Report of Independent Auditors and Financial Statements with Supplementary Information June 30, 2021 and 2020 (including Audit Comments and Disclosures Required by State Regulations)

Tri-County Metropolitan Transportation District of Oregon – 2021 Annual Report
Board of Directors

Thomas Kim
District 1 Washington County
Current term expires:
June 20, 2025

Keith Edwards
District 5 N and NE Portland
Current term expires:
May 24, 2022

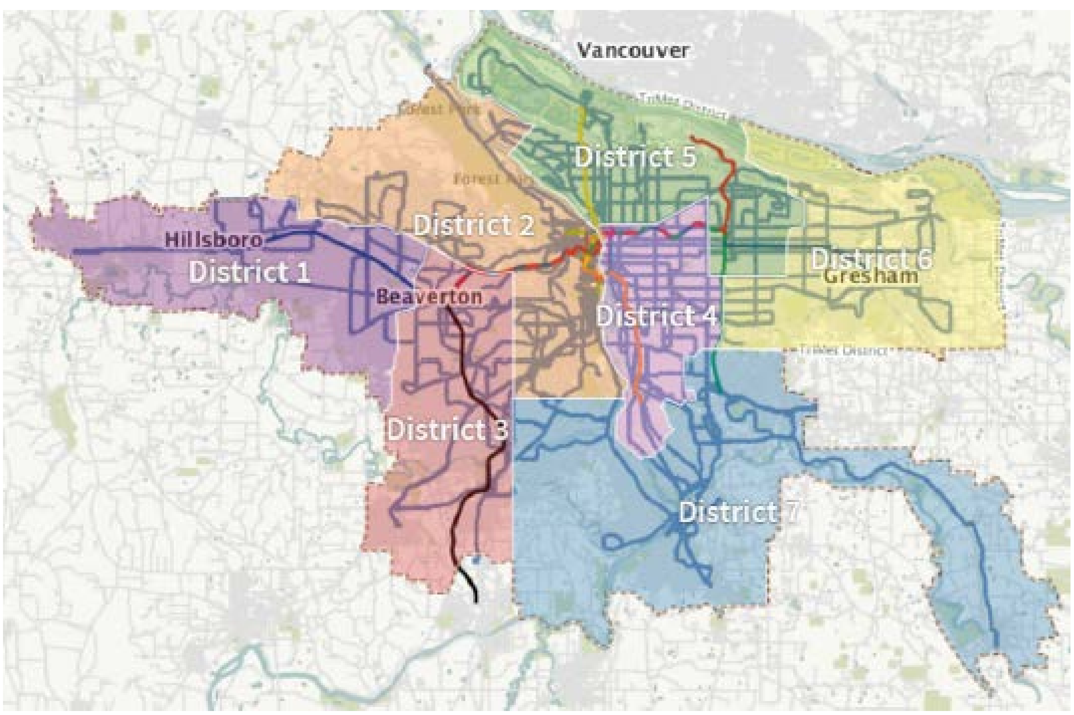
Ozzie Gonzalez, Secretary/Treasurer
District 2 N, NW & portions of SW Portland
Current term expires:
May 31, 2022

Dr. LaVerne Lewis
District 6 E Multnomah County
Current term expires:
May 4, 2025

Dr. Linda Simmons, President
District 3 SW Portland
Current term expires:
May 31, 2023

***Kathy Wa**i*
District 7 Clackamas County
Current term expires:
May 24, 2022

Lori Irish Bauman, Vice President
District 4 SE Portland
Current term expires:
May 31, 2023



Sam Desue Jr., General Manager
Shelley Devine, General Counsel and Registered Agent

Mailing address:
TriMet
1800 SW 1st Avenue, Suite 300
Portland, OR 97201

Table of Contents

TRI MET

Financial Section

Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying statements of net position of the Enterprise Fund and statements of fiduciary net position of the Retirement Plan for Management and Staff Employees, Pension Plan for Bargaining Unit Employees and Total Trust Fund (pension plan trust funds) of Tri-County Metropolitan Transportation District of Oregon (the District), as of June 30, 2021 and 2020, and the statements of revenues, expenses, and changes in net position and cash flows of the Enterprise Fund for the years ended June 30, 2021 and 2020, and the statements of changes in fiduciary net position of the Pension Plan Trust Funds for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Enterprise Fund, the Retirement Plan for Management and Staff Employees, Pension Plan for Bargaining Unit Employees and Total Trust Fund of the District as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows for the Enterprise Fund, and changes in financial position for the Retirement Plan for Management and Staff Employees, Pension Plan for Bargaining Unit Employees, and Total Trust Fund of the District for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on July 1, 2020, the District implemented GASB Statement No. 87, *Leases*. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87. Our conclusion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The reconciliation of revenues and expenses (budget basis) to schedule of revenues and expenses (GAAP basis), reconciliation of fund balance (budget basis) to net position (GAAP basis), revenues and expenses budget (budget basis) and actual – general fund, and schedule of bonds payable obligations outstanding are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 auditing standards generally accepted in the United States of America. In our opinion, reconciliation of revenues and expenses (budget basis) to schedule of revenues and expenses (GAAP basis), reconciliation of fund balance (budget basis) to net position (GAAP basis), revenues and expenses budget (budget basis) and actual – general fund, and schedule of bonds payable obligations outstanding were 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 September 17, 2021 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 September 17, 2021, 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.

Julie Desimone

Julie Desimone, Partner, for
Moss Adams LLP
Portland, Oregon
September 17, 2021

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, 2021 and 2020, 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") 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, 2021 and 2020, 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 three categories: net investment in capital assets, net position – restricted, 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 Pension Plan 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 Pension Plan 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 2021

- Net position totaled $1,888,677 at June 30, 2021 as noted in the table below (see Table 1).
- Net position increased $35,781 or 1.9 percent in 2021, which compares to an increase of $21,138 in net position in 2020.
- Total operating revenues were $59,299 for fiscal year 2021. This is a decrease by $55,541 or 48.4 percent from 2020. The decrease noted in passenger revenues have been heavily impacted by the Coronavirus pandemic (COVID, COVID-19, the pandemic). COVID-19 pandemic in the United States is part of the worldwide pandemic of coronavirus disease 2019. Ridership in the last quarter of fiscal year 2021 increased by 29.0 percent compared to the same quarter in June 2020, however overall ridership at end of fiscal year 2021 is down 58.0 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 $415,529 for fiscal year 2021. This is an increase of $17,176 or 4.3 percent over the prior fiscal year. The increase is due to the .01 percent increase in the employer payroll tax revenues that was effective on January 1, 2021. Management continues to closely monitor payroll tax revenues to assess any long-term impact from the pandemic.
- Grant revenue was $117,450, which is an increase of $7,385 or 6.7 percent over the prior fiscal year. This line item includes State, local and federal transit administration grants for preventative maintenance.
- Grant revenue for CARES Act and CRRSAA for fiscal year 2021 was $203,503, which is an increase of $85,303 or 72.2 percent over the prior fiscal year. The increase is directly related to Federal operating grants the District received in response to the pandemic. In fiscal year 2021, TriMet was awarded $195,420 for the Coronavirus Aid, Relief Supplemental Appropriations Act of 2021 (CRRSAA). Of this award, fiscal year 2021 includes $136,778 in CRRSAA revenues related to reimbursement for eligible costs from September 2020 to June 2021.
- Total operating expenses were $715,251 per the Statements of Revenues, Expenses and Changes in Net Position. This is a decrease of $23,265 or 3.15 percent from 2020. Labor increased $9,492 or 4.7 percent over the prior year. Labor in the current year includes the settlement of the contract with the District's Union, Amalgamated Transit Union (ATU) Local 757. The contract covers the period from December 2019 to November 2022. The current fiscal year includes retroactive union wage increases per the new contract of 3.0 percent (December 2019) and 2.5 percent (December 2020).

  Fringe benefits also noted an increase due to changes in the actuarial valuations for TriMet's defined benefit pension plans and the other postemployment benefits liability (OPEB). The discount rate used in the 2021 valuation for OPEB decreased, resulting in an increase in the OPEB liability, related deferrals and expense.

  Fringe benefits decreased by $20,467 or 9.1 percent from fiscal year 2020. The decrease in fringe is due to a decrease in pension expense for the actuarial valuations of TriMet's defined benefit pension plans. With the July 1, 2021 actuarial valuations, the management plan is deemed fully funded and the union plan is approaching near funded status. Complete actuarial valuations for the District are posted on Transparency and Accountability (trimet.org) under Pension/OPEB Valuations.

  Purchased transportation decreased by $11,516 or 43.5 percent from fiscal year 2020. TriMet's Accessible Transportation Program (ATP or LIFT) were significantly impacted by the pandemic. Demand for paratransit services has dropped significantly with the pandemic resulting in reduced service hours and vehicle miles for ATP. LIFT ridership was 67 percent below the prior fiscal year. In addition, the ATP services contract had a direct decrease in costs due to closures at the Transit Mobility Center and Region 1 garage location. Both closures were a result of the pandemic.
- The District implemented GASB Statement No. 87, *Leases*, in fiscal year 2021. This standard required retroactive implementation to restate net position as of July 1, 2019. The cumulative effect to net position was an increase of $2,178. With this implementation, the District recorded a net right to use assets of $11,042 and $13,461, and lease receivable of $3,303 and $3,925 at June 30, 2021 and 2020 respectively. Lease liabilities of $11,269 and $13,292 and deferred inflows related to leases of $5,356 and $5,772 were recorded as of June 30, 2021 and 2020 respectively. Further information on GASB No. 87 can be found in Note 5.

Management's Discussion and Analysis

continued

(dollars in thousands)

- Fiscal year 2021 includes $58,579 for impairment of capital assets. This amount represents design costs incurred since fiscal year 2017 for the Southwest Corridor light rail project (SWC). In 2018, TriMet issued Capital Grant Receipt Revenue bonds to fund project costs for SWC. In November 2020, a ballot measure for various transportation projects, including SWC, went to the voters to approve additional funding. As the voters did not pass the ballot measure, costs recorded to construction in progress for SWC were written-off to impairment of capital assets.

