.

## *Management's Discussion and Analysis*

*continued*

(dollars in thousands)

**ENTERPRISE FUND FINANCIAL HIGHLIGHTS**

**Financial Highlights for Fiscal Year 2023**

- Total net position serves over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $1,994,650 at June 30, 2023, a $38,806 or 1.9 percent decrease from June 30, 2022. A condensed summary of the District's net position is presented in Table 1.

  The largest portion of the District's net position is $2,314,337 or 116.0 percent at June 30, 2023, that represents its investment in capital assets (i.e., track, guideway, buses, light rail vehicles, buildings, improvements, and equipment), net of accumulated depreciation reduced by the amount of related debt outstanding used to acquire those capital assets.

  The restricted portion of the District's net position is $61,929 or 3.1 percent at June 30, 2023, that represents resources that are subject to external restrictions imposed by creditors (debt covenants), grantors, contributors, or laws or regulations of other governments that restrict the use of net position. The unrestricted deficit in net position was ($381,616) at June 30, 2023 which is an improvement of $9,153 over the prior year due primarily to a decrease in net other post-employment benefits.

- Total operating revenues were $78,810 for fiscal year 2023. This is an increase by $1,107 or 1.4 percent from 2022. The increase is noted in passenger revenues which was up by $2,811 or 5.2 percent over the prior year. Total system-wide ridership for fiscal year 2023 increased 16.2 percent compared to fiscal year 2022. However overall ridership at end of fiscal year 2023 is down 39.9 percent compared to pre-pandemic levels. Further discussion on passenger revenues and ridership is highlighted in Operating Revenues of the Management Discussion and Analysis.

- Payroll and other tax revenues were $485,182 for fiscal year 2023. This is an increase of $21,648 or 4.7 percent over the prior fiscal year. The increase is in part due to the .01 percent increase in the employer payroll tax revenues that was effective on January 1, 2023. Management continues to closely monitor payroll tax revenues to assess any long-term impact from the pandemic.

- Grant revenue was $29,376, which is a decrease of $142,932 or 83.0 percent over the prior fiscal year. The decrease is due to a decrease in the current year for Federal Transit Administration (FTA) formula grants for preventative maintenance. The prior fiscal year includes grant revenues for preventative maintenance that were not recorded in the current year due to prioritizing pandemic or COVID relief grants in the current fiscal year. This line item also includes State (Oregon Department of Transportation) and local grants. Spending on the District's Statewide Transportation Improvement Fund (STIF) programs range from service expansion and service preservation to electrical vehicle charging infrastructure and enhanced transit concepts. Fiscal year 2023 includes $41,954 for STIF program revenues, which is a decrease of $18,390 or 30.5 percent over fiscal year 2022. June 30, 2023 represents the end of the two year biennium for the STIF grant program.

- Grant revenue – CARES, CRRSAA, ARP for fiscal year 2023 was $135,100, which is an increase of $13,191 or 10.8 percent compared to the prior fiscal year. This line item highlights Federal operating grants the District received to operate, maintain and manage bus, rail and paratransit transportation systems through COVID. In response to COVID, the federal government awarded the District approximately $669,677 in grants via the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funding and the American Rescue Plan Act (ARP). At June 30, 2023, the ARP award is the remaining FTA grant with funds outstanding and available to draw. CARES and CRRSAA grants have previously been recognized as grant revenues.

  Fiscal year 2023 includes $125,570 in ARP revenues and fiscal year 2022 includes $62,807. Fiscal year 2022 includes $58,642 in CRRSAA revenue related to reimbursement for eligible costs. The expenses related to this federal funding are subject to audit by the grantor under the Uniform Guidance.

- Total operating expenses were $821,646 per the Statements of Revenues, Expenses and Changes in Net Position. This is an increase of $61,146 or 8.0 percent from fiscal year 2022. The largest increases are noted in labor and materials and services. Labor increased by $20,343 or 9.8 percent over the prior year due to a 7.5 percent scheduled pay increase for union represented employees as a result of the August 2022 revisions to the Working Wage Agreement. See TriMet's Labor Contract Material and services increased by $46,172 or 10.5 percent primarily due to an increase in security services as the District entered into contracts to ensure safety on the system. Material and services also includes diesel fuel and light-rail vehicle overhaul, which both increased in fiscal year 2023.

## *Management's Discussion and Analysis*

*continued*

(dollars in thousands)

- Fringe benefits decreased $24,907 or 10.5 percent over the prior year. The decrease is a direct result of an increase in the discount rate used in the January 1, 2023 actuarial report for the OPEB obligation. The discount rate was 3.7 percent for the 2023 valuation as compared to 2.1 percent discount rate for the 2022 valuation. Complete actuarial valuations for the District are posted on Transparency and Accountability (trimet.org) under Pension/OPEB Valuations.
- Purchased transportation expenses in fiscal year 2023 were $30,200, which is an increase of $6,153 or 25.6 percent from fiscal year 2022 indicating a rebound in the District's Accessible Transportation Program (ATP or LIFT). TriMet's LIFT program provides paratransit services for people who are unable to use regular buses or trains due to a disability or disabling health condition. As many of these riders are in the high-risk group for COVID, demand for paratransit services dropped about 75.0 percent at the start of the pandemic. LIFT ridership has been slow to recover and has remained low. LIFT ridership has slightly rebounded but still remains low at 55.0 percent below pre-pandemic levels.

**Financial Highlights for Fiscal Year 2022**

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $2,033,456 at June 30, 2022, a $144,743 or 7.7 percent increase from June 30, 2021
- Total operating revenues were $77,703 for fiscal year 2022. This is an increase by $18,404 or 31.0 percent from 2021. The increase is noted in passenger revenues which was up by $14,413 or 36.5% over the prior year. Total system-wide ridership for fiscal year 2022 increased 24.5 percent compared to fiscal year 2021. However overall ridership at end of fiscal year 2021 is down 58.0 percent compared to pre-pandemic levels. Ridership has been significantly impacted by COVID.
- Payroll and other tax revenues were $463,534 for fiscal year 2022. This is an increase of $48,005 or 11.6 percent over the prior fiscal year. The increase is in part due to the .01 percent increase in the employer payroll tax revenues that was effective on January 1, 2022. Management continues to closely monitor payroll tax revenues to assess any long-term impact from the pandemic.
- Grant revenue was $172,308, which is an increase of $54,858 or 46.7 percent over the prior fiscal year. This line item includes Federal Transit Administration (FTA) formula grants for preventative maintenance as well as State (Oregon Department of Transportation) and local grants. Over fiscal year 2022, spending on the District's Statewide Transportation Improvement Fund (STIF) programs ramped up as COVID restrictions eased. Total fiscal year 2022 STIF program revenues increased $33,758 from fiscal year 2021. STIF programs range from service expansion and service preservation to electrical vehicle charging infrastructure and enhanced transit concepts.
- Grant revenue – CARES, CRRSAA, ARP for fiscal year 2022 was $121,909, which is a decrease of $81,594 or 40.1 percent compared to fiscal year 2021. This line item highlights Federal operating grants the District received to operate, maintain and manage bus, rail and paratransit transportation systems through the COVID-19 pandemic. In fiscal year 2022, TriMet was awarded $289,102 for the American Rescue Plan Act (ARP). Of this award, fiscal year 2022 includes $62,807 in ARP revenues related to reimbursement for eligible costs from October 2021 to June 2022. In May 2021, TriMet was awarded $195,420 from Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of 2021 Section 5307 Urbanized Area funds to help the District respond and recover from COVID. Fiscal year 2022 includes $58,642 in CRRSAA revenue related to reimbursement for eligible costs from July 2021 to December 2021. The expenses related to this federal funding are subject to audit by the grantor under the Uniform Guidance.
- Total operating expenses were $760,500 per the Statements of Revenues, Expenses and Changes in Net Position. This is an increase of $45,315 or 6.3 percent from fiscal year 2021. Fringe benefits increased $32,920 or 16.1 percent over the prior year. The increase is a direct result of an increase in pension expense as a result of the June 30, 2022 actuarial valuations. The increase in pension expense is noted in the Pension Plan for Bargaining Unit Employees of TriMet. Actuarial assumptions used in the June 30, 2022 valuation contributed to the increase in pension expense, specifically the price inflation assumption increased from 2.25 percent to 2.75 percent, salary increase assumption increased from 2.75 percent to 3.25 percent, and the discount rate was decreased from 6.50 percent to 6.25 percent. Complete actuarial valuations for the District are posted on Transparency and Accountability (trimet.org) under Pension/OPEB Valuations.
- Purchased transportation expenses in fiscal year 2022 were $24,047, which is an increase of $9,066 or 60.5 percent from fiscal year 2021 indicating a rebound in the District's Accessible Transportation Program. TriMet's LIFT program provides paratransit services for people who are unable to use regular buses or trains due to a disability or disabling health condition. As many of these riders are in the high-risk group for COVID, demand for paratransit services dropped about 75.0 percent at the start of the pandemic and remained low throughout fiscal year 2021.

## *Management's Discussion and Analysis*

*continued*

(dollars in thousands)

### ENTERPRISE FUND FINANCIAL SUMMARY

**Statements of Net Position**

The following table reflects a condensed summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of TriMet as of June 30, 2023, 2022 and 2021.

**Table 1**

**Net Position**
**As of June 30**
(dollars in thousands)

| | | | | Increase (decrease) | | | |
|---|---|---|---|---|---|---|---|
| | | | | 2023 - 2022 | | 2022 - 2021 | |
| | 2023 | 2022 | 2021 | $ | % | $ | % |
| **Assets** | | | | | | | |
| Current and other assets | $ 1,159,738 | $ 1,262,224 | $ 923,316 | $ (102,486) | (8.1)% | $ 338,908 | 36.7 % |
| Capital assets, net of depreciation | 3,193,617 | 3,155,024 | 3,064,806 | 38,593 | 1.2 % | 90,218 | 2.9 % |
| Total assets | 4,353,355 | 4,416,893 | 3,988,122 | (63,893) | (1.4)% | 429,126 | 10.8 % |
| **Deferred outflows of resources** | 192,945 | 248,131 | 234,207 | (55,186) | (22.2)% | 13,924 | 5.9 % |
| Total assets and deferred outflows of resources | $ 4,546,300 | $ 4,665,024 | $ 4,222,329 | $ (119,079) | (2.5)% | $ 443,050 | 10.5 % |
| **Liabilities** | | | | | | | |
| Current liabilities | $ 226,511 | $ 260,992 | $ 221,411 | $ (34,481) | (13.2)% | $ 39,581 | 17.9 % |
| Noncurrent liabilities | 1,918,535 | 2,089,831 | 1,869,831 | (171,296) | (8.2)% | 220,000 | 11.8 % |
| Total liabilities | 2,145,046 | 2,350,823 | 2,091,242 | (205,777) | (8.8)% | 259,581 | 12.4 % |
| **Deferred inflows of resources** | 406,604 | 280,745 | 242,410 | 125,859 | 44.8 % | 38,335 | 15.8 % |
| **Net position** | | | | | | | |
| Net investment in capital assets | 2,314,337 | 2,355,020 | 2,332,282 | (40,683) | (1.7)% | 22,738 | 1.0 % |
| Restricted | 61,929 | 69,205 | 66,022 | (7,276) | (10.5)% | 3,183 | 4.8 % |
| Unrestricted (deficit) | (381,616) | (390,769) | (509,627) | 9,153 | (2.3)% | 118,858 | (23.3)% |
| Total net position | 1,994,650 | 2,033,456 | 1,888,677 | (38,806) | (1.9)% | 144,779 | 7.7 % |
| Total liabilities, deferred inflows of resources, and net position | $ 4,546,300 | $ 4,665,024 | $ 4,222,329 | $ (118,724) | (2.5)% | $ 442,695 | 10.5 % |

Current and other assets decreased $102,486 or 8.1 percent, in 2023. Most of the decrease is noted in restricted investments, which decreased $82,406 or 32.7 percent from fiscal year 2022. The decrease is related to a decrease in investments held for STIF programs as June 30, 2023 was the end of the two year biennium. Also, the 2018 bond draw accounts with investments held for capital program spend decreased significantly from the prior year as large capital programs funded by debt ramped up or were completed, such as the Division Transit Project.

Total investments, unrestricted at June 30, 2023 increased over the prior year by $112,332 or 40.7 percent as a result of an increase in payroll tax revenues as well as an increase in unrestricted funds received in fiscal year 2023 from FTA for COVID relief grants (CRRSAA, ARP).

In fiscal year 2022, current and other assets increased $338,908 or 36.7 percent, the increase is noted in restricted and unrestricted cash and cash equivalents. Unrestricted cash increased due to draws on CRRSAA award provided to TriMet as relief response to the COVID-19 pandemic. In addition, in October 2021, TriMet issued a total of $409,640 in bonds – of this total, $229,030 was issued for Senior Lien Payroll Tax Revenue Refunding Bonds Series 2021B (Federally taxable,

## *Management's Discussion and Analysis*

*continued*
(dollars in thousands)

sustainability bonds) and $180,610 was issued in Senior Lien Payroll Tax Revenue Bonds Series 2021A (tax-exempt). As of June 30, 2022, almost all of the 2021A bond proceeds is in restricted investments for future spending on capital programs.

Deferred outflows of resources decreased by $55,186 or 22.2 percent at June 30, 2023. Deferred outflows related to Other Post-Employment Benefits (OPEB) decreased by $37,813 or 21.5 percent from June 30, 2022 due to an increase in the discount rate used to measure the OPEB obligation. The discount rate as of the 2023 valuation was 3.7 percent, which was an increase of 1.6 percent over the 2022 discount rate of 2.1 percent. Unamortized loss on refunded debt decreased by $2,588 as a result of the Refunding Bonds Series 2021B issued in October 2021.

At June 30, 2022, deferred outflows of resources increased by $13,924 or 5.9 percent. The change in this line item includes an increase of $37,371 in deferred outflows related to pension as a result of the June 30, 2022 actuarial valuations of the District's pension plan for bargaining unit employees for reasons previously mentioned. Deferred outflows related to Other Post-Employment Benefits (OPEB) decreased by $34,447 from June 30, 2021. And unamortized loss on refunded debt increased by $11,001 as a result of the Refunding Bonds Series 2021B issued in October 2021.

Current liabilities consist primarily of accounts payable, accrued compensation, current portion of bonds payable and unearned revenue. At June 30, 2023, current liabilities decreased by $34,481 or 13.2 percent. The decrease is noted in accounts payable and unearned capital project revenue. June 30, 2023 was the end of the two year biennium for the Statewide Transportation Improvement Fund (STIF) program and unspent project funds recorded to unearned capital project revenue had decreased.

At June 30, 2022, current liabilities increased by $39,145 or 17.9 percent. The increase is noted in accounts payable. Year-end included large payments due to contractors for work performed on various capital programs, such as the Powell Bus Garage capital project.

Noncurrent liabilities consist primarily of long-term debt, long-term lease liabilities, net pension liabilities and Other Postemployment Benefits (OPEB) liability. In fiscal year 2023, noncurrent liabilities decreased $171,296 or 8.2 percent from the prior year. The decrease is due to the decrease in long-term debt for principal and interest payments on outstanding debt. In addition, OPEB liability decreased significantly from the prior year was $175,743 as a result of an increase in the discount rate used in the actuarial valuation.

In fiscal year 2022, noncurrent liabilities increased $220,000 or 11.8 percent over fiscal year 2021. The increase in the net pension liability in fiscal year 2022 was $185,235 as a result of changes in actuarial assumptions and changes in the market value of investments held in trust for pension benefits. In addition, the issuance of the Senior Lien Payroll Tax Revenue Bonds Series 2021A in October 2021, increased long-term debt by $179,307 or 20.7 percent.

Deferred inflows of resources increased by $125,859 or 44.8 percent from fiscal year 2022. The increase is noted in deferred inflows related to OPEB. The District's January 1, 2023 actuarial valuation can be found at:
Transparency and Accountability (trimet.org)

Deferred inflows of resources increased by $38,335 or 15.8 percent from fiscal year 2021. The increase is noted in deferred inflows related to OPEB. The District's January 1, 2022 actuarial valuation can be found at:
Transparency and Accountability (trimet.org)

Unrestricted net position was reported as a deficit balance for the last three fiscal years. This is primarily due to the other postemployment benefits (OPEB) liability in the District's financial statements. The OPEB liability recorded on the statement of net position totaled $622,829 and $798,572 for the years ended June 30, 2023 and 2022, respectively. The OPEB plan is closed to non-union employees and remains open for union employees. Also contributing to the deficit unrestricted net position is the balance for the net pension liabilities. At June 30, 2023, the net pension liability was $222,070 as compared to $214,235 as of June 30, 2022. The increase is due to reasons noted previously.

## *Management's Discussion and Analysis*

*continued*

(dollars in thousands)

**Changes in Net Position**

The District's total revenues decreased by $66,392 or 8.0 percent, during fiscal year 2023 (see Table 2). Passenger revenue increased $2,811 or 5.2 percent indicating ridership is recovering, however ridership is still far from pre-pandemic levels as many local businesses support working from home for their employees. Payroll and other tax revenue increased $21,648 or 4.7 percent indicating these resources have been stable in addition, the region's unemployment levels have been low throughout the pandemic. Grant revenues decreased $142,932 or 83.0 percent from the prior year. Fiscal year 2022 includes significant grant revenues for preventative maintenance that were not recorded during fiscal year 2023. Grant revenue – CARES, CRRSAA, ARP increased $13,191, or 10.8 percent. TriMet prioritized drawing ARP grant funds over preventative maintenance grant funds as the nature of the expenses are eligible costs under both federal programs. Fiscal year 2023 includes $125,570 in ARP revenues.

The District's total revenues increased $32,129 or 4.0 percent during fiscal year 2022 (see Table 2). Passenger revenue increased $14,413 or 36.5 percent over the prior fiscal year. Payroll and other tax revenue increased $48,005, or 11.6 percent indicating stability in the region's economic environment. Grant revenue – CARES Act, CRRSAA increased $81,594, or 40.1 percent due to the CRRSAA grant awarded by the Federal government to the District as response to the pandemic in fiscal year 2021. Fiscal year 2022 includes $58,642 of CRRSAA grant funds and $62,807 of ARP grant funds. TriMet received relief from the pandemic in the form of Federal funding for the CARES Act grant ($184,925) in fiscal year 2020, and the CRRSAA award ($195,420) in fiscal year 2021 and the ARP award ($289,102) in fiscal year 2022.

TriMet continues to provide essential transit service to the tri-county area while recovering from the pandemic and navigating the challenge to restore ridership and address operator shortages. The District will continue to adapt to our environment and is committed to ensuring safety for passengers and its employees.

## *Management's Discussion and Analysis*

*continued*

(dollars in thousands)

**Table 2**

**Changes in Net Position**
**For the Years Ended June 30**
(dollars in thousands)

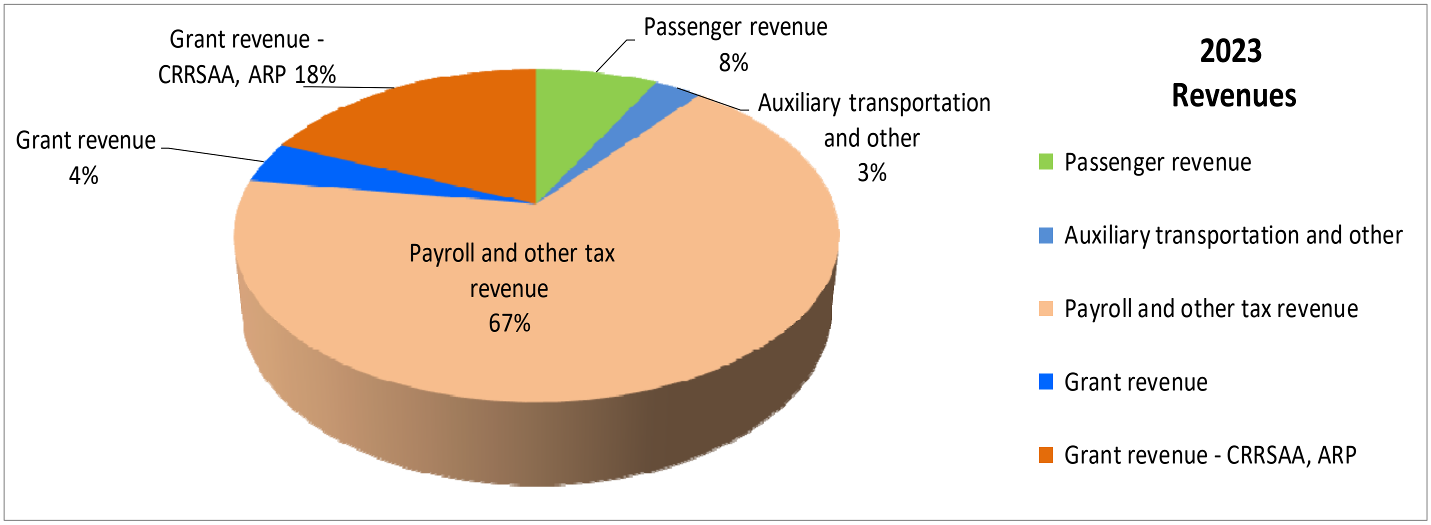
| | 2023 | 2022 *as restated* | 2021 | Increase (decrease) 2023 - 2022 $ | 2023 - 2022 % | 2022 - 2021 $ | 2022 - 2021 % |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Operating revenues | | | | | | | |
| Passenger revenue | $ 56,752 | $ 53,941 | $ 39,528 | $ 2,811 | 5.2 % | $ 14,413 | 36.5 % |
| Auxiliary transportation and other | 22,058 | 23,762 | 19,771 | (1,704) | (7.2)% | 3,991 | 20.2 % |
| Non-operating revenues | | | | | | | |
| Payroll and other tax revenue | 485,182 | 463,534 | 415,529 | 21,648 | 4.7 % | 48,005 | 11.6 % |
| Grant revenue | 29,376 | 172,308 | 117,450 | (142,932) | (83.0)% | 54,858 | 46.7 % |
| Grant revenue-CARES, CRRSAA, ARP | 135,100 | 121,909 | 203,503 | 13,191 | 10.8 % | (81,594) | (40.1)% |
| Gain on disposal of capital assets | 1,301 | 132 | 463 | 1,169 | 885.6 % | (331) | (71.5)% |
| Pass through revenue | 14,137 | 6,686 | 10,701 | 7,451 | 111.4 % | (4,015) | (37.5)% |
| Investment income | 26,392 | (749) | - | 27,141 | (3,623.6)% | (749) | (100.0)% |
| Net leveraged lease income (loss) | (3,243) | (8,076) | (5,627) | 4,833 | (59.8)% | (2,449) | 43.5 % |
| Total operating and non-operating revenues | 767,055 | 833,447 | 801,318 | (66,392) | (8.0)% | 32,129 | 4.0 % |
| **Expenses** | | | | | | | |
| Labor | 228,576 | 208,233 | 209,425 | 20,343 | 9.8 % | (1,192) | (0.6)% |
| Fringe benefits | 213,150 | 238,057 | 205,137 | (24,907) | (10.5)% | 32,920 | 16.0 % |
| Materials and services | 163,207 | 117,035 | 116,974 | 46,172 | 39.5 % | 61 | 0.1 % |
| Utilities | 12,815 | 11,150 | 10,928 | 1,665 | 14.9 % | 222 | 2.0 % |
| Purchased transportation | 30,200 | 24,047 | 14,981 | 6,153 | 25.6 % | 9,066 | 60.5 % |
| Depreciation expense | 151,730 | 145,216 | 142,919 | 6,514 | 4.5 % | 2,297 | 1.6 % |
| Other operating expense | 21,968 | 16,762 | 14,887 | 5,206 | 31.1 % | 1,875 | 12.6 % |
| Pass through expense | 14,137 | 6,686 | 10,701 | 7,451 | 111.4 % | (4,015) | (37.5)% |
| Interest and other expense | 30,286 | 31,242 | 27,770 | (956) | (3.1)% | 3,472 | 12.5 % |
| Funding exchanges and other payments | 2,161 | 18,253 | 1,900 | (16,092) | (88.2)% | 16,353 | 860.7 % |
| Impairment of capital assets | - | - | 58,579 | - | 100.0 % | (58,579) | 100.0 % |
| Total expenses | 868,230 | 816,681 | 814,201 | 51,549 | 6.3 % | 2,480 | 0.3 % |
| Income (loss) before contributions | (101,175) | 16,766 | (12,883) | (117,941) | (703.5)% | 29,649 | (230.1)% |
| Capital contributions | 62,369 | 128,013 | 48,664 | (65,644) | (51.3)% | 79,349 | 163.1 % |
| Increase (decrease) in net position | (38,806) | 144,779 | 35,781 | (183,585) | (126.8)% | 108,998 | 304.6 % |
| Net position - beginning of year | 2,033,456 | 1,888,677 | 1,852,896 | 144,779 | 7.7 % | 35,781 | 1.9 % |
| Total net position - end of year | $ 1,994,650 | $ 2,033,456 | $ 1,888,677 | $ (38,806) | (1.9)% | $ 144,779 | 7.7 % |

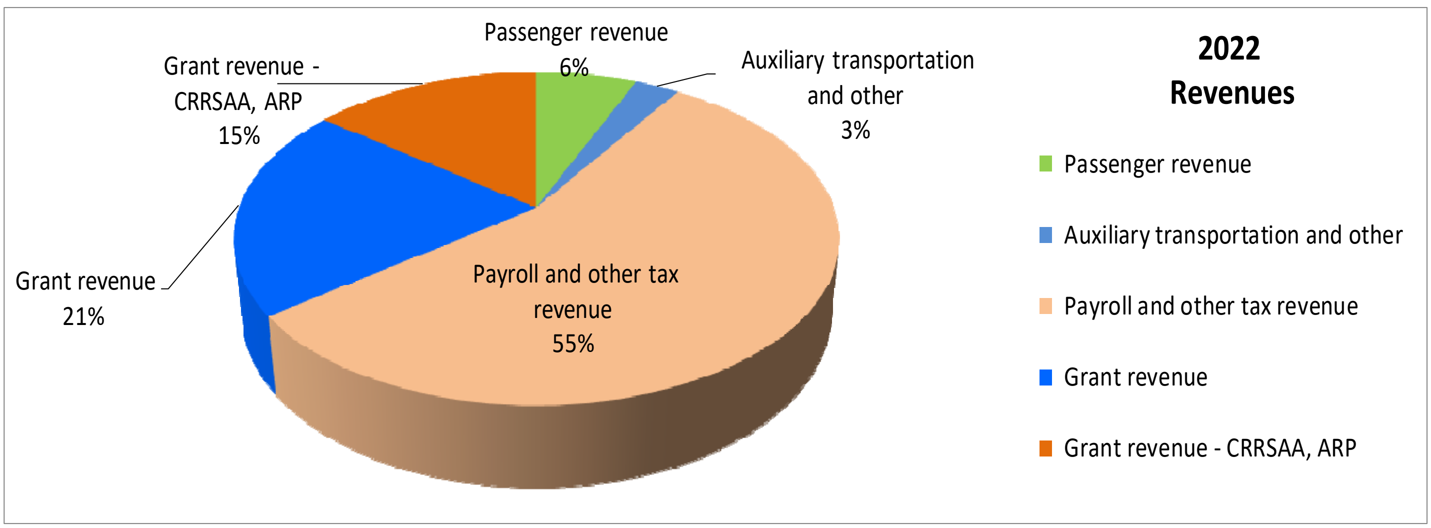
The following charts display the allocation of District revenues for fiscal years 2023 and 2022:

## *Management's Discussion and Analysis*

*continued*

(dollars in thousands)



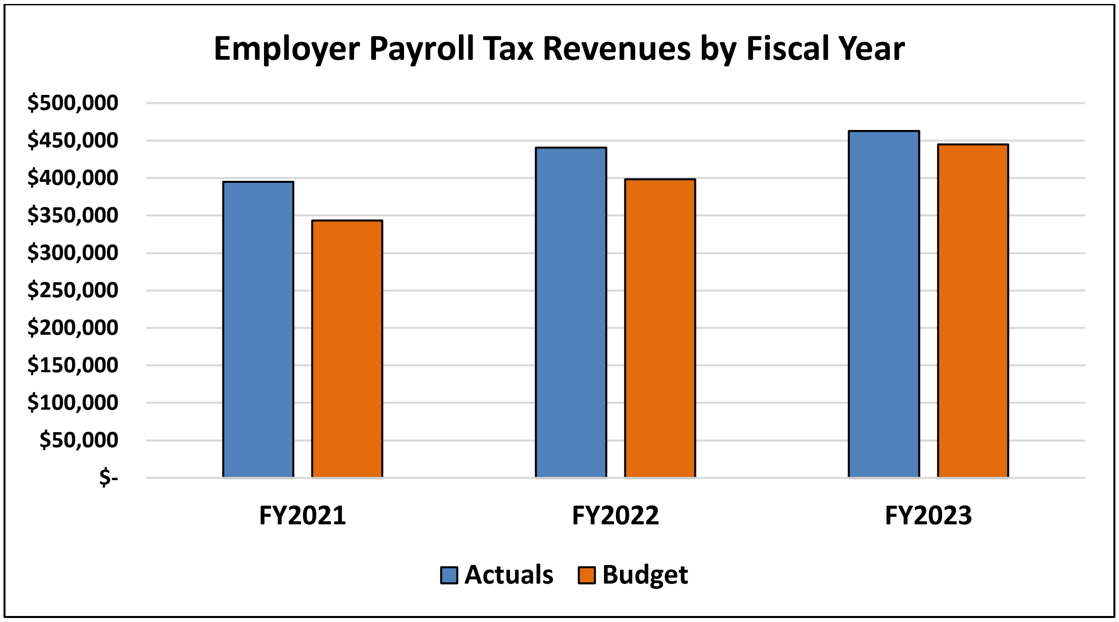

- Total operating and non-operating revenues were $767,055 for fiscal year 2023, a decrease of 8.0 percent.
- Total operating and non-operating revenues were $833,447 for fiscal year 2022, an increase of 4.0 percent.
- Total payroll and other tax revenues increased $21,648 or 4.7 percent, totaling $485,182 for fiscal year 2023. Of that amount, Employer payroll tax revenue increased $21,978, or 5.0 percent as regional employment conditions remained stable throughout the fiscal year and the rate increased on January 2023. Self-employment and other tax revenues (SET) are also reported in this line item.
- Total payroll and other tax revenues increased $48,005 or 11.6 percent, totaling $463,534 for fiscal year 2022. Of that amount, Employer payroll tax revenue increased $45,628, or 11.5 percent as regional employment conditions remained stable throughout most of fiscal year 2022 and the rate increase effective January 2022. Self-employment and other tax revenues (SET) increased by $2,149 or 12.3 percent over fiscal year 2021.