Financial Highlights for Fiscal Year 2020

- Net position totaled $1,852,896 at June 30, 2020 as noted in the table below (see Table 1).
- Net position increased $21,138 or 1.2 percent in 2020, which compares to a decrease of $68,662 in net position, restated for GASB No. 87, *Leases*, in 2019.
- Total operating revenues were $114,840 for fiscal year 2020. This is a decrease by $20,982 or 15.4 percent from 2019. The decrease noted in passenger revenues is directly due to the impact to ridership as a result of the pandemic The first confirmed transmission in the USA was recorded in January 2020, while the first known deaths were reported in February 2020. By the end of March 2020, cases of the virus had been confirmed in all fifty U.S. states. On August 31, 2020, the US reached 6 million cases of COVID-19. Ridership in the last quarter of fiscal year 2020 was hit hard as a result of the Coronavirus and the Governor's stay at home order that led to many employees working from home.
- Payroll and other tax revenues were $398,353 for fiscal year 2020. This is an increase of $25,602 or 6.9 percent over the prior fiscal year. The increase is due to the .01 percent increase in the employer payroll tax revenues that was effective on January 1, 2020. Over fiscal year 2020, management concluded it was too early to assess the impact from the pandemic on payroll and other tax revenues.
- Grant revenues for fiscal year 2020 increased by $10,397, which is 10.4 percent over the prior fiscal year. This line item includes federal transit administration grants for preventative maintenance.
- Grant revenues – CARES Act for fiscal year 2020 increased by $118,200 from fiscal year 2019. The increase is directly related to TriMet's award of $184,925 from the Federal government under the Coronavirus Aid, Relief, and Economic Security (CARES) Act in May 2020.
- Pass through revenues were $13,258 in fiscal year 2020, which is an increase of $8,695 or approximately 191.0 percent over the prior fiscal year. This increase is directly related to the House Bill 2017, Keep Oregon Moving, Statewide Transportation Improvement Fund (STIF) and the sub-recipient agreements that were not executed until fiscal year 2020. The HB2017 intergovernmental agreements with the sub-recipients were signed and executed in July 2019. Therefore, fiscal year 2020 includes all of the HB2017 pass through expenses to the sub-recipients.
- Total operating expenses were $738,516 per the Statements of Revenues, Expenses and Changes in Net Position. This is an increase of $37,262 or 5.3 percent from 2019. The increase is noted in fringe benefits, which increased $34,872 or 18.3 percent over the prior year. Fringe benefits increased due to changes in the actuarial valuations for TriMet's defined benefit pension plans and the other postemployment benefits liability (OPEB). The discount rate used in the 2020 valuation for OPEB decreased, resulting in an increase in the OPEB liability, related deferrals and expense. Fringe benefits also increased as a result of the increase in the Union Defined Benefit pension liability and pension expense due to assumption changes used in the 2020 actuarial valuation.
- TriMet implemented GASB No. 87, *Leases*, in fiscal year 2021. As a result of implementing this standard, the District restated its net position for the fiscal year ended June 30, 2019. Further details on the restatement is noted in the Summary of Significant Accounting Policies for New Accounting Pronouncements.

ENTERPRISE FUND FINANCIAL SUMMARY

Statements of Net Position

The following table reflects a condensed summary of assets, deferred outlfows of resources, liabilities, deferred inflows of resources, and net position of TriMet as of June 30, 2021, 2020 and 2019.

Management's Discussion and Analysis

continued

(dollars in thousands)

Table 1

Net Position
As of June 30
(dollars in thousands)

				Increase (decrease)			
				2021 - 2020		2020 - 2019	
	2021	2020	2019	$	%	$	%
Assets							
Current and other assets	$ 934,358	$ 876,770	$ 754,383	$ 57,588	6.6 %	$ 122,387	16.2 %
Capital assets, net of depreciation	3,053,764	3,086,878	3,014,250	(33,114)	(1.1)%	72,628	2.4 %
Total assets	3,988,122	3,963,648	3,768,633	24,474	0.6 %	195,015	5.2 %
Deferred outflows of resources	234,207	235,293	54,296	(1,086)	(0.5)%	180,997	333.4 %
Total assets and deferred outflows of resources	$ 4,222,329	$ 4,198,941	$ 3,822,929	$ 23,388	0.6 %	$ 376,012	9.8 %
Liabilities							
Current liabilities	$ 225,671	$ 214,523	$ 195,800	$ 11,148	5.2 %	$ 18,723	9.6 %
Noncurrent liabilities	1,865,571	2,029,100	1,684,283	(163,529)	(8.1)%	344,817	20.5 %
Total liabilities	2,091,242	2,243,623	1,880,083	(152,381)	(6.8)%	363,540	19.3 %
Deferred inflows of resources	242,410	102,422	111,088	139,988	136.7 %	(8,666)	(7.8)%
Net position							
Net investment in capital assets	2,332,385	2,459,273	2,495,838	(126,888)	(5.2)%	(36,565)	(1.5)%
Restricted	54,204	42,124	63,209	12,080	28.7 %	(21,085)	(33.4)%
Unrestricted	(497,912)	(648,501)	(727,289)	150,589	(23.2)%	78,788	(10.8)%
Total net position	1,888,677	1,852,896	1,831,758	35,781	1.9 %	21,138	1.2 %
Total liabilities, deferred inflows of resources, and net position	$ 4,222,329	$ 4,198,941	$ 3,822,929	$ 23,388	0.6 %	$ 376,012	9.8 %

Current and other assets increased $57,588 or 6.6 percent, in 2021, the increase is noted in unrestricted cash and cash equivalents due to draws on CRRSAA award provided to TriMet as relief response to the pandemic.

Current and other assets increased $122,387 or 16.2 percent, in 2020 primarily due to an increase in grants receivable – CARES Act at year-end June 30, 2020 as the District was awarded this grant in May 2020. The increase in the restricted cash and investments in fiscal year 2020 is due to 2019 Senior Payroll Tax Bonds that were issued in October 2019.

Deferred outflows of resources decreased by $1,086 at June 30, 2021. The decrease is due to a decrease in deferred outflows related to pension and an increase in deferred outflows related to OPEB. Deferred outflows related to pensions decreased as a result of the July 1, 2021 actuarial valuations of the District's pension plans and both plans approaching a fully funded status per policy. The increase in deferred outflows related to OPEB is directly related to change in the discount rate used in the 2021 actuarial valuation for TriMet's Other Post-Employment Benefits (OPEB) liability. The discount rate decreased in the 2021 valuation, which resulted in an increase in the net OPEB obligation as well as the related deferred accounts. The discount rate used to measure the total OPEB liability as of January 1, 2021 was 2.12 percent, which is down from 2.74 percent used in the January 1, 2020 valuation.

At June 30, 2020, deferred outflows of resources increased $180,997 from 2019. This increase is directly related to the change in the discount rate used in the 2020 actuarial valuation for TriMet's Other Post-Employment Benefits (OPEB) liability. The discount rate used to measure the total OPEB liability as of January 1, 2019 was 4.10 percent as compared to the discount rate of 2.74 percent used to measure the total OPEB liability as of January 1, 2020. Based on the assumptions of a pay-as-

Management's Discussion and Analysis

continued

(dollars in thousands)

you-go contribution policy, the discount rates used at the January 1 measurement dates are equal to the yield on the Bond Buyer 20-Bond GO Index as of the end of December for the preceding year.

Current liabilities consist primarily of accounts payable, accrued compensation, current portion of bonds payable and unearned revenue. At June 30, 2021, current liabilities increased $11,148 or 5.2 percent over the prior year. The increase is due to a significant increase in the year-end balance for unearned capital project revenue. The increase is a result of unspent HB2017 funds on various projects as the pandemic directly impacted planned spend during fiscal year 2021.

The increase in current liabilities from fiscal year-end 2019 to 2020 of $18,723, or 9.6 percent was due to an increase in the balance for unearned capital project revenue. The increase is a result of unspent HB2017 funds at the end of fiscal year 2020, due to the pandemic slowing the planned spend for various projects.

Noncurrent liabilities consist primarily of long-term debt, long-term lease liabilities, net pension liabilities and Other Postemployment Benefits (OPEB) liability. Noncurrent liabilities decreased by $163,529, or 8.1 percent in 2021. The line item for net pension liability decreased by $169,222 in fiscal year 2021 due to the July 1, 2021 actuarial valuations indicating the District's defined benefit pension plans approaching a near fully funded status. Noncurrent liabilities also includes the line item for long-term debt, which decreased from fiscal year 2020 due to repayment on long-term debt in the current fiscal year.

Noncurrent liabilities increased $344,817, or 20.5 percent, in 2020, due to a significant increase in the OPEB liability. The OPEB liability increased as a result of the decrease in the discount rate used in the 2020 actuarial valuation. The discount rate used in the OPEB valuation is tied to the twenty-year high grade municipal bond index yield as TriMet has not yet funded a trust for the OPEB liability. In addition to the increase in OPEB, long-term debt increased in 2020 as a result of the issuance of Senior Lien Payroll Tax revenue bonds in October 2019.

At June 30, 2021, deferred inflows of resources increased $139,988 from 2020. The increase is noted in deferred inflows related to pensions for the District's July 1, 2021 actuarial valuations and deferred inflows related to OPEB due to changes in actuarial assumptions. Also, included in this line item is deferred inflows related to leases as a result of implementing GASB Statement No. 87.

Deferred inflows of resources decreased by $8,666 or 7.8 percent from 2019. This decrease is noted in deferred inflows related to pensions and is due to the continued funding of the defined benefit pension plans by the District.

Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. When there are significant unspent bond proceeds, the proceeds are an offset to the related indebtedness.

Net position restricted includes amounts restricted for principal and interest payments of amounts due related to outstanding revenue bonds (discussed in Note 7), as well as restricted deposits related to the lease transactions (discussed in Note 8), and other funds that are restricted in purpose.

Unrestricted net position has a negative 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 $944,723 and $901,420 for the years ended June 30, 2021 and 2020, respectively. The increases in the OPEB liability year over year is due to a decrease in the discount rate used in the actuarial valuation to calculate the liability. The OPEB plan is closed to non-union employees and remains open for union employees. The actuarial valuations for OPEB are posted on the District's website at: Transparency and Accountability (trimet.org) - Actuarial Valuations - OPEB

Changes in Net Position

The District's total revenues increased $47,518, or 6.3 percent, during fiscal year 2021 (see Table 2). Passenger revenue decreased $54,030 or 57.8 percent as the pandemic continued to reduce ridership throughout the fiscal year. Payroll and other tax revenue increased $17,176, or 4.3 percent. Grant revenue – CARES Act, CRRSAA increased $85,303, or 72.2 percent due to the CRRSAA grant awarded by the Federal government to the District as response to the pandemic in fiscal year 2021.

The District's total revenues increased $140,305 or 22.6 percent, during fiscal year 2020 (see Table 2). Passenger revenue decreased $21,336, or 18.6 percent as the pandemic impacted ridership beginning in March 2020 through the end of fiscal year 2020. Payroll and other tax revenue increased $25,602, or 6.9 percent. Grant revenue – CARES Act, CRRSAA

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

increased $118,200 due to the increase for the CARES Act awarded by the Federal government to the District in response to the pandemic in fiscal year 2020.

Prior to the pandemic, the Portland region was strong, creating jobs at a robust pace. The transportation sector remained strong prior to the Coronavirus. The last quarter of fiscal year 2020 experienced the pandemic's impact to the region with the State's employment and wage growth declining over 2020. In the spring of 2020, the State of Oregon's Governor issued a stay at home order. The result of the order led to a significant drop in ridership in the last quarter of fiscal year 2020. In response to the pandemic, the maximum capacity on the system was reduced for social distancing. The District is adapting to the ripple effect of the Coronavirus.

TriMet received relief from the pandemic in the form of Federal funding for the CARES Act grant ($184,925) in fiscal year 2020 and then the CRRSAA award ($195,420) in fiscal year 2021. The CARES Act allowed TriMet to seek reimbursement for eligible costs from February 2020 forward. Fiscal year 2020 recorded $118,200 for CARES Act grant revenues and in fiscal year 2021, the District recorded $66,725. In fiscal year 2021, the District recorded $136,778 in CRRSAA grant funds. TriMet continues to adapt ensuring the system is clean and personal protective equipment, such as masks and hand sanitizer are available on the system. The District is committed to ensuring safety for passengers and its employees as we continue to navigate in a global pandemic.

In fiscal year 2021, the District implemented GASB Statement No. 87, *Leases*, which resulted in the restatement of net position as of July 1, 2019. This standard establishes a single reporting model for lease accounting. Additional information on GASB Statement No. 87 can be found in Note 5.

Management's Discussion and Analysis

continued

(dollars in thousands)

Table 2

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

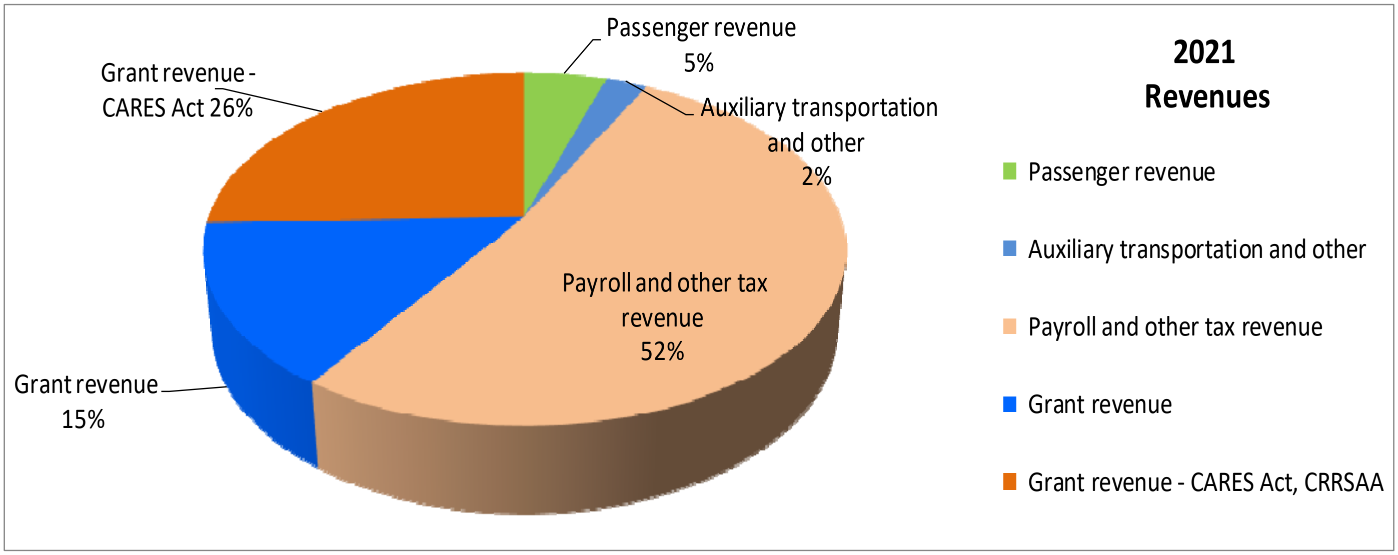
	2021	2020 As restated	2019	Increase (decrease) 2021 - 2020 $	2021 - 2020 %	2020 - 2019 $	2020 - 2019 %
Revenues							
Operating revenues							
Passenger revenue	$ 39,528	$ 93,558	$ 114,894	$ (54,030)	(57.8)%	$ (21,336)	(18.6)%
Auxiliary transportation and other	19,771	21,282	20,928	(1,511)	(7.1)%	354	1.7 %
Non-operating revenues							
Payroll and other tax revenue	415,529	398,353	372,751	17,176	4.3 %	25,602	6.9 %
Grant revenue	117,450	110,065	99,668	7,385	6.7 %	10,397	10.4 %
Grant revenue - CARES Act, CRRSAA	203,503	118,200	-	85,303	72.2 %	118,200	0.0 %
Gain on disposal of capital assets	463	4,599	6,144	(4,136)	(89.9)%	(1,545)	(25)%
Pass through revenue	10,701	13,258	4,563	(2,557)	(19.3)%	8,695	190.6 %
Net leveraged lease income	732	844	906	(112)	(13.3)%	(62)	(6.8)%
Total operating and non-operating revenues	807,677	760,159	619,854	47,518	6.3 %	140,305	22.6 %
Expenses							
Labor	209,425	199,933	194,641	9,492	4.7 %	5,292	2.7 %
Fringe benefits	205,137	225,604	190,732	(20,467)	(9.1)%	34,872	18.3 %
Materials and services	116,974	120,193	124,317	(3,219)	(2.7)%	(4,124)	(3.3)%
Utilities	10,928	10,886	10,412	42	0.4 %	474	4.6 %
Purchased transportation	14,981	26,497	30,577	(11,516)	(43.5)%	(4,080)	(13.3)%
Depreciation expense	142,919	137,472	132,943	5,447	4.0 %	4,529	3.4 %
Other operating expense	14,887	17,931	17,632	(3,044)	(17.0)%	299	1.7 %
Pass through expense	10,701	13,258	4,563	(2,557)	(19.3)%	8,695	190.6 %
Interest and other expense	34,129	10,817	10,894	23,312	215.5 %	(77)	(0.7)%
Funding exchanges and other payments	1,900	14,189	11,882	(12,289)	(86.6)%	2,307	19.4 %
Impairment of capital assets	58,579	-	-	58,579	0.0 %	-	0.0 %
Total expenses	820,560	776,780	728,593	43,780	5.6 %	48,187	6.6 %
Loss before contributions	(12,883)	(16,621)	(108,739)	3,738	(22.5)%	92,118	(84.7)%
Capital contributions	48,664	35,581	40,077	13,083	36.8 %	(4,496)	(11.2)%
Increase (decrease) in net position	35,781	18,960	(68,662)	16,821	88.7 %	87,622	(127.6)%
Net position-as previously reported	1,852,896	1,831,758	1,900,420	21,138	1.2 %	(68,662)	(3.6)%
Cumulative effect to implement GASB No. 87, Leases	-	2,178	-	(2,178)	(100.0)%	2,178	0.0 %
Net position - beginning restated	1,852,896	1,833,936	1,900,420	18,960	1.0 %	(66,484)	(3.5)%
Total net position - ending	$ 1,888,677	$1,852,896	$ 1,831,758	$ 35,781	1.9 %	$ 21,138	1.2 %

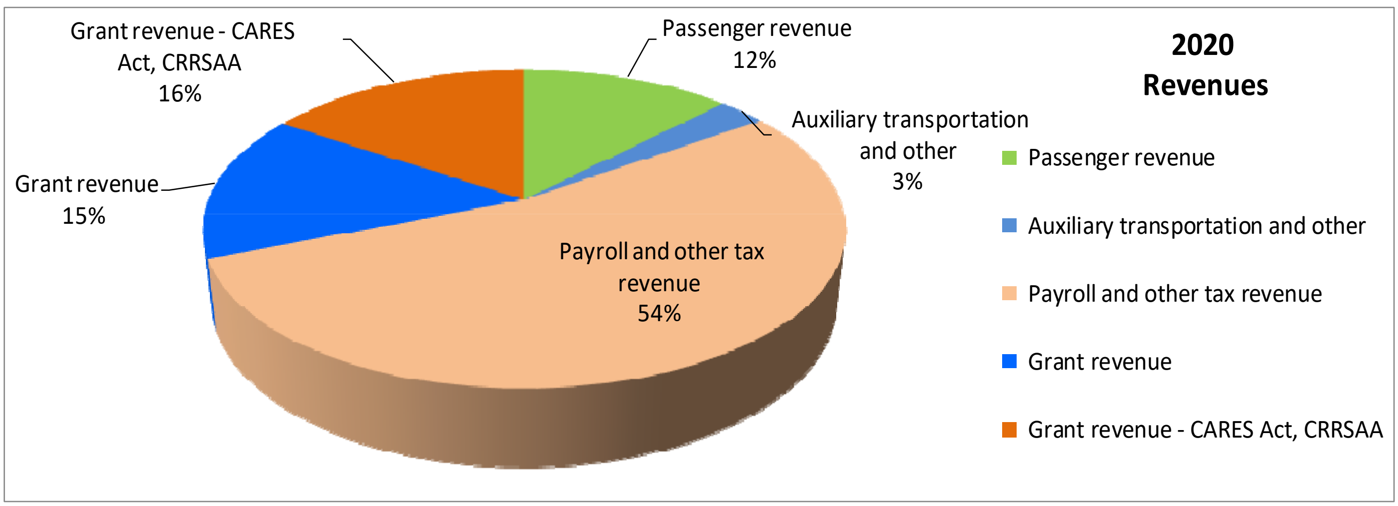
Management's Discussion and Analysis

continued

(dollars in thousands)

The following charts display the allocation of District revenues for fiscal years 2021 and 2020:





- Total operating and non-operating revenues were $807,677 for fiscal year 2021, an increase of 6.3 percent.
- Total operating and non-operating revenues were $760,159 for fiscal year 2020, an increase of 22.6 percent.
- Total payroll and other tax revenues increased $17,176 or 4.3 percent, totaling $415,529 for fiscal year 2021. Of that amount, Employer payroll tax revenue increased $14,396, or 3.78 percent as regional employment conditions remained stable throughout most of fiscal year 2021 and the rate increase effective January 2021. Self-employment and other tax revenues (SET) increased by $2,653 or 17.8 percent over fiscal year 2020, primarily due to extensions to file and remit for SET as a result of the pandemic.
- Total payroll and other tax revenues increased 6.9 percent, totaling $398,353 for fiscal year 2020. Employer payroll tax revenue increased $26,286, or 7.4 percent due to continued strong employment conditions over fiscal year 2020 and the rate increase effective January 2020. Self-employment and other tax revenues decreased by $1,391, or 8.6 percent over fiscal year 2019. In response to the pandemic, the deadline to file and remit for self employment tax revenues was extended from April 15, 2020 to July 15, 2020 (into fiscal year 2021).