  In 2004, the TriMet Board of Directors (Board) adopted Ordinance No. 279 increasing TriMet's employer payroll and self employment tax rate. The increase went into effect January 1, 2005 and was phased in over a 10 year period. The rate has increased by .0001 each January 1 since 2005 and the final increase occurred January 1, 2014, when it reached 0.007237. The graph below shows the change in employer payroll tax revenues comparing the budget to actuals for that fiscal year.

## *Management's Discussion and Analysis*

*continued*

(dollars in thousands)




In 2009, the Legislative Assembly gave the Board the authority to increase the rate for payroll and self-employment taxes by an additional .001, in addition to any increases resulting from service area withdrawals. That legislation requires that the additional increases be phased in over ten years, prohibits any annual increase from exceeding .0002, and requires the TriMet Board to find, before implementing any additional increase, that the economy in the District has recovered to an extent sufficient to warrant the increase in tax. Effective January 1, 2016, the TriMet Board approved a 0.0001 increase as authorized by the 2009 legislation. The January 1, 2021 effective rate was 0.7837 percent and on January 1, 2022, the effective rate increased to 0.7937 percent as a result of the 2009 legislation. Additional information on TriMet's payroll and self-employment tax is noted at: Payroll and Self-Employment Tax Information (trimet.org)

- In fiscal year 2023, Grant revenue decreased $142,932 compared to fiscal year 2022. Revenues in this category include Federal Preventive Maintenance Funds and other operating support. In 2023, the District prioritized ARP grant revenues over preventative maintenance grants due to the timing of when ARP. Grant revenue – CARES Act, CRRSAA increased by $13,191 or 10.8 percent over fiscal year 2022. CRRSAA and ARP awards provide Federal relief as a result of the impact the Coronavirus has on operations. Revenues under these programs are recognized when the grants are approved/authorized by the granting agency, funds are appropriated, and eligible expenses have been incurred.

- In fiscal year 2022, Grant revenue increased $54,858, or 46.7 percent, compared to fiscal year 2021. Grant revenue – CARES Act, CRRSAA decreased by $81,594 or 40.1 percent over fiscal year 2021. Both the CARES Act and the CRRSAA award provide Federal relief for the Coronavirus. The increase in revenues in the current year is a result of the reimbursement for eligible expenses under the CARES Act and the CRRSAA award.

- Passenger revenue was $53,941 for the fiscal year 2022, an increase of $14,413 or 36.5 percent. Fixed route ridership (bus, rail and commuter rail, excludes paratransit services) for fiscal year 2022 was up 24.2% compared to fiscal year 2021. However, fixed route ridership is down by 48.8% compared to pre-pandemic data. Ridership has been slow to rebound from the Coronavirus pandemic.

- Total net position at June 30, 2023, was $1,994,650 an decrease of $38,806 or 1.9 percent from 2022. The change in net position is primarily attributable to the following factors:
    - Total decrease of $121,284 in grant revenue and grant revenue-CARES, CRRSAA, ARP as a result of prioritizing COVID relief grants over preventative maintenance grants.
    - Increase in labor expenses of $20,343 or 9.8 percent over 2022 due to union and non-union wage increases.

**_Management's Discussion and Analysis_**
*continued*
(dollars in thousands)

- Total net position at June 30, 2022, was $2,033,456, an increase of $144,779 or 7.7 percent from 2021. The change in net position is primarily attributable to the following factors:
  - Increase in payroll and other tax revenue of $48,005 from fiscal year 2021. This revenue source has demonstrated stability over the COVID-19 pandemic.
  - Capital contributions increased by $79,349 as Federal, state and local partners contributed more on capital projects in fiscal year 2022. The Division Transit Project Division Transit Project (trimet.org) and the Red Line rail extension project A Better Red (trimet.org) have significant capital contributions.

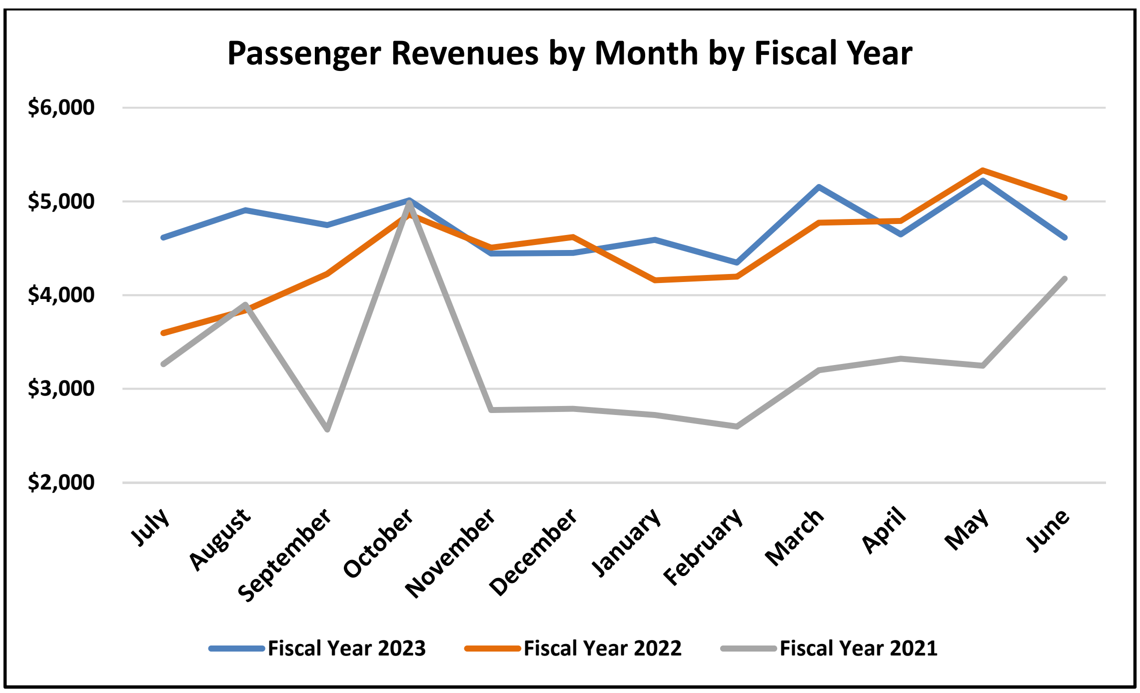
**Operating Revenues**

Operating revenues are composed of passenger fares and other revenue related to operations.

***Passenger Revenue***

Passenger revenue includes fares earned from cash receipts from riders for the sale of passes and tickets, and employer paid pass and other group fare revenue programs. In fiscal year 2023, passenger revenues increased 5.2 percent over the prior year. And in fiscal year 2022, passenger revenues increased 36.5 percent over 2021.

Prior to COVID, monthly passenger revenues averaged $9,500 per month. Over fiscal year 2021, the average monthly passenger revenues dropped to $3,294. In fiscal year 2022, average monthly passenger revenues increased to $4,495 and throughout fiscal year 2023, average passenger revenues has increased slightly to $4,729. The following chart shows actual monthly passenger revenues for fiscal years ending June 30, 2023, 2022 and 2021.




***Auxiliary Transportation and Other Revenue***

Auxiliary Transportation and Other Revenue includes revenue from LIFT paratransit service, Streetcar operating revenues, and operating assistance from other local governments. In fiscal year 2023, auxiliary transportation and other revenues decreased $1,704 or 7.2 percent. As compared to fiscal year 2022, which noted an increase of $3,991 or 20.2 percent from fiscal year 2021. Contributing to this increase is an increase in advertising revenues, indicating ridership is slowly returning.

## *Management's Discussion and Analysis*

*continued*

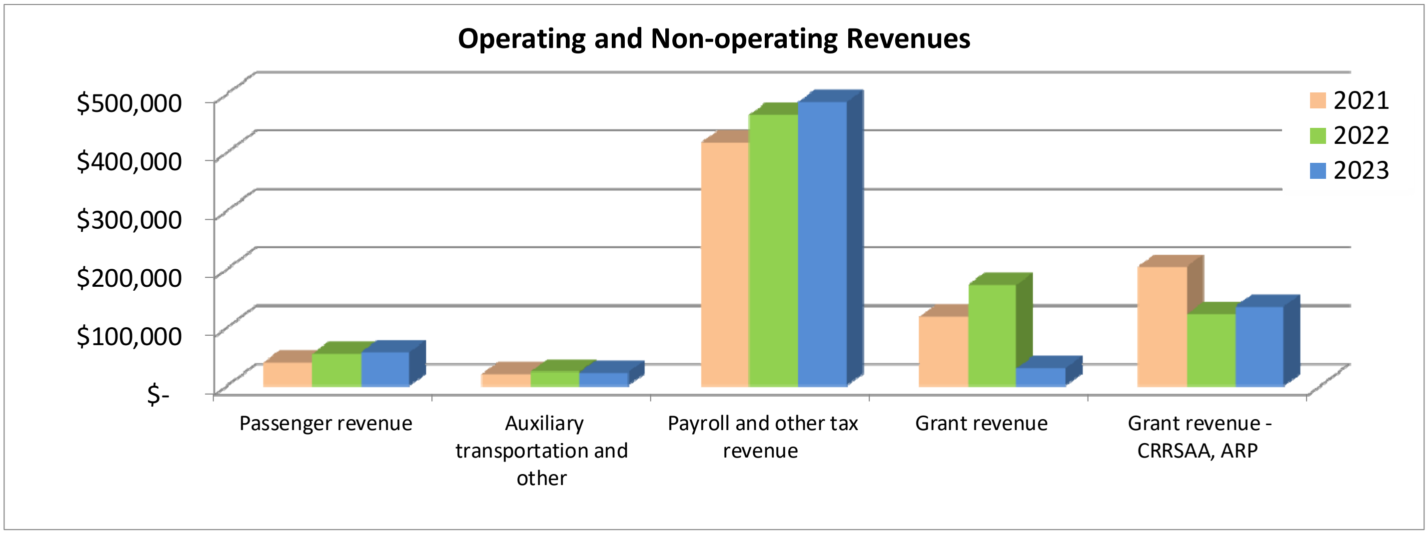
(dollars in thousands)

### Non-operating Revenues

Non-operating revenues include Payroll and other tax revenue, Grant revenue, Pass-through revenues, Gain on disposal of capital assets and Interest revenue. The largest increase in fiscal year 2023 in non-operating revenues is noted in payroll tax and other tax revenue and grant revenue-CARES, CRRSAA, ARP.

#### *Payroll and Other Tax Revenues*

Payroll tax revenues are the District's main source of revenue. Payroll and other tax revenues increased $21,648, or 4.7 percent in fiscal year 2023. In fiscal year 2022, payroll and other tax revenues increased $48,005, or 11.6 percent, compared to fiscal year 2021. The pandemic has not negatively impacted payroll tax revenues, indicating there is some stability in this resource. The following chart displays trends in Operating and Non-operating Revenues for the last three fiscal years:




### Operating and Other Expenses

Operating and Other Expenses include operations and maintenance costs, general and administrative expenses, purchased transportation costs associated with the LIFT program, depreciation of capital assets, interest on outstanding debt and other costs.

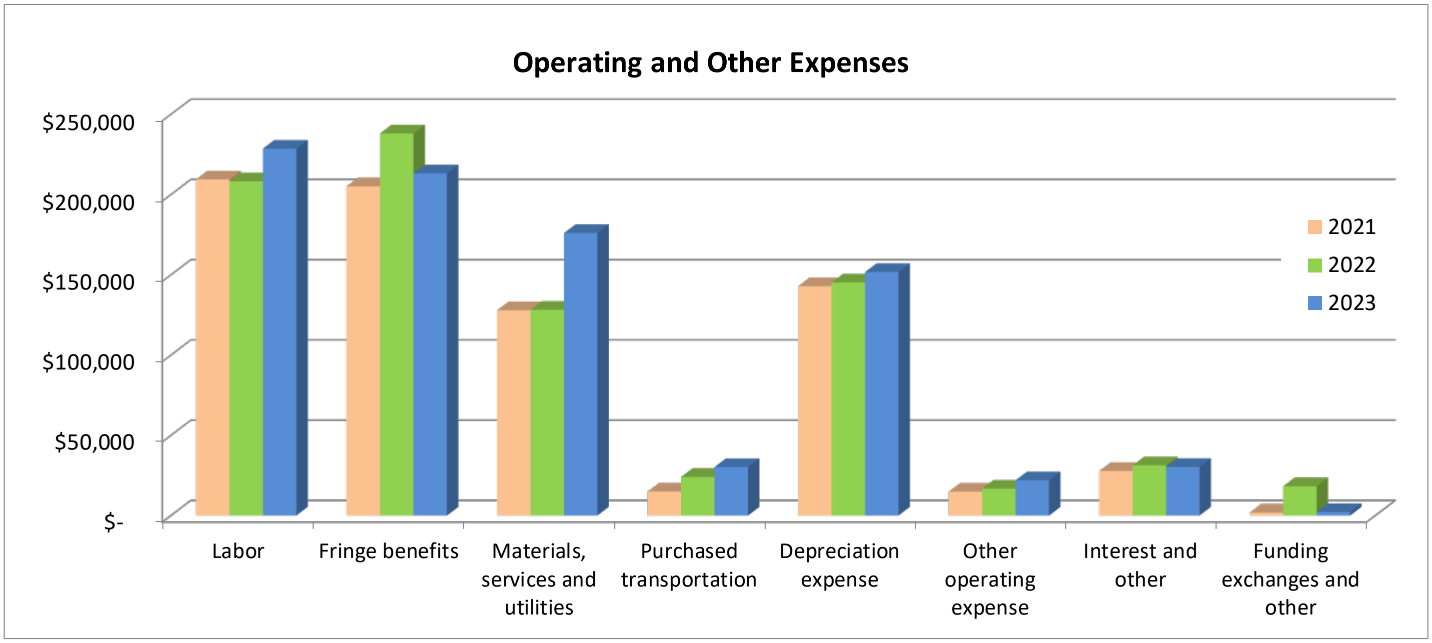
Total operating and non-operating expenses increased $51,549 or 6.3 percent to $868,230, during fiscal year 2023. Fringe benefits decreased $24,907, or 10.5 percent due to a decrease in the OPEB liability resulting from the 2023 actuarial valuation. Funding exchanges and other payments decreased by $16,092 from fiscal year 2022. Included in this line item is an intergovernmental agreement (IGA) the District entered into with the City of Portland to provide relief from the pandemic's impact on the City of Portland's Streetcar operations, which was negatively impacted by the pandemic. Fiscal year 2022 includes payments of $5.6 million to the City of Portland under this IGA.

In fiscal year 2022, total operating and non-operating expenses were $816,681, which is an increase of $2,480 or .3 percent from fiscal year 2021. Fringe benefits increased $32,920, or 16.0 percent in fiscal year 2022. This increase is due to changes in the June 30, 2022 actuarial valuations for the defined benefit pension trust funds. Funding exchanges and other payments increased by $16,353 from fiscal year 2021 for reasons explained in the previous paragraph.

## *Management's Discussion and Analysis*

*continued*
(dollars in thousands)

The following chart displays trends in Operating and Other expenses during the last three fiscal years:




### Capital Contributions

Capital contributions include federal grants and other local government contributions restricted for purchase or construction of capital assets. In fiscal year 2023, capital contributions decreased by $65,644 or 51.3 percent primarily due to the completion of the Division Transit project in September 2022. The increase of $26,649 in fiscal year 2022 is directly related to two large capital projects: the Division Transit bus line project and the Red Line rail extension project. Capital contributions are funded by Federal and State grants.

### Capital Assets

At June 30, 2023, the District had invested $3,193,617, in total capital assets, net of accumulated depreciation and amortization (see Table 3 and Note 4).

**Table 3** — **Capital Assets**
**As of June 30**
(net of accumulated depreciation, dollars in thousands)

| | | | | Increase (decrease) | | | |
|---|---|---|---|---|---|---|---|
| | | | | 2023 - 2022 | | 2022 - 2021 | |
| | 2023 | 2022 | 2021 | $ | % | $ | % |
| Land and other | $ 230,154 | $ 229,692 | $ 229,692 | $ 462 | 0.2 % | $ - | 0.0 % |
| Rail right-of-way and stations | 1,222,079 | 1,267,923 | 1,330,086 | (45,844) | (3.6)% | (62,163) | (4.7)% |
| Buildings | 512,614 | 517,972 | 528,129 | (5,358) | (1.0)% | (10,157) | (1.9)% |
| Transportation equipment | 348,728 | 365,200 | 394,531 | (16,472) | (4.5)% | (29,331) | (7.4)% |
| Furniture and other equipment | 118,986 | 124,820 | 135,465 | (5,834) | (4.7)% | (10,645) | (7.9)% |
| Construction in progress | 720,661 | 638,179 | 435,861 | 82,482 | 12.9 % | 202,318 | 46.4 % |
| Right to use assets | 40,395 | 11,238 | 11,042 | 29,157 | 259.5 % | 196 | 100.0 % |
| Total capital assets | $ 3,193,617 | $ 3,155,024 | $ 3,064,806 | $ 38,593 | 1.2 % | $ 90,218 | 2.9 % |

Total capital assets net of depreciation and amortization increased $38,593, or 1.2 percent, during fiscal year 2023; the largest increase was noted in construction in progress. This line item includes construction for a distribution center and bus garage, improvements to a light-rail line and improvements to bus service routes. TriMet's capital improvement program has ongoing

## Management's Discussion and Analysis
*continued*
(dollars in thousands)

major projects such as the total renovation of the Powell Garage, light rail expansion for the Red Line as well as the Division Transit project to improve bus service. Total capital assets net of depreciation and amortization decreased $90,218, or 2.9 percent, during fiscal year 2022. The decrease was primarily noted in Rail right-of-way and stations.

### Long-Term Debt

Long-term debt includes revenue bonds guaranteed by payroll tax and grant receipt revenues. At June 30, 2023, the District had $996,030 in revenue bonds outstanding (see Note 7). This is a decrease of $27,060 or 2.6 percent from the prior year. At June 30, 2022, total bonds outstanding were $1,023,090, which is an increase of $193,515 or 23.3 percent from fiscal year 2021.

The table below represents the District's bond ratings on its long-term debt as rated by Moody's Investor Services, Inc. (Moody's), Standard & Poor's and Kroll credit rating agencies:

**Table 4** **Revenue Bond Ratings**
**As of June 30**
(dollars in thousands)

| Revenue Bonds | Original issue amount | Balance at June 30, 2023 | Moody's | Standard & Poor's | Kroll |
|---|---|---|---|---|---|
| ***Payroll Tax Revenue Bonds:*** | | | | | |
| 2009 Series A and B Payroll Tax | $ 49,550 | $ 12,530 | Aaa | AAA | AAA |
| 2015 Series A and B Payroll Tax | 134,590 | 28,420 | Aaa | AAA | AAA |
| 2016 Series A Payroll Tax | 74,800 | 57,645 | Aaa | AAA | AAA |
| 2017 Series A Payroll Tax | 97,430 | 34,840 | Aaa | AAA | AAA |
| 2018 Series A Payroll Tax | 148,245 | 41,040 | Aaa | AAA | AAA |
| 2019 Series A and B Payroll Tax | 237,815 | 235,640 | Aaa | AAA | AAA |
| 2021 Series A and B Payroll Tax | 409,640 | 409,640 | Aaa | AAA | AAA |
| Total Payroll Tax Revenue Bonds | $ 1,152,070 | $ 819,755 | | | |
| ***Grant Receipt Revenue Bonds:*** | | | | | |
| 2017 Capital Grant Receipt Revenue Refunding, Series A | 76,015 | 64,840 | A3 | A | Not Rated |
| 2018 Capital Grant Receipt, Series A | 113,900 | 111,435 | A3 | A | Not Rated |
| Total Capital Grant Receipt Revenue Bonds | $ 189,915 | $ 176,275 | | | |
| Total Revenue Bonds | $ 1,341,985 | $ 996,030 | | | |

### Lease-leaseback Transactions

In 2005 TriMet entered into a lease-leaseback and sale-leaseback transactions with investors. During fiscal year 2016, the District received a put option related to the remaining sale-leaseback. In fiscal year 2021, the District implemented GASB Statement No. 87, *Leases*. Further details on the impact of Statement No. 87 are disclosed in Note 10. The District is not aware of any default, event of default or event of loss under any of the operative lease documents at June 30, 2023.

### FIDUCIARY FUND STATEMENTS

### Retirement Plan for Management and Staff Employees Trust Fund

The TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. The plan covers most TriMet non-union employees hired before April 27, 2003. Covered employees who retire at or after age 62, with five years of service, are entitled to an annual retirement benefit, payable monthly for life, with annual cost of living increases. TriMet is required to maintain funds under the plan sufficient to pay benefits when due.

### Pension Plan for Bargaining Unit Employees of TriMet Trust Fund

The Pension Plan for Bargaining Unit Employees of TriMet Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. The plan covers all full-time and part-time employees represented by the Amalgamated Transit Union hired before August 1, 2012. Benefits under the plan are 100 percent vested after 10 years of service. Under the terms of the Bargaining Unit Pension Plan and Permanent Disability Agreement, covered members retiring at or after age

## *Management's Discussion and Analysis*

*continued*

(dollars in thousands)

58 with 10 or more years of service will receive a monthly benefit for life with annual cost of living adjustments. TriMet is required to maintain funds under the plan sufficient to pay benefits when due.

The following table displays assets, liabilities, and fiduciary net position for both pension trust funds as well as the funded status of the plan as of June 30, 2023, 2022, and 2021:

**Table 5**

Statement of Fiduciary Net Position
As of June 30
(dollars in thousands)

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Trust assets | $ 854,004 | $ 814,636 | $ 892,380 |
| Trust liabilities | 20 | 58 | 47 |
| Net position | $ 853,984 | $ 814,578 | $ 892,333 |
| Total pension liability | $ 1,076,055 | $ 1,028,813 | $ 921,334 |
| Funded percentage | 79% | 79% | 97% |

Net position as of June 30, 2023 increased by $39,406 or 4.8 percent due to an increase in investment earnings over fiscal year 2023. (see Note 14). TriMet's board adopted a funding policy for the plan in 2014 and adopted a resolution in 2019 amending the District's Strategic Financial Plan Guideline on Pension Funding Employer contributions. In June 2022, TriMet's board adopted an updated funding policy to the Management and Staff Defined Benefit pension plan.

Net position as of June 30, 2022 decreased by $77,755 or 8.7 percent. Employer contributions in fiscal year 2022 decreased by $33,616 as a result of the June 30, 2021 actuarial valuations indicating the plans had been fully funded. Therefore, in fiscal year 2022, TriMet paused making contributions to the plans.

The following chart displays changes in fiduciary net position for the years ended June 30, 2023, 2022, and 2021:

**Table 6**

Changes in Fiduciary Net Position
For the years ended June 30
(dollars in thousands)

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Employer contributions | $ 51,268 | $ 6,563 | $ 40,179 |
| Investment earnings | 48,040 | (28,487) | 200,682 |
| Total additions | 99,308 | (21,924) | 240,861 |
| Benefit payments | 59,513 | 55,532 | 53,476 |
| Administrative expenses | 389 | 299 | 399 |
| Total deductions | 59,902 | 55,831 | 53,875 |
| Change in net position | 39,406 | (77,755) | 186,986 |
| Net position, beginning | 814,578 | 892,333 | 705,347 |
| Net position, ending | $ 853,984 | $ 814,578 | $ 892,333 |

Schedules for the combining Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Positions for the pension trust funds for the Retirement Plan for Management and Staff Employees and the Pension Plan for Bargaining Unit Employees are included in the notes to the financial statements.

## *Management's Discussion and Analysis*

*continued*

(dollars in thousands)

**Other Post Employment Benefits Liability**

The District has established a trust to fund the OPEB liability. In addition, the District has adopted a strategic financial plan (SFP) (TriMet Strategic Financial Plan) that includes funding the OPEB obligation. In January 2019, the SFP was amended (Amended Strategic Financial Plan). For further details on OPEB see Note 13, Other Employee Benefits. Complete reports of the actuarial valuations for OPEB can be found on TriMet's website under Accountability and Transparency (https://trimet.org/about/accountability.htm#financial).

**ECONOMIC FACTORS AND FISCAL YEAR 2024 BUDGET**

The District's Board of Directors adopted the fiscal year 2024 budget on May 24, 2023. The fiscal year 2024 budget includes $1,199,353 in total appropriations, a 0.19 percent decrease from fiscal year 2023. From the approved budget on March 22 2023 to the final adopted budget in May, significant changes were implemented in response to the addition of new positions and final adjustments to salary program, as well as materials and services to updated personal injury/property damage projection in Bus and Rail Transportation. Adjustments were made to update revenue projections and actual results. Restricted bond proceeds and other restricted funds for capital programs also increased significantly due to capital program projects being pushed beyond fiscal year 2024. On the resource side unrestricted fund balance was increased due to the final reconciliation of capital projects and updated projections for fiscal year 2023 (capital and operating projects carryover) and increased capital improvement program resources as a result of updated cash flows and adjustments to carryover projects. Also increased were Federal, State and local operating grants to reflect most recent projections.

Fiscal year 2024 will focus on improved and expanded service through the Forward Together Service Concept and the substantial completion of our "A Better Red" MAX Project. This major project will improve reliability of the entire MAX system, by adding new sections of track to alleviate choke points and extending the MAX Red Line to Hillsboro/Fair Complex. TriMet will also demonstrate its commitment to a zero-emission fleet, starting with the purchase of 24-bus purchase of battery electric buses. Ridership continues to recover but remains depressed by the persistence of work-from-home employment. Rider concerns about safety are also prompting substantial investments in security operations. Payroll and self-employment taxes are growing, giving a solid platform for growing future operations. The fiscal year 2024 adopted budget can be found online under "Financial Information" and "Budgets" at:
https://trimet.org/about/accountability.htm#policy

The fiscal year 2024 adopted budget includes rebuilding the a frontline workforce that has been limited by the labor shortage, the cost of operating and maintaining the existing transit system, the costs of fixed route bus and rail service to maintain headways and capacity as the region grows, costs of ADA complementary paratransit service, capital investments in infrastructure and assets, mid-life overhaul of light rail vehicles and debt service expense. For the first time in a decade, the budget includes increases of $0.30 on regular fares and $0.15 on honored citizen and student fares—but with no increase to the price of monthly passes. Highlights from the $1,199,353 adopted budget include:

- Operating and tax revenues total $592,400.
- Total day-to-day operating requirements of $825,400, which includes $468,500 for all activities required to operate the system, $203,700 in general and administrative costs, $87,600 for other post-employment benefits and $65,600 for debt service.
- TriMet will continue service lines and begin to add service back to pre-pandemic conditions throughout fiscal year 2024 including increased frequency and route changes.
- Capital Improvement Program (CIP) requirements of $328,300. The CIP includes major projects such as light rail vehicle replacements, light rail expansion to the Fair Complex in Hillsboro on the Red Line (https://trimet.org/betterred/), adding two floors to the Park Avenue Park & Ride, finishing a replacement of the Hollywood Transit Center substation and paratransit vehicle replacements.
- TriMet will also be implementing extensive replacements and upgrades to its existing infrastructure in line with our State of Good Repair program.
- Pass through requirements, funding exchange payments and special payments totaling $20,900, under which TriMet receives funds required to be provided to other governmental agencies.
- Contingency is an appropriated amount of a minimum of 3.0 percent of operating requirements and is adjusted for risks and those activities unknown at the time of budget adoption. Fiscal year 2024 contingency totals $24,800.
- Ending fund balance totals $728,300 and is unappropriated and not available for spending in fiscal year 2024. Fund balance includes $100,300 in restricted bond proceeds and other restrictions to be spent after fiscal year 2023; $43,800 restricted for future debt service payments; and $584,200 in unrestricted fund balance, which meets the 2.0

## *Management's Discussion and Analysis*

*continued*

(dollars in thousands)

to 2.5 months operating reserves required per the TriMet Board of Directors Strategic Financial Plan. The unrestricted fund balance his much higher than the 2.5 months requirement but will be utilized in future years.

- Carbon Reduction: In adherence with the Clean Air Act and Oregon's Climate Smart Strategies, in fiscal year 2019, TriMet adopted a non-diesel bus plan that called for a transition away from diesel fuel for buses and a move toward battery-electric buses. TriMet is committed to having a zero-emission bus fleet by the year 2040 and will be adding 24 long range battery electric buses in fiscal year 2024.

The District continues to experience the long-term impact of the pandemic while ensuring customers and employees are safe. Additionally, the agency will continue enhancing customer and employee safety, incorporation of Statewide Transportation Improvement Fund programs, such as transit assistance programs. Continuation of implementation of key state of good repairs on critical infrastructure; development of a long term carbon reduction strategy that includes zero emissions power sources for TriMet's facilities and fleet, implementation of bus and rail fleet replacement and expansion, and increased speed and capacity in the Portland metro areas key transit corridors. Operator shortages, cleanliness of buses, trains and platforms, as well as safety will remain paramount for fiscal year 2024.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide readers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

TriMet
Attn: Finance & Administrative Services
101 SW Main Street, Suite 700
Portland, OR 97204
*www.trimet.org*

## *Enterprise Fund*
## *Statements of Net Position*
June 30, 2023 and 2022
(dollars in thousands)

| **Assets** | 2023 | 2022 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 165,106 | $ 150,423 |
| Cash and cash equivalents - restricted | 56,576 | 20,052 |
| Investments | 388,115 | 275,783 |
| Investments - restricted | 61,077 | 114,582 |
| Taxes and other receivables, net | 137,735 | 129,411 |
| Grants receivable | 22,142 | 144,222 |
| Grants receivable - CARES Act, CRRSAA, ARP | 34,256 | 62,807 |
| Leases receivable | 943 | 185 |
| Prepaid expenses | 8,746 | 8,647 |
| Materials and supplies | 67,106 | 61,662 |
| Total current assets | 941,802 | 967,774 |
| Noncurrent assets: | | |
| Leases receivable | 15,117 | 2,981 |
| Prepaid lease expenses | 61 | 50 |
| Restricted assets: | | |
| Cash and cash equivalents | 36,367 | 38,994 |
| Investments | 169,254 | 251,660 |
| Interest receivables | 65 | 94 |
| Lease leaseback asset (obligation), net | (2,928) | 316 |
| Capital assets: | | |
| Land and other, not being depreciated | 230,154 | 229,692 |
| Construction in process | 720,661 | 638,179 |
| Capital assets, net of accumulated depreciation | 2,202,407 | 2,275,915 |
| Right to use assets, net of accumulated amortization | 40,395 | 11,238 |
| Net capital assets | 3,193,617 | 3,155,024 |
| Total noncurrent assets | 3,411,553 | 3,449,119 |
| Total assets | 4,353,355 | 4,416,893 |
| **Deferred outflows of resources** | | |
| Deferred outflows related to pensions | 36,037 | 50,822 |
| Unamortized loss on refunded debt | 18,606 | 21,194 |
| Deferred outflows related to OPEB | 138,302 | 176,115 |
| Total deferred outflows of resources | 192,945 | 248,131 |
| Total assets and deferred outflows of resources | $ 4,546,300 | $ 4,665,024 |

*See accompanying notes to basic financial statements*

## *Enterprise Fund*
## *Statements of Net Position*
June 30, 2023 and 2022
(dollars in thousands)
*Continued*

| **Liabilities** | 2023 | 2022 |
|---|---|---|
| Current liabilities: | | |
| Accounts payable | $ 60,930 | $ 89,940 |
| Accrued payroll | 19,279 | 15,626 |
| Current portion of noncurrent liabilities | 9,597 | 6,150 |
| Unearned revenue | 16,134 | 15,532 |
| Lease and subscription liabilities | 1,303 | 2,794 |
| Current portion of long-term debt | 31,545 | 27,062 |
| Unearned revenue | 1,000 | 1,000 |
| Unearned capital project revenue | 64,400 | 79,007 |
| Accrued interest payable on long-term debt | 10,897 | 11,281 |
| Compensated absences | 11,426 | 12,600 |
| Total current liabilities | 226,511 | 260,992 |
| Noncurrent liabilities: | | |
| Other long-term liabilities | 17,857 | 16,230 |
| Lease and subscription liabilities | 38,214 | 8,350 |
| Compensated absences | 9,484 | 5,155 |
| Long-term debt | 1,008,081 | 1,047,289 |
| Net pension liability | 222,070 | 214,235 |
| Other post-employment benefits liability (OPEB) | 622,829 | 798,572 |
| Total noncurrent liabilities | 1,918,535 | 2,089,831 |
| Total liabilities | 2,145,046 | 2,350,823 |
| **Deferred inflows of resources** | | |
| Deferred inflows related to pensions | 6,368 | 4,889 |
| Deferred inflows related to leases | 17,603 | 5,327 |
| Deferred inflows related to OPEB | 382,633 | 270,529 |
| Total deferred inflows of resources | 406,604 | 280,745 |
| **Net position** | | |
| Net investment in capital assets | 2,314,337 | 2,355,020 |
| Restricted for debt service requirements | 37,936 | 41,269 |
| Restricted for capital projects | 23,993 | 27,936 |
| Unrestricted (deficit) | (381,616) | (390,769) |
| Total net position | 1,994,650 | 2,033,456 |
| Total liabilities, deferred inflows of resources and net position | $ 4,546,300 | $ 4,665,024 |

*See accompanying notes to basic financial statements*

## *Enterprise Fund*
## *Statements of Revenues, Expenses and Changes in Net Position*
For the Years Ended June 30, 2023 and 2022
(dollars in thousands)

| | 2023 | 2022 *as restated* |
|---|---|---|
| **Operating revenues** | | |
| Passenger revenue | $ 56,752 | $ 53,941 |
| Auxiliary transportation and other revenue | 22,058 | 23,762 |
| Total operating revenues | 78,810 | 77,703 |
| **Operating expenses** | | |
| Labor | 228,576 | 208,233 |
| Fringe benefits | 213,150 | 238,057 |
| Materials and services | 163,207 | 117,035 |
| Utilities | 12,815 | 11,150 |
| Purchased transportation | 30,200 | 24,047 |
| Depreciation and amortization expense | 151,730 | 145,216 |
| Other operating expense | 21,968 | 16,762 |
| Total operating expenses | 821,646 | 760,500 |
| Operating loss | (742,836) | (682,797) |
| **Non-operating revenues (expenses)** | | |
| Payroll and other tax revenue | 485,182 | 463,534 |
| Grant revenue | 29,376 | 172,308 |
| Grant revenue - CARES Act, CRRSAA, ARP | 135,100 | 121,909 |
| Investment income | 26,392 | (749) |
| Net leveraged lease income (loss) | (3,243) | (8,076) |
| Gain on disposal of capital assets | 1,301 | 132 |
| Pass through revenue | 14,137 | 6,686 |
| Pass through expense | (14,137) | (6,686) |
| Interest and other expense | (30,286) | (31,242) |
| Funding exchanges and other payments | (2,161) | (18,253) |
| Total non-operating revenues, net | 641,661 | 699,563 |
| Income (Loss) before contributions | (101,175) | 16,766 |
| Capital contributions | 62,369 | 128,013 |
| Changes in net position | (38,806) | 144,779 |
| Net position - beginning of year | 2,033,456 | 1,888,677 |
| Net position - end of year | $ 1,994,650 | $ 2,033,456 |

*See accompanying notes to basic financial statements*

## *Enterprise Fund*
## *Statements of Cash Flows*
For the Years Ended June 30, 2023 and 2022
(dollars in thousands)

| | 2023 | 2022 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from passengers | $ 56,403 | $ 48,177 |
| Receipts from other sources | 21,189 | 23,726 |
| Payments to employees | (434,644) | (365,429) |
| Payments to suppliers | (264,050) | (132,347) |
| Net cash used in operating activities | (621,102) | (425,873) |
| **Cash flows from noncapital financing activities** | | |
| Receipts from payroll taxes | 478,150 | 451,596 |
| Receipts from operating grants | 309,014 | 159,299 |
| Other noncapital financing | (2,131) | (18,155) |
| Net cash provided by noncapital financing activities | 785,033 | 592,740 |
| **Cash flows from capital and related financing activities** | | |
| Receipts from capital grants | 53,855 | 104,465 |
| Proceeds from sales of capital assets | 2,233 | 346 |
| Acquisition and construction of capital assets | (158,596) | (232,619) |
| Issuance of debt | - | 429,524 |
| Principal payments on long-term debt | (27,060) | (216,138) |
| Interest payments on long-term debt | (35,745) | (74,194) |
| Net cash provided by (used in) capital and related financing activities | (165,313) | 11,384 |
| **Cash flows from investing activities** | | |
| Purchases of investment securities | (1,992,410) | (1,654,154) |
| Proceeds from sales and maturities of investment securities | 2,040,421 | 1,257,105 |
| Interest received | 1,951 | 886 |
| Net cash provided by (used in) investing activities | 49,962 | (396,163) |
| Net (decrease) increase in cash and cash equivalents | 48,580 | (217,912) |
| Cash and cash equivalents, beginning of year | 209,469 | 427,381 |
| Cash and cash equivalents, end of year | $ 258,049 | $ 209,469 |
| **Reconciliation of cash and cash equivalents** | | |
| Unrestricted cash and cash equivalents | $ 165,106 | $ 150,423 |
| Restricted cash and cash equivalents | 92,943 | 59,046 |
| Total cash and cash equivalents | $ 258,049 | $ 209,469 |

*See accompanying notes to basic financial statements*

## *Enterprise Fund*
## *Statements of Cash Flows*
For the Years Ended June 30, 2023 and 2022
(dollars in thousands)
*Continued*

**Reconciliation of operating loss to net cash used in operating activities**

| | 2023 | 2022 |
|---|---|---|
| Operating loss | $ (742,836) | $ (682,797) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation and amortization | 151,730 | 145,217 |
| (Increase) decrease in taxes and other receivables | (1,292) | (7,297) |
| (Increase) decrease in long-term receivable | - | 24 |
| (Increase) decrease in prepaid expenses and other assets | (658) | 1,360 |
| Increase in materials, supplies and other | (5,444) | (4,348) |
| Increase (decrease) in accounts payable | (29,010) | 43,977 |
| Increase in accrued payroll | 6,808 | 3,761 |
| Increase (decrease) in unearned revenue | 602 | 1,385 |
| Increase (decrease) in net pension liability and related deferrals | 24,099 | 59,523 |
| Increase (decrease) in OPEB and related deferrals | (25,827) | 15,450 |
| Increase (decrease) in other liabilities | 726 | (2,128) |
| Total adjustments | 121,734 | 256,924 |
| Net cash used in operating activities | $ (621,102) | $ (425,873) |

## *Supplemental Disclosures of Non-Cash Investing, Capital and Financing Activities*
(dollars in thousands)

| | 2023 | 2022 |
|---|---|---|
| Net leveraged lease income (loss) | $ (3,243) | $ (8,075) |
| Accretion/amortization of investments | 24,432 | 978 |

*See accompanying notes to basic financial statements*

## *Trust Fund*
## *Statements of Fiduciary Net Position*
June 30, 2023 and 2022
(dollars in thousands)

| | 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 13,710 | $ 299 |
| Receivables - Accrued Income | 46 | 1 |
| Investments: | | |
| Domestic large/mid cap equity | 227,798 | 197,650 |
| Domestic small cap equity | 24,447 | 21,672 |
| International equity | 188,108 | 145,394 |
| Domestic fixed income | 156,557 | 144,658 |
| Tactical asset allocation | 79,650 | 120,114 |
| Real estate | 79,677 | 88,606 |
| Absolute return | 61,742 | 70,893 |
| Private credit | 2,167 | 3,466 |
| Private equity | 20,102 | 21,883 |
| Total investments | 840,248 | 814,336 |
| Total assets | 854,004 | 814,636 |
| **Liabilities** | | |
| Accounts payable | 20 | 58 |
| Total liabilities | 20 | 58 |
| **Net position** | | |
| Restricted for pension benefits | $ 853,984 | $ 814,578 |

*See accompanying notes to basic financial statements*

# Trust Fund
## Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2023 and 2021
(dollars in thousands)

| | 2023 | 2022 |
|---|---|---|
| **Additions** | | |
| Employer contributions | $ 51,268 | $ 6,563 |
| Investment income (loss): | | |
| Interest | 475 | 7 |
| Dividends | 5,270 | 5,200 |
| Other income | 3,278 | 3,069 |
| Net change in fair value of investments | 39,901 | (35,774) |
| Less investment expense | (884) | (989) |
| Net investment income (loss) | 48,040 | (28,487) |
| Total additions | 99,308 | (21,924) |
| **Deductions** | | |
| Benefits | 59,513 | 55,532 |
| Administrative expenses | 389 | 299 |
| Total deductions | 59,902 | 55,831 |
| **Change in net position** | 39,406 | (77,755) |
| **Net position:** | | |
| Beginning of year | 814,578 | 892,333 |
| End of year | $ 853,984 | $ 814,578 |

*See accompanying notes to basic financial statements*

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)

## 1. Organization and Summary of Significant Accounting Policies

The Tri-County Metropolitan Transportation District of Oregon ("TriMet" or "the District") was organized under the provisions of Oregon Revised Statutes (ORS) Chapter 267 to provide mass transit services to the Portland metropolitan area. Formation of the District, which includes parts of Multnomah, Clackamas, and Washington counties, was effective October 14, 1969 with the assumption of the operations of a privately owned bus system. Under ORS 267, the District is authorized to levy taxes and charge fares to pay for the operations of the District. TriMet is also authorized to issue general obligation bonds and revenue bonds.

The District is governed by a seven-member Board of Directors appointed by the Governor of the State of Oregon. Board members represent and must live in certain geographical sub-districts. The Board of Directors set District policy, levy taxes, appropriate funds, adopt budgets, serve as contract board, and perform other duties required by state and federal law.

The District uses one budgetary fund to account for its operating activities: General. The General Fund accounts for the financial resources associated with operating the District. Principle sources of revenue in the General Fund are passenger fares, employer payroll and self employment taxes, State of Oregon payroll assessments ("in lieu"), federal grants, and interest. Primary expenditures in the General Fund are personal services, materials and services, and principal and interest on debt secured by General Fund revenues.

The District also has fiduciary responsibility for two pension plans: The TriMet Defined Benefit Plan for Management and Staff Employees Trust Fund, and the Pension Plan for Bargaining Unit Employees of TriMet Trust Fund. The investment, pension funding and benefit payment activity in these funds and pension plan net position are reported in the Trust Fund.

### (a) Financial reporting entity

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable and other organizations that, by the nature and significance of their relationship with the primary government, would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, TriMet is considered a primary government and does not have any component unit relationships. Conversely, TriMet is not considered a component unit of any primary government.

### (b) Basis of accounting and presentation

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to proprietary and fiduciary funds of governments. Under GAAP, the District accounts for activity under the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The District has a fiduciary responsibility for the two defined benefit pension plans. The financial activities of the pension plans are included in the trust fund statements in the financial section of this report. In addition, the District has a fiduciary responsibility for the other postemployment benefit plan (OPEB). As of June 30, 2023, the OPEB plan had $416 in net position and no activity other than interest earnings. As the activities for OPEB are not material to the District's financial statements, the trust fund statements for the OPEB plan are not included as part of the basic financial statements.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District has applied all applicable GASB pronouncements in the financial statements.

### (c) Revenue recognition

Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The principal operating revenues of the General Fund are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Federal planning assistance, operating and preventative maintenance grants are received from the Federal Transit Administration (FTA) and are recognized as revenue and receivable during the period in which the related expenses are incurred and eligibility requirements are met.

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

Statewide Transportation funding for House Bill 2017 that went into effect on July 1, 2017 (STIF or HB2017) is a 0.1 percent employee payroll tax collected by the State and distributed to the District quarterly. Revenues are recognized as expenses are incurred with unspent resources recorded to unearned revenues.

**(d) Restricted Assets**

Restricted assets are assets set aside to meet externally imposed legal and contractual obligations. Restricted assets are used in accordance with their requirements and where both restricted and unrestricted resources are available for use, restricted resources are used first, and then unrestricted resources as they are needed. Restricted assets include certain proceeds of the District's revenue bonds, investments held in trust for the 2005 lease leaseback transaction and capital contributions restricted for costs of certain capital projects.

**(e) Tax revenues**

Funding of day-to-day operations is primarily provided by the payroll tax imposed by TriMet pursuant to ORS 267.380 and the self employment tax imposed by TriMet pursuant to ORS 267.385. The payroll tax is imposed on employers with respect to wages earned within the TriMet service district. An employer is not permitted to deduct any portion of the tax from the wages of an employee. The self employment tax is imposed on self-employed individuals with respect to their net earnings generated within the TriMet service district. TriMet currently imposes these taxes at a rate of 0.7937 percent of the wages paid to individuals (for the payroll tax) and the net earnings from self-employed individuals (for the self employment tax). The taxes are collected on TriMet's behalf by the Department of Revenue of the State of Oregon under an agreement entered into pursuant to ORS 305.620. Imposed tax revenues are recorded as assets and revenues in the period that the obligation is incurred by the employers and the self-employed individuals. Amounts accrued are estimated based upon historical trends in payroll tax cash receipts. TriMet records an allowance for past due amounts that have not been collected by the state as of year-end.

**(f) Use of estimates**

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

**(g) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and shares of the State of Oregon Local Government Investment Pool and financial institutions, and marketable securities with original maturities of three months or less.

**(h) Investments**

ORS Chapter 294 authorizes the District to invest in obligations of the U.S. Treasury and U.S. Government agencies and instrumentalities, certain bankers' acceptances and corporate indebtedness, and repurchase agreements. The District records all investments at fair value based upon quoted market rates, with changes in unrealized gains and losses reported as investment income.

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment earnings comprise interest earnings, changes in fair value and any gains or losses realized upon the liquidation or sale of investments.

**(i) Materials and supplies**

Materials and supplies inventory consists primarily of maintenance parts and supplies for the system and light rail vehicles. Materials and supplies inventory are stated at cost determined on a moving average basis. Materials and supplies are expensed as consumed.

**(j) Prepaid expenses**

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid expenses.

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

### (k) Receivables

*Taxes and other receivables.* Taxes and other receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts for payroll taxes, self employment taxes and property taxes are based on the District's experience and management's judgment over recent years. The allowance for returns for trade accounts are based upon the District's experience of returns in the most recent year.

*Grants receivable.* Grants receivable are recorded in accordance with the non-exchange guidance. Accordingly, receivables are recorded when TriMet has the contractual right to grant resources, generally when the grant has been awarded to the District. Resources are offset with unearned revenues if the receivable has not yet been earned.

*Grants receivable – CARES Act, CRRSAA, ARP.* Grants receivable are recorded in accordance with the non-exchange guidance and represent Federal Transit Administration relief for the COVID-19 pandemic. In April 2020, TriMet was awarded $184,925 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In May 2021, TriMet was awarded $195,420 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). In December 2021, TriMet was awarded $289,102 under the American Rescue Plan (ARP). As of June 30, 2023, TriMet has recorded $34,256 and $62,807 as Grants receivable – CARES Act, CRRSAA, ARP for June 30, 2023 and 2022, respectively.

### (l) Lease leaseback

In the District's lease leaseback transaction, each party is a lessor and a lessee. Because of each portion of the transaction is with the same counterparty, a right of offset exists. The lease leaseback is presented net on the Statement of Net Position in accordance with GASB Statement No. 87, *Leases.* Additional note disclosure of the gross amounts of the lease and leaseback provide essential information about the magnitude of each portion of the transaction. See Note 5.

### (m) Capital assets and depreciation (excluding lease and subscription-based IT arrangement assets)

Capital assets (excluding lease and subscription-based IT arrangement assets) are reported at cost, except for donated capital assets, which are stated at the acquisition value on the date of donation. Expenditures for additions and improvements, with a value in excess of $5 and a useful life of more than one year, are capitalized. Expenditures for maintenance, repairs and minor improvements are charged to operating expense as incurred. Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation and the resulting gains or losses are stated in the statement of revenues, expenses and changes in net position.

Depreciation of capital assets is recorded using the straight-line method over the estimated useful lives of the assets.

Capital assets are assigned the following estimated useful lives:

| | |
|---|---|
| Rail right-of-way, bridges and stations | 5-70 years |
| Buildings | 40 years |
| Transportation equipment | 5-30 years |
| Furniture and other equipment | 3-20 years |

### (n) Leases (Lessee and Lessor) and similar subscription-based Information Technology (IT) arrangements

The District is a lessee for various non-cancellable leases. The District also has non-cancellable subscription-based IT arrangements for the right-to-use information technology software. For leases and subscription-based IT arrangements with a maximum possible term of twelve months or less at commencement, the District recognizes an expense based on the provisions of the lease contract or subscription-based IT arrangements, respectively. For all other leases and subscription-based IT arrangements, the District recognizes a lease or subscription-based IT liability and an intangible right-to-use lease asset or subscription-based IT asset, respectively.

At lease commencement, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. The lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the District is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

At subscription commencement, the District initially measures the subscription-based IT liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT liability is reduced by the principal portion of subscription payments made. The subscription-based IT asset is initially measured as the initial amount of the subscription-based IT liability, less subscription payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. The subscription-based IT arrangement asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying hardware or software.

To measure the lease or subscription-based IT arrangement liability, the District generally uses its estimated incremental borrowing rate as the discount rate unless the lease contract or subscription-based IT arrangement contains an explicit rate. The District's incremental borrowing rate is based on the rate of interest it would need to pay if it issued bonds, or similar, to borrow an amount equal to the payments under similar terms at the commencement or remeasurement date. The term includes the noncancellable period, plus any additional periods covered by an option to extend for which it is reasonably certain to be exercised, or by an option to terminate for which it is reasonably certain not to be exercised. Periods in which both the District and the lessor/vendor have a unilateral option to terminate (or if both parties must agree to extend) are excluded from the lease or subscription term. The District evaluates payments to determine if they should be included in the measurement of the lease and subscription-based IT liabilities, including those payments that require a determination of whether they are reasonably certain to be made. The District monitors lease and subscription-based IT arrangements for possible changes that may require remeasurement if they could materially affect the amount of the liability and related asset that should be recognized.

The District is also a lessor for various noncancelable leases. For leases with a maximum possible term of twelve months or less at commencement, the District recognizes revenue based on the provisions of the lease contract. For all other leases, the District initially recognizes a lease receivable at the present value of lease payments expected to be received during the lease term. It also recognizes a deferred inflow of resources at the amount of the initial measurement of the lease receivable, adjusted for any lease payments received prior to the commencement of the lease term.

Lease receivables and the related deferred inflows of resources are reported in the financial statements and further disclosed in Note 5. Subscription-based IT arrangements, right-to-use asset and the related accumulated amortization are disclosed in Note 6.

**(o) Deferred outflows and inflows of resources**

In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The District reports deferred outflows of resources for pension-related and other post employment benefits (OPEB); depending on the plan, deferred outflows of resources may include: changes in assumptions, contributions made subsequent to the measurement date, changes in proportionate share, net difference between projected and actual earnings on investments, or the next difference between projected and actual experience. Unamortized loss on refunded debt is also reported in deferred outflows of resources, which represents the unamortized loss on bond refunding that is deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. Deferred outflows of resources represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources for pension-related and other post employment benefits (OPEB); depending on the plan, deferred inflows of resources may include the: net difference between projected and actual earning on investments, changes in proportionate share, and net differences between employer contributions. Deferred inflows related to leases is also reported in deferred inflows of resources where the District is the Lessor and recognizes the present value of lease payments to be received in the future. Deferred lease inflows are recognized as revenues over the lease term based on the payment provisions in the contracts.

**(p) Self insurance liabilities**

Liabilities for workers' compensation, employee dental insurance, and public liability and property damage claims are recognized as incurred on the basis of the estimated cost to the District upon resolution. Estimated liabilities for injury and damage claims are charged to operations in the year the claim event occurs.

Self-insured liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Since self insured claims depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated on a case-by-case basis and are re-evaluated periodically to take into consideration historical experience of recently settled claims, the frequency of claims, and other economic and social factors.

**(q) Compensated absences**

Vacation leave that has been earned but not paid has been accrued. Vacation pay and floating holidays are payable upon termination, retirement or death for both union and non-union employees. Sick leave is accrued as benefits are earned, but only to the extent the District will compensate the employee through a cash payment conditional on the employee's termination or death. Pursuant to the TriMet Defined Contribution Retirement Plan for Management and Staff Employees (the Management DC Plan) and the TriMet Defined Contribution Retirement Plan for Union Employees (The Union DC Plan), the District contributes 60 percent of unused sick leave when the employee leaves TriMet. The District records a liability in the accompanying financial statements related to the unused sick leave for employees covered by the Management DC Plan and the Union DC Plan. Unused sick leave benefits that enhance either defined benefit pension plan are included in the actuarial accrued liability.

**(r) Bond discounts, premiums and refundings**

Unamortized bond discounts and premiums are amortized to interest expense, using the effective interest method, over the term of the bonds. The excess of costs incurred over the carrying value of bonds refunded on early extinguishment of debt is amortized, using the effective interest method, over the shorter of the remaining life of the old bonds or the life of the new issue and recorded as a deferred outflow of resources.

**(s) Contributed capital**

Contributions received for the construction of capital assets are initially recorded as liabilities, then reclassified to revenue (contributed capital) when the associated capital projects are constructed or acquired.

**(t) Net position**

Net position is categorized as follows:

- Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvements of those capital assets.
- Restricted net position – This consists of constraints placed on net position imposed by grantors, contributors or laws. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first and then unrestricted resources when they are needed.
- Unrestricted net position – This consists of net position that does not meet the definition of "Restricted" or "Net investment in capital assets."

**(u) Stewardship, compliance and accountability**

The annual budget is adopted on a basis consistent with generally accepted accounting principles (GAAP), with the exception of the accounting for defined benefit pension plans, other post-employment benefits, the depreciation of capital assets and long-term debt transactions that are budgeted on a cash basis. Differences from the budgetary basis to the GAAP basis are noted on the Reconciliation of Revenues and Expenses (Budget Basis) to Schedule of Revenues and Expenses (GAAP Basis). The District's legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the fund and divisional level and include expenses for operating, operating projects and capital projects. All annual appropriations lapse at fiscal year-end. The Board of Directors approved any budgetary modifications to the adopted fiscal year 2023 budget throughout the year. For fiscal year-end June 30, 2023, the District was in budget compliance at all division levels.

**(v) Reclassification for Financial Presentation**

Reclassifications of certain amounts from the prior year were necessary in order to conform to the current year presentation. Reclassified amounts for interest revenue, interest expense, current and non-current portions of certain financial statement line items. Reclassifications had no impact on net position or the changes in net position.

(dollars in thousands)

### (w) Accounting Pronouncements Implemented

**GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*.** The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The District implemented GASB Statement No. 89 for fiscal year end June 30, 2022. There was not a significant impact to the District's financial statements.

**GASB Statement No. 91, *Conduit Debt Obligations***. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 91 is effective for the District's fiscal year end June 30, 2022. As the District does not carry any conduit debt, this standard did not affect to the District's financial statements.

***GASB Statement No. 93, Replacement of Interbank Offered Rates***. This Statement requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. GASB 93 is effective for fiscal year ending June 30, 2022. This standard did not have a significant impact to the District's financial statements.

**GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). GASB 94 will be effective for the District's fiscal year ending June 30, 2023. The District implemented GASB Statement No. 94 for fiscal year end June 30, 2023. There was not a significant impact to the District's financial statements.

**GASB Statement No. 96, *Subscription-based Information Technology Arrangements***. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is a contract convenying the right-to-use a vendor's technology software, sometimes in a combination with a tangible underlying capital asset, in an exchange or exchange-like transaction. A subscription liability and an intangible asset is recognized in the financial statements. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

| | |
|---|---|
| Net position at June 30, 2022, as previously reported | $ 2,033,420 |
| Add Right to use SBITA under GASB Statement 96 at June 30, 2022 | 2,691 |
| Accumulated amortization of SBITAs for year ending June 30, 2022 | (511) |
| Interest payable SBITAs at June 30, 2022 | (21) |
| Less adjustments to prepaid software under GASB Statement 96 at June 30, 2022 | (355) |
| Less SBITA obligation under GASB Statement 96 at June 30, 2022 | (1,768) |
| Effect of implementation | 36 |
| Net position, as restated at June 30, 2022 | $ 2,033,456 |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

**GASB Statement No. 97,** ***Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*** — an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB 97 is effective for the District's fiscal year ending June 30, 2022. This standard did not have a significant impact to the District's financial statements.

**GASB Statement No. 99,** ***Omnibus 2022***. The requirements in paragraph 11-25 are effective for fiscal years beginning after June 30, 2022. The requirements in paragraph 4-10 are effective for fiscal years beginning after June 30, 2023. No expected effect on the District's financial statements for the remaining paragraphs. The District implemented GASB Statement No. 89 for fiscal year end June 30, 2022. There was not a significant impact to the District's financial statements.

### (x) Future Adoption of Accounting Pronouncements

The following pronouncements have been issued by the Governmental Accounting Standards Board (GASB), but are not effective as of June 30, 2023:

**GASB Statement No. 100,** ***Accounting Changes and Error Corrections*** **– an amendment of GASB Statement No. 62**. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. GASB 100 will be effective for the District's fiscal year ending June 30, 2024. The District does not expect this standard to have a significant impact to the financial statements.

**GASB Statement No. 101,** ***Compensated Absences***. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB 101 will be effective for the District's fiscal year ending June 30, 2025. The District is evaluating the impact of this standard to the financial statements.

TriMet will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

## 2. Cash and Investments

Cash and Investments at June 30, 2023 and 2022, consisted of the following:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Fair value | % of portfolio | Weighted average maturity (years) | Fair value | % of portfolio | Weighted average maturity (years) |
| **Cash and cash equivalents:** | | | | | | |
| Cash on hand | $ 277 | 0.0 % | - | $ 307 | 0.0 % | - |
| Demand deposits with financial institutions | 107,395 | 12.3 % | - | 39,369 | 4.6 % | - |
| Oregon local government investment pool (LGIP) | 58,892 | 6.7 % | - | 52,909 | 6.2 % | - |
| U.S. Treasuries | 82,955 | 9.5 % | 0.11 | 27,772 | 3.3 % | 0.06 |
| Commercial paper | 8,530 | 1.0 % | 0.13 | 89,112 | 10.5 % | 0.48 |
| Total cash and equivalents | $ 258,049 | | | $ 209,469 | | |
| **Investments:** | | | | | | |
| U.S. Agencies - Federal Home Loan Bank | 229,808 | 26.2 % | 0.39 | 16,134 | 1.9 % | 0.21 |
| U.S. Treasuries | 327,971 | 37.4 % | 0.32 | 489,124 | 57.4 % | 0.31 |
| Commercial Paper | 60,667 | 6.9 % | 0.16 | 136,767 | 16.1 % | 0.32 |
| | $ 618,446 | | | $ 642,025 | | |
| Total Cash, Cash Equivalents, and Investments | $ 876,495 | | | $ 851,494 | | |

Cash and investments are reflected in the Statements of net position as follows:

| | 2023 | 2022 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Unrestricted | $ 165,106 | $ 150,423 |
| Restricted - current | 56,576 | 20,052 |
| Restricted - noncurrent | 36,367 | 38,994 |
| Total restricted cash and cash equivalents | $ 258,049 | $ 209,469 |
| **Investments** | | |
| Unrestricted | $ 388,115 | $ 275,783 |
| Restricted - current | 61,077 | 114,582 |
| Restricted - noncurrent | 169,254 | 251,660 |
| Total restricted investments | $ 618,446 | $ 642,025 |
| Total Cash, cash equivalents, and investments | $ 876,495 | $ 851,494 |

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date (exit price). Observable inputs reflect market participants' assumptions in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset or liability. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as noted in the tables below for June 30, 2023 and 2022. The categorization is based on pricing transparency of the investments, and not an indication of the risks associated with investing in the security.