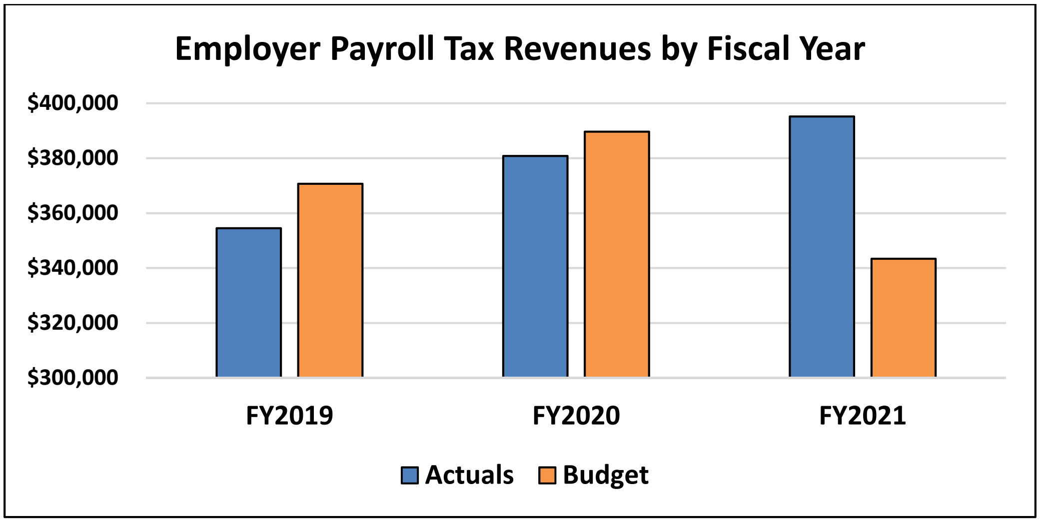
  In 2004, the TriMet Board of Directors (Board) adopted Ordinance No. 279 increasing TriMet's employer payroll and self employment tax rate. The increase went into effect January 1, 2005 and was phased in over a 10 year period.

Management's Discussion and Analysis

continued

(dollars in thousands)

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.



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, 2020 effective rate was 0.7737 percent and on January 1, 2021, the effective rate increased to 0.7837 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)]

- Grant revenue increased $7,385, or 6.7 percent, compared to fiscal year 2020. Revenues in this category include Federal Preventive Maintenance Funds and other operating support. Grant revenue – CARES Act, CRRSAA increased by $85,303 or 72.2 percent over fiscal year 2020. Both the CARES Act and the CRRSAA award provide Federal relief for the Coronavirus. 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. 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 $39,528 for the fiscal year 2021, a decrease of $54,030 or 57.8 percent. The decrease is a result of the impact of the Coronavirus on ridership over fiscal year 2021.

  Passenger revenues decreased in 2020 by $21,336 or 18.6 percent. The decrease reflects the impact of the pandemic on ridership for the last quarter in fiscal year 2020.

- Total net position at June 30, 2021, was $1,888,677 an increase of $35,781 or 1.9 percent from 2020. The change in net position is primarily attributable to the following factors:
  - Decrease in passenger revenue of $54,030 from fiscal year 2020 due to COVID-19.
  - Increase of $85,303 in grant revenues – CARES Act, CRRSAA. As previously reported, in fiscal year 2021, TriMet was awarded $195,420 in Federal relief from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 to help the District bridge funding gaps due to losses in fare revenues as ridership decreased by as much as 70 percent after the pandemic hit the region in 2020 and continued to impact fare revenues throughout fiscal year 2021.

Management's Discussion and Analysis

continued

(dollars in thousands)

  - Decrease in fringe benefits of $20,467 or 9.1 percent from fiscal year 2020 as a result of the defined benefit pension plans nearing a fully funded status.

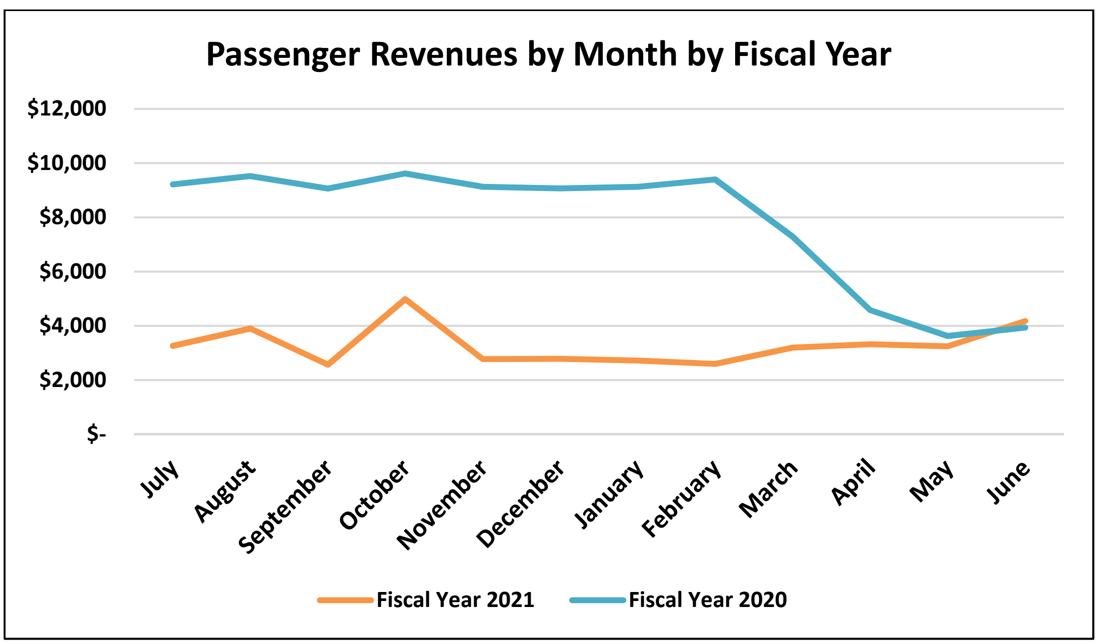
- Total net position at June 30, 2020, was $1,852,896, an increase of $21,138 or 1.2 percent from 2019. The change in net position is primarily attributable to the following factors:
  - Increase of $118,200 in grant revenues – CARES Act. In fiscal year 2020, TriMet was awarded $184,925 in Federal aid for the Coronavirus Aid, Relief and Economic Security (CARES) Act that was passed by Congress in late March 2020 for transit agencies to help prevent, prepare for and respond to the COVID-19 pandemic.
  - Increase of $8,695 or 190.6 percent in the line items for pass through revenues and pass through expenses in materials and services expenses. The increase is a result of the House Bill 2017 subrecipient programs ramping up. Intergovernmental agreements with subrecipients were not executed until fiscal year 2020.
  - Increase of $34,872 or 18.3 percent in fringe benefits. Fringe benefits includes expense for pension and OPEB. With the increases to the pension liabilities and OPEB liabilities, the related expenses increased as well.

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 2021, the District experienced an overall decrease in passenger revenue of 57.8 percent. The graphs below show the actual monthly passenger revenues for fiscal year 2021 compared with fiscal year 2020.



Auxiliary Transportation and Other Revenue

Auxiliary Transportation and Other Revenue includes revenue from LIFT paratransit service, Streetcar operating revenues, Local grants and operating assistance from other local governments. In fiscal year 2021, auxiliary transportation and other revenues decreased $1,511 or 7.1 percent. In fiscal year 2020, auxiliary transportation and other revenues noted a slight increase of $354 or 1.7 percent. Over the past two years, auxiliary revenues have remained relatively constant.

Management's Discussion and Analysis

continued

(dollars in thousands)

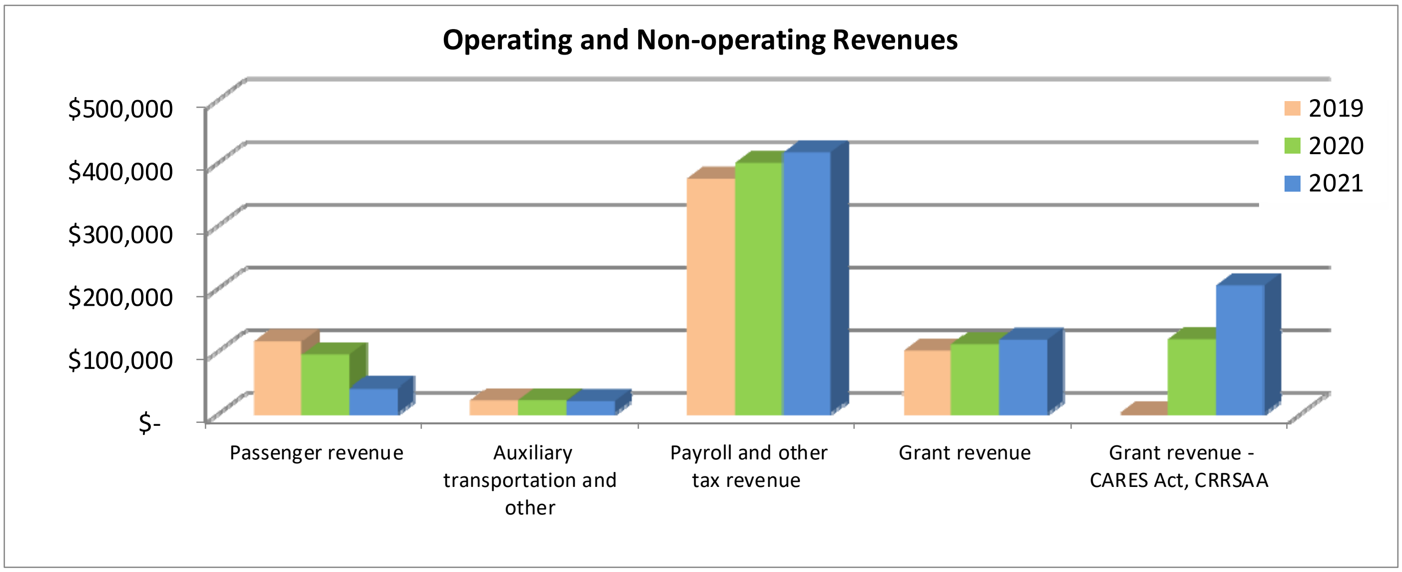
Non-operating Revenues

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 2021 in non-operating revenues is noted in grant revenues – CARES Act, CRRSAA for reasons previously discussed.

Payroll and Other Tax Revenues

Payroll tax revenues are the District's main source of revenue. Payroll and other tax revenues increased $17,176, or 4.3 percent in fiscal year 2021. In fiscal year 2020, payroll and other tax revenues increased $25,602, or 6.9 percent, compared to fiscal year 2019. The pandemic has not negatively impacted payroll tax revenues, indicating there is some stability in this resource. The Portland economy remained relatively stable throughout fiscal year 2020 and 2021.