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

| | | Fair Value Measurement Using | | | Not Measured At Fair Value |
|---|---|---|---|---|---|
| **Investment Type** | **Balance at June 30, 2023** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Amortized Cost Measurement** |
| U.S. Treasuries | $ 410,926 | $ 410,926 | $ - | $ - | $ - |
| U.S. Agencies (FHLB) | 229,808 | - | 229,808 | - | - |
| Commercial Paper | 69,197 | - | 69,197 | - | - |
| LGIP | 58,892 | - | 58,892 | - | - |
| Demand deposits | 107,395 | - | - | - | 107,395 |
| Cash on hand | 277 | - | - | - | 277 |
| Total | $ 876,495 | $ 410,926 | $ 357,897 | $ - | $ 107,672 |

| | | Fair Value Measurement Using | | | Not Measured At Fair Value |
|---|---|---|---|---|---|
| **Investment Type** | **Balance at June 30, 2022** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Amortized Cost Measurement** |
| U.S. Treasuries | $ 516,896 | $ 516,896 | $ - | $ - | $ - |
| U.S. Agencies (FHLB) | 16,134 | - | 16,134 | - | - |
| Commercial Paper | 225,879 | - | 225,879 | - | - |
| LGIP | 52,909 | - | 52,909 | - | - |
| Demand deposits | 39,369 | - | - | - | 39,369 |
| Cash on hand | 307 | - | - | - | 307 |
| Total | $ 851,494 | $ 516,896 | $ 294,922 | $ - | $ 39,676 |

TriMet's demand deposits are covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held by the State of Oregon. Cash held in the State of Oregon local government investment pool is managed by the State of Oregon Treasurer's office.

The Local Government Investment Pool (LGIP) is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. The Oregon Audits Division of the Secretary of State's Office audits the LGIP annually. The Division's most recent audit report on the LGIP was unmodified. The fair value of pool shares is equal to TriMet's proportionate position in the pool. The balance is available for withdrawl on deman, and is based on the accounting records maintained by LGIP, which are recorded on a cost basis. The LGIP is not rated by any national rating service. The most recent audited financial statements are available at: Oregon Short Term Fund Audited Financial Statements June 30, 2023

*Interest rate risk*. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, TriMet manages its exposure to declines in fair values by limiting the maximum maturity of its investment portfolio to 5 years, with a weighted average maturity of less than 2.5 years. The investment policy also states the District will not directly invest unrestricted funds in securities maturing more than 5 years from the date of purchase. Restricted investments will be invested to match the expected requirements. The District was in compliance with policy at year-end June 30, 2023.

*Credit risk*. Credit risk is the risk that an issuer will fail to pay principal or interest in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause the fair value of the investment to decline. TriMet's investment policy, which is in compliance with Oregon State law (ORS 294 and 295), limits investment in corporate indebtedness on the settlement date to a rating of P-1 or Aa3 or better by Moody's Investors Service or A-1 or AA- or better by Standard & Poor's (S&P) Corporation or equivalent rating by any nationally recognized statistical rating

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

organization. All investments identified in the ORS are included as permitted investments in the District's investment policy. The District's investment policy is posted to: [TriMet-Investment-Policy.pdf]

As of June 30, 2023 and 2022, TriMet's investments were rated as follows:

| | Moody's | | S&P | | Fair Value at | Fair Value at |
|---|---|---|---|---|---|---|
| **Investment Type** | **Long-term** | **Short-term** | **Long-term** | **Short-term** | **June 30, 2023** | **June 30, 2022** |
| U.S. Treasuries | Aaa | P-1 | AA+ | A-1+ | $ 410,926 | $ 516,896 |
| U.S. Agencies (FHLB) | Aaa | P-1 | AA+ | A-1+ | 229,808 | 16,134 |
| Commercial Paper | N/A | P-1 | N/A | A-1+/A-1 | 69,197 | 225,879 |
| | | | | | $ 709,931 | $ 758,909 |

*Concentration of credit risk*. Concentration of credit risk is the risk associated with the lack of diversification or having too much invested in a few individual issues. TriMet's investment policy sets forth the procedures, guidelines, and criteria for the operation of TriMet's investment program. This policy governs the investment of all TriMet funds, except funds held in trust for pensions and deferred compensation. The investment policy establishes maximum amounts, either as a percentage of total portfolio or fixed dollar amount, that may be invested in investment types and any single issuer including U.S. government securities (no limit), agency securities (33 percent maximum with any one agency, 90 percent maximum of the total portfolio), commercial paper (5 percent maximum with any issuer, 35 percent maximum of the total portfolio), local government investment pool (limited to maximum per ORS 294.810), time deposits, certificates of deposit and savings accounts (25 percent maximum with any issuer, 50 percent maximum of the total portfolio), corporate indebtedness (2.5 percent maximum with any issuer, 10 percent maximum of the total portfolio) and municipal debt obligations (5 percent maximum with any issuer, 10 percent maximum of the total portfolio).

At June 30, 2023, the District had 46.9 percent invested in U.S. government securities, 26.2 percent in agency securities, 7.9 percent in commercial paper, 12.3 percent in demand deposits and 6.7 percent in local government investment pool. At June 30, 2022, the District had 60.7 percent invested in U.S. government securities, 1.9 percent in agency securities, 26.5 percent in commercial paper, 4.7 percent in demand deposits and 6.2 percent in local government investment pool.

*Custodial credit risk - deposits and investments.* For deposits, this is the risk that in the event of a bank failure, TriMet's deposits may not be returned. ORS Chapter 295 governs the collateralization of certain Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program (PFCP). Bank depositories are required to pledge collateral against any public funds deposits in excess of federal deposit insurance amounts. All banks holding funds in TriMet's name, that are not held in trust for debt service, are included on the list of qualified depositories maintained by the Oregon State Treasurer. At June 30, 2023, the carrying amount of the District's deposits (excluding amounts held in trust for debt service) was $106,312 and the bank balance was $110,324. Of this bank balance, $513 was covered by the federal depository insurance's general deposit rules and $109,811 was collateralized by the PFCP.

All investments purchased by the District are held and registered in TriMet's name by a safekeeping bank acting as safekeeping agent. A portion of TriMet's funds are invested in an external investment pool, held by the State of Oregon in the Local Government Investment Pool (LGIP), as described above. TriMet also deposits funds in four bank savings accounts. Balances in these accounts are in compliance with TriMet investment policy limits and are collateralized in accordance with ORS Chapter 295.

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

### 3. Receivables

At June 30, 2023 and 2022, the District had the following receivables under various federal and state grant agreements:

| 2023 | Total |
|---|---|
| Federal pass through | $ 239 |
| Other federal | 10,463 |
| State and local grants | 11,440 |
| | $ 22,142 |

| 2022 | Total |
|---|---|
| Federal pass through | $ 33 |
| Other federal | 135,406 |
| State and local grants | 8,783 |
| | $ 144,222 |

In addition to the Federal grants noted above, at June 30, 2023 and 2022, TriMet recorded $34,256 and $62,807, respectively, in American Rescue Plan (ARP) funds and Coronavirus Aid, Relief Emergency Secure (CARES) Act and Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) receivables. ARP, CARES and CRRSAA are Federal Transportation Administration (FTA) grants awarded to TriMet in response to the Coronavirus pandemic. The outstanding receivable balance on these FTA grants are unrestricted.

Taxes and other receivables at June 30, 2023 and 2022, including the applicable allowances for uncollectible accounts, are as follows:

| 2023 | Receivable | Allowance for uncollectible accounts | Net receivable |
|---|---|---|---|
| Unrestricted: | | | |
| Payroll tax | $ 120,285 | $ 4,740 | $ 115,545 |
| Self-employment tax | 12,328 | 820 | 11,508 |
| Trade accounts | 2,663 | 400 | 2,263 |
| Other | 8,419 | - | 8,419 |
| Total unrestricted | 143,695 | 5,960 | 137,735 |
| Restricted: | | | |
| Other | 65 | - | 65 |
| Total restricted | 65 | - | 65 |
| Total taxes and other receivables | $ 143,760 | $ 5,960 | $ 137,800 |

| 2022 | Receivable | Allowance for uncollectible accounts | Net receivable |
|---|---|---|---|
| Unrestricted: | | | |
| Payroll tax | $ 112,778 | $ 3,450 | $ 109,328 |
| Self-employment tax | 11,294 | 480 | 10,814 |
| Trade accounts | 2,814 | 400 | 2,414 |
| Other | 6,855 | - | 6,855 |
| Total unrestricted | 133,741 | 4,330 | 129,411 |
| Restricted: | | | |
| Other | 94 | - | 94 |
| Total restricted | 94 | - | 94 |
| Total taxes and other receivables | $ 133,835 | $ 4,330 | $ 129,505 |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

## 4. Capital Assets

Capital assets at June 30, 2023 and 2022 consisted of the following:

| 2023 | Lives (in years) | Beginning balance | Additions | Deletions | Transfers | Ending balance |
|---|---|---|---|---|---|---|
| **Capital assets, not being depreciated** | | | | | | |
| Land and other | | $ 229,692 | $ - | $ (571) | $ 1,033 | $ 230,154 |
| Construction in process | | 638,179 | 158,596 | | (76,114) | 720,661 |
| Total capital assets, not being depreciated | | 867,871 | 158,596 | (571) | (75,081) | 950,815 |
| **Capital assets, being depreciated** | | | | | | |
| Rail right-of-way and stations | 5-70 | 2,436,347 | - | (403) | 18,188 | 2,454,132 |
| Buildings | 40 | 825,679 | - | - | 15,628 | 841,307 |
| Transportation equipment | 5-30 | 802,327 | - | (6,021) | 28,978 | 825,284 |
| Furniture and other equipment | 3-20 | 333,941 | - | (3,204) | 12,287 | 343,024 |
| Total capital assets, being depreciated | | 4,398,294 | - | (9,628) | 75,081 | 4,463,747 |
| **Less accumulated depreciation for** | | | | | | |
| Rail right-of-way and stations | | (1,168,424) | (64,032) | 403 | - | (1,232,053) |
| Buildings | | (307,707) | (20,986) | - | - | (328,693) |
| Transportation equipment | | (437,127) | (45,450) | 6,021 | - | (476,556) |
| Furniture and other equipment | | (209,121) | (18,121) | 3,204 | - | (224,038) |
| Total accumulated depreciation | | (2,122,379) | (148,589) | 9,628 | - | (2,261,340) |
| Total capital assets, being depreciated, net | | 2,275,915 | (148,589) | - | 75,081 | 2,202,407 |
| Total capital assets, net | | $ 3,143,786 | $ 10,007 | $ (571) | $ - | $ 3,153,222 |

| 2022 | Lives (in years) | Beginning balance | Additions | Deletions | Transfers | Ending balance |
|---|---|---|---|---|---|---|
| **Capital assets, not being depreciated** | | | | | | |
| Land and other | | $ 229,692 | $ - | $ - | $ - | $ 229,692 |
| Construction in process | | 435,861 | 232,618 | - | (30,300) | 638,179 |
| Total capital assets, not being depreciated | | 665,553 | 232,618 | - | (30,300) | 867,871 |
| **Capital assets, being depreciated** | | | | | | |
| Rail right-of-way and stations | 5-70 | 2,436,325 | - | - | 22 | 2,436,347 |
| Buildings | 40 | 813,832 | - | - | 11,847 | 825,679 |
| Transportation equipment | 5-30 | 795,872 | - | (9,561) | 16,016 | 802,327 |
| Furniture and other equipment | 3-20 | 331,881 | - | (355) | 2,415 | 333,941 |
| Total capital assets, being depreciated | | 4,377,910 | - | (9,916) | 30,300 | 4,398,294 |
| **Less accumulated depreciation for** | | | | | | |
| Rail right-of-way and stations | | (1,106,239) | (62,185) | - | - | (1,168,424) |
| Buildings | | (285,703) | (22,004) | - | - | (307,707) |
| Transportation equipment | | (401,341) | (45,146) | 9,360 | - | (437,127) |
| Furniture and other equipment | | (196,416) | (13,045) | 340 | - | (209,121) |
| Total accumulated depreciation | | (1,989,699) | (142,380) | 9,700 | - | (2,122,379) |
| Total capital assets, being depreciated, net | | 2,388,211 | (142,380) | (216) | 30,300 | 2,275,915 |
| Total capital assets, net | | $ 3,053,764 | $ 90,238 | $ (216) | $ - | $ 3,143,786 |

Included in the line item for Depreciation and amortization expense on the Statement of Revenues, Expenses and Changes in Net Position is $3,500 and $2,835 for amortization related to leases and subscription based information technology agreements for fiscal years ended June 30, 2023 and 2022, respectively.

## 5. Leases

The District has several leasing arrangements accounted for under GASB No. 87, *Leases*, summarized below.

### Lessee Activities

The District has accrued liabilities for six office space leases. Certain leases also include parking. The remaining liability for these leases is $32,655 and $3,636 as of June 30, 2023 and 2022, respectively. Right to use assets, net of amortization, for these leases is $32,215 as of June 30, 2023 and $3,353 as of June 30, 2022. Interest expense recognized on these leases was $121 and $114 for the fiscal years ended June 30, 2023 and 2022, respectively. Principal payments of $1,918 and $1,819 were recognized in the years ended June 30, 2023 and June 30, 2022, respectively. Final payment on these leases is expected in fiscal year 2040.

The District has accrued liabilities for four parking leases. Many of these leases help support parking at the District's park and ride locations. The remaining liability for these leases is $1,276 and $1,282 as of June 30, 2023 and 2022 respectively. Right to use assets, net of amortization, for these leases is $1,228 as of June 30, 2023 and $1,241 as of June 30, 2022. Interest expense recognized on these leases was $33 and $35 for fiscal years ended June 30, 2023 and June 30, 2022 respectively. Principal payments of $62 and $170 were recognized in the years ended June 30, 2023 and June 30, 2022, respectively. Final payment on these leases is expected in fiscal year 2108.

The District has accrued liabilities for four radio tower (telecommunications) leases. The remaining liability for these leases is $1,492 and $1,580 as of June 30, 2023 and 2022 respectively. Right to use assets, net of amortization, for these leases is $1,353 as of June 30, 2023 and $1,473 as of June 30, 2022. Interest expense recognized on these leases was $41 and $43 in the years ended June 30, 2023 and June 30, 2022, respectively. Principal payments of $88 and $81 were recognized in the years ended June 30, 2023 and June 30, 2022, respectively. Final payment on these leases is expected in fiscal year 2043.

The District has accrued a liability for a bridge sub-lease from the State of Oregon. The remaining liability for this lease is $2,508 and $2,668 as of June 30, 2023 and 2022 respectively. The right to use asset, net of amortization, for this lease is $2,394 as of June 30, 2023 and $2,575 as of June 30, 2022. Interest expense recognized on this lease was $68 and $73 for the years ended June 30, 2023 and June 30, 2022 respectively. Principal payments of $159 and $155 were recognized in the years ended June 30, 2023 and June 30, 2022, respectively. Final payment is expected in fiscal year 2036.

The District has recognized a prepaid lease for land associated developments and well as a traditional lease. For the traditional lease, the remaining liability is $60 as of June 30, 2023 and $79 as of June 30, 2022. For the prepaid lease there is no lease liability recognized. The right to use assets, net of amortization were $384 as of June 30, 2023 and $415 as of June 30, 2022. . Interest expense recognized on this lease was $2 and less than $1 for the years ended June 30, 2023 and June 30, 2022 respectively. Principal payments on the traditional lease of $19 and $21 were recognized in the years ended June 30, 2023 and June 30, 2022, respectively. The final lease expires in fiscal year 2052.

Below is a schedule of the changes in the right to use assets with the accumulated amortization for the fiscal years ended June 30, 2023 and June 30, 2022:

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

| **Right to use assets**<br>For fiscal year-end June 30, 2023 | Beginning balance | Additions | Deletions | Ending balance |
|---|---|---|---|---|
| **Lessee leases:** | | | | |
| Office space | $ 8,836 | $ 30,937 | $ - | $ 39,773 |
| Parking | 1,773 | 66 | (295) | 1,544 |
| Radio towers | 1,833 | - | - | 1,833 |
| Bridge | 3,121 | - | - | 3,121 |
| Land | 652 | - | - | 652 |
| Total right to use assets | $ 16,215 | $ 31,003 | $ (295) | $ 46,923 |

| **Accumulated amortization**<br>For fiscal year-end June 30, 2023 | Beginning balance | Additions | Deletions | Ending balance |
|---|---|---|---|---|
| **Lessee leases:** | | | | |
| Office space | $ (5,483) | $ (2,076) | $ - | $ (7,559) |
| Parking | (531) | (78) | 295 | (314) |
| Radio towers | (360) | (120) | - | (480) |
| Bridge | (546) | (181) | - | (727) |
| Land | (237) | (31) | - | (268) |
| Total accumulated amortization | $ (7,157) | $ (2,486) | $ 295 | $ (9,348) |
| Total right to use assets, net | $ 9,058 | $ 28,517 | $ - | $ 37,575 |

| **Right to use assets**<br>For fiscal year-end June 30, 2022 | Beginning balance | Additions | Deletions | Ending balance |
|---|---|---|---|---|
| **Lessee leases:** | | | | |
| Office space | $ 8,769 | $ 240 | $ (173) | $ 8,836 |
| Parking | 1,773 | - | - | 1,773 |
| Radio towers | 1,894 | - | (61) | 1,833 |
| Bridge | 3,121 | - | - | 3,121 |
| Land | 552 | 100 | - | 652 |
| Total right to use assets | $ 16,109 | $ 340 | $ (234) | $ 16,215 |

| **Accumulated amortization**<br>For fiscal year-end June 30, 2022 | Beginning balance | Additions | Deletions | Ending balance |
|---|---|---|---|---|
| **Lessee leases:** | | | | |
| Office space | $ (3,847) | $ (1,809) | $ 173 | $ (5,483) |
| Parking | (354) | (177) | - | (531) |
| Radio towers | (296) | (125) | 61 | (360) |
| Bridge | (364) | (182) | - | (546) |
| Land | (206) | (31) | - | (237) |
| Total accumulated amortization | $ (5,067) | $ (2,324) | $ 234 | $ (7,157) |
| Total right to use assets, net | $ 11,042 | $ (1,984) | $ - | $ 9,058 |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

Below is a schedule of the changes in the lease obligations for the fiscal years ended June 30, 2023 and June 30, 2022:

| **Lease Obligations** For fiscal year-end June 30, 2023 | Beginning balance | Additions | Deletions | Ending balance | Current Portion |
|---|---|---|---|---|---|
| **Lessee leases:** | | | | | |
| Office space | $ 3,635 | $ 30,937 | $ (1,918) | $ 32,654 | $ 335 |
| Parking | 1,282 | 66 | (72) | 1,276 | 75 |
| Radio towers | 1,580 | - | (87) | 1,493 | 94 |
| Bridge | 2,668 | - | (159) | 2,509 | 164 |
| Land | 79 | - | (19) | 60 | 19 |
| Total Lease Obligations | $ 9,244 | $ 31,003 | $ (2,255) | $ 37,992 | $ 687 |

| **Lease Obligations** For fiscal year-end June 30, 2022 | Beginning balance | Additions | Deletions | Ending balance | Current Portion |
|---|---|---|---|---|---|
| **Lessee leases:** | | | | | |
| Office space | $ 5,209 | $ 240 | $ (1,814) | $ 3,635 | $ 1,920 |
| Parking | 1,452 | | (170) | 1,282 | 62 |
| Radio towers | 1,661 | - | (81) | 1,580 | 87 |
| Bridge | 2,823 | - | (155) | 2,668 | 159 |
| Land | - | 100 | (21) | 79 | 19 |
| Total Lease Obligations | $ 11,145 | $ 340 | $ (2,241) | $ 9,244 | $ 2,247 |

The District's schedule of future payments included in the measurement of leases payable is as follows:

| Fiscal Year ending June 30: | | Principal | Interest | Total |
|---|---|---|---|---|
| 2024 | | $ 14 | $ 862 | $ 876 |
| 2025 | | 2,779 | 834 | 3,613 |
| 2026 | | 3,023 | 767 | 3,790 |
| 2027 | | 3,027 | 700 | 3,727 |
| 2028 | | 3,201 | 631 | 3,832 |
| 2029 - 2033 | | 18,632 | 1,985 | 20,617 |
| 2034 - 2038 | | 5,634 | 363 | 5,997 |
| 2039 - 2043 | | 347 | 195 | 542 |
| 2044 - 2048 | | (83) | 185 | 102 |
| 2049 - 2053 | | (78) | 196 | 118 |
| 2054 - 2058 | | (69) | 206 | 137 |
| 2059 - 2063 | | (56) | 214 | 158 |
| 2064 - 2068 | | (37) | 221 | 184 |
| 2069 - 2073 | | (11) | 225 | 214 |
| 2074 - 2078 | | 23 | 224 | 247 |
| 2079 - 2083 | | 68 | 219 | 287 |
| 2084 - 2088 | | 125 | 207 | 332 |
| 2089 - 2093 | | 199 | 186 | 385 |
| 2094 - 2098 | | 292 | 154 | 446 |
| 2099 - 2103 | | 408 | 109 | 517 |
| 2104 - 2108 | | 554 | 46 | 600 |
| | Totals | $ 37,992 | $ 8,729 | $ 46,721 |

(dollars in thousands)

## Lessor Activities

The District has accrued a receivable for an office space lease. The remaining receivable for this lease is $484 and $519 as of June 30, 2023 and 2022 respectively. Deferred inflows related to this lease were $435 as of June 30, 2023 and $480 as of June 30, 2022. Interest revenue recognized on this lease was $14 and $15 for the years ended June 30, 2023 and June 30, 2022 respectively. Principal receipts of $35 and $33 were recognized in the years ended June 30, 2023 and June 30, 2022, respectively. Final receipt is expected in fiscal year 2033.

The District has accrued a receivable for four land based leases.  The remaining receivable for these leases was $664 and $687 at June 30, 2023 and 2022 respectively. Deferred inflows related to these leases were $2,685 as of June 30, 2023 and $2,740 as of June 30, 2022. Interest revenue recognized on these leases was $22 and $22 for the year ended June 30, 2023 and June 30, 2022 respectively. Principal receipts of $23 and $22 were recognized in the years ended June 30, 2023 and June 30, 2022, respectively. Final receipt is expected in fiscal year 2107.

The District has accrued a receivable for four radio tower (telecommunications) leases. The remaining receivable for these leases was $62 and $120 as of June 30, 2023 and 2022 respectively. Deferred inflows related to these leases were $55 as of June 30, 2023 and $111 as of June 30, 2022. Interest revenue recognized on these leases was $2 and $4 for the years ended June 30, 2023 and June 30, 2022, respectively. Principal receipts of $58 and $55 were recognized in the years ended June 30, 2023 and June 30, 2022, respectively. Final receipt is expected in fiscal year 2024.

The District has accrued a receivable two conduit space leases. The remaining receivable for these leases was $14,739 and $1,798 as of June 30, 2023 and 2022 respectively. Deferred inflows related to these leases were $14,426 as of June 30, 2023 and $1,995 as of June 30, 2022. Interest revenue recognized on these leases was $118 and $49 for the years ended June 30, 2023 and June 30, 2022, respectively. Principal receipts of $29 and $478 were recognized in the years ended June 30, 2023 and 2022, respectively. Final receipt is expected in fiscal year 2045.

Below is a schedule of the changes in the leases receivable for the fiscal years ended June 30, 2023 and June 30, 2022:

| **Leases receivable**<br>For fiscal year-end June 30, 2023 | Beginning balance | Additions | Deletions | Ending balance | Due within One Year |
|---|---|---|---|---|---|
| **Lessor leases:** | | | | | |
| Office space | $ 522 | $ - | $ (35) | $ 487 | $ 38 |
| Land | 687 | - | (23) | 664 | 24 |
| Radio towers | 120 | - | (59) | 61 | 62 |
| Conduit space | 1,798 | 12,970 | (29) | 14,739 | 711 |
| Total lease receivable | $ 3,127 | $ 12,970 | $ (146) | 15,951 | $ 835 |
| Less current portion | | | | (835) | |
| Long-term leases receivable, net | | | | $ 15,116 | |

| **Leases receivable**<br>For fiscal year-end June 30, 2022 | Beginning balance | Additions | Deletions | Ending balance | Due within One Year |
|---|---|---|---|---|---|
| **Lessor leases:** | | | | | |
| Office space | $ 555 | $ - | $ (33) | $ 522 | $ 35 |
| Land | 709 | - | (22) | 687 | 23 |
| Radio towers | 175 | - | (55) | 120 | 59 |
| Conduit space | 1,824 | - | (26) | 1,798 | 29 |
| Total lease receivable | $ 3,263 | $ - | $ (136) | 3,127 | $ 146 |
| Less current portion | | | | (146) | |
| Long-term leases receivable, net | | | | $ 2,981 | |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

Interest receivable of $108 and $49 is included in the current portion of leases receivable on the Statement of Net position for fiscal years ending June 30, 2023 and 2022 respectively.

The District's schedule of future receipts included in the measurement of the leases receivable is as follows:

| Fiscal Year ending June 30: | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 835 | $ 359 | $ 1,194 |
| 2025 | 334 | 346 | 680 |
| 2026 | 361 | 338 | 699 |
| 2027 | 390 | 329 | 719 |
| 2028 | 411 | 321 | 732 |
| 2029 - 2033 | 2,526 | 1,444 | 3,970 |
| 2034 - 2038 | 2,986 | 1,138 | 4,124 |
| 2039 - 2043 | 3,983 | 760 | 4,743 |
| 2044 - 2048 | 3,757 | 271 | 4,028 |
| 2049 - 2053 | 10 | 64 | 74 |
| 2054 - 2058 | 12 | 62 | 74 |
| 2059 - 2063 | 15 | 60 | 75 |
| 2064 - 2068 | 17 | 57 | 74 |
| 2069 - 2073 | 21 | 54 | 75 |
| 2074 - 2078 | 25 | 50 | 75 |
| 2079 - 2083 | 29 | 45 | 74 |
| 2084 - 2088 | 35 | 40 | 75 |
| 2089 - 2093 | 41 | 33 | 74 |
| 2094 - 2098 | 49 | 25 | 74 |
| 2099 - 2103 | 58 | 16 | 74 |
| 2104 - 2108 | 56 | 4 | 60 |
| | $ 15,951 | $ 5,816 | $ 21,767 |

## 6. Subscription-Based Information Technology Arrangements

A subscription-based IT arrangement (SBITA) is defined as a contractual agreement that conveys control of the right-to-use another entity's IT asset, alone, or in conjunction with a tangible capital asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The District enters into SBITAs such as software licenses downloaded or available remotely, data storage, and hardware necessary to use the IT asset. The related obligations are presented in the amounts equal to the present value of SBITA payments, payable during the remaining SBITA term. As the subscriber, the District recognizes a SBITA liability and an associated intangible-SBITA asset on the Statement of Net Position.

The District has several subscription arrangements accounted for under GASB No. 96, *Subscriptions Based Information Technology Arrangements*. These arrangements are summarized below.

The District has accrued liabilities for nine subscription based information technology (IT) arrangements as of June 30, 2023. Software subscriptions accrued provide TriMet with remote desktops capabilities, ride scheduling, vendor integration, voice calling, relational database systems, and enterprise application functionality. The remaining liability for these subscriptions is $1,353 and $1,768 as of June 30, 2023 and 2022, respectively. Right to use assets, net of accumulated amortization, for these subscriptions is $2,820 as of June 30, 2023 and $2,180 as of June 30, 2022. Interest expense recognized on these subscriptions was $32 and $30 for the fiscal years ended June 30, 2023 and 2022, respectively. Principal payments of $415 and $390 were recognized in the years ended June 30, 2023 and June 30, 2022, respectively. Final payment on these subscription arrangements is expected in fiscal year 2031.