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 $43,780 or 5.6 percent to $820,560, during fiscal year 2021. Fringe benefits decreased $20,467, or 9.1 percent. This decrease, as previously discussed, is due to the funding status of the District's defined benefit pension plans. Fiscal year 2021 includes $58,579 for impairment of capital assets. This amount represent costs incurred since fiscal year 2018 for the Southwest Corridor light rail project (SWC). In the November 2020 election, SWC did not receive voter approved funding and therefore costs for this project were recorded to impairment expense.

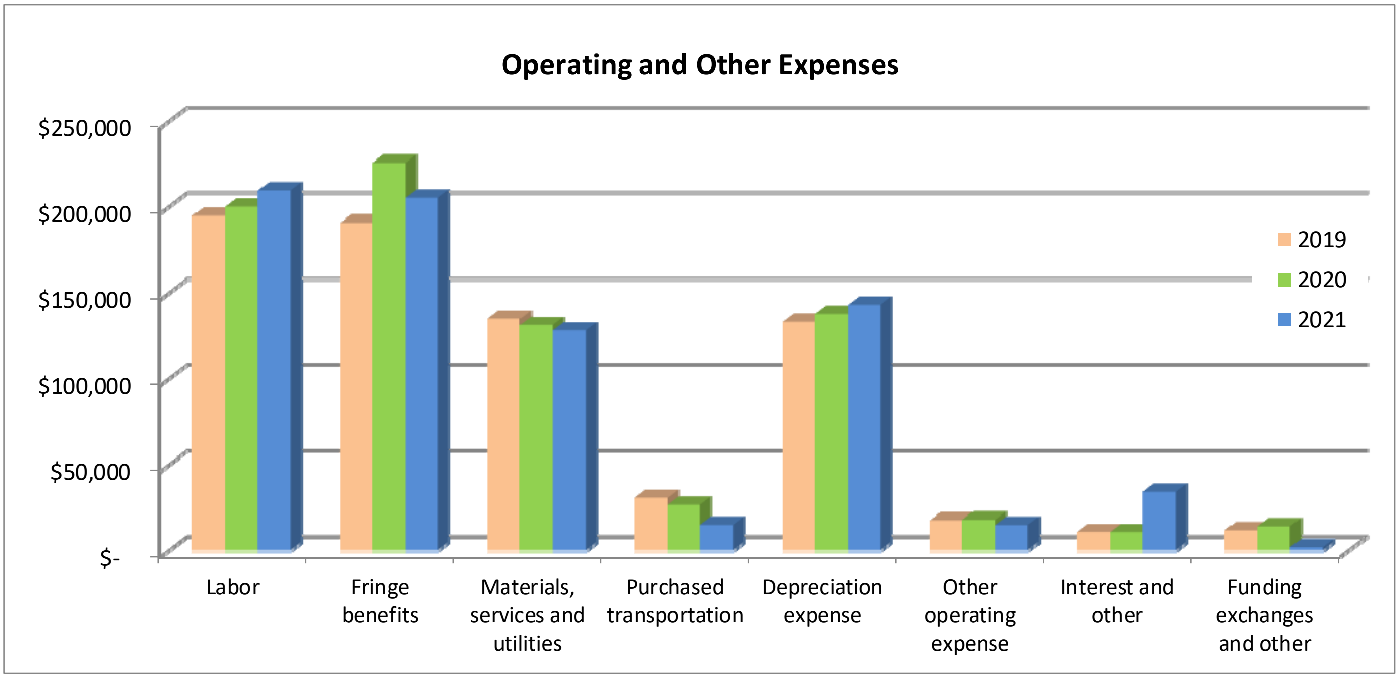
Total operating and non-operating expenses increased $48,187 or 6.6 percent to $776,780 during fiscal year 2020. Fringe benefits increased $34,872 or 18.3 percent. The increase is directly related to an increase in the expense as increases to the defined benefit pension liabilities and the OPEB liability at June 30, 2020.

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

Management's Discussion and Analysis

continued

(dollars in thousands)



Capital Contributions

Capital contributions include federal grants and other local government contributions restricted for purchase or construction of capital assets. Capital contributions increased by $13,083 or 36.8 percent during fiscal year 2021. Capital contributions decreased by $4,496 or 11.2 percent during fiscal year 2020. The decrease in fiscal years 2020 is due to a reduction in overall contributions due to the completion of a light-rail line in 2016 and no other significant light-rail expansion projects in the acquisition and construction phase.

Capital Assets

At June 30, 2021, the District had invested $3,053,764, in capital assets, net of accumulated depreciation (see Table 3 and Note 4).

Table 3

Capital Assets
As of June 30
(net of accumulated depreciation, dollars in thousands)

				Increase (decrease)			
				2021 - 2020		2020 - 2019	
	2021	2020	2019	$	%	$	%
Land and other	$ 229,692	$ 231,410	$ 235,089	$ (1,718)	(0.7)%	$ (3,679)	(1.6)%
Rail right-of-way and stations	1,330,086	1,390,499	1,439,015	$ (60,413)	(4.3)%	$ (48,516)	(3.4)%
Buildings	528,129	540,561	558,700	$ (12,432)	(2.3)%	$ (18,139)	(3.2)%
Transportation equipment	394,531	423,363	410,535	$ (28,832)	(6.8)%	$ 12,828	3.1 %
Furniture and other equipment	135,465	141,092	148,721	$ (5,627)	(4.0)%	$ (7,629)	(5.1)%
Construction in progress	435,861	359,953	222,190	$ 75,908	21.1 %	$ 137,763	62.0 %
Total capital assets	$ 3,053,764	$ 3,086,878	$ 3,014,250	$ (33,114)	(1.1)%	$ 72,628	2.4 %

Total capital assets net of depreciation decreased $33,114, or 1.1 percent, during fiscal year 2021; 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. Total capital assets net of depreciation increased $72,628, or 2.4 percent, during fiscal year 2020. The increase was noted in construction in progress and buildings primarily due to the purchase and property acquisition of land and a building to develop a distribution center and bus garage.

Management's Discussion and Analysis

continued
(dollars in thousands)

Long-Term Debt

Long-term debt includes revenue bonds guaranteed by payroll tax and grant receipt revenues. At June 30, 2021, the District had $829,575 in revenue bonds outstanding (see Note 7).

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, 2021**	**Moody's**	**Standard & Poor's**	**Kroll**
Payroll Tax Revenue Bonds:					
2009 Series A and B Payroll Tax	$ 49,550	$ 12,530	Aaa	AAA	AAA
2012 Series A Payroll Tax	93,290	5,850	Aaa	AAA	AAA
2015 Series A and B Payroll Tax	134,590	64,320	Aaa	AAA	AAA
2016 Series A Payroll Tax	74,800	73,340	Aaa	AAA	AAA
2017 Series A Payroll Tax	97,430	90,310	Aaa	AAA	AAA
2018 Series A Payroll Tax	148,245	145,210	Aaa	AAA	AAA
2019 Series A and B Payroll Tax	237,815	237,105	Aaa	AAA	AAA
Grant Receipt Revenue Bonds:					
2011 Series A and B Capital Grant Receipt	142,380	11,390	A3	A	Not Rated
2017 Capital Grant Receipt Revenue Refunding, Series A	76,015	76,015	A3	A	Not Rated
2018 Capital Grant Receipt, Series A	113,900	113,505	A3	A	Not Rated

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, 2021.

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. 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. The following chart displays assets, liabilities, and net position of the trust fund as well as the funded status of the plan as of June 30, 2021, 2020, and 2019:

Table 5

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

	2021	2020	2019
Trust assets	$ 158,727	$ 131,317	$ 134,968
Trust liabilities	6	25	22
Trust net position	$ 158,721	$ 131,292	$ 134,946
Total pension liability	$ 145,948	$ 146,953	$ 144,958
Funded percentage	109%	89%	93%

Management's Discussion and Analysis

continued

(dollars in thousands)

Total net position as of June 30, 2021 increased by $27,429 or 20.9 percent as benefit payments to retirees were less than employer contributions recorded in the plan of $6,250 in fiscal year 2021, along with change in fair market value of investments (see Note 14). Employer contributions increased by $3,923 in fiscal year 2021. In fiscal year 2020 the District elected to redirect contributions from the Management and Staff Trust Fund to the Bargaining Unit Trust Fund. Contributions to the plan resumed in fiscal year 2021, resulting in the increase from 2020 to 2021. Total net position as of June 30, 2020 decreased by $3,654 or 2.7 percent. 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 to the plan are funded on a monthly basis.

The following chart displays changes in net position for the years ended June 30, 2021, 2020, and 2019:

Table 6

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

	2021	2020	2019
Employer contributions	$ 6,250	$ 2,327	$ 6,240
Investment earnings	29,802	1,727	3,787
Total additions	36,052	4,054	10,027
Benefit payments	8,513	7,564	7,197
Administrative expenses	110	144	137
Total deductions	8,623	7,708	7,334
Increase in net position	27,429	(3,654)	2,693
Trust net position, beginning	131,292	134,946	132,253
Trust net position, ending	$ 158,721	$ 131,292	$ 134,946

THE 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 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 chart displays assets, liabilities, and net position of the trust fund as well as the funded status of the plan as of June 30, 2021, 2020, and 2019:

Table 7

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

	2021	2020	2019
Trust assets	$ 733,653	$ 574,108	$ 574,982
Trust liabilities	41	53	62
Trust net position	$ 733,612	$ 574,055	$ 574,920
Total pension liability	$ 775,386	$ 756,617	$ 713,756
Funded percentage	95%	76%	81%

Management's Discussion and Analysis

continued

(dollars in thousands)

Total net position as of June 30, 2021 increased by $159,557 or 27.8 percent due to contributions and significant investment earnings over fiscal year 2021 (See Note 15). Total net position as of June 30, 2020 decreased by $865, or 0.2 percent, due to the payments for retirement benefits were greater than the slight increase in the fair market value of investments along with total employer contributions to the plan of $37,755 in fiscal year 2020. 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 to the plan are funded on a monthly basis. The following chart displays changes in net position for the years ended June 30, 2021, 2020, and 2019:

Table 8

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

	2021	2020	2019
Employer contributions	$ 33,929	$ 37,755	$ 34,718
Investment earnings	170,880	3,683	18,621
Total additions	$ 204,809	41,438	53,339
Benefit payments	$ 44,963	41,940	38,905
Administrative expenses	289	363	396
Total deductions	45,252	42,303	39,301
Increase (decrease) in net position	159,557	(865)	14,038
Trust net position, beginning	574,055	574,920	560,882
Trust net position, ending	$ 733,612	$ 574,055	$ 574,920

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 2022 BUDGET

The District's Board of Directors adopted the fiscal year 2022 budget on June 23, 2021. The fiscal year 2022 budget includes $1,177,484 in total appropriations, a 0.7 percent increase from fiscal year 2021. From the approved budget on March 24, 2021 to the final adopted budget in June, significant changes were implemented in response to the ATU Working Wage Agreement, although offset by a contingency reduction, and carryover from the capital improvement project budgets from fiscal year 2021 to fiscal year 2022. Funding exchanges also increased significantly due to carryover and timing of exchanges. On the resource side unrestricted fund balance was increased based on fiscal year 2021 estimated results being less than anticipated and a significant increase in federal stimulus funding. Coinciding with carryover on capital project budgets, capital project resources were also carried over from fiscal year 2021 to fiscal year 2022 on resources.

Fiscal year 2022 includes continued recovery from the COVID-19 pandemic. Passenger revenues from forecast were down significantly due to the decrease in ridership. Continued focus on sanitizing and cleanliness of vehicles, trains and platforms in addition to the safety of riders and employees are paramount. Investments in CIP are also crucial to the agency for such projects as the light rail vehicle replacements, Division Transit Project, Red Line Project, Powell Maintenance Facility and electric vehicle infrastructure, where substantial progress is expected to be made. Service was reduced by nearly 20 percent during the pandemic and the onset of fiscal year 2021, however, approximately 40 percent of the bus service has been restored with additional planned in fiscal year 2022. Passenger revenues are still down significantly, but expected to uptick a bit in fiscal year 2022 from the previous fiscal year. Payroll and self-employment taxes have become stable, giving a solid platform for continuing future operations. The fiscal year 2022 adopted budget can be found online under "Financial Information" and "Budgets" at: https://trimet.org/about/accountability.htm#policy

Management's Discussion and Analysis

continued

(dollars in thousands)

The fiscal year 2022 adopted budget includes 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, costs associated with Reimagining Public Safety, capital investments in infrastructure and assets, mid-life overhaul of light rail vehicles and debt service expense. For the ninth consecutive year, the budget does not include any increase in fares. Highlights from the $1.18 billion adopted budget include:

- Operating and tax revenues total $478.1 million.
- Coronavirus Aid, Relief, Economic Security (CARES) Act and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funding of approximately $157.2 million.
- Total day-to-day operating requirements of $754.4 million, which includes $436.5 million for all activities required to operate the system, $137.4 million in general and administrative costs, $54.0 million for other post-employment benefits and $126.5 million for debt service.
- TriMet will continue service lines and begin to add service back to pre-pandemic conditions throughout fiscal year 2022 including increased frequency and route changes.
- TriMet continues to provide free fare grants to area community-based organizations and nonprofits now totaling over $2 million. These grants are in addition to the Hop Fastpass® program, which provides fare equity for frequent riders through its innovative fare-capping policy and State STIF Grant Low Income Fare Program. Revenue reductions are anticipated from the fare relief grant program, low-income youth high school program, social service agency outlet sales program and the fare assistance program.
- Capital Improvement Program (CIP) Requirements of $367.9 million. 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/), complete construction on the Division Transit project (https://trimet.org/division/) and continued efforts on the transit signal priorities project.
- 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 $32.5 million, 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 2021 contingency totals $22.6 million.
- Ending fund balance totals $741.7 million and is unappropriated and not available for spending in fiscal year 2021. Fund balance includes $208.1 million in restricted bond proceeds and other restrictions to be spent after fiscal year 2021; $38.5 million restricted for future debt service payments; and $495.1 million in unrestricted fund balance, which meets the 2.0 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. In fiscal year 2020, TriMet began testing its first fleet of five battery electric buses and accepted delivery of four zero-emission repowered transit buses. In fiscal year 2021, TriMet began ordering more battery-electric buses. In fiscal year 2022, TriMet dedicates additional funding for the purchase and implementation of electrification infrastructure.

  The District expects more change over the next year and will have a better idea of how ridership reacts to the continued pandemic. Preserving service, keeping riders and employees' safe, and maintaining infrastructure in a state of good repair remain top priorities of the District. Affordability and further recovery from the pandemic will be key for any expansion in the future.

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
1800 S.W. 1st Avenue, Suite 300
Portland, OR 97201
www.trimet.org

Enterprise Fund
Statements of Net Position
June 30, 2021 and 2020
(dollars in thousands)

Assets	2021	2020
Current assets:		
Cash and cash equivalents	$ 322,340	$ 181,141
Investments	30,246	3,656
Taxes and other receivables, net	110,176	116,457
Grants receivable	38,139	3,158
Grants receivable - CARES Act, CRRSAA	13,647	54,602
Leases receivable	176	662
Prepaid expenses	9,883	9,922
Total current assets	524,607	369,598
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	105,043	102,013
Investments	216,363	307,067
Interest receivables	192	1,331
Grants receivable	8,190	14,440
Lease receivable	3,127	3,263
Lease leaseback, net	8,390	13,152
Prepaid lease expenses	67	391
Long-term receivable	24	-
Materials and supplies	57,313	52,054
Right to use assets, net of accumulated amortization	11,042	13,461
Capital assets:		
Land and other, not being depreciated	229,692	231,410
Construction in process	435,861	359,953
Capital assets, net of accumulated depreciation	2,388,211	2,495,515
Net capital assets	3,053,764	3,086,878
Total noncurrent assets	3,463,515	3,594,050
Total assets	3,988,122	3,963,648
Deferred outflows of resources		
Deferred outflows related to pensions	13,451	68,074
Unamortized loss on refunded debt	10,194	11,625
Deferred outflows related to OPEB	210,562	155,594
Total deferred outflows of resources	234,207	235,293
Total assets and deferred outflows of resources	$ 4,222,329	$ 4,198,941

See accompanying notes to basic financial statements

Enterprise Fund
Statements of Net Position

June 30, 2021 and 2020
(dollars in thousands)
Continued

Liabilities	2021	2020
Current liabilities (unrestricted):		
Accounts payable	$ 22,643	$ 25,856
Accrued payroll	29,620	26,686
Current portion of noncurrent liabilities	5,957	6,291
Unearned revenue	14,147	16,320
Lease liability	2,350	2,147
Current liabilities (restricted):		
Accounts payable	23,320	32,359
Current portion of long-term debt	25,387	24,257
Unearned revenue	1,000	1,000
Unearned capital project revenue	90,420	68,330
Other accrued liabilities	10,827	11,277
Total current liabilities	225,671	214,523
Noncurrent liabilities:		
Long-term debt	867,982	901,261
Net pension liability	29,001	198,223
Other postemployment benefits liability (OPEB)	944,273	901,420
Other long-term liabilities	15,396	17,051
Lease liability	8,919	11,145
Total noncurrent liabilities	1,865,571	2,029,100
Total liabilities	2,091,242	2,243,623
Deferred inflows of resources		
Deferred inflows related to pensions	93,229	6,950
Deferred inflows related to leases	5,356	5,772
Deferred inflows related to OPEB	143,825	89,700
Total deferred inflows of resources	242,410	102,422
Net position		
Net investment in capital assets	2,332,385	2,459,273
Restricted	54,204	42,124
Unrestricted	(497,912)	(648,501)
Total net position	1,888,677	1,852,896
Total liabilities, deferred inflows of resources and net position	$ 4,222,329	$ 4,198,941

See accompanying notes to basic financial statements

Enterprise Fund
Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2021 and 2020
(dollars in thousands)

	2021	2020 *as restated*
Operating revenues		
Passenger revenue	$ 39,528	$ 93,558
Auxiliary transportation and other revenue	19,771	21,282
Total operating revenues	59,299	114,840
Operating expenses		
Labor	209,425	199,933
Fringe benefits	205,137	225,604
Materials and services	116,974	120,193
Utilities	10,928	10,886
Purchased transportation	14,981	26,497
Depreciation and amortization expense	142,919	137,472
Other operating expense	14,887	17,931
Total operating expenses	715,251	738,516
Operating loss	(655,952)	(623,676)
Non-operating revenues (expenses)		
Payroll and other tax revenue	415,529	398,353
Grant revenue	117,450	110,065
Grant revenue - CARES Act, CRRSAA	203,503	118,200
Net leveraged lease income	732	844
Gain on disposal of capital assets	463	4,599
Pass through revenue	10,701	13,258
Pass through expense	(10,701)	(13,258)
Interest and other expense	(34,129)	(10,817)
Funding exchanges and other payments	(1,900)	(14,189)
Impairment of capital assets	(58,579)	-
Total non-operating revenues, net	643,069	607,055
Loss before contributions	(12,883)	(16,621)
Capital contributions	48,664	35,581
Changes in net position	35,781	18,960
Total net position - beginning	1,852,896	1,831,758
Cumulative effect to implement GASB No. 87	-	2,178
Total net position - beginning restated	1,852,896	1,833,936
Total net position - ending	$ 1,888,677	$ 1,852,896

See accompanying notes to basic financial statements

Enterprise Fund
Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020
(dollars in thousands)

	2021	2020 *as restated*
Cash flows from operating activities		
Receipts from passengers	$ 49,035	$ 98,753
Receipts from other sources	20,291	20,710
Payments to employees	(396,066)	(375,801)
Payments to suppliers	(180,761)	(177,856)
Net cash used in operating activities	(507,501)	(434,194)
Cash flows from noncapital financing activities		
Receipts from payroll taxes	409,755	391,944
Receipts from operating grants	326,927	178,649
Other noncapital financing	(760)	(14,190)
Net cash provided by noncapital financing activities	735,922	556,403
Cash flows from capital and related financing activities		
Receipts from capital grants	77,002	89,600
Receipts from (payments made) property taxes	-	(60)
(Payments) receipts on leases	(865)	2,693
Receipts from sales or lease of capital assets	2,185	6,495
Acquisition and construction of capital assets	(167,688)	(211,995)
Issuance of debt	-	250,048
Principal payments on long-term debt	(24,245)	(88,546)
Interest payments on long-term debt	(35,629)	(42,234)
Net cash provided (used) by capital and related financing activities	(149,240)	6,001
Cash flows from investing activities		
Purchases of investment securities	(1,159,729)	(1,152,145)
Proceeds from sales and maturities of investment securities	1,221,976	1,127,682
Interest received	2,801	4,019
Net cash provided (used) by investing activities	65,048	(20,444)
Net increase in cash and cash equivalents	144,229	107,766
Cash and cash equivalents, beginning of year	283,154	175,388
Cash and cash equivalents, end of year	$ 427,383	$ 283,154
Reconciliation of cash and cash equivalents		
Unrestricted cash and cash equivalents	$ 322,340	$ 181,141
Restricted cash and cash equivalents	105,043	102,013
Total cash and cash equivalents	$ 427,383	$ 283,154

See accompanying notes to basic financial statements

Enterprise Fund
Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020
(dollars in thousands)
Continued