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

Below is a schedule of the changes in the right to use subscription IT assets with the accumulated amortization for the fiscal years ended June 30, 2023 and June 30, 2022:

| **Right to use assets**<br>For fiscal year-end June 30, 2023 | Beginning balance | Additions | Deletions | Ending balance |
|---|---|---|---|---|
| **Right to Use Subscription Based IT Arrangements:** | | | | |
| Subscription software | $ 2,691 | 1,653 | (197) | $ 4,147 |
| **Accumulated amortization** | | | | |
| Subscription software | $ (511) | (1,013) | 197 | $ (1,327) |
| Total right to use assets, net | $ 2,180 | 640 | - | $ 2,820 |

| **Right to use assets**<br>For fiscal year-end June 30, 2022 | Restated beginning balance | Additions | Deletions | Ending balance |
|---|---|---|---|---|
| **Right to Use Subscription Based IT Arrangements:** | | | | |
| Subscription software | $ 2,691 | - | - | $ 2,691 |
| **Accumulated amortization** | | | | |
| Subscription software | $ - | (511) | - | $ (511) |
| Total right to use assets, net | $ 2,691 | (511) | - | $ 2,180 |

Below is a schedule of the changes in subscription based IT obligations for the fiscal years ended June 30, 2023 and June 30, 2022:

| For fiscal year-end June 30, 2023 | Beginning balance | Additions | Deletions | Ending balance | Current Portion |
|---|---|---|---|---|---|
| **Subscription IT Obligations** | | | | | |
| Subscription software | $ 1,768 | - | (415) | $ 1,353 | $ 444 |

| For fiscal year-end June 30, 2022 | Restated beginning balance | Additions | Deletions | Ending balance | Current Portion |
|---|---|---|---|---|---|
| **Subscription IT Obligations** | | | | | |
| Subscription software | $ 2,158 | | (390) | $ 1,768 | $ 415 |

The District's schedule of future payments included in the measurement of subscription liability is as follows:

| Fiscal Year ending June 30: | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 444 | $ 29 | $ 473 |
| 2025 | 475 | 19 | 494 |
| 2026 | 140 | 9 | 149 |
| 2027 | 56 | 6 | 62 |
| 2028 | 59 | 5 | 64 |
| 2029 - 2031 | 179 | 6 | 185 |
| Totals | $ 1,353 | $ 74 | $ 1,427 |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

## 7. Long-Term Debt

Long-Term Debt at June 30, 2023 and 2022 consists of the following:

| 2023 | Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|---|---|---|---|---|---|
| *Payroll Tax Bonds:* | | | | | |
| 2009 Revenue Bonds, Series A and B | $ 12,530 | $ - | $ - | $ 12,530 | $ - |
| 2012 Senior Lien Payroll Tax Bonds, Series A | 3,000 | - | (3,000) | - | - |
| 2015 Senior Lien Revenue and Refunding Bonds, Series A and B | 34,020 | - | (5,600) | 28,420 | 5,900 |
| 2016 Senior Lien Revenue Refunding Bonds, Series A | 58,040 | - | (395) | 57,645 | 3,550 |
| 2017 Senior Lien Payroll Tax Bonds, Series A | 37,535 | - | (2,695) | 34,840 | 2,815 |
| 2018 Senior Lien Payroll Tax Bonds, Series A | 42,835 | - | (1,795) | 41,040 | 1,835 |
| 2019 Senior Lien Revenue and Refunding Bonds, Series A and B | 236,380 | - | (740) | 235,640 | 755 |
| 2021 Senior Lien Revenue and Refunding Bonds, Series A and B | 409,640 | - | - | 409,640 | 3,225 |
| *Subtotal Payroll Tax Bonds* | 833,980 | - | (14,225) | 819,755 | 18,080 |
| *Capital Grant Receipt Revenue Bonds:* | | | | | |
| 2017 Capital Grant Receipt Revenue Refunding Bonds, Series A | 76,015 | - | (11,175) | 64,840 | 11,735 |
| 2018 Capital Grant Receipt Revenue Bonds, Series A | 113,095 | - | (1,660) | 111,435 | 1,730 |
| *Subtotal Capital Grant Receipt Revenue Bonds* | 189,110 | - | (12,835) | 176,275 | 13,465 |
| *Leases:* | | | | | |
| Other | 2 | - | (2) | - | - |
| Total | 1,023,092 | - | (27,062) | 996,030 | 31,545 |
| Add (deduct): | | | | | |
| Unamortized bond premium | 51,259 | - | (7,663) | 43,596 | |
| Current portion of long-term debt | (27,062) | | | (31,545) | |
| Long-term debt, net | $ 1,047,289 | | | $ 1,008,081 | |

| 2022 | Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|---|---|---|---|---|---|
| *Payroll Tax Bonds:* | | | | | |
| 2009 Revenue Bonds, Series A and B | $12,530.00 | $ - | $ - | $ 12,530 | $ - |
| 2012 Senior Lien Payroll Tax Bonds, Series A | 5,850 | - | (2,850) | 3,000 | 3,000 |
| 2015 Senior Lien Revenue and Refunding Bonds, Series A and B | 64,320 | - | (30,300) | 34,020 | 5,600 |
| 2016 Senior Lien Revenue Refunding Bonds, Series A | 73,340 | - | (15,300) | 58,040 | 395 |
| 2017 Senior Lien Payroll Tax Bonds, Series A | 90,310 | - | (52,775) | 37,535 | 2,695 |
| 2018 Senior Lien Payroll Tax Bonds, Series A | 145,210 | - | (102,375) | 42,835 | 1,795 |
| 2019 Senior Lien Revenue and Refunding Bonds, Series A and B | 237,105 | - | (725) | 236,380 | 740 |
| 2021 Senior Lien Revenue and Refunding Bonds, Series A and B | - | 409,640 | - | 409,640 | - |
| *Subtotal Payroll Tax Bonds* | 628,665 | 409,640 | (204,325) | 833,980 | 14,225 |
| *Capital Grant Receipt Revenue Bonds:* | | | | | |
| 2011 Capital Grant Receipt Revenue Bonds | 11,390 | - | (11,390) | - | $ - |
| 2017 Capital Grant Receipt Revenue Refunding Bonds, Series A | 76,015 | - | - | 76,015 | 11,175 |
| 2018 Capital Grant Receipt Revenue Bonds, Series A | 113,505 | - | (410) | 113,095 | 1,660 |
| *Subtotal Capital Grant Receipt Revenue Bonds* | 200,910 | - | (11,800) | 189,110 | 12,835 |
| *Leases:* | | | | | |
| Other | 15 | - | (13) | 2 | 2 |
| Total | 829,590 | 409,640 | (216,138) | 1,023,092 | 27,062 |
| Add (deduct): | | | | | |
| Unamortized bond premium | 63,780 | 19,884 | (32,405) | 51,259 | |
| Current portion of long-term debt | (25,388) | | | (27,062) | |
| | $ 867,982 | | | $ 1,047,289 | |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

Total interest cost on all outstanding bonds was $29,981 and $29,799 in fiscal years 2023 and 2022, respectively. The following table presents outstanding bonds at year-end with principal and interest paid during the fiscal year and the related pledged revenues on the debt.

| | June 30, 2023 | | |
|---|---|---|---|
| Description of Debt: | Principal and interest to maturity | Principal and interest paid in the year | Pledged revenue for the year |
| *Payroll Tax Bonds - pledged: Employer payroll, self employment tax, and state in lieu revenue* | | | |
| 2009 Revenue Bonds, Series A and B | $ 19,043 | $ 718 | |
| 2012 Senior Lien Payroll Tax Bonds, Series A | - | 3,075 | |
| 2015 Revenue Bonds, Series A and B | 35,988 | 6,995 | |
| 2016 Revenue Bonds, Series A | 72,991 | 2,466 | |
| 2017 Revenue Bonds, Series A | 45,021 | 4,221 | |
| 2018 Revenue Bonds, Series A | 66,050 | 3,601 | |
| 2019 Revenue Bonds, Series A and B | 368,375 | 8,172 | |
| 2021 Revenue Bonds, Series A and B | 583,750 | 11,731 | |
| | $ 1,191,218 | $ 40,979 | $ 485,182 |
| *Capital Grant Receipt Revenue Bonds - pledged: Section 5307, STP, and CMAQ grant receipts* | | | |
| 2017 Capital Grant Receipt Revenue Refunding Bonds, Series A | 73,261 | 14,696 | |
| 2018 Capital Grant Receipt Revenue Bonds, Series A | 151,958 | 6,823 | |
| | $ 225,219 | $ 21,519 | $ 70,144 |

The District is required to comply with certain bond covenants related to the operations of the District. Significant covenants include timely payment of principal and interest, and to budget appropriate funds needed to pay all debt service obligations.

Under U.S. Treasury Department regulations, all governmental tax exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the yield on earnings from the investment of tax exempt bond proceeds, which exceeds the yield on related bonds, must be remitted to the Federal Government on every fifth anniversary of each bond issue. The District has evaluated each bond issue and has recognized no arbitrage liabilities as of June 30, 2023 and 2022.

### *Payroll Tax Bonds*

TriMet has the following Revenue Bonds outstanding which are backed by Payroll Tax Revenues: 2009 Revenue Bonds Series A and B, 2012 Senior Lien Payroll Tax Revenue Bonds Series A, 2015 Revenue Bonds Series A and B, 2016 Revenue Bonds Series A, 2017 Revenue Bonds Series A, 2018 Revenue Bonds Series A, and 2019 Revenue Bonds Series A and B. The Revenue Bonds are payable from and secured by a pledge of the employer payroll and self-employment taxes levied by the District. The Payroll Tax Revenue Bonds are not general obligations of the District. The 2013 Payroll Tax and Grant Receipt Bonds are noted below.

#### 2007 Revenue Bonds, Series A

On January 23, 2007, TriMet issued $45,450 in limited tax pledge 2007 Revenue Bonds, Series A (2007 Revenue Bonds) to fund the District's share of the I-205/Portland Mall Light Rail Project and other capital projects.

The 2007 Revenue Bonds mature serially each September 1, beginning September 1, 2007 through 2026, with a $13,025 term bond due September 1, 2031. The term bond is subject to mandatory sinking fund requirements annually on September 1, 2027 through 2031. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 4.0 percent to 5.0 percent on outstanding maturities. The 2007 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after March 1, 2017 at a price of par (100%) plus accrued interest thereon to the date of redemption.

On September 9, 2015, TriMet defeased in substance future principal and interest payments on a portion of its 2007 Revenue Bonds, Series A. As of June 30, 2023, there were $21,675, in defeased bonds with scheduled maturities annually on September 1, 2023 through 2031.

In September 2016, the final principal payment of $1,545 on the 2007 Revenue Bonds, Series A was made by TriMet and there are no future debt service obligations for the District.

**2009 Revenue Bonds, Series A and B**

On October 27, 2009, TriMet issued $37,020 in limited tax pledge 2009 Revenue Bonds, Series A and $12,530 in 2009 Build America Bonds, Series B (2009 Revenue Bonds) to fund the District's repayment of funds drawn on interim financing and other capital projects.

The 2009 Series A Revenue Bonds mature serially each September 1, beginning September 1, 2010 through 2025, with a $16,405 term bond due September 1, 2029. The term bond is subject to mandatory sinking fund requirements annually on September 1, 2025 through 2029. The 2009 Series B Revenue Bonds mature September 1, 2033, and are subject to mandatory sinking fund requirements annually on September 1, 2030 through 2033. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 3.0 percent to 5.73 percent on outstanding maturities. The 2009 Series A Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2019 at a price of par (100%) plus accrued interest thereon to the date of redemption. The 2009 Series B Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet at the higher of 100 percent of outstanding principal or the present value of the outstanding principal and interest payment remaining at redemption.

On September 9, 2015, TriMet defeased in substance future principal and interest payments on a portion of its 2009 Series A Revenue Bonds. As of June 30, 2023 there were, $16,600, in defeased bonds with scheduled maturities annually on September 1, 2023 through 2029.

**2012 Senior Lien Payroll Tax Bonds, Series A**

On August 30, 2012, TriMet issued $93,290 in Senior Lien Payroll Tax Revenue Bonds, Series 2012A to fund the District's share of Portland Milwaukie Light Rail (PMLR) and other capital projects.

The 2012 Revenue Bonds mature serially each September 1, beginning September 1, 2013 through 2032, with $28,705 in term bonds maturing on September 1, 2037. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 1.0 percent to 5.0 percent on outstanding maturities. The 2012 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2022, at a price of par (100%) plus accrued interest thereon to the date of redemption.

On May 11, 2016, TriMet defeased in substance future principal and interest payments on a portion of its 2012 Senior Lien Payroll Tax Bonds, Series A. As of June 30, 2023, there were $68,670, in defeased bonds with scheduled maturities annually on September 1, 2023 through 2037.

**2015 Revenue Bonds, Series A and B**

On September 9, 2015, TriMet issued $71,885 in Senior Lien Payroll Tax Revenue Bonds, Series A to fund capital projects. TriMet also issued $62,705 in Senior Lien Payroll Tax Revenue Refunding Bonds, Series B to refinance certain series of revenue bonds currently outstanding.

The 2015 Revenue Bonds mature serially each September 1, beginning September 1, 2016 through 2040, with $25,430 in term bonds maturing on September 1, 2040. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 2.0 percent to 5.0 percent on outstanding maturities. The 2015 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2025, at a price of par (100%) plus accrued interest thereon to the date of redemption.

On October 9, 2019 and again on October 27, 2021, TriMet defeased in substance future principal and interest payments on a portion of its 2015 Senior Lien Payroll Tax Bonds, Series A and B. As of June 30, 2023, there were $66,285, in defeased bonds with scheduled maturities annually on September 1, 2026 through 2040.

**2016 Revenue Refunding Bonds, Series A**

On May 11, 2016, TriMet issued $74,800 in Senior Lien Payroll Tax Revenue Refunding Bonds, Series A to refinance certain series of revenue bonds currently outstanding.

The 2016 Revenue Bonds mature serially each September 1, beginning September 1, 2017 through 2034, with $17,915 in term bonds maturing on September 1, 2037. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 1.5 percent to 5.0 percent on outstanding maturities. The 2016 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2026, at a price of par (100%) plus accrued interest thereon to the date of redemption.

On October 27, 2021, TriMet defeased in substance future principal and interest payments on a portion of its 2016 Senior Lien Payroll Tax Bonds. As of June 30, 2023, there were $14,910 in defeased bonds with scheduled maturities annually on September 1, 2029 through 2032.

**2017 Revenue Bonds, Series A**

On February 22, 2017, TriMet issued $97,430 in Senior Lien Payroll Tax Revenue Bonds to fund capital projects.

The 2017 Revenue Bonds mature serially each September 1, beginning September 1, 2018 through 2041, with $24,400 in term bonds maturing on September 1, 2041. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 2.0 percent to 5.0 percent on outstanding maturities. The 2017 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2026, at a price of par (100%) plus accrued interest thereon to the date of redemption.

On October 27, 2021, TriMet defeased in substance future principal and interest payments on a portion of its 2017 Senior Lien Payroll Tax Bonds. As of June 30, 2023, there were $50,215 in defeased bonds with scheduled maturities annually on September 1, 2029 through 2041.

**2018 Revenue Bonds, Series A**

On June 20, 2018, TriMet issued $148,245 in Senior Lien Payroll Tax Revenue Bonds to fund capital projects including the Powell Garage, replacement of buses, a 4$^{th}$ bus base, and replacement of light rail vehicles.

The 2018 Revenue Bonds mature serially each September 1, beginning September 1, 2019 through 2038, with $38,770 in term bonds maturing on September 1, 2043, and $51,555 maturing on September 1, 2048. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 3.25 percent to 5.0 percent on outstanding maturities. The 2018 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2028, at a price of par (100%) plus accrued interest thereon to the date of redemption.

On October 27, 2021, TriMet defeased in substance future principal and interest payments on a portion of its 2018 Senior Lien Payroll Tax Bonds. As of June 30, 2023, there were $100,680 in defeased bonds with scheduled maturities annually on September 1, 2030 through 2044.

**2019 Revenue Bonds, Series A and B**

On October 9, 2019, TriMet issued $188,390 in Senior Lien Payroll Tax Revenue Bonds, Series A to fund capital projects including Columbia Bus Base, replacement of buses and light rail vehicles, the Red Line extension to the fair complex, division transit, and ruby junction expansion. TriMet also issued $49,425 in Senior Lien Payroll Tax Revenue

Refunding Bonds, Series B (taxable) to refinance certain series of revenue bonds currently outstanding. The District completed this advance refunding to reduce its total debt service payments over the next 21 years by $2,937 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $2,263.

The 2019 Revenue Bonds mature serially each September 1, beginning September 1, 2020 through 2049, with $16,235 in term bonds maturing on September 1, 2049. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 1.8 percent to 5.0 percent on outstanding maturities. The 2019 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2029, at a price of par (100%) plus accrued interest thereon to the date of redemption.

**2021 Revenue Bonds, Series A and B**

On October 27, 2021, TriMet issued $180,610 in Senior Lien Payroll Tax Revenue Bonds, Series A to fund capital projects including replacement of light rail vehicles, the Red Line extension to the fair complex, and the Powell garage project. TriMet also issued $229,030 in Senior Lien Payroll Tax Revenue Refunding Bonds, Series B (taxable) to refinance certain series of revenue bonds currently outstanding. The District completed this advance refunding to reduce its total debt service payments over the next 28 years by $22,345 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $18,948.

The 2021 Revenue Bonds mature serially each September 1, beginning September 1, 2023 through 2041, with $39,080 in term bonds maturing on September 1, 2049 and another $44,150 in term bonds maturing September 1, 2051. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 0.95 percent to 5.0 percent on outstanding maturities. The 2021 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2031, at a price of par (100%) plus accrued interest thereon to the date of redemption.

***Capital Grant Receipt Bonds***

TriMet has issued three series of Capital Grant Receipt Revenue Bonds: 2011 Capital Grant Receipt Revenue Bonds, 2017 Capital Grant Receipt Revenue Refunding Bonds (Series A), and 2018 Capital Grant Receipt Revenue Bonds. The Grant Receipt Revenue Bonds are payable from and secured solely by a pledge of Section 5307, Surface Transportation Program (STP), and Congestion Mitigation and Air Quality (CMAQ) federal grants, or replacement grant programs and amounts credited to a debt service account.

**2011 Capital Grant Receipt Revenue Bonds**

On June 20, 2011, TriMet issued $142,380 in 2011 Capital Grant Receipt Revenue Bonds to pay for a portion of the costs of capital projects, including new buses, construction on PMLR, and other regional projects. The 2011 Capital Grant Receipt Revenue Bonds are not general obligations of the District.

The 2011 Capital Grant Receipt Revenue Bonds mature serially each October 1, beginning October 1, 2016 through 2027. Interest is payable semiannually on April 1 and October 1 and fixed interest rates range from 2.5 percent to 5.0 percent on outstanding maturities. The 2011 Capital Grant Receipt Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after October 1, 2021 at a price of par (100%) plus accrued interest thereon to the date of redemption.

On August 30, 2017, TriMet defeased in substance future principal and interest payments on a portion of its 2011 Capital Grant Receipt Revenue Bonds. As of June 30, 2023, there were $69,290, in defeased bonds with scheduled maturities annually on October 1, 2023 through 2027.

In October 2021 the final principal payment of $11,390 on the 2011 Capital Grant Receipt Revenue Bonds was made by TriMet and there are no future debt service obligations for the District.

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

### 2017 Capital Grant Receipt Revenue Refunding Bonds, Series A

On August 30, 2017, TriMet issued $76,015 in Capital Grant Receipt Revenue Refunding Bonds, Series A to refinance certain series of revenue bonds currently outstanding.

The 2017 Capital Grant Receipt Revenue Refunding Bonds mature serially each October 1, beginning October 1, 2022 through 2027. Interest is payable semiannually on April 1 and October 1 and the interest rate is 5.0 percent on outstanding maturities. The 2017 Revenue Bonds are not subject to optional or mandatory redemption prior to maturity.

### 2018 Capital Grant Receipt Revenue Bonds, Series A

On February 6, 2018, TriMet issued $113,900 in 2018 Capital Grant Receipt Revenue Bonds to pay for a portion of the costs of capital projects, including the Southwest Corridor, Division Transit, and Powell Garage projects among others. The 2018 Capital Grant Receipt Revenue Bonds are not general obligations of the District.

The 2018 Capital Grant Receipt Revenue Bonds mature serially each October 1, beginning October 1, 2020 through 2034. Interest is payable semiannually on April 1 and October 1 and fixed interest rates range from 3.25 percent to 5.0 percent on outstanding maturities. The 2018 Capital Grant Receipt Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after April 1, 2028 at a price of par (100%) plus accrued interest thereon to the date of redemption.

### Bond Debt Service Requirements to Maturity:

The District's various bonds outstanding and related interest requirements as of June 30, 2023, are as follows:

| Fiscal Year | Payroll Tax Bonds | | | Capital Grant Receipt Bonds | | | Total All Bonds | | |
|---|---|---|---|---|---|---|---|---|---|
| ending June 30: | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | $ 18,080 | $ 26,040 | $ 44,120 | $ 13,465 | $ 8,027 | $ 21,492 | $ 31,545 | $ 34,067 | $ 65,612 |
| 2025 | 18,920 | 25,202 | 44,122 | 14,105 | 7,337 | 21,442 | 33,025 | 32,539 | 65,564 |
| 2026 | 23,370 | 24,241 | 47,611 | 14,795 | 6,615 | 21,410 | 38,165 | 30,856 | 69,021 |
| 2027 | 24,210 | 23,400 | 47,610 | 15,515 | 5,857 | 21,372 | 39,725 | 29,257 | 68,982 |
| 2028 | 24,980 | 22,634 | 47,614 | 16,270 | 5,062 | 21,332 | 41,250 | 27,696 | 68,946 |
| 2029-2033 | 137,970 | 100,087 | 238,057 | 69,525 | 14,916 | 84,441 | 207,495 | 115,003 | 322,498 |
| 2034-2038 | 161,965 | 76,089 | 238,054 | 32,600 | 1,130 | 33,730 | 194,565 | 77,219 | 271,784 |
| 2039-2043 | 169,580 | 47,372 | 216,952 | - | - | - | 169,580 | 47,372 | 216,952 |
| 2044-2048 | 161,920 | 23,428 | 185,348 | - | - | - | 161,920 | 23,428 | 185,348 |
| 2049-2053 | 78,760 | 2,969 | 81,729 | - | - | - | 78,760 | 2,969 | 81,729 |
| Totals | $ 819,755 | $ 371,462 | $ 1,191,217 | $ 176,275 | $ 48,944 | $ 225,219 | $ 996,030 | $ 420,406 | $ 1,416,436 |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

## 8. Risk Management

In conjunction with its normal operations, the District is exposed to various risks related to the damage or destruction of its assets, tort/liability claims, injuries to personnel, and errors and omissions. To this end, the District has developed a comprehensive risk management program, utilizing insurance and self insurance resources, to provide protection from these exposures.

The Oregon Tort Claims Act (the Act) is the common law sovereign immunity from suit for public bodies in Oregon, including TriMet. Prior to July 1, 2009, the Act capped the liability of public bodies, including TriMet, at $200 for individual claims. In addition, the public body may be substituted as a defendant in lieu of individual employees of the public body, thereby limiting recovery for claims against individual employees to the limits applicable to public bodies. Under the Act, TriMet currently indemnifies its employees for any liability that they incur within the scope of their work. The limits are subject to per claims per occurrence based on changes to the consumer price index. At June 30, 2023, the single claimant limit was $806 and the multiple claimants was $1,612. Effective July 1, 2023 those limits raise to $830 for single claimant and $1,660 for multiple claimants.

The District is self-insured for all public liability claims, subject to the limits under Oregon SB 311. The District is self-insured to the extent of the first $2,000 for single claimant for industrial accident claims, with excess insurance up to statutory limits. For third party liability claims related to heavy rail or PMLR operations, the District is self-insured to the extent of the first $2,000 with excess insurance up to the amount of $325,000 inclusive of the self-insured retention. For all other covered third party liability claims, the District has a $5,000 self-insured retention per occurrence with excess insurance in the amount of $25,000 inclusive of the self-insured retention. No settled claims have exceeded the coverage described over the last three years. The District provides for the estimated losses to be incurred from the pending and potential claims that result from industrial and public liability accidents occurring prior to year-end. The District's policy is to record claims incurred but not reported at the estimated level of the undiscounted liability. The liabilities are based on the ultimate cost of settling the claims, including the effects of inflation and other legal and economic factors.

Changes in the District's public liability and industrial accident claims liabilities (reported in other accrued liabilities on the Statement of Net Position) are as follows as of and for the years ended June 30, 2023 and 2022:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Industrial accident claims | Public liability | Industrial accident claims | Public liability |
| Liability at beginning of year | $ 5,962 | $ 3,930 | $ 5,528 | $ 4,403 |
| Current year claims | 4,271 | 1,309 | 4,140 | 275 |
| Changes in estimates for claims of prior periods | 1,874 | 2,457 | 982 | 926 |
| Payments of claims | (5,666) | (1,245) | (4,688) | (1,674) |
| Liability at end of year | $ 6,441 | $ 6,451 | $ 5,962 | $ 3,930 |

Based on historical experience, the District has classified $6,988 and $3,530 of the industrial accident and public liability claims liabilities as current liabilities, at June 30, 2023 and 2022, respectively.

(dollars in thousands)

## 9. Other Long-term Liabilities

Other long-term liabilities include public liability and industrial accident claims liabilities and long-term employee sick leave as follows:

| 2023 | Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|---|---|---|---|---|---|
| Uninsured claims liability: | | | | | |
| Industrial accident claims | $ 5,962 | $ 6,145 | $ (5,666) | $ 6,441 | $ 3,821 |
| Employee dental insurance | 262 | 44 | - | 306 | 306 |
| Employee health insurance | 2,364 | - | (55) | 2,309 | 2,309 |
| Public liability | 3,930 | 3,766 | (1,245) | 6,451 | 3,167 |
| Total claims liability | 12,518 | 9,955 | (6,966) | 15,507 | 9,603 |
| Long-term employee sick leave | 9,869 | 2,084 | - | 11,953 | - |
| Total other liabilities | 22,387 | $ 12,039 | $ (6,966) | 27,460 | $ 9,603 |
| Deduct current portion | (6,157) | | | (9,603) | |
| Other long-term liabilities | $ 16,230 | | | $ 17,857 | |

| 2022 | Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|---|---|---|---|---|---|
| Uninsured claims liability: | | | | | |
| Industrial accident claims | $ 5,528 | $ 5,122 | $ (4,688) | $ 5,962 | $ 647 |
| Employee dental insurance | 328 | - | (66) | 262 | 262 |
| Employee Health Insurance | 2,270 | 94 | - | 2,364 | 2,364 |
| Public liability | 4,403 | 1,201 | (1,674) | 3,930 | 2,884 |
| Total claims liability | 12,529 | 6,417 | (6,428) | 12,518 | 6,157 |
| Long-term employee sick leave | 8,830 | 1,039 | - | 9,869 | - |
| Total other liabilities | 21,359 | $ 7,456 | $ (6,428) | 22,387 | $ 6,157 |
| Deduct current portion | (5,963) | | | (6,157) | |
| Other long-term liabilities | $ 15,396 | | | $ 16,230 | |

## 10. Lease-leaseback Transaction

### *2005 Lease transaction*

In November 2005, the District entered into a series of agreements related to 28 light rail vehicles. In simultaneous transactions, the District leased the 28 light rail vehicles (the Head Lease) to a trust (TriMet 2005 Statutory Trust) for the benefit of a third party investor (2005 Equity Investor) for a basic term of 28 or 29 years, depending on the age of the vehicles. The Head Lease qualified for accounting treatment as a capital lease prior to implementing GASB Statement No. 87, *Leases*. The trust subleased all 28 vehicles back to the District (the Lease Agreement) for a period of 28 or 29 years. The District received all required lease payments totaling $123,700, which have been recorded in the accompanying statement of net position as unamortized gain of $12,557 (before expenses of $911) and a long-term lease liability for lease payments of $111,143. The liability is reduced as lease payments are made over the term of the lease. The District's net benefit from the 2005 transactions was $11,646. The Federal Transit Administration reviewed the operative documents and approved the transaction.

TriMet used $111,143 of the proceeds from the Head Lease transaction to fully fund three payment agreements ($84,382 to Premier International Funding Co. for the Series A Payment Agreement and $26,761 to MBIA Inc. for the Equity Payment Undertaking Agreement and the Debt Payment Undertaking Agreement). The obligations of Premier International Funding Co. are unconditionally and irrevocably guaranteed by Financial Security Assurance Inc. (FSA), which has subsequently been acquired by Assured Guaranty Ltd. In February 2009, TriMet terminated the MBIA Equity Payment Undertaking agreement and received $28,033 and terminated the Debt Payment Undertaking Agreement and received $14,528. Simultaneously, TriMet purchased and placed in trust US Treasury securities for

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

$28,399 to collateralize all future equity payment obligations. The debt payment obligations have not been collateralized and are general obligations of TriMet. Net of transaction expenses, the 2009 MBIA termination created $13,954 in net benefit.

The District's prepayment of the payment agreements is recorded as a prepaid lease expense and is reduced as payments are made over the term of the lease. The payment agreements do not constitute legal defeasance.

The 2005 leases include the following trigger events relating to TriMet: (1) outstanding General Obligation Bond ratings are downgraded by Standard & Poors below "A+" or by Moody's below "A1", or if General Obligation Bonds are no longer rated, long-term senior payroll tax revenue bonds are downgraded by Standard & Poors below "A+" or by Moody's below "A1", or (2) TriMet becomes eligible to be a debtor under Bankruptcy code, or (3) TriMet loses its taxing authority related to payroll and self-employment taxes. If a trigger event occurs, TriMet is required to provide equity strip collateral in amounts defined in the lease agreements. TriMet's long-term senior lien payroll tax revenue bonds are rated AAA by Standard & Poors, Aaa by Moody's and AAA by Kroll at June 30, 2023. As of June 30, 2023, TriMet is not aware of any default, event of default or event of loss under any of the operative documents. The total outstanding future lease obligations under the 2005 leases are as follows:

| | FSA uncollateralized | US Treasuries in trust | TriMet obligation | Total payment obligations |
|---|---|---|---|---|
| Fiscal year ending June 30: | | | | |
| 2024 | $ - | $ - | $ - | $ - |
| 2025 | - | - | - | - |
| 2026 | - | - | - | - |
| 2027 | - | - | - | - |
| 2028 | - | 27 | - | 27 |
| 2029-2033 | - | 108 | 6 | 114 |
| 2034-2035 | 71,562 | 68,560 | 9,580 | 149,702 |
| | $ 71,562 | $ 68,695 | $ 9,586 | $ 149,843 |

### *Legislative and regulatory activities*

Pursuant to the terms of the tax indemnity agreements of TriMet's 2005 and 2009 lease transactions, unless an indemnification event occurs, the District bears no liability for the related adverse U.S. federal income tax consequence to the domestic investors. As of June 30, 2023, no indemnity claims have been made against TriMet. With respect to TriMet's 2005 and 2009 lease transactions, the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), as codified in Section 4965 of the Internal Revenue Code of 1986 as amended (Code), the guidance provided by the Internal Revenue Service (IRS) in IRS Notice 2007-18 published on February 7, 2007 and the Proposed and Temporary Regulations released on July 6, 2007 subsequently thereto, TriMet does not have a TIPRA excise tax liability.

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

### *Financial Statement Summary*

In connection with the implementation of GASB No. 87, *Leases*, the 2005 lease-leaseback is recorded on the Statement of Net Position as a net long-term restricted lease-leaseback. The following is a summary of amounts related to the lease-leaseback as of June 30:

| **Assets:** | 2023 | 2022 |
|---|---|---|
| Restricted Cash and Investments - Lease Collateral | $ 49,194 | $ 51,228 |
| Prepaid lease expense | 34,534 | 32,405 |
| Total assets | $ 83,728 | $ 83,633 |
| **Liabilities and unamortized gain:** | | |
| Long-term lease liability | $ 75,505 | $ 71,255 |
| Total liabilities | $ 75,505 | $ 71,255 |
| Unamortized gain on leases | $ 11,150 | $ 12,062 |
| Total liabilties and deferred inflows | $ 86,655 | $ 83,317 |
| Net long-term restricted lease-leaseback | $ (2,927) | $ 316 |
| Net leveraged lease revenue | $ (3,243) | $ (8,076) |

## 11. Commitments and Contingencies

TriMet has authorized commitments unexpended as of June 30, 2023 of $874,305 that represent contracts awarded with future performance obligations. The most significant commitments include contracts for new articulated buses and other standard bus fleet replacements and expansions, Type VI light rail vehicle purchases, Type II and IV light rail vehicle mid-life overhauls, administrative office space, construction of Columbia Bus Base Facility construction, MAX Red Line extension, fuel purchases, along with other capital projects and funding commitments. Resources for the District's commitments include grant funding sources, debt and unrestricted resources.

The District is a defendant in various legal actions resulting from normal transit operations. Although the outcome of such actions cannot presently be determined, it is the opinion of management and legal counsel that settlement of these matters will not have a material adverse effect on the District's financial position, results of operations or cash flows.

## 12. Pension Benefits

### *Union Defined Contribution Plan*

TriMet contributes to a single employer defined contribution plan - the TriMet Defined Contribution Retirement Plan for Union Employees ("the Union DC Plan"). A third party administrator, ICMA-RC, provides administration of the Union DC Plan trust. The TriMet Board of Directors ("Board") has appointed a committee to oversee the Union DC Plan. Funding of the defined contribution plan is performed on a perpetual basis as part of the District's normal payroll processes.

*Plan description*

Effective July 13, 2012, the District adopted the Union DC Plan in accordance with Internal Revenue Code (IRC) Section 401(a). Participation in the Union DC Plan is mandatory for all union employees hired on or after August 1, 2012. Under the Union DC Plan, the District will contribute 8.0 percent of considered compensation each pay period. Considered compensation is taxable compensation plus employee elected pre-tax deferrals, less overtime pay, bonuses, commissions, or other extraordinary pay and cash-out of unused vacation. Within 30 days of becoming eligible for the Union DC Plan, employees make a one-time irrevocable election to contribute between zero and 15 percent of their compensation to the Plan on a pretax basis. Due to tax laws, the pre-tax election must be made within 30 days after an employee becomes eligible to participate in the DC Plan and the election cannot be changed for as long as the employee is eligible. In addition, the employee can elect to make voluntary, after-tax, contributions, up to 15 percent of

compensation. The after-tax contribution election may be adjusted by the employee at any time. Plan participants fully vest in the District's contributions after three years of service with the District. Upon severance from employment, TriMet will contribute 60 percent of the employee's unused sick leave (up to a maximum of 1,700 hours) to the employee's account. The TriMet Board has authority over amendments to plan benefit and contribution provisions, in conjunction with the Working and Wage Agreement.
*Method used to value investments*

As of June 30, 2023 and 2022, there were 1,806 and 1,569 active employees, respectively, covered by the Union DC Plan. District contributions to the Union DC Plan were $8,741 and $8,330 for the years ended June 30, 2023 and 2022, respectively. Employee contributions to the Union DC Plan were $6,684 and $6,372 for the years ended June 30, 2023 and 2022, respectively.

***Management Defined Contribution Plan***

TriMet contributes to a single employer defined contribution plan - the TriMet Defined Contribution Retirement Plan for Management and Staff Employees ("the Management DC Plan"). A third party administrator, ICMA-RC, provides administration of the Management DC Plan trust. The TriMet Board of Directors ("Board") has appointed a committee to oversee the Management DC Plan. Funding of the defined contribution plan is done on a perpetual basis as part of the District's normal payroll processes.

*Plan description*

Effective April 27, 2003, the District adopted the Management DC Plan in accordance with Internal Revenue Code (IRC) Section 401(a). Participation in the Management DC Plan is mandatory for all non-union employees hired after April 26, 2003. All non-union employees hired before April 27, 2003 were required to make an irrevocable election to (1) stay in TriMet Defined Benefit Retirement Plan for Management and Staff Employees ("the Management DB Plan"), (2) freeze their credited service as of April 27, 2003 in the Management DB Plan (but not their final average salary) and be covered by the Management DC Plan for all service after April 26, 2003, or (3) transfer the present value of their accrued benefit under the Management DB Plan as of April 27, 2003 to the Management DC Plan and be covered by the Management DC Plan for all service after April 26, 2003.

Under the Management DC Plan, the District contributes 10.0 percent of considered compensation each pay period. Considered compensation is taxable compensation plus employee elected pre-tax deferrals, less overtime pay, bonuses, commissions, or other extraordinary pay and cash-out of unused vacation. Within 30 days of becoming eligible for the Management DC Plan, employees make a one-time irrevocable election to contribute between zero and 15 percent of their compensation to the Plan on a pretax basis. Due to tax laws, the pre-tax election must be made within 30 days after an employee becomes eligible to participate in the DC Plan and the election cannot be changed for as long as the employee is eligible. In addition, the employee can elect to make voluntary, after-tax, contributions, up to 15 percent of compensation. The after-tax contribution election may be adjusted by the employee at any time. Plan participants fully vest in the District's contributions after three years of service with the District. Upon severance from employment, TriMet will contribute 60 percent of the employee's unused sick leave (up to a maximum of 1,700 hours) to the employee's account. The TriMet Board has authority over amendments to plan benefit and contribution provisions.

As of June 30, 2023 and 2022 there were 548 and 488 active employees, respectively, covered by the Management DC Plan. District contributions to the Management DC Plan were $6,368 and $4,665 for the years ended June 30, 2023 and 2022, respectively. Employee contributions to the Management DC Plan were $2,519 and $2,015 for the years ended June 30, 2023 and 2022, respectively.

## 13. Other Employee Benefits

***Deferred compensation plan***

The District offers all employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457(b). The plan permits employees to defer a portion of their current salary until termination, retirement, death or financial hardship. All assets and income of the plan are in a trust for the exclusive benefit of the participants and their beneficiaries. Plan participant investments are determined by the employee participants. The Board appoints a committee to perform the administrative and fiduciary responsibilities of the employer under the plan.

(dollars in thousands)

### *Compensated absences*

Union employees receive paid vacation benefits in accordance with the Working and Wage Agreement. Employees are eligible for one to six weeks of vacation depending on their years of service with the District. Non-union employees receive similar vacation benefits as prescribed by TriMet's personnel policies. As of June 30, 2023 and 2022, the District's total vacation pay liability was $20,910 and $17,755. Of this amount, $11,426 and $12,600 was current and $9,484 and $5,155 was noncurrent as of June 30, 2023 and 2022, respectively. The noncurrent portion of compensated absences is expected to be paid in future years from future resources. Compensated absences for the years ending June 30, 2023 and 2022 were as follows:

| Compensated absences | 2023 | 2022 |
|---|---|---|
| Beginning balance | $ 17,755 | 14,990 |
| Earned | 15,198 | 13,495 |
| Used | (12,043) | (10,730) |
| Ending balance | 20,910 | 17,755 |
| Less current portion | 11,426 | 12,600 |
| Noncurrent portion | $ 9,484 | $ 5,155 |

### *General Information about the OPEB Plan*

*Plan description.* The District's defined benefit OPEB plan provides health care and life insurance benefits for eligible employees and their qualified dependents. The District's plan is a single employer defined benefit OPEB plan administered by the TriMet Board. The authority to establish and amend the benefit terms and financing is accomplished through contractual agreement with union employees and through board adopted personnel policies for non-union employees. While TriMet has placed $424 in a trust for the purpose of funding OPEB payments, such assets are considered de-minimus and are therefore not considered a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits provided.* The District's plan provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms vary depending on whether the employee is union or non-union, and the employee's date of hire. Below is a brief summary of employee eligibility and the benefits provided:

| | ***Eligibility for OPEB*** | |
|---|---|---|
| Union | Employee must be at least 55 and have 10 years of continuous service. | |
| Non-Union | Hired prior to April 27, 2003 | Must be at least 55 and have 5 years of credited service |
| Non-Union | Hired on or after April 27, 2003 and before May 1, 2009 | Must be at least 55 and have 10 years of credited service. |
| Non-Union | Hired after May 1, 2009 | Must be at least 62 and have 3 years of credited service. |

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| ***Union Benefits Offered*** | | |
|---|---|---|
| **Relevant Dates** | **Prior to Medicare Eligibility** | **Medicare Eligible** |
| Retired prior to 02/01/1992 | Medical, prescription drug, and dental provided to all retirees, spouses, and domestic partners. | Medical, prescription drug, and dental provided to all retirees, spouses, and domestic partners. Some retirees are reimbursed for Medicare Part B premiums. |
| Retired after 02/01/1992 and hired before 10/24/2014 | Medical, prescription drug, and dental are provided to all retirees. The retirees contribute a portion of the premium depending on the plan selected. | Employees receive coverage through a Medicare Advantage Plan (for which they contribute, in part) or a monthly stipend (HRA VEBA). Retirees are reimbursed for Medicare Part B if they enroll Medicare Advantage plan or the HRA VEBA (a stipend). |
| Hired after 10/24/2014 | Employees receive a monthly stipend to be used for healthcare purposes. | No benefits through TriMet. |

| ***Non-Union Benefits Offered*** | | |
|---|---|---|
| **Relevant Dates** | **Prior to Medicare Eligibility** | **Medicare Eligible** |
| Hired Prior to 05/01/2009 | Full time employees contribute a portion of the premium cost of medical, dental, and vision benefits. | Employee must enroll in a Medicare Advantage plan (employees contribute a portion of the premiums). |
| Hired after 05/01/2009 | Employee can contribute 100% of the premium amount paid by TriMet and receive healthcare coverage. | No benefits through TriMet. |

Eligible retirees are also provided a $10 whole life insurance benefit fully paid by TriMet. On an annual basis, the monthly stipend for union employees is increased with inflation.

*Employees covered by benefit terms.* At January 1, 2023, the following employees (union and non-union) were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 2,095 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active Employees | 3,000 |
| Total | 5,095 |

***Net OPEB Liability***

The District's net OPEB liability of $622,829 was measured as of January 1, 2023, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability for the January 1, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | January 1, 2023 | January 1, 2022 |
|---|---|---|
| Inflation: | 2.75% | 2.50% |
| Salary Increases: | 3.0%-3.25% | 2.75% |
| Discount Rate: | 3.72% | 2.06% |

The discount rate was based on Bond Buyer 20-Bond GO Index, December 31, 2022 and 2021 respectively.

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Healthcare cost trend rates:

| Union Plans | | | Non Union Plans | |
|---|---|---|---|---|
| **Pre-Medicare** | **Medicare** | **Medicare Part B** | **Pre-Medicare** | **Medicare** |
| *7.1% in 2023, trending up to 8.0% in 2025, then trending down to 4.19% in 2043 and thereafter.* | *7% in 2023 trending down to 4.19% in 2043 and thereafter.* | *6% in 2023 trending up to 7.23% in 2026, then trending down to 4.19% in 2043 and thereafter.* | *5.9% in 2023 trending up to 6.8% in 2025, then trending down to 4.19% in 2043 and thereafter.* | *7% in 2023 trending down to 4.19% in 2043 and thereafter.* |

Retirees' share of benefit related costs:

**Union:** Individuals who retired prior to February 1, 1992 do not contribute for coverage. Retirees who retire on or after February 1, 1992 and were hired on or before October 2014 contribute according to the following table:

| Plan Selected | Premium Contribution |
|---|---|
| Regence 90/10 | Retirees pay the difference between the Regence 90/10- and Trimet's employer contribution for the Regence PPO 80/20 |
| Regence 80/20 | Retirees pay 5% of the premium cost |
| Regence HSA | Retirees receive deposit from TriMet equal to the difference between the HSA premium and TriMet's employer contribution for the Regence PPO 80/20 |
| All other Medical and Dental | Retirees pay 5% of the premium cost |

Retirees hired on or after October 25, 2014 only receive a monthly stipend. This benefit ceases when the employee turns 65.

**Non-Union:** Employees contribute according to hire and retirement dates as detailed below:

| Dates | Premium Contribution |
|---|---|
| Retired prior to January 1, 1988 | No contribution |
| Hired before May 1, 2009 | 6% for full time employees up to 25% for part-time employees |
| Hired on or after May 1, 2009 | 100% Contribution |

Mortality rates were based on the tables as detailed below:

| Employee Class | Mortality Tables |
|---|---|
| *Union Healthy* | 2016 Cheiron ATU employee mortality table with generational projection using SOA Scale MP-2020 |
| *Union Disabled* | 2016 Cheiron ATU disabled mortality table with generational projection using SOA Scale MP-2020 |
| *Non-Union Healthy* | PubG-2010(A) Healthy Retiree projected fully generational with SOA Scale MP-2019. |
| *Non-Union Disabled* | PubG-2010(A) Healthy Retiree projected fully generational with SOA Scale MP-2019. |

**Notes to Financial Statements**
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### Changes in the Net OPEB Liability

| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
|---|---|---|---|
| Balance at January 1, 2022 | $ 799,000 | $ 428 | $ 798,572 |
| Changes for the year: | | | |
| Service cost | 26,073 | - | 26,073 |
| Interest | 16,489 | - | 16,489 |
| Differences between expected and actual experience | (58,317) | - | (58,317) |
| Changes in assumptions or other inputs | (136,869) | - | (136,869) |
| Contributions | - | 23,132 | (23,132) |
| Benefit payments | (23,132) | (23,132) | - |
| Net Investment Income | - | (13) | 13 |
| Net Changes | (175,756) | (13) | (175,743) |
| Balance at January 1, 2023 | $ 623,244 | $ 415 | $ 622,829 |

| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
|---|---|---|---|
| Balance at January 1, 2021 | $ 944,704 | $ 431 | $ 944,273 |
| Changes for the year: | | | |
| Service cost | 37,111 | - | 37,111 |
| Interest | 20,149 | - | 20,149 |
| Differences between expected and actual experience | (181,903) | - | (181,903) |
| Changes in assumptions or other inputs | 4,557 | - | 4,557 |
| Contributions | - | 25,618 | (25,618) |
| Benefit payments | (25,618) | (25,618) | - |
| Net Investment Income | - | (3) | 3 |
| Net Changes | (145,704) | (3) | (145,701) |
| Balance at January 1, 2022 | $ 799,000 | $ 428 | $ 798,572 |

In the current fiscal year, the differences between expected and actual experience noted a large decrease of $58,317 due to population and claims experience. In the prior fiscal year, the differences between expected and actual experience noted a large decrease of $181,903 due to a significant reduction in the Medicare Advantage Plan premiums in addition to a demographic experience gain that further reduced the OPEB liability and a change in the union mortality also contributed to this decrease.

There were no changes to benefit terms during either measurement period. Changes of assumptions and other inputs reflect a change in the discount rate from 2.12 percent as of January 1, 2021, to 2.06 percent as of January 1, 2022, and to 3.72 percent as of January 1, 2023. Benefit payments in the measurement period included amounts for the purchase of allocated insurance contracts of $12,373 during the measurement period ending January 1, 2023 and $15,314 during the measurement period ended January 1, 2022. Such benefits included employee medical, dental, and life insurance. The obligation for the payment of benefits covered by allocated insurance contracts has been transferred from the District to one or more insurance companies.

*Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

**Notes to Financial Statements**
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| | 1% Decrease | Discount Rate | 1% Increase |
|---|---|---|---|
| Fiscal Year 2023 | 2.72% | 3.72% | 4.72% |
| Net OPEB Liability | $ 708,852 | $ 622,829 | $ 551,774 |
| | 1% Decrease | Discount Rate | 1% Increase |
| Fiscal Year 2022 | 1.06% | 2.06% | 3.06% |
| Net OPEB Liability | $ 922,546 | $ 798,572 | $ 697,668 |

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| Fiscal Year 2023 | 1% Decrease | Healthcare Trend | 1% Increase |
|---|---|---|---|
| Net OPEB Liability | $ 547,776 | $ 622,829 | $ 714,904 |

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the years ended June 30, 2023 and 2022 the District recognized OPEB (credit) expense of ($2,809) and $39,768, respectively. At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | |
|---|---|---|
| | 2023 | 2022 |
| Differences between actual and expected experience | $ 219 | $ 437 |
| Changes of assumptions or other inputs | 126,438 | 163,924 |
| Contributions subsequent to the measurement date | 11,638 | 11,754 |
| Net difference between projected and actual earnings on OPEB plan investments | 7 | - |
| **Total** | $ 138,302 | $ 176,115 |
| | **Deferred Inflows of Resources** | |
| | 2023 | 2022 |
| Differences between actual and expected experience | $ (246,366) | $ (242,095) |
| Changes of assumptions or other inputs | (136,267) | (28,426) |
| Net difference between projected and actual earnings on OPEB plan investments | - | (8) |
| **Total** | $ (382,633) | $ (270,529) |

$11,638 is reported as deferred outflows of resources resulting from payments subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in expense as follows:

| Fiscal year ending June 30: | Amortization |
|---|---|
| 2024 | $ (45,371) |
| 2025 | (45,757) |
| 2026 | (31,637) |
| 2027 | (52,102) |
| 2028 | (53,219) |
| Thereafter | $ (27,883) |

(dollars in thousands)

## 14. TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund

The TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. TriMet is the sole administrator for the TriMet Defined Benefit Retirement Plan for Management and Staff Employees ("Management DB Plan"). The Management DB Plan is a governmental plan maintained and operated solely by TriMet. The TriMet Board has appointed four people to oversee the Management DB Plan.

TriMet recorded $8,170 and $14,227 in pension expense for the Management DB Plan in the years ended June 30, 2023 and 2022, respectively.

*Plan description*

The Management DB Plan is a single-employer defined benefit plan. The plan covers all TriMet non-union employees hired before April 27, 2003 who are not covered by the Management DC Plan. The plan is closed to new enrollment. Participation began at the date of hire with benefits being 100 percent vested after five years of service. Covered employees who retire at or after age 62, with five years of service, are entitled to an annual retirement benefit, payable monthly for life. Benefits vary based on final average salary, job classification and date of hire. Vested non-union employees convert unused sick leave to monthly pension benefits at a rate of final average salary (stated on an hourly basis) multiplied by one-half of unused sick leave (up to a maximum of 850 hours) divided by 101.9. Benefits in payout status are increased annually by 90 percent of the percentage increase in the U.S. Consumer Price Index. The Management DB Plan is a plan document originally adopted on December 7, 1970 and as amended restated as of July 1, 2013. Amendments to the plan are authorized by the TriMet Board of Directors. TriMet is required to maintain funds under the Management DB Plan sufficient to pay benefits when due. No employee contributions are required or permitted under the Management DB Plan.

The following is a summary of plan participants at June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Active employees | 51 | 57 |
| Retirees and beneficiaries Receiving benefits | 352 | 347 |
| Deferred Retirement benefits Terminated employees | 55 | 62 |
| Transfers to union plan | - | - |
| Disabled employees | - | - |
| Total Participants | 458 | 466 |

*Summary of accounting policies*

The financial statements are prepared using the accrual basis of accounting. TriMet contributions are recognized in the period in which the contributions are earned. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Investment policy and method to value investments*

The Management DB Plan investment policy allows the plan to utilize multiple professional investment management firms to implement the investment program. The long-term performance objective of the plan is to achieve a compound rate of return on invested assets consistent with the forward looking return assumptions adopted annually by the trustees of the plan. Eligible investments include the following: Domestic equities, International equities, Fixed income securities,

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*continued*

Tactical Asset Allocation Strategy funds, Private real estate investments, Absolute return investment funds, Private equity investments, and Private credit funds.

Plan investments are reported at fair value. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value of securities is determined by the plan asset managers at quoted market price, where available, except for securities which are not actively traded, which are valued at net asset value by the asset manager.

The Plan has the following fair value measurements by fair value level at June 30, 2023:

| | | Fair Value Measurement Using | | |
|---|---|---|---|---|
| | Balance at June 30, 2023 | in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| **Measured at Fair Value Level** | | | | |
| Fixed income | $ 20,388 | $ - | $ 20,388 | $ - |
| U.S. large-mid cap equities | 13,841 | - | 13,841 | - |
| U.S. small cap equities | 2,525 | - | 2,525 | - |
| International equity | 11,919 | - | 11,919 | - |
| | $ 48,673 | $ - | 48,673 | - |
| **Measured at Net Asset Value** | | | | |
| International Equity | $ 12,536 | | | |
| US Large-mid cap equities | 15,667 | | | |
| Fixed Income | 11,623 | | | |
| Tactical asset allocation | 14,386 | | | |
| Absolute return | 23,208 | | | |
| Private real estate | 13,483 | | | |
| Private equity | 3,652 | | | |
| Private credit | 1,131 | | | |
| | $ 95,686 | | | |
| **Total** | $ 144,359 | | | |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

The Plan has the following fair value measurements by fair value level at June 30, 2022:

| | | Fair Value Measurement Using | | |
|---|---|---|---|---|
| | Balance at June 30, 2022 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| **Measured at Fair Value Level** | | | | |
| Fixed income | $ 20,440 | $ - | $ 20,440 | $ - |
| U.S. large-mid cap equities | 12,017 | - | 12,017 | - |
| U.S. small cap equities | 2,246 | - | 2,246 | - |
| International equity | 9,651 | - | 9,651 | - |
| | $ 44,354 | $ - | $ 44,354 | $ - |
| **Measured at Net Asset Value** | | | | |
| International Equity | $ 8,248 | | | |
| US Large-mid cap equities | 14,794 | | | |
| Fixed Income | 12,788 | | | |
| Tactical asset allocation | 20,968 | | | |
| Absolute return | 26,257 | | | |
| Private real estate | 15,297 | | | |
| Private equity | 3,811 | | | |
| Private credit | 1,615 | | | |
| | $ 103,778 | | | |
| **Total** | $ 148,132 | | | |

*Investments measured at Net Asset Value ("NAV")*

International Equity includes investments in a commingled investment vehicle specializing in foreign securities, with a goal of achieving long-term returns in-line with traditional public international equity markets. The fair value of the investments in this type may be determined using the NAV per share of the Plan's ownership interest.

US Large and Mid-Cap Equites includes assets in a commingled investment vehicle investing in securities of domestic corporate issuers or American Depositary Receipts (ADR) traded domestically, with a goal of achieving long-term returns in-line with traditional public equity markets. The fair value of the investments in this type may be determined using the NAV per share of the Plan's ownership interest.

Fixed Income includes investments in a commingled investment vehicle with relatively low levels of expected returns and relatively lower risk profile. Periodic income from the asset is expected to be a material portion of the asset class's investment return. The fair values of the investments in this type may be determined using the NAV per share of the Plan's ownership interest.

Tactical Asset Allocation includes investment in a private offering fund with a goal of providing returns that exceed inflation by a premium of 5% on an annualized basis over a market cycle.  The fair values of the investments in this type have been determined using the NAV per share of the investments.

**Notes to Financial Statements**
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*continued*

Absolute Return includes investment in a private offering fund with a goal of generation of consistent positive returns with lower levels of volatility and low levels of correlation to traditional stocks and bonds. The fair values of the investments in this type have been determined using the NAV per share of the Management DB Plan's ownership interest in the investments. Distributions from this fund will be received as the underlying investments of the fund are liquidated.
Private Real Estate includes investment in a commingled investment vehicle with a goal of generating consistent, low volatility returns. Investments in this category are in high quality, well-leased properties, with a focus on income generation. The fair values of the investments in this type have been determined using the NAV per share of the Management DB Plan's ownership interest in partners' capital. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

Private Equity includes investment in a commingled fund of funds with a goal of generating high levels of long-term returns. The fair values of the investments in this type have been determined using the NAV per share of the Management DB Plan's ownership interest in the investments. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

Private Credit includes investment in commingled investment vehicles, which invest globally utilizing less liquid or illiquid credit market instruments. The fair values of the investments in this type have been determined using the NAV per share of the Management DB Plan's ownership interest in the investments. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

Outstanding commitments and redemption limitations for each applicable investment class as of June 30, 2023 and 2022 are as follows:

| Measured at Net Asset Value | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| **As of June 30, 2023:** | | | | |
| Private real estate | $ 13,483 | $ - | Quarterly | 45 days |
| Private equity | $ 3,652 | $ 81 | N/A | N/A |
| Private credit | $ 1,131 | $ 2,936 | N/A | N/A |
| **As of June 30, 2022:** | | | | |
| Private real estate | $ 15,297 | $ - | Quarterly | 45 days |
| Private equity | $ 3,811 | $ 82 | N/A | N/A |
| Private credit | $ 1,615 | $ 3,436 | N/A | N/A |

*Rate of Return*

For the years ended June 30, 2023 and 2022, respectively, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.15 percent and (1.31) percent. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Investments – concentration of credit risk*

The plan trustees have adopted an Investment Policy which defines target allocations in each class of investment. The target allocations are based upon asset liability studies, which are performed every five years. The following are the trustee adopted asset allocation policies as of June 30, 2023 and 2022.

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

| **Management DB Plan** | Allocation Policy | |
|---|---|---|
| | 2023 | 2022 |
| Aggressive growth | 1.0% | 1.0% |
| Traditional growth | 37.0% | 37.0% |
| Stabilized growth | 12.0% | 12.0% |
| Inflation protection | 5.0% | 5.0% |
| Principal protection | 15.0% | 15.0% |
| Diversifying strategies | 30.0% | 30.0% |
| Total | 100.0% | 100.0% |

Diversifying strategies is a blend of Alternative Risk Premia, Systematic Trend following and Long Duration Treasuries.

As of June 30, 2023 and 2022, the plan had investments of more than 5% of the total Plan fiduciary net position, as follows:

| | 2023 | 2022 |
|---|---|---|
| Baird Core Bond Fund | 14.0% | 13.8% |
| Graham Tactical Trend | 9.9% | 14.1% |
| State Street RAFI US 1000 Fund | 18.8% | 18.6% |
| Vanguard Russell 1000 Index Fund | 9.5% | 8.1% |
| Vanguard Total International Stock Fund | 8.2% | 6.5% |
| RREEF America REIT II | 7.9% | 9.0% |
| Capital Guardian International Fund | 8.6% | 5.6% |
| AQR Enhanced Style Premia Fund, L.P. | 5.6% | 5.8% |
| Two Sigma | 5.2% | 3.4% |
| Aspect Fund | 5.2% | 5.5% |

*Funding policy and net pension liability*

The funding policy of the Management DB Plan provides for an actuarially determined contribution (ADC) calculated using the individual entry age normal actuarial cost method. The ADC consists of normal cost and an amortization of the unfunded actuarial accrued liability. The normal cost is determined as the level percentage of pay basis over the service of the active employees between entry age and assumed exit age. Past service liabilities are amortized over a closed ten year period. The components of the net pension liability of the Management DB Plan were as follows:

| Net pension liability<br>As of June 30 | 2023 | 2022 |
|---|---|---|
| Total pension liability | $ 167,641 | $ 160,558 |
| Plan fiduciary net position | 145,162 | 148,261 |
| Net pension liability | 22,479 | 12,297 |
| Plan fiduciary net position as a percent of total pension liability | 86.6% | 92.3% |
| Annual covered payroll | $ 7,641 | $ 7,463 |
| Net pension liability as a percentage of covered payroll | 294.2% | 164.8% |

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(dollars in thousands)
*continued*

*Actuarial methods and assumptions*

Significant actuarial assumptions used in the June 30, 2023 valuation include a rate of return on the investment of present and future assets of 6.0 percent, price inflation of 2.75 percent, annual salary increases of 3.0 percent, and an annual post-retirement benefit increase of 2.475 percent. Mortality rates were based on the PubG-2010(A) with generational projection using MP-2019. All participants are assumed to retire by the age of 67, with a certain percentage of active participants assumed to elect retirement beginning at age 55. Net pension liability has been measured and reported as of June 30, 2023.

Significant actuarial assumptions used in the June 30, 2022 valuation include a rate of return on the investment of present and future assets of 6.0 percent, price inflation 2.75 percent, annual salary increases of 3.0 percent and an annual post-retirement benefit increase of 2.48 percent. Mortality rates were based on the PubG-2010(A) with generational projection using MP-2019. All participants are assumed to retire by the age of 67, with a certain percentage of active participants assumed to elect retirement beginning at age 55. Net pension liability has been measured and reported as of June 30, 2022.

The 2023 and 2022 long-term expected rate of return on pension plan investments of 6.0 percent was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are then combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

Estimated real rates of return by asset class were as follows at June 30, 2023 and June 30, 2022:

**Long-Term Expected Real Rate of Return**

| Risk Based Class/Components | 2023 Expected Return | 2022 Expected Return |
|---|---|---|
| Aggressive Growth | 11.0% | 11.0% |
| Traditional Growth | 9.2% | 9.0% |
| Stablized Growth | 7.5% | 7.5% |
| Inflation Protection | 4.5% | 4.5% |
| Principal Protection | 4.7% | 4.7% |
| Diversifying Strategies | 5.2% | 5.2% |
| Cash Equivalents | 2.9% | 2.9% |

The discount rate used to measure the total pension liability was 6.0 percent for both the 2023 and 2022 valuations. The projection of cash flows used to determine the discount rate assumed that District contributions will be made consistent with the current funding plan. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

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*continued*

*Changes in net pension liability*

The following table presents the changes in the net pension liability:

**Retirement Plan for Management and Staff Employees**
For the Years Ended June 30,

| | 2023 | 2022 |
|---|---|---|
| *Total pension liability* | | |
| Service cost | $ 554 | $ 548 |
| Interest cost | 9,402 | 8,531 |
| Benefit payments | (8,969) | (8,750) |
| Changes of benefit terms | - | - |
| Experience (gain) loss | 6,096 | 7,111 |
| Changes of assumptions | - | 7,170 |
| Net change in total pension liability | 7,083 | 14,610 |
| Total pension liability, beginning | 160,558 | 145,948 |
| Total pension liability, ending | 167,641 | 160,558 |
| *Plan fiduciary net position* | | |
| Contributions | - | 522 |
| Net Investment Income | 5,978 | (2,137) |
| Benefit payments | (8,969) | (8,750) |
| Administrative Expense | (108) | (95) |
| Net change in plan fiduciary net position | (3,099) | (10,460) |
| Plan fiduciary net position, beginning | 148,261 | 158,721 |
| Plan fiduciary net position, ending | 145,162 | 148,261 |
| Net pension liability (asset), ending | $ 22,479 | $ 12,297 |
| Plan fiduciary net position as a percent of total pension liability (asset) | 87% | 92% |
| Covered payroll | $ 7,641 | $ 7,463 |
| Net pension liability as a percent of covered payroll | 294% | 165% |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
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*continued*

*Sensitivity of the net pension liability to changes in the discount rate*

The following table presents the sensitivity of the net pension liability calculation to a one percent increase or decrease in the discount rate used to measure the total pension liability:

| Discount rate | Net pension liability | |
|---|---|---|
| 1% decrease (5.0%) | $ | 41,970 |
| Current discount rate (6.0%) | $ | 22,479 |
| 1% increase (7.0%) | $ | 6,108 |

*Deferred Inflows and Outflows of Resources*

The following table presents the components of Deferred inflows and outflows of resources for the Management DB Plan for the years ended June 30, 2023 and 2022:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| Deferred outflows: | | | | |
| Differences between projected and actual earnings on pension investments | $ | 1,492 | $ | - |
| Differences between expected and actual experience in the measurement of total pension liability | | - | | - |
| Total deferred outflows | $ | 1,492 | $ | - |
| Deferred inflows: | | | | |
| Differences between projected and actual earnings on pension investments | $ | - | | (520) |
| Changes in assumptions | | - | | - |
| Total deferred inflows | $ | - | $ | (520) |

The following table presents the future amortization of deferred inflows and outflows of resources for the Management DB Plan:

| For the Year Ended | Deferred outflows and inflows of resources | |
|---|---|---|
| 2024 | $ | (265) |
| 2025 | | (1,586) |
| 2026 | | 2,813 |
| 2027 | | 530 |
| | $ | 1,492 |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

## 15. Pension Plan for Bargaining Unit Employees of TriMet Trust Fund

The Pension Plan for Bargaining Unit Employees of TriMet Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. TriMet is the sole administrator for the Pension Plan for Bargaining Unit Employees of TriMet ("Bargaining Unit DB Plan"). The Bargaining Unit DB Plan is a governmental plan maintained and operated solely by TriMet. Three trustees appointed by the TriMet Board and three union representatives appointed by the Amalgamated Transit Union ("Union") oversee the Bargaining Unit DB Plan.