Reconciliation of operating loss to net cash used in operating activities

	2021	2020 *as restated*
Operating loss	$ (655,952)	$ (623,676)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	142,919	137,472
Prior period adjustment for GASB Statement No. 87, *Leases*	-	2,178
(Increase) decrease in taxes and other receivables	12,056	(1,404)
(Increase) Decrease in long-term receivable	(24)	256
(Increase) decrease in prepaid expenses and other assets	571	(11,998)
Decrease in materials, supplies and other	(5,259)	(6,513)
Increase (decrease) in accounts payable	(12,252)	5,307
Increase in accrued payroll	2,934	2,843
Increase (decrease) in unearned revenue	(2,173)	1,867
Increase (decrease) in net pension liability and related deferrals	(28,319)	6,720
Increase in OPEB and related deferrals	42,011	39,271
Increase (decrease) in other liabilities	(4,013)	13,483
Total adjustments	148,451	189,482
Net cash used in operating activities	$ (507,501)	$ (434,194)

Supplemental Disclosures of Non-Cash Operating, Investing and Financing Activities

(dollars in thousands)

	2021	2020
Net leveraged lease income	$ 732	$ 844
Accretion/amortization of investments	(534)	1,748
Fiber optic lease	546	339

See accompanying notes to basic financial statements

Trust Fund
Statement of Pension Plan Fiduciary Net Position

June 30, 2021
(dollars in thousands)

	2021		
	Trust Fund		
	Retirement Plan for Management and Staff Employees	Pension Plan for Bargaining Unit Employees	Total
Assets			
Cash and cash equivalents	$ 414	$ 3,524	$ 3,938
Investments:			
Domestic large/mid cap equity	33,015	213,279	246,294
Domestic small cap equity	3,526	27,586	31,112
International equity	23,886	161,527	185,413
Domestic fixed income	37,925	124,968	162,893
Tactical asset allocation	16,617	79,438	96,055
Real estate	12,448	61,571	74,019
Absolute return	23,886	40,279	64,165
Private credit	3,776	4,180	7,956
Private equity	3,234	17,301	20,535
Total investments	158,313	730,129	888,442
Total assets	158,727	733,653	892,380
Liabilities			
Accounts payable	6	41	47
Total liabilities	6	41	47
Net position			
Held in trust for pension benefits	$ 158,721	$ 733,612	$ 892,333

See accompanying notes to basic financial statements

Trust Fund
Statement of Pension Plan Fiduciary Net Position

June 30, 2020
(dollars in thousands)
Continued

	2020 Trust Fund: Retirement Plan for Management and Staff Employees	2020 Trust Fund: Pension Plan for Bargaining Unit Employees	2020 Trust Fund: Total
Assets			
Cash and cash equivalents	$ 357	$ 315	$ 672
Investments:			
Domestic large/mid cap equity	27,312	164,783	192,095
Domestic small cap equity	2,511	17,106	19,617
International equity	20,241	128,183	148,424
Domestic fixed income	31,989	86,721	118,710
Tactical asset allocation	11,092	47,763	58,855
Real estate	11,757	56,908	68,665
Absolute return	20,305	55,355	75,660
Private credit	3,546	4,217	7,763
Private equity	2,207	12,757	14,964
Total investments	130,960	573,793	704,753
Total assets	131,317	574,108	705,425
Liabilities			
Accounts payable	25	53	78
Total liabilities	25	53	78
Net position			
Held in trust for pension benefits	$ 131,292	$ 574,055	$ 705,347

See accompanying notes to basic financial statements

Trust Fund
Statement of Changes in Pension Plan Fiduciary Net Position
For the Year Ended June 30, 2021
(dollars in thousands)

	2021		
	Trust Fund		
	Retirement Plan for Management and Staff Employees	Pension Plan for Bargaining Unit Employees	Total
Additions			
Employer contributions	$ 6,250	$ 33,929	$ 40,179
Investment income (loss):			
Interest	1	2	3
Dividends	991	3,613	4,604
Other income	399	2,570	2,969
Net increase in fair value of investments	28,572	165,582	194,154
Less investment expense	(161)	(887)	(1,048)
Net investment income	29,802	170,880	200,682
Total additions	36,052	204,809	240,861
Deductions			
Benefits	8,513	44,963	53,476
Administrative expenses	110	289	399
Total deductions	8,623	45,252	53,875
Change in net position	27,429	159,557	186,986
Net position held in trust for pension benefits:			
Beginning of year	131,292	574,055	705,347
End of year	$ 158,721	$ 733,612	$ 892,333

See accompanying notes to basic financial statements

Trust Fund
Statement of Changes in Pension Plan Fiduciary Net Position

For the Year Ended June 30, 2020
(dollars in thousands)
Continued

	2020		
	Trust Fund		
	Retirement Plan for Management and Staff Employees	Pension Plan for Bargaining Unit Employees	Total
Additions			
Employer contributions	$ 2,327	$ 37,755	$ 40,082
Investment income:			
Interest	13	70	83
Dividends	1,153	3,327	4,480
Other income	444	2,987	3,431
Net increase (decrease) in fair value of investments	300	(1,831)	(1,531)
Less investment expense	(183)	(870)	(1,053)
Net investment income	1,727	3,683	5,410
Total additions	4,054	41,438	45,492
Deductions			
Benefits	7,564	41,940	49,504
Administrative expenses	144	363	507
Total deductions	7,708	42,303	50,011
Change in net position	(3,654)	(865)	(4,519)
Net position held in trust for			
Beginning of year	134,946	574,920	709,866
End of year	$ 131,292	$ 574,055	$ 705,347

See accompanying notes to basic financial statements

Notes to Financial Statements
June 30, 2021
(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 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, 2021, the OPEB plan had $424 in net position and no activity other than interest earnings. Therefore, 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

Operating revenues consist primarily of passenger fares. The District also recognizes operating revenue for contracted service revenue and transit advertising revenue. Operating expenses include the costs of operating the District, including depreciation on capital assets. Capital contributions include grant revenue and other contributions related to capital asset acquisitions or construction. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

(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, as well as certain resources set aside for their repayment, a long-term receivable due from Portland Streetcar related to development costs for the electronic fare system (Hop), 2005 lease leaseback transaction and capital contributions restricted for costs of certain capital projects. The long-term receivable due from Portland Streetcar was paid in full in fiscal year 2020.

(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 0.7837 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 rolling stock and other transportation equipment. Materials and supplies inventory are stated at cost determined on a moving average basis.

(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, 2021
(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. Grants receivable are recorded in accordance with the non-exchange guidance and represent Federal Transit Administration relief for the 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).

(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

Capital assets are stated at cost, except for donated capital assets, which are stated at the fair (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.

Interest costs are capitalized to the extent that interest costs exceed interest earned on related temporary investments, from the date of borrowing until assets are ready for their intended use. 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) 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.

(o) 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

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

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.

(p) Leases

Lessee – As a lessee, the District recognizes a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives received). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Lessor – As a lessor, the District recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The District does not derecognize the asset underlying the lease. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payment received at or before the commencement of the lease term that relate to future periods.

(q) 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.

(r) 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.

(s) 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."

(t) 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 2021 budget throughout the year. For fiscal year-end June 30, 2021, the District was in budget compliance at all division levels.

In fiscal year 2020, the District changed to the budgetary basis of accounting for debt service from the GAAP to cash basis. On the Budgetary basis, principal and interest on long-term debt is recognized when due. The amortization of premiums, discounts, deferred loss/gain on refundings are recognized on the GAAP basis. The impact of this change was to increase the beginning of the year fund balance on a budgetary basis by $72,395. This change includes the balances of deferred gains and losses from various debt refundings, bond premiums and interest payable amounts. See *Schedule of Revenues and Expenses Budget (Budget Basis) and Actual* in Supplementary Information.

(dollars in thousands)

(u) Reclassification for Financial Presentation

Reclassifications of certain amounts from the prior year were necessary in order to conform with the current year presentation. Reclassified amounts include restricted investments in U.S. Treasuries and the adjustment to fair value on the investments related to the 2005 lease-leaseback transaction in connection with the implementation of GASB No. 87. Reclassifications had no impact on net position or the changes in net position.

(v) New Accounting Pronouncements Implemented

In fiscal year 2021, the District implemented GASB Statement No. 87, *Leases*. This statement establishes standards of accounting and financial reporting for leases by lessees and lessors and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Net position at June 30, 2019, as previously reported	$ 1,831,758
Add lease receivable under GASB Statement 87 at June 30, 2019 as lessor	4,034
Less deferred inflows of resources under GASB Statement 87 at June 30, 2019 as lessor	(6,187)
Less lease liability under GASB Statement 87 at June 30, 2019 as lessee	(15,557)
Add right to use assets under GASB Statement 87 at June 30, 2019 as lessee	17,159
Add cumulative effects of incremental rent expense as lessee	1,922
Add deferred revenue on prepaid leases as lessor	2,409
Less prepaid assets as lessee	(1,602)
Effect of implementation	2,178
Net position as restated June 30, 2019	$ 1,833,936

(w) 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, 2021:

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. GASB Statement No. 89 will be effective for the District's fiscal year ending June 30, 2022.

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 will be effective for the District's fiscal year ending June 30, 2022.

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

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 will be effective for the District's fiscal year ending June 30, 2022.

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.

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). GASB 96 will be effective for the District's fiscal year ending June 30, 2023.

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 will be effective for the District's fiscal year ending June 30, 2022.

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.