TriMet recorded $67,197 and $51,859 in pension expense for the Bargaining Unit DB Plan in the years ended June 30, 2023 and 2022, respectively.

*Plan description*

The Bargaining Unit DB Plan is a single-employer defined benefit plan. The Bargaining Unit DB Plan covers all full-time and part-time employees represented by the Amalgamated Transit Union hired in a union position before August 1, 2012. Eligible union employees begin to participate on their date of hire, with benefits being 100 percent vested after 10 years of service. Under the terms of the Bargaining Unit Pension Plan and Permanent Disability Agreement, covered members retiring at or after age 58 with 10 or more years of service will receive a monthly benefit for life with annual cost of living adjustments. Pension benefits for covered members retiring after February 1, 2016 are $83.78 per month, per year of service. Effective with the current Working and Wage agreement, each February 1, the retirement benefit is adjusted based on the amount of any general wage adjustments received by bargaining unit employees during the previous 12 months. Pension benefits for retirees in payout status are adjusted each February 1, also based on the general wage adjustments during the prior 12 months. Effective July 12, 2012, pension benefits for retirees in payout status will be adjusted each May 1, based upon the U.S. Urban Wage Earners and Clerical Workers Consumer Price Index (CPI) (annual average). Provisions of the Working and Wage Agreement between TriMet and the Union effective December 1, 2009, requires vested union employees to convert any unused accumulated sick leave (up to a maximum of 1,700 hours) to monthly pension benefits at a rate of 25 cents per hour. Amendments to the plan are made under provision in the Working and Wage Agreement. No employee contributions are required or permitted under the Bargaining Unit DB Plan. Benefit provisions are established and amended through provisions of the Working and Wage Agreement between TriMet and the Union.

The following is a summary of plan participants at June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Active employees | 782 | 883 |
| Retirees and beneficiaries | | |
| Receiving benefits | 2,240 | 2,187 |
| Deferred Retirement benefits | | |
| Terminated employees | 137 | 133 |
| Total Participants | 3,159 | 3,203 |

*Summary of accounting policies*

The financial statements are prepared using the accrual basis of accounting. TriMet contributions are recognized in the period in which the contributions are earned. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Investment policy and method to value investments*

The Bargaining Unit DB Plan investment policy allows the plan to utilize multiple professional investment management firms to implement the investment program. The long-term performance objective of the plan is to achieve a compound rate of return on invested assets consistent with the forward looking return assumptions adopted annually by the trustees of the plan. Eligible investments include the following: Domestic equities, International equities, Fixed income securities,

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

Tactical Asset Allocation Strategy funds, Private real estate investments, Absolute return investment funds, Private equity investments, and Private credit funds.

Plan investments are reported at fair value. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value of securities is determined by the plan asset managers at quoted market price, where available, except for securities which are not actively traded, which are valued at net asset value by the asset manager.

The Plan has the following fair value measurements by fair value level at June 30, 2023:

| | | Fair Value Measurement Using | | |
|---|---|---|---|---|
| **Measured at Fair Value Level** | **Balance at June 30, 2023** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| U.S. large-mid cap equities | $ 100,165 | $ - | $ 100,165 | $ - |
| U.S. small cap equities | 21,920 | - | 21,920 | - |
| International equity | 81,534 | - | 81,534 | - |
| | $ 203,619 | $ - | $ 203,619 | $ - |
| **Measured at Net Asset Value** | | | | |
| Fixed Income | $ 124,545 | | | |
| International Equity | 82,119 | | | |
| US large-mid cap equities | 98,126 | | | |
| Tactical asset allocation | 65,264 | | | |
| Absolute return | 38,534 | | | |
| Private real estate | 66,194 | | | |
| Private equity | 16,451 | | | |
| Private credit | 1,037 | | | |
| | $ 492,270 | | | |
| **Total** | $ 695,889 | | | |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

The Plan has the following fair value measurements by fair value level at June 30, 2022:

| | | | Fair Value Measurement Using | |
|---|---|---|---|---|
| **Measured at Fair Value Level** | **Balance at June 30, 2022** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| U.S. small cap equities | $ 83,966 | $ - | $ 83,966 | $ - |
| U.S. large-mid cap equities | 19,426 | - | 19,426 | - |
| International Equity | 65,387 | - | 65,387 | - |
| | $ 168,779 | $ - | $ 168,779 | $ - |
| **Measured at Net Asset Value** | | | | |
| Fixed Income | $ 111,430 | | | |
| International Equity | 62,107 | | | |
| US large-mid cap equities | 86,873 | | | |
| Tactical asset allocation | 99,146 | | | |
| Absolute return | 44,637 | | | |
| Private real estate | 73,309 | | | |
| Private equity | 18,072 | | | |
| Private credit | 1,852 | | | |
| | $ 497,426 | | | |
| **Total** | $ 666,205 | | | |

*Investments measured at Net Asset Value ("NAV")*

International Equity includes investments in a commingled American Depositary Receipts (ADR) investment vehicle specializing in foreign securities that are traded domestically, with a goal of achieving long-term returns in-line with traditional public international equity markets. The fair value of the investments in this type may be determined using the NAV per share of the Plan's ownership interest.

US Large and Mid-Cap Equites includes assets in a commingled investment vehicle investing in securities of domestic corporate issuers or American Depositary Receipts (ADR) traded domestically, with a goal of achieving long-term returns in-line with traditional public equity markets. The fair value of the investments in this type may be determined using the NAV per share of the Plan's ownership interest.

Fixed Income includes investments in a commingled investment vehicle with relatively low levels of expected returns and relatively lower risk profile. Periodic income from the asset is expected to be a material portion of the asset class's investment return. The fair values of the investments in this type may be determined using the NAV per share of the Plan's ownership interest.

Tactical Asset Allocation includes investment in a private offering fund with a goal of providing returns that exceed inflation by a premium of 5% on an annualized basis over a market cycle. The fair values of the investments in this type have been determined using the NAV per share of the investments.

Absolute Return includes investment in a private offering fund with a goal of generation of consistent positive returns with lower levels of volatility and low levels of correlation to traditional stocks and bonds. The fair values of the investments in this type have been determined using the NAV per share of the Bargaining Unit DB Plan's ownership interest in the investments. Distributions from this fund will be received as the underlying investments of the fund are liquidated.
Private Real Estate includes investment in a commingled investment vehicle with a goal of generating consistent, low volatility returns. Investments in this category are in high quality, well-leased properties, with a focus on income

(dollars in thousands)

generation. The fair values of the investments in this type have been determined using the NAV per share of the Bargaining Unit DB Plan's ownership interest in partners' capital. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

Private Equity includes investment in a commingled fund of funds with a goal of generating high levels of long-term returns. The fair values of the investments in this type have been determined using the NAV per share of the Bargaining Unit DB Plan's ownership interest in the investments. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

Private Credit includes investment in commingled investment vehicles, which invest globally utilizing less liquid or illiquid credit market instruments. The fair values of the investments in this type have been determined using the NAV per share of the Bargaining Unit DB Plan's ownership interest in the investments. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

Outstanding commitments and redemption limitations for each investment class as of June 30, 2023 and 2022 are as follows:

| Measured at Net Asset Value | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| **As of June 30, 2023:** | | | | |
| Private real estate | $ 66,194 | $ - | Quarterly | 45 days |
| Private equity | $ 16,451 | $ 727 | N/A | N/A |
| Private credit | $ 1,037 | $ 2,245 | N/A | N/A |
| **As of June 30, 2022:** | | | | |
| Private real estate | $ 73,309 | $ - | Quarterly | 45 days |
| Private equity | $ 18,072 | $ 729 | N/A | N/A |
| Private credit | $ 4,180 | $ 1,907 | N/A | N/A |

*Rate of Return*

For the years ended June 30, 2023 and 2022, respectively, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.94 percent and (3.64) percent. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Investments – concentration of credit risk*

The plan trustees have adopted an Investment Policy which defines target allocations in each class of investment. The target allocations are based upon asset liability studies, which are performed every five years. The following is the trustee adopted asset allocation policy as of June 30, 2023 and 2022:

| Bargaining Unit DB Plan | Allocation Policy 2023 | Allocation Policy 2022 |
|---|---|---|
| Aggressive growth | 2.0% | 2.0% |
| Traditional growth | 52.0% | 52.0% |
| Stabilized growth | 12.0% | 12.0% |
| Inflation protection | 4.0% | 4.0% |
| Principal protection | 8.0% | 8.0% |
| Diversifying strategies | 22.0% | 22.0% |
| Total | 100.0% | 100.0% |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

Diversifying strategies is a blend of Alternative Risk Premia, Systematic Trend following and Long Duration Treasuries.

As of June 30, 2023 and 2022, the plan had the following investments of more than 5% of the total Plan fiduciary net position:

| | 2023 | 2022 |
|---|---|---|
| State Street RAFI US 1000 Index Fund | 21.5% | 20.1% |
| Vanguard Russell 1000 Index Fund | 14.1% | 12.6% |
| Vanguard Total International Stock Index Fund | 11.5% | 9.8% |
| Capital Guardian International All Countries Equity Class Db | 11.6% | 9.3% |
| AFL/CIO Housing Trust | 7.4% | 7.3% |
| Graham | 4.9% | 8.2% |
| RREEF America REIT II | 6.8% | 8.4% |
| Mount Lucas | 4.3% | 6.7% |

*Funding policy and annual pension cost*

Pursuant to the terms of the Working and Wage Agreement, TriMet is required to fund the Bargaining Unit DB Plan in accordance with actuarial principles, amortizing past service liabilities over a period of 40 years or less. The funding policy of the Bargaining Unit DB Plan provides for an actuarially determined contribution (ADC) calculated using the individual entry age normal actuarial cost method. The ADC consists of normal cost and an amortization of the unfunded actuarial accrued liability. The normal cost is determined as the level percentage of pay basis over the service of active employees between entry age and assumed exit age. Past service liabilities are amortized over a closed fifteen year period. The components of the net pension liability of the Bargaining Unit DB Plan were as follows:

| Net pension liability<br>As of June 30 | 2023 | 2022 |
|---|---|---|
| Total pension liability | $ 908,414 | $ 868,255 |
| Plan fiduciary net position | 708,823 | 666,317 |
| Net pension liability | $ 199,591 | $ 201,938 |
| Plan fiduciary net position as a percent of total pension liability | 78.0% | 76.7% |
| Annual covered payroll | $ 74,468 | $ 78,431 |
| Net Pension Liability as a percentage of covered payroll | 268.0% | 257.5% |

*Actuarial methods and assumptions*

Significant actuarial assumptions used in the 2023 valuation were based on an experience study as of June 30, 2019. From the experience study, the long term rate of return on the investment of present and future assets is at 6.25 percent, price inflation of 2.75 percent and annual salary increases of 3.25 percent. The benefit cost of living increase is 2.75 percent annually for participants who retired prior to August 1, 2012 and 2.48 percent annually for participants who retire after August 1, 2012. Mortality rates were based on the 2016 Cheiron ATU mortality tables. The net pension liability has been measured and reported as of June 30, 2023.

Significant actuarial assumptions used in the 2022 valuation were based on an experience study as of June 30, 2019. From the experience study, the long term rate of return on the investment of present and future assets is at 6.25 percent, price inflation of 2.75 percent and annual salary increases of 3.25 percent. The benefit cost of living increase is 2.75 percent annually for participants who retired prior to August 1, 2012 and 2.48 percent annually for participants who retire after August 1, 2012. Mortality rates were based on the MP-2020 mortality improvement scale to adjust base mortality rates beginning in 2016. Net pension liability has been measured and reported as of June 30, 2022.

(dollars in thousands)

The 2023 long-term expected rate of return on pension plan investments of 6.25 percent was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are then combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation:

**Long-Term Expected Real Rate of Return**

| Risk Based Class/Components | 2023 | 2022 |
|---|---|---|
| Aggressive Growth | 11.0% | 11.0% |
| Traditional Growth | 9.2% | 8.0% |
| Stablized Growth | 6.5% | 6.5% |
| Inflation Protection | 4.5% | 4.5% |
| Principal Protection | 4.7% | 4.7% |
| Diversifying Strategies | 5.1% | 5.2% |
| Cash Equivalents | 2.9% | 2.9% |

The discount rate used to measure the total pension liability was 6.25 percent for the 2023 valuation and 6.25 percent for both the 2023 and the 2022 valuation. The projection of cash flows used to determine the discount rate assumed that District contributions will be made consistent with the current funding plan. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

*Changes in net pension liability*

The following table presents the changes in the net pension liability for the years ended June 30, 2023 and 2022:

**Pension Plan for Bargaining Unit Employees**
For the Years Ended June 30,

| | 2023 | 2022 |
|---|---|---|
| *Total pension liability* | | |
| Service cost | $ 7,944 | $ 7,796 |
| Interest cost | 53,091 | 49,410 |
| Effect of plan changes | - | - |
| Changes of assumptions | - | - |
| Changes in benefit terms | - | 900 |
| Effect of economic/demographic gains | 33,434 | 12,727 |
| Benefit payments | (54,309) | (46,782) |
| Changes in assumptions | - | 68,817 |
| Net change in total pension liability | 40,160 | 92,868 |
| Total pension liability, beginning | 868,254 | 775,386 |
| Total pension liability, ending | 908,414 | 868,254 |
| *Plan fiduciary net position* | | |
| Contributions | 51,268 | 6,041 |
| Net investment income | 45,828 | (26,352) |
| Benefit payments | (54,309) | (46,782) |
| Administrative expense | (281) | (203) |
| Net change in plan fiduciary net position | 42,506 | (67,296) |
| Plan fiduciary net position, beginning | 666,316 | 733,612 |
| Plan fiduciary net position, ending | 708,822 | 666,316 |
| Net pension liability, ending | $ 199,592 | $ 201,938 |
| Plan fiduciary net position as a percent of total pension liability | 78% | 77% |
| Covered payroll | $ 74,468 | $ 78,431 |
| Net pension liability as a percent of covered payroll | 268% | 257% |

*Sensitivity of the net pension liability to changes in the discount rate*

The following table presents the sensitivity of the net pension liability calculation to a one percent increase or decrease in the discount rate used to measure the total pension liability:

| Discount rate | Net pension liability |
|---|---|
| 1% decrease (5.25%) | $ 303,354 |
| Current discount rate (6.25%) | $ 199,592 |
| 1% increase (7.25%) | $ 112,175 |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

*Deferred Inflows and Outflows of Resources*

The following table presents the components of deferred inflows and outflows of resources for the Bargaining Unit DB Plan at June 30, 2023 and 2022:

| Deferred outflows | 2023 | 2022 |
|---|---|---|
| Changes in assumptions | $ 13,763 | $ 42,313 |
| Differences between expected and actual experience in the measurement of total pension liability | 20,782 | 8,509 |
| Total deferred outflows | $ 34,545 | $ 50,822 |
| | | |
| **Deferred inflows** | | |
| Differences between projected and actual earnings on pension investments | $ (6,369) | $ (4,369) |
| Differences between expected and actual experience in the measurement of total pension liability | - | - |
| Total deferred inflows | $ (6,369) | $ (4,369) |

The following table presents the future amortization of deferred inflows and outflows of resources for the Bargaining Unit DB Plan:

| For the Year Ended | Deferred Outflows and Inflows of Resources |
|---|---|
| 2024 | $ 25,403 |
| 2025 | (10,058) |
| 2026 | 13,688 |
| 2027 | (857) |
| | $ 28,176 |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

For the District's two defined benefit pension plans, the amounts reported on the financial statements for each plan is as follows:

| | Fiscal Year 2023 | | | |
|---|---|---|---|---|
| | Net Pension Liability | Deferred Outflows of | Deferred Inflows of | Pension Expense |
| Management & Staff Employees Trust Fund | $ 22,479 | $ 1,492 | $ - | $ 8,170 |
| Bargaining Unit Employees Trust | 199,591 | 34,546 | 6,368 | 67,197 |
| Total pension plans | $ 222,070 | $ 36,038 | $ 6,368 | $ 75,367 |

| | Fiscal Year 2022 | | | |
|---|---|---|---|---|
| | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
| Management & Staff Employees Trust Fund | $ 12,297 | $ - | $ 520 | $ 14,227 |
| Bargaining Unit Employees Trust | 201,938 | 50,822 | 4,369 | 51,859 |
| Total pension plans | $ 214,235 | $ 50,822 | 4,889 | 66,086 |

The following schedules present the combining Fiduciary Statements of Net Position and the Statement of Changes in Fiduciary Net Position for fiscal years June 30 2023, and 2022 for the Retirement Plan for Management and Staff Employees and the Pension Plan for Bargaining Unit Employees.

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

**Schedules of Fiduciary Net Position:**

| | As of June 30, 2023 | | |
|---|---|---|---|
| | Retirement Plan for Management and Staff Employees | Pension Plan for Bargaining Unit Employees | Total |
| **Assets** | | | |
| Cash and cash equivalents | $ 812 | $ 12,898 | $ 13,710 |
| Receivables Accrued Income | 1 | 45 | 46 |
| Investments: | | | |
| Domestic large/mid cap equity | 29,507 | 198,291 | 227,798 |
| Domestic small cap equity | 2,526 | 21,921 | 24,447 |
| International equity | 24,455 | 163,653 | 188,108 |
| Domestic fixed income | 32,012 | 124,545 | 156,557 |
| Tactical asset allocation | 14,386 | 65,264 | 79,650 |
| Real estate | 13,483 | 66,194 | 79,677 |
| Absolute return | 23,208 | 38,534 | 61,742 |
| Private credit | 1,131 | 1,036 | 2,167 |
| Private equity | 3,651 | 16,451 | 20,102 |
| Total investments | 144,359 | 695,889 | 840,248 |
| Total assets | 145,172 | 708,832 | 854,004 |
| **Liabilities** | | | |
| Accounts payable | 10 | 10 | 20 |
| Total liabilities | 10 | 10 | 20 |
| **Net position** | | | |
| Restricted for pension benefits | $ 145,162 | $ 708,822 | $ 853,984 |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

**Schedules of Fiduciary Net Position (continued):**

| | As of June 30, 2022 | | |
|---|---|---|---|
| | Retirement Plan for Management and Staff Employees | Pension Plan for Bargaining Unit Employees | Total |
| **Assets** | | | |
| Cash and cash equivalents | $ 155 | $ 143 | $ 298 |
| Receivables Accrued Income | - | 1 | 1 |
| Investments: | | | |
| Domestic large/mid cap equity | 26,811 | 170,839 | 197,650 |
| Domestic small cap equity | 2,246 | 19,426 | 21,672 |
| International equity | 17,900 | 127,494 | 145,394 |
| Domestic fixed income | 33,227 | 111,431 | 144,658 |
| Tactical asset allocation | 20,968 | 99,146 | 120,114 |
| Real estate | 15,298 | 73,308 | 88,606 |
| Absolute return | 26,256 | 44,637 | 70,893 |
| Private credit | 1,615 | 1,852 | 3,467 |
| Private equity | 3,811 | 18,072 | 21,883 |
| Total investments | 148,132 | 666,205 | 814,337 |
| Total assets | 148,287 | 666,349 | 814,636 |
| **Liabilities** | | | |
| Accounts payable | 26 | 32 | 58 |
| Total liabilities | 26 | 32 | 58 |
| **Net position** | | | |
| Restricted for pension benefits | $ 148,261 | $ 666,317 | $ 814,578 |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

**Schedules of changes in Fiduciary Net Position:**

| | Fiscal Year Ended June 30, 2023 | | |
|---|---|---|---|
| | Retirement Plan for Management and Staff Employees | Pension Plan for Bargaining Unit Employees | Total |
| **Additions** | | | |
| Employer contributions | $ - | $ 51,268 | $ 51,268 |
| Investment income (loss): | | | |
| Interest | 60 | 415 | 475 |
| Dividends | 1,224 | 4,046 | 5,270 |
| Other income | 361 | 2,917 | 3,278 |
| Net increase in fair value of investments | 4,492 | 35,409 | 39,901 |
| Less investment expense | (159) | (725) | (884) |
| Net investment income | 5,978 | 42,062 | 48,040 |
| Total additions | 5,978 | 93,330 | 99,308 |
| **Deductions** | | | |
| Benefits | 8,969 | 50,544 | 59,513 |
| Administrative expenses | 108 | 281 | 389 |
| Total deductions | 9,077 | 50,825 | 59,902 |
| **Change in net position** | (3,099) | 42,505 | 39,406 |
| **Net position:** | | | |
| Beginning of year, July 1 | 148,261 | 666,317 | 814,578 |
| End of year, June 30 | $ 145,162 | $ 708,822 | $ 853,984 |

**Notes to Financial Statements**
June 30, 2023 and June 30, 2022
(dollars in thousands)
*continued*

**Schedules of changes in Fiduciary Net Position (continued):**

| | Fiscal Year Ended June 30, 2022 | | |
|---|---|---|---|
| | Retirement Plan for Management and Staff Employees | Pension Plan for Bargaining Unit Employees | Total |
| **Additions** | | | |
| Employer contributions | $ 522 | $ 6,041 | $ 6,563 |
| Investment income: | | | |
| Interest | 2 | 5 | 7 |
| Dividends | 1,047 | 4,153 | 5,200 |
| Other income | 368 | 2,701 | 3,069 |
| Net increase (decrease) in fair value of investments | (3,386) | (32,388) | (35,774) |
| Less investment expense | (167) | (822) | (989) |
| Net investment income | (2,136) | (26,351) | (28,487) |
| Total additions | (1,614) | (20,310) | (21,924) |
| **Deductions** | | | |
| Benefits | 8,750 | 46,782 | 55,532 |
| Administrative expenses | 96 | 203 | 299 |
| Total deductions | 8,846 | 46,985 | 55,831 |
| **Change in net position** | (10,460) | (67,295) | (77,755) |
| **Net position:** | | | |
| Beginning of year, July 1 | 158,721 | 733,612 | 892,333 |
| End of year, June 30 | $ 148,261 | $ 666,317 | $ 814,578 |

# Required Supplementary Information

## *Schedule of Changes in Net Pension Liability and Related Ratios*

(dollars in thousands)

**Management DB Plan**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Total pension liability*** | | | | | | | | | | |
| Service cost | $ 554 | $ 548 | $ 633 | $ 650 | $ 685 | $ 919 | $ 1,162 | $ 1,224 | $ 505 | $ 793 |
| Interest cost | 9,402 | 8,531 | 8,604 | 8,939 | 8,784 | 8,621 | 8,309 | 8,327 | 7,931 | 8,454 |
| Benefit payments | (8,969) | (8,750) | (8,513) | (7,563) | (7,197) | (6,211) | (5,286) | (4,502) | (4,458) | (3,892) |
| Changes of benefit terms | - | - | (32) | - | - | - | - | - | - | - |
| Change in assumptions | - | 7,170 | - | (959) | - | - | - | 474 | (2,178) | (531) |
| Experience (gain) loss | 6,096 | 7,111 | (1,697) | 928 | 397 | (29) | 1,441 | (1,293) | 3,592 | (3,002) |
| Net change in total pension liability | 7,083 | 14,610 | (1,005) | 1,995 | 2,669 | 3,300 | 5,626 | 4,230 | 5,392 | 1,822 |
| Total pension liability, beginning | 160,558 | 145,948 | 146,953 | 144,958 | 142,289 | 138,988 | 133,362 | 129,132 | 123,740 | 121,918 |
| Total pension liability, ending | 167,641 | 160,558 | 145,948 | 146,953 | 144,958 | 142,288 | 138,988 | 133,362 | 129,132 | 123,740 |
| ***Plan fiduciary net position*** | | | | | | | | | | |
| Contributions | - | 522 | 6,250 | 2,327 | 6,240 | 6,497 | 6,330 | 7,036 | 6,559 | 5,602 |
| Net Investment Income | 5,978 | (2,137) | 29,802 | 1,727 | 3,787 | 8,108 | 7,990 | 1,460 | 2,004 | 14,074 |
| Benefit payments | (8,969) | (8,750) | (8,513) | (7,563) | (7,197) | (6,211) | (5,286) | (4,502) | (4,458) | (3,892) |
| Administrative Expense | (108) | (95) | (110) | (145) | (137) | (97) | (76) | (97) | (123) | - |
| Net change in plan fiduciary net position | (3,099) | (10,460) | 27,429 | (3,654) | 2,693 | 8,297 | 8,958 | 3,897 | 3,982 | 15,784 |
| Plan fiduciary net position, beginning | 148,261 | 158,721 | 131,292 | 134,946 | 132,253 | 123,956 | 114,998 | 111,101 | 107,119 | 91,335 |
| Plan fiduciary net position, ending | 145,162 | 148,261 | 158,721 | 131,292 | 134,946 | 132,253 | 123,956 | 114,998 | 111,101 | 107,119 |
| Net pension liability, ending | $ 22,479 | $ 12,297 | $ (12,773) | $ 15,661 | $ 10,012 | $ 10,035 | $ 15,032 | $ 18,364 | $ 18,031 | $ 16,621 |
| Plan fiduciary net position as a percent of total pension liability | 87% | 92% | 109% | 89% | 93% | 93% | 89% | 86% | 86% | 87% |
| Covered payroll | $ 7,641 | $ 7,463 | $ 7,965 | $ 8,105 | $ 8,280 | $ 9,446 | $ 10,593 | $ 12,722 | $ 12,751 | $ 13,142 |
| Net pension liability as a percent of covered payroll | 294% | 165% | -160% | 193% | 121% | 106% | 142% | 144% | 141% | 126% |

## *Schedule of Changes in Net Pension Liability and Related Ratios*

(dollars in thousands)

**Bargaining Unit DB Plan**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Total pension liability*** | | | | | | | | | | |
| Service cost | $ 7,944 | $ 7,796 | $ 8,150 | $ 8,675 | $ 9,643 | $ 9,875 | $ 10,851 | $ 10,703 | $ 11,756 | $ 11,406 |
| Interest cost | 53,091 | 49,410 | 48,272 | 47,372 | 46,537 | 43,494 | 43,889 | 43,372 | 43,025 | 42,870 |
| Effect of plan changes | - | 900 | - | - | - | 3,286 | - | - | - | - |
| Changes of assumptions | - | 68,817 | 3,945 | 34,129 | - | - | - | 18,776 | (16,558) | 29,476 |
| Effect of economic/demographic (gains) losses | 33,434 | 12,727 | 3,365 | (5,375) | (2,453) | 21,274 | (19,615) | (8,967) | (541) | (11,294) |
| Benefit payments | (54,309) | (46,782) | (44,963) | (41,940) | (38,905) | (36,394) | (34,163) | (32,680) | (30,677) | (28,846) |
| Net change in total pension liability | 40,160 | 92,868 | 18,769 | 42,861 | 14,822 | 41,535 | 962 | 31,204 | 7,005 | 43,612 |
| Total pension liability, beginning | 868,254 | 775,386 | 756,617 | 713,756 | 698,934 | 657,399 | 656,437 | 625,233 | 618,228 | 574,616 |
| Total pension liability, ending | 908,414 | 868,254 | 775,386 | 756,617 | 713,756 | 698,934 | 657,399 | 656,437 | 625,233 | 618,228 |
| ***Plan fiduciary net position*** | | | | | | | | | | |
| Contributions | 51,268 | 6,041 | 33,929 | 37,755 | 34,718 | 35,228 | 35,862 | 38,027 | 36,200 | 47,261 |
| Net investment income | 45,828 | (26,352) | 170,880 | 3,683 | 18,329 | 41,479 | 46,645 | 1,948 | 12,276 | 64,461 |
| Benefit payments | (54,309) | (46,782) | (44,963) | (41,940) | (38,905) | (36,394) | (34,163) | (32,680) | (30,677) | (28,846) |
| Administrative expense | (281) | (203) | (289) | (363) | (104) | (357) | (246) | (281) | (363) | (486) |
| Net change in plan fiduciary net position | 42,506 | (67,296) | 159,557 | (865) | 14,038 | 39,955 | 48,098 | 7,014 | 17,436 | 82,390 |
| Plan fiduciary net position, beginning | 666,316 | 733,612 | 574,055 | 574,920 | 560,882 | 520,927 | 472,829 | 465,815 | 448,379 | 365,989 |
| Plan fiduciary net position, ending | 708,822 | 666,316 | 733,612 | 574,055 | 574,920 | 560,882 | 520,927 | 472,829 | 465,815 | 448,379 |
| Net pension liability, ending | $ 199,592 | $ 201,938 | $ 41,774 | $ 182,562 | $ 138,836 | $ 138,052 | $ 136,472 | $ 183,608 | $ 159,418 | $ 169,849 |
| Plan fiduciary net position as a percent of total pension liability | 78% | 77% | 95% | 76% | 81% | 80% | 79% | 72% | 75% | 73% |
| Covered payroll | $ 74,468 | $ 78,431 | $ 83,542 | $ 90,089 | $ 97,406 | $ 109,924 | $ 106,596 | $ 117,666 | $ 116,556 | $ 124,696 |
| Net pension liability as a percent of covered payroll | 268% | 257% | 50% | 203% | 143% | 126% | 128% | 156% | 137% | 136% |

## *Schedules of Pension Contributions*

(dollars in thousands)

**Management DB Plan**

| Actuarial valuation date | Actuarially determined contribution | Contributions | Contribution excess | Covered payroll | Contributions as a percentage of covered payroll |
|---|---|---|---|---|---|
| June 30, 2023 | $ - | $ - | $ - | $ 7,641 | 0% |
| June 30, 2022 | 197 | 522 | 325 | 7,463 | 7% |
| June 30, 2021 | 3,570 | 6,250 | 2,680 | 7,965 | 78% |
| June 30, 2020 | 2,327 | 2,327 | - | 8,105 | 29% |
| June 30, 2019 | 2,443 | 6,240 | 3,797 | 8,280 | 75% |
| June 30, 2018 | 3,253 | 6,497 | 3,244 | 9,446 | 69% |
| June 30, 2017 | 3,735 | 6,330 | 2,595 | 10,593 | 60% |
| June 30, 2016 | 4,242 | 7,036 | 2,794 | 12,722 | 55% |
| June 30, 2015 | 4,219 | 6,559 | 2,340 | 12,751 | 51% |
| June 30, 2014 | 4,957 | 5,602 | 645 | 13,142 | 43% |

**Bargaining Unit DB Plan**

| Actuarial valuation date | Actuarially determined contribution | Contributions | Contribution excess | Covered payroll | Contributions as a percentage of covered payroll |
|---|---|---|---|---|---|
| June 30, 2023 | $ 40,658 | $ 51,268 | $ 10,610 | $ 74,468 | 69% |
| June 30, 2022 | 26,460 | 6,041 | (20,419) | 78,431 | 8% |
| June 30, 2021 | 28,790 | 33,929 | 5,139 | 83,542 | 41% |
| June 30, 2020 | 25,173 | 37,755 | 12,582 | 90,089 | 42% |
| June 30, 2019 | 26,040 | 34,718 | 8,678 | 97,406 | 36% |
| June 30, 2018 | 24,566 | 35,228 | 10,662 | 109,924 | 32% |
| June 30, 2017 | 28,498 | 35,862 | 7,364 | 106,596 | 34% |
| June 30, 2016 | 28,030 | 38,027 | 9,997 | 117,666 | 32% |
| June 30, 2015 | 31,926 | 37,793 | 5,867 | 116,556 | 32% |
| June 30, 2014 | 35,553 | 48,689 | 13,136 | 124,696 | 39% |

## *Schedules of Investment Returns*

**Annual Money-Weighted Rate of Return, Net of Investment Expense**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Management DB Plan | 4.15% | -1.31% | 22.95% | 1.41% | 2.97% | 6.62% | 6.92% | 1.30% | 1.87% | 15.62% |
| Bargaining Unit DB Plan | 6.94% | -3.64% | 30.07% | 0.71% | 3.40% | 8.04% | 9.85% | 0.42% | 2.73% | 17.28% |

# *Schedule of Changes in the District's Net OPEB Liability*

**Schedule of Changes in the District's Total Net OPEB Liability**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| *Total OPEB Liability* | | | | | | |
| Service cost | $ 26,073 | $ 37,111 | $ 34,524 | $ 27,059 | $ 33,512 | $ 34,417 |
| Interest cost | 16,489 | 20,149 | 24,849 | 29,811 | 27,236 | 28,333 |
| Change in assumptions | (136,869) | 4,557 | 91,128 | 165,525 | (66,328) | 1,192 |
| Experience (gain) loss | (58,317) | (181,903) | (83,329) | (22,272) | (32,503) | 1,529 |
| Benefit Payments | (23,133) | (25,618) | (24,312) | (23,715) | (23,022) | (22,647) |
| Net change in total OPEB liability | (175,757) | (145,704) | 42,860 | 176,408 | (61,105) | 42,824 |
| Total OPEB liability, beginning | 799,000 | 944,704 | 901,844 | 725,436 | 786,541 | 743,717 |
| Total OPEB liability, ending | $ 623,243 | $ 799,000 | $ 944,704 | $ 901,844 | $ 725,436 | $ 786,541 |
| *Plan fiduciary net position* | | | | | | |
| Contributions | $ 23,133 | $ 25,618 | $ 24,312 | $ 23,715 | $ 23,022 | $ 22,647 |
| Investment Income | (13) | (3) | 7 | 13 | 8 | 2 |
| Benefit payments | (23,133) | (25,618) | (24,312) | (23,715) | (23,022) | (22,647) |
| Net change in plan fiduciary net position | (13) | (3) | 7 | 13 | 8 | 2 |
| Plan fiduciary net position, beginning | 428 | 431 | 424 | 411 | 403 | 401 |
| Plan fiduciary net position, ending | $ 415 | $ 428 | $ 431 | $ 424 | $ 411 | $ 403 |
| Net OPEB liability, ending | $ 622,828 | $ 798,572 | $ 944,273 | $ 901,420 | $ 725,025 | $ 786,138 |
| Plan fiduciary net position as a percent of the total pension liability | 0.07% | 0.05% | 0.05% | 0.05% | 0.06% | 0.05% |
| Covered-employee payroll | $ 251,643 | $ 242,737 | $ 234,230 | $ 236,032 | $ 219,240 | $ 198,560 |
| Net OPEB liability as a percent of covered payroll | 247.50% | 328.99% | 403.14% | 381.91% | 330.70% | 395.92% |
| Measurement date | 01/01/2023 | 01/01/2022 | 01/01/2021 | 01/01/2020 | 01/01/2019 | 01/01/2018 |
| Discount rate | 3.72% | 2.06% | 2.12% | 2.74% | 4.10% | 3.44% |

Ten-year information is not available as GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was implemented for fiscal year-ending June 30, 2018.

# Supplementary Information

## *Reconciliation of Revenues and Expenses (Budget Basis) to Schedule of Revenues and Expenses (GAAP Basis)*

For The Year Ended June 30, 2023
(dollars in thousands)

| | |
|---|---|
| **Budget basis** | |
| Revenues | $ 831,485 |
| Expenses | 908,890 |
| Revenues over expenses | (77,405) |
| Add budget activity not qualifying as revenues/ expenses under GAAP: | |
| Par value of debt retired | 27,060 |
| Capital asset additions | 158,596 |
| Add (subtract) adjustments required by GAAP: | |
| Differences due to pension funding | (24,082) |
| Depreciation expense | (148,229) |
| Leases accounted for under GASB No. 87 | 341 |
| Net leveraged lease revenue (loss) | (3,243) |
| SBITAs accounted for under GASB No. 96 | (29) |
| Effect of implementation of GASB No. 96 on prior year | 1,445 |
| Change in interest payable | 383 |
| Claims liability changes | (3,613) |
| Unfunded OPEB Costs | 25,827 |
| Differences due to bond premiums | 7,663 |
| Differences due to deferred losses on refunding | (2,589) |
| Subtract budget resources not qualifying as revenues under GAAP: | |
| Net Book Value of Assets Retired | (931) |
| GAAP basis income presented in statement of revenues, expenses and changes in net position | $ (38,806) |

## *Reconciliation of fund balance (Budget Basis) to Net position (GAAP Basis)*

June 30, 2023 (dollars in thousands)

| | |
|---|---|
| Budget basis ending fund balance | $ 949,271 |
| Reconciliation to GAAP basis: | |
| Net capital assets | 3,153,222 |
| GASB Statement No. 87, Leases, lease adjustment | (2,117) |
| Bonds payable and related amounts | (1,031,918) |
| Other postemployment benefits and deferred amounts | (867,160) |
| Net pension liability and deferred amounts | (192,401) |
| Claims liability | (12,771) |
| GASB 96, SBITA adjustment | 1,452 |
| Lease leaseback and deferred amounts | (2,928) |
| GAAP basis net position | $ 1,994,650 |

## *Schedule of Revenues and Expenses*
## *Budget (Budget Basis) and Actual*

For The Year Ended June 30, 2023
(dollars in thousands)

### GENERAL FUND

| | Original budget | Final budget | Actual | Variance from final budget Favorable (Unfavorable) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Operating revenue | $ 78,810 | $ 78,810 | $ 69,923 | $ (8,887) |
| Tax revenue | 470,087 | 470,087 | 485,182 | 15,095 |
| Operating grant and other revenue | 198,444 | 198,444 | 167,704 | (30,740) |
| Capital program resources | 90,802 | 90,802 | 62,369 | (28,433) |
| Debt proceeds | 5,700 | 5,700 | - | (5,700) |
| Gain on disposal of capital assets | - | - | 2,233 | 2,233 |
| Interest income (expense) | 509 | 509 | 26,236 | 25,727 |
| Other non-operating resources | 22,129 | 22,129 | 19,283 | (2,846) |
| GASB Statement No. 96, SBITA adjustment | - | - | (1,445) | (1,445) |
| Total revenues | 866,481 | 866,481 | 831,485 | (34,996) |
| **Expenses** | | | | |
| Office of the general manager | 1,296 | 3,017 | 2,601 | 416 |
| Public affairs | 16,886 | 16,145 | 16,129 | 16 |
| Safety and security | 53,353 | 53,353 | 40,056 | 13,297 |
| Information technology | 42,977 | 42,977 | 41,148 | 1,829 |
| Finance and administration | 37,490 | 37,490 | 28,817 | 8,673 |
| Labor relations and human resources | 8,850 | 8,850 | 7,727 | 1,123 |
| Legal services | 18,010 | 18,010 | 17,491 | 519 |
| Chief operating officer | 13,097 | 13,747 | 13,340 | 407 |
| Transportation | 285,690 | 285,040 | 261,699 | 23,341 |
| Maintenance | 288,228 | 288,228 | 228,922 | 59,306 |
| Engineering and construction | 139,403 | 139,403 | 101,063 | 38,340 |
| OPEB and UAAL pension | 84,545 | 84,545 | 71,101 | 13,444 |
| Regional Funding Exchanges | 5,758 | 5,758 | 2,161 | 3,597 |
| Debt service | 63,140 | 63,140 | 62,498 | 642 |
| Pass-through requirements | 16,392 | 16,392 | 14,137 | 2,255 |
| Contingency | 35,688 | 34,708 | - | 34,708 |
| Total expenses | 1,110,803 | 1,110,803 | 908,890 | 201,913 |
| Revenues over (under) expenses | (244,322) | (244,322) | (77,405) | 166,917 |
| Beginning fund balance | 1,064,741 | 1,064,741 | 1,026,676 | (38,065) |
| Ending fund balance | $ 820,419 | $ 820,419 | $ 949,271 | $ 128,852 |

## *Schedule of Bonds Payable Obligation*

June 30, 2023

(dollars in thousands)

| | Payroll Tax Revenue (PRT) Bonds | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fiscal** | **2009 Bonds** | | **2015 Bonds** | | **2016 Bonds** | | **2017 Bonds** | | **2018 Bonds** | |
| **Year** | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | $ - | $ 718 | $ 5,900 | $ 1,140 | $ 3,550 | $ 1,997 | $ 2,815 | $ 1,403 | $ 1,835 | $ 1,715 |
| 2025 | - | 718 | 6,125 | 871 | 3,700 | 1,833 | 2,945 | 1,273 | 1,990 | 1,620 |
| 2026 | - | 718 | 6,430 | 559 | 3,890 | 1,643 | 3,095 | 1,122 | 2,100 | 1,517 |
| 2027 | - | 718 | - | 399 | 4,085 | 1,505 | 3,255 | 963 | 2,145 | 1,411 |
| 2028 | - | 718 | - | 399 | 4,170 | 1,360 | 3,425 | 796 | 2,325 | 1,300 |
| 2029 | - | 718 | - | 399 | 4,385 | 1,146 | 3,600 | 620 | 2,445 | 1,180 |
| 2030 | - | 718 | - | 399 | - | 1,037 | - | 530 | 2,580 | 1,055 |
| 2031 | 2,870 | 636 | - | 399 | 4,850 | 940 | - | 530 | - | 990 |
| 2032 | 3,040 | 466 | - | 399 | - | 843 | - | 530 | - | 990 |
| 2033 | 3,215 | 287 | - | 399 | - | 843 | - | 530 | - | 990 |
| 2034 | 3,405 | 98 | - | 399 | 5,470 | 767 | - | 530 | - | 990 |
| 2035 | - | - | - | 399 | 5,630 | 615 | - | 530 | - | 990 |
| 2036 | - | - | - | 399 | 5,790 | 451 | 5,060 | 448 | - | 990 |
| 2037 | - | - | - | 399 | 5,970 | 274 | 5,230 | 278 | - | 990 |
| 2038 | - | - | 3,140 | 336 | 6,155 | 92 | 5,415 | 95 | - | 990 |
| 2039 | - | - | 3,320 | 207 | - | - | - | - | 4,620 | 915 |
| 2040 | - | - | 3,505 | 70 | - | - | - | - | - | 840 |
| 2041 | - | - | - | - | - | - | - | - | - | 840 |
| 2042 | - | - | - | - | - | - | - | - | - | 840 |
| 2043 | - | - | - | - | - | - | - | - | - | 840 |
| 2044 | - | - | - | - | - | - | - | - | - | 840 |
| 2045 | - | - | - | - | - | - | - | - | 3,835 | 763 |
| 2046 | - | - | - | - | - | - | - | - | 4,005 | 607 |
| 2047 | - | - | - | - | - | - | - | - | 4,190 | 443 |
| 2048 | - | - | - | - | - | - | - | - | 4,385 | 271 |
| 2049 | - | - | - | - | - | - | - | - | 4,585 | 92 |
| 2050 | - | - | - | - | - | - | - | - | - | - |
| 2051 | - | - | - | - | - | - | - | - | - | - |
| 2052 | - | - | - | - | - | - | - | - | - | - |
| **Totals** | **$ 12,530** | **$ 6,513** | **$ 28,420** | **$ 7,568** | **$ 57,645** | **$ 15,346** | **$ 34,840** | **$ 10,178** | **$ 41,040** | **$ 25,010** |

## *Schedule of Bonds Payable Obligation* (continued)

June 30, 2023

(dollars in thousands)

| Payroll Tax Revenue (PRT) Bonds (continued) | | | | | |
|---|---|---|---|---|---|
| 2019 Bonds | | 2021 Bonds | | Total PRT Bonds | |
| Principal | Interest | Principal | Interest | Principal | Interest |
| $ 755 | $ 7,418 | $ 3,225 | $ 11,650 | $ 18,080 | $ 26,040 |
| 770 | 7,403 | 3,390 | 11,485 | 18,920 | 25,202 |
| 785 | 7,387 | 7,070 | 11,294 | 23,370 | 24,241 |
| 800 | 7,370 | 13,925 | 11,034 | 24,210 | 23,400 |
| 820 | 7,352 | 14,240 | 10,709 | 24,980 | 22,634 |
| 8,200 | 7,247 | 7,265 | 10,411 | 25,895 | 21,722 |
| 8,385 | 7,050 | 15,780 | 10,076 | 26,745 | 20,865 |
| 5,910 | 6,876 | 13,945 | 9,669 | 27,575 | 20,039 |
| 4,440 | 6,746 | 20,965 | 9,191 | 28,445 | 19,165 |
| 3,480 | 6,643 | 22,615 | 8,603 | 29,310 | 18,297 |
| 3,580 | 6,549 | 17,805 | 8,019 | 30,260 | 17,352 |
| 11,070 | 6,266 | 14,610 | 7,499 | 31,310 | 16,298 |
| 8,690 | 5,900 | 12,860 | 7,020 | 32,400 | 15,207 |
| 8,905 | 5,636 | 13,330 | 6,601 | 33,435 | 14,177 |
| 9,210 | 5,281 | 10,640 | 6,260 | 34,560 | 13,054 |
| 9,605 | 4,829 | 18,270 | 5,838 | 35,815 | 11,788 |
| 9,985 | 4,403 | 23,570 | 5,231 | 37,060 | 10,544 |
| 10,280 | 4,053 | 27,980 | 4,450 | 38,260 | 9,343 |
| 12,770 | 3,708 | 16,010 | 3,741 | 28,780 | 8,288 |
| 13,160 | 3,319 | 16,505 | 3,249 | 29,665 | 7,408 |
| 13,560 | 2,918 | 16,955 | 2,800 | 30,515 | 6,558 |
| 13,970 | 2,505 | 13,600 | 2,394 | 31,405 | 5,662 |
| 14,395 | 2,079 | 13,945 | 2,034 | 32,345 | 4,720 |
| 14,835 | 1,641 | 14,295 | 1,664 | 33,320 | 3,748 |
| 15,290 | 1,189 | 14,660 | 1,280 | 34,335 | 2,740 |
| 15,755 | 723 | 15,035 | 881 | 35,375 | 1,696 |
| 16,235 | 244 | 8,825 | 568 | 25,060 | 812 |
| - | - | 9,050 | 345 | 9,050 | 345 |
| - | - | 9,275 | 117 | 9,275 | 117 |
| **$ 235,640** | **$ 132,735** | **$ 409,640** | **$ 174,111** | **$ 819,755** | **$ 371,462** |

## ***Schedule of Bonds Payable Obligation*** (continued)

June 30, 2023

(dollars in thousands)

| | Capital Grant Receipt (CGR) Revenue Bonds | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *Fiscal* | **2017 Bonds** | | **2018 Bonds** | | **Total CGR Bonds** | | **Totals** | |
| **Year** | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | $ 11,735 | $ 2,949 | $ 1,730 | $ 5,078 | $ 13,465 | $ 8,027 | $ 31,545 | $ 34,066 |
| 2025 | 12,320 | 2,347 | 1,785 | 4,990 | 14,105 | 7,337 | 33,025 | 32,540 |
| 2026 | 12,940 | 1,716 | 1,855 | 4,899 | 14,795 | 6,615 | 38,165 | 30,856 |
| 2027 | 13,585 | 1,053 | 1,930 | 4,804 | 15,515 | 5,857 | 39,725 | 29,257 |
| 2028 | 14,260 | 357 | 2,010 | 4,706 | 16,270 | 5,062 | 41,250 | 27,697 |
| 2029 | - | - | 12,620 | 4,340 | 12,620 | 4,340 | 38,515 | 26,062 |
| 2030 | - | - | 13,235 | 3,694 | 13,235 | 3,694 | 39,980 | 24,559 |
| 2031 | - | - | 13,875 | 3,016 | 13,875 | 3,016 | 41,450 | 23,055 |
| 2032 | - | - | 14,550 | 2,305 | 14,550 | 2,305 | 42,995 | 21,470 |
| 2033 | - | - | 15,245 | 1,561 | 15,245 | 1,561 | 44,555 | 19,857 |
| 2034 | - | - | 15,990 | 860 | 15,990 | 860 | 46,250 | 18,211 |
| 2035 | - | - | 16,610 | 271 | 16,610 | 271 | 47,920 | 16,569 |
| 2036 | - | - | - | - | - | - | 32,400 | 15,207 |
| 2037 | - | - | - | - | - | - | 33,435 | 14,177 |
| 2038 | - | - | - | - | - | - | 34,560 | 13,054 |
| 2039 | - | - | - | - | - | - | 35,815 | 11,788 |
| 2040 | - | - | - | - | - | - | 37,060 | 10,544 |
| 2041 | - | - | - | - | - | - | 38,260 | 9,343 |
| 2042 | - | - | - | - | - | - | 28,780 | 8,288 |
| 2043 | - | - | - | - | - | - | 29,665 | 7,408 |
| 2044 | - | - | - | - | - | - | 30,515 | 6,558 |
| 2045 | - | - | - | - | - | - | 31,405 | 5,662 |
| 2046 | - | - | - | - | - | - | 32,345 | 4,720 |
| 2047 | - | - | - | - | - | - | 33,320 | 3,748 |
| 2048 | - | - | - | - | - | - | 34,335 | 2,740 |
| 2049 | - | - | - | - | - | - | 35,375 | 1,696 |
| 2050 | - | - | - | - | - | - | 25,060 | 812 |
| 2051 | - | - | - | - | - | - | 9,050 | 345 |
| 2052 | - | - | - | - | - | - | 9,275 | 117 |
| **Totals** | **$ 64,840** | **$ 8,421** | **$ 111,435** | **$ 40,524** | **$ 176,275** | **$ 48,945** | **$ 996,030** | **$ 420,406** |

# Audit Comments and Disclosures Required by State Regulations

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## Independent Auditor's Report Required by Oregon State Regulations

The Board of Directors
Tri-County Metropolitan Transportation District of Oregon
Portland, Oregon

We have audited the basic financial statements of the Tri-County Metropolitan Transportation District of Oregon (District) as of and for the year ended June 30, 2023 and have issued our report thereon dated October 13, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

| OAR | Section | Instance of Non-Compliance Identified |
|---|---|---|
| 162-010-0000 | Preface | Not Applicable |
| 162-010-0010 | Definitions | Not Applicable |
| 162-010-0020 | General Requirements | None Noted |
| 162-010-0030 | Contracts | None Noted |
| 162-010-0050 | Financial Statements | None Noted |
| 162-010-0115 | Required Supplementary Information (RSI) | None Noted |
| 162-010-0120 | Supplementary Financial Information | None Noted |
| 162-010-0130 | Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances / Net Position, Budget and Actual (Each Fund) | None Noted |
| 162-010-0140 | Schedule of Accountability for Independently Elected Officials | None Noted |
| 162-010-0190 | Other Financial or Statistical Information | None Noted |
| 162-010-0200 | Independent Auditor's Review of Fiscal Affairs | None Noted |
| 162-010-0230 | Accounting Records and Internal Control | None Noted |



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| OAR | Section | Instance of Non-Compliance Identified |
|---|---|---|
| 162-010-0240 | Public Fund Deposits | None Noted |
| 162-010-0250 | Indebtedness | None Noted |
| 162-010-0260 | Budget | None Noted |
| 162-010-0270 | Insurance and Fidelity Bonds | None Noted |
| 162-010-0280 | Programs Funded from Outside Sources | None Noted |
| 162-010-0295 | Highway Funds | None Noted |
| 162-010-0300 | Investments | None Noted |
| 162-010-0310 | Public Contracts and Purchasing | None Noted |
| 162-010-0315 | State School Fund | Not Applicable |
| 162-010-0316 | Public charter Schools | Not Applicable |
| 162-010-0320 | Other Comments and Disclosures | Not Applicable |
| 162-010-0330 | Extensions of Time to Deliver Audit Reports | Not Applicable |

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

**OAR 162-010-0230 Internal Control**

In planning and performing our audit, we consider the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of

Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ahmad Gharaibeh, Partner, for
Eide Bailly, LLP
Menlo Park, California
October 13, 2023

TRIMET

# Federal Grant Programs

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors
Tri-County Metropolitan Transportation District of Oregon
Portland, Oregon

We have audited, 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, the financial statements of the enterprise and fiduciary funds of the Tri-County Metropolitan Transportation District of Oregon (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 13, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
October 13, 2023.

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# Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Tri-County Metropolitan Transportation District of Oregon
Portland, Oregon

**Report on Compliance for Each Major Federal Programs**

***Opinion on Each Major Federal Programs***

We have audited Tri-County Metropolitan Transportation District of Oregon's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Programs***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.



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***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
October 13, 2023

# Schedule of Expenditures of Federal Awards
## For the Year Ended June 30, 2023
## (dollars in thousands)

| Federal Grantor / Pass-through Program Title or Cluster | Assistance Listing Number | Pass Through/ Direct Grant Number | Federal expenditures | Passed Through to Subrecipients |
|---|---|---|---|---|
| **U.S. Department of Transportation** | | | | |
| Federal Transit Cluster: | | | | |
| Direct Programs: | | | | |
| Federal Transit - Capital Investment Grants | 20.500 | OR-2021-001 | $ 279 | $ - |
| Federal Transit - Capital Investment Grants | 20.500 | OR-2020-001 | 6,628 | - |
| Federal Transit - Capital Investment Grants | 20.500 | OR-2021-036 | 30,545 | - |
| COVID-19 Federal Transit - Capital Investment Grants | 20.500 | OR-2022-008 | 9,411 | - |
| | | | 46,863 | - |
| Direct Programs: | | | | |
| Federal Transit - Formula Grants | 20.507 | OR-2016-013 | 79 | - |
| COVID-19 Federal Transit - Formula Grants-ARP | 20.507 | OR-2022-001 | 125,570 | - |
| Federal Transit - Formula Grants | 20.507 | OR-2022-007 | 1,339 | - |
| Federal Transit - Formula Grants | 20.507 | OR-2019-017-00 | 436 | 436 |
| Federal Transit - Formula Grants | 20.507 | OR-2022-038-00 | 119 | - |
| | | | 127,543 | 436 |
| Passed through from METRO | | | | |
| Federal Transit - Formula Grants | 20.507 | METRO # 936389 | 26 | - |
| Federal Transit - Formula Grants | 20.507 | METRO # 936341 | 419 | - |
| | | | 445 | - |
| 20.507 Total | | | 127,988 | 436 |
| Direct Programs: | | | | |
| Buses and Bus Facilities Formula Programs | 20.526 | OR-2019-004 | 11 | - |
| Passed through from ODOT | | | | |
| Bus and Bus Facilities Formula Program | 20.526 | ODOT 34212 | 181 | - |
| Total Federal Transit Cluster | | | 175,043 | 436 |
| Transit Services Program Cluster: | | | | |
| Direct Programs: | | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | OR-2022-054 | 1,237 | 1,237 |
| Passed through from Oregon Department of Transportation: | | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | ODOT 34239 | 985 | - |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | ODOT 35152 | 930 | - |
| Total Passed through from Oregon Department of Transportation | | | 1,915 | - |
| Total Transit Services Program Cluster | | | 3,152 | 1,237 |
| Direct Programs | | | | |
| Public Transportation Innovation | 20.530 | OR-2020-043 | 858 | - |
| Public Transportation Innovation | 20.530 | OR-2021-009 | 124 | - |
| Public Transportation Innovation | 20.530 | OR-2021-004 | 114 | - |
| Total Public Transportation Innovation | | | 1,096 | - |
| Community Project Funding Congressionally Directed Spending | 20.534 | OR-2023-014 | 349 | - |
| Passed through from Oregon Department of Transportation: | | | | |
| Highway Research and Development Program | 20.200 | ODOT 33825 | 760 | - |
| Passed through from METRO | | | | |
| Metropolitan Transportation Planning and State and Non-Metropolitan | 20.505 | METRO # 937638 | 249 | - |
| **Total U.S. Department of Transportation Programs** | | | **180,649** | **1,673** |
| **U.S. Department of Homeland Security** | | | | |
| Direct Programs | | | | |
| Rail and Transit Security Grant Program | 97.075 | EMW-2019-RA-00002 | 25 | - |
| Rail and Transit Security Grant Program | 97.075 | EMW-2020-RA-00008 | 292 | - |
| | | | 317 | - |
| Passed through from Oregon Military Department - Office of Emergency Management | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | DR-4432-23-P-OR | 42 | - |
| **Total U.S. Department of Homeland Security Programs** | | | 359 | - |
| **Total Federal Financial Assistance** | | | **$ 181,008** | **$ 1,673** |

*The accompanying notes are an integral part of this schedule.*

# Notes to the Schedule of Expenditures of Federal Awards

**For the Year Ended June 30, 2023**

(dollars in thousands)

## 1. Reporting Entity

The Tri-County Metropolitan Transportation District of Oregon ("TriMet" or "the District") was organized under the provisions of Oregon Revised Statutes (ORS) Chapter 267 to provide mass transit services to the Portland metropolitan area. Formation of the District, which includes parts of Multnomah, Clackamas, and Washington counties, was effective October 14, 1969 with the assumption of the operations of a privately owned bus system.

## 2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes all federal grant activity of Tri-County Metropolitan Transportation District of Oregon (the District), under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The District receives both direct and pass through awards. Because this Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

The program titles and federal financial assistance listing numbers are obtained from the federal or pass-through grantor or the Catalog of Assistance Listing Numbers (ALN). When no ALN number is assigned to a program, the two-digit federal agency identifier and the federal contract number are used. When there is no federal contract number, the two-digit federal agency identifier and the word "unknown" is used.

## 3. Summary of Significant Accounting Policies and Revenue and Expense Recognition

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is consistent with the financial statements, as described in Note 1 to the District's June 30, 2023 financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District does not utilize the 10 percent deminimus rate for overhead allocation.

## 4. Relationship to the Basic Financial Statements

Federal awards are reported in the District's financial statements as operating grant revenue and capital contributions.

## 5. Subrecipients

Included within the federal expenditures presented in the Schedule of Federal Awards are federal awards to subrecipients as follows:

| Subrecipient | Federal CFDA Number | Grant Number/TriMet Contract number | Total Expenditures |
|---|---|---|---|
| Ride Connection | 20.513 | OR-2022-054 / JC230822GS | $ 1,237 |
| City of Portland - Portland Bureau of Transportation | 20.507 | OR-2019-017 / GC200834SW | 436 |
| Total subrecipient expenditures | | | $ 1,673 |

## Schedule of Findings and Questioned Costs
## For the Year Ended June 30, 2023

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

**Identification of Major Federal Programs and type of auditor's report issued on compliance for major federal programs**

| *Federal Financial Assistance Listing* | *Name of Federal Program or Cluster* | *Type of Auditor's Report Issued* |
|---|---|---|
| 20.500, 20.507, 20.526 | Federal Transit Cluster<br>(Includes ARP / COVID-19 funding) | Unmodified |
| 20.513 | Transit Services Program Cluster | Unmodified |

Dollar threshold used to distinguish between type A and type B programs: $3,000,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

### Section II - Financial Statement Findings

None reported

### Section III - Federal Award Findings and Questioned Costs

None reported

## Summary Schedule of Prior Audit Findings
**For the Year Ended June 30, 2023**

None reported