2. Cash and Investments

Cash and Investments at June 30, 2021 and 2020, consisted of the following:

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

	2021			2020 *as restated*		
	Fair value	% of portfolio	Weighted average maturity (years)	Fair value	% of portfolio	Weighted average maturity (years)
Cash and cash equivalents:						
Cash on hand	$ 297	0.0 %	-	$ 289	0.0 %	-
Demand deposits with financial institutions	304,499	45.2 %	-	72,103	12.1 %	-
Oregon local government investment pool (LGIP)	51,148	7.6 %	-	74,807	12.6 %	-
U.S. Agencies - Federal Home Loan Bank	-	0.0 %	-	24,998	4.2 %	0.08
U.S. Treasuries	71,439	10.6 %	0.06	110,958	18.7 %	0.08
Total cash and equivalents	$ 427,383			$ 283,155		
Investments:						
U.S. Agencies - Federal Home Loan Bank	4,885	0.7 %	0.04	14,841	2.5 %	0.38
U.S. Treasuries	85,076	12.6 %	0.16	295,881	49.8 %	0.43
Commercial Paper	156,648	23.2 %	1.61	-	0.0 %	-
	$ 246,609			$ 310,722		
Total Cash, Cash Equivalents, and Investments	$ 673,992			$ 593,877		

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

	2021	2020
Cash and cash equivalents		
Unrestricted	$ 322,340	$ 181,141
Restricted	105,043	102,013
Total restricted cash and cash equivalents	$ 427,383	$ 283,154
Investments		
Unrestricted	$ 30,246	$ 3,656
Restricted	216,363	307,067
Total restricted investments	$ 246,609	$ 310,723
Total Cash, cash equivalents, and investments	$ 673,992	$ 593,877

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, 2021 and 2020. 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, 2021
(dollars in thousands)
continued

Investment Type	Balance at June 30, 2021	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurement Using: Significant Other Observable Inputs (Level 2)	Fair Value Measurement Using: Significant Unobservable Inputs (Level 3)	Not Measured At Fair Value: Amortized Cost Measurement
U.S. Treasuries	$ 156,515	$ 156,515	$ -	$ -	$ -
U.S. Agencies (FHLB)	4,885	-	4,885	-	-
Commercial Paper	156,648	-	156,648	-	-
LGIP	51,148	-	-	-	51,148
Demand deposits	304,499	-	-	-	304,499
Cash on hand	297	-	-	-	297
Total	$ 673,992	$ 156,515	$ 161,533	$ -	$ 355,944

Investment Type	Balance at June 30, 2020 *as restated*	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurement Using: Significant Other Observable Inputs (Level 2)	Fair Value Measurement Using: Significant Unobservable Inputs (Level 3)	Not Measured At Fair Value: Amortized Cost Measurement
U.S. Treasuries	$ 406,839	$ 406,839	$ -	$ -	$ -
U.S. Agencies (FHLB)	39,839	-	39,839	-	-
LGIP	74,807	-	-	-	74,807
Demand deposits	72,103	-	-	-	72,103
Cash on hand	289	-	-	-	289
Total	$ 593,877	$ 406,839	$ 39,839	$ -	$ 147,199

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 LGIP includes investments in external investment pools and does not meet the requirements for "leveling" discosures as established in GASB Statement No. 72. Therefore, fair value of the LGIP is determined by the pool's underlying portfolio.

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, 2021.

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

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 Corporation or equivalent rating by any nationally recognized statistical rating organization. All investments identified in the ORS are included as permitted investments in the District's investment policy.

As of June 30, 2021 and 2020, TriMet's investments were rated as follows:

Investment Type	Moody's	S&P	Fair Value at June 30, 2021	June 30, 2020 *as restated*
U.S. Treasury	Aaa	AA+	$ 85,076	$ 295,881
US Agency	Aaa	AA+	4,885	14,841
Commercial Paper	Aaa	AA+	156,648	-
			$ 246,609	$ 310,722

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 (2.5 percent maximum with any issuer, 10 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, 2021, the District had 23.2 percent invested in U.S. government securities, 0.7 percent in agency securities, 23.2 percent in commercial paper, 45.2 percent in demand deposits and 7.6 percent in local government investment pool. At June 30, 2021, the District was out of compliance with the investment policy for commercial paper by per issuer constraints. The policy limit per issuer for commercial paper is 2.5 percent, and at June 30, 2021, the District had more than 2.5 percent invested in one issuer of commercial paper. Management notified the Board of Directors of the instance of noncompliance. Management anticipates redeeming the investment when market conditions are favorable for a gain on the transaction.

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, 2021, the carrying amount of the District's deposits (excluding amounts held in trust for debt service) was $283,574 and the bank balance was $285,799. Of this bank balance, $1,000 was covered by the federal depository insurance's general deposit rules and $284,799 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, 2021
(dollars in thousands)
continued

3. Receivables

At June 30, 2021 and 2020, the District had the following receivables under various federal and state grant agreements:

2021	Unrestricted	Restricted	Total
Federal pass through	$ -	$ 4	$ 4
Other federal	31,205	7,047	38,252
State and local grants	6,934	1,139	8,073
	$ 38,139	$ 8,190	$ 46,329

2020	Unrestricted	Restricted	Total
Federal pass through	$ -	$ 3,283	$ 3,283
Other federal	855	8,517	9,372
State and local grants	2,303	2,640	4,943
	$ 3,158	$ 14,440	$ 17,598

In addition to the Federal grants noted above, at June 30, 2021 and 2020, TriMet recorded $13,647 and $54,602, respectively, in Coronavirus Aid, Relief Emergency Secure (CARES) Act and Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) receivables. 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, 2021 and 2020, including the applicable allowances for uncollectible accounts, are as follows:

2021	Receivable	Allowance for uncollectible accounts	Net receivable
Unrestricted:			
Payroll tax	$ 101,048	$ 3,050	$ 97,998
Self-employment tax	10,577	770	9,807
Trade accounts	1,090	400	690
Other	1,681	-	1,681
Total unrestricted	114,396	4,220	110,176
Restricted:			
Other	192	-	192
Total restricted	192	-	192
Total taxes and other receivables	$ 114,588	$ 4,220	$ 110,368

2020	Receivable	Allowance for uncollectible accounts	Net receivable
Unrestricted:			
Payroll tax	$ 91,824	$ 3,640	$ 88,184
Self-employment tax	15,063	750	14,313
Trade accounts	2,854	400	2,454
Other	11,506	-	11,506
Total unrestricted	121,247	4,790	116,457
Restricted:			
Other	1,331	-	1,331
Total restricted	1,331	-	1,331
Total taxes and other receivables	$ 122,578	$ 4,790	$ 117,788

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

4. Capital Assets

Capital assets at June 30, 2021 and 2020 consisted of the following:

2021	Lives (in years)	Beginning balance	Additions	Deletions	Transfers	Ending balance
Capital assets, not being depreciated						
Land and other		$ 231,410	$ 1,428	$ (3,146)	$ -	$ 229,692
Construction in process		359,953	167,688	(58,579)	(33,201)	435,861
Total capital assets, not being depreciated		591,363	169,116	(61,725)	(33,201)	665,553
Capital assets, being depreciated						
Rail right-of-way and stations	5-70	2,433,717	-	-	2,608	2,436,325
Buildings	40	806,882	-	-	6,950	813,832
Transportation equipment	5-30	793,837	-	(12,181)	14,216	795,872
Furniture and other equipment	3-20	322,540	-	(86)	9,427	331,881
Total capital assets, being depreciated		4,356,976	-	(12,267)	33,201	4,377,910
Less accumulated depreciation for						
Rail right-of-way and stations		(1,043,218)	(63,021)	-	-	(1,106,239)
Buildings		(266,321)	(19,382)	-	-	(285,703)
Transportation equipment		(370,474)	(43,043)	12,176	-	(401,341)
Furniture and other equipment		(181,448)	(15,055)	87	-	(196,416)
Total accumulated depreciation		(1,861,461)	(140,501)	12,263	-	(1,989,699)
Total capital assets, being depreciated, net		2,495,515	(140,501)	(4)	33,201	2,388,211
Total capital assets, net		$ 3,086,878	$ 28,615	$ (61,729)	$ -	$ 3,053,764

2020	Lives (in years)	Beginning balance	Additions	Deletions	Transfers	Ending balance
Capital assets, not being depreciated						
Land and other		$ 235,089	$ -	$ (1,786)	$ (1,893)	$ 231,410
Construction in process		222,190	211,894	-	(74,131)	359,953
Total capital assets, not being depreciated		457,279	211,894	(1,786)	(76,024)	591,363
Capital assets, being depreciated						
Rail right-of-way and stations	5-70	2,419,114	-	-	14,603	2,433,717
Buildings	40	805,886	-	-	996	806,882
Transportation equipment	5-30	764,276	-	(24,714)	54,275	793,837
Furniture and other equipment	3-20	317,965	-	(1,575)	6,150	322,540
Total capital assets, being depreciated		4,307,241	-	(26,289)	76,024	4,356,976
Less accumulated depreciation for						
Rail right-of-way and stations		(980,099)	(63,119)	-	-	(1,043,218)
Buildings		(247,186)	(19,135)	-	-	(266,321)
Transportation equipment		(353,741)	(41,447)	24,714	-	(370,474)
Furniture and other equipment		(169,244)	(13,771)	1,567	-	(181,448)
Total accumulated depreciation		(1,750,270)	(137,472)	26,281	-	(1,861,461)
Total capital assets, being depreciated, net		2,556,971	(137,472)	(8)	76,024	2,495,515
Total capital assets, net		$ 3,014,250	$ 74,422	$ (1,794)	$ -	$ 3,086,878

Included in the line item for Depreciation and amortization expense on the Statement of Revenues, Expenses and Changes in Net Position is $2,418 for amortization related to leases under GASB Statement No. 87.

In fiscal year 2021, the District wrote-off $58,579 of construction in progress related to the Southwest Corridor light rail project (SWC) to Impairment of capital assets. This amount represents design costs incurred since fiscal year 2018 when the District issued Capital Grant Receipt Revenue bonds to fund the Southwest Corridor light rail project. In November 2020, a ballot measure went to the voters to approve additional funding for this capital project. The voters did not approve the ballot measure and therefore design costs for SWC were written-off to impairment of capital assets. The line item for Impairment of capital assets of $58,579 in fiscal year 2021 is presented on the Statement of Revenues, Expenses and Changes in Net Position as a non-operating expense.

5. Leases

The District has several leasing arrangements, 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 $5,209 and $6,942 as of June 30, 2021 and 2020, respectively. Right to use assets, net of amortization, for these leases is $4,922 as of June 30, 2021 and $6,759 as of June 30, 2020. Interest expense recognized on these leases was $162 and $210 for the fiscal years ended June 30, 2021 and 2020, respectively. Principal payments of $1,790 and $1,832 were recognized in the years ended June 30, 2021 and June 30, 2020, respectively. Final payment on these leases is expected in fiscal year 2040.

The District has accrued liabilities for five parking leases. Many of these leases help support parking at the District's park and ride locations. The remaining liability for these leases is $1,452 and $1,613 as of June 30, 2021 and 2020 respectively. Right to use assets, net of amortization, for these leases is $1,419 as of June 30, 2021 and $1,596 as of June 30, 2020. Interest expense recognized on these leases was $40 and $66 for fiscal years ended June 30, 2021 and June 30, 2020 respectively. Principal payments of $161 and $160 were recognized in the years ended June 30, 2021 and June 30, 2020, respectively. Final payment on these leases is expected in fiscal year 2109.

The District has accrued liabilities for six radio tower (telecommunications) leases. The remaining liability for these leases is $1,661 and $1,768 as of June 30, 2021 and 2020 respectively. Right to use assets, net of amortization, for these leases is $1,598 as of June 30, 2021 and $1,746 as of June 30, 2020. Interest expense recognized on these leases was $46 and $51 in the years end June 30, 2021 and June 30, 2020, respectively. Principal payments of $107 and $126 were recognized in the years ended June 30, 2021 and June 30, 2020, respectively. Final payment on these lease 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 $2,823 and $2,974 as of June 30, 2021 and 2020 respectively. The right to use asset, net of amortization, for this lease is $2,757 as of June 30, 2021 and $2,939 as of June 30, 2020. Interest expense recognized on this lease was $77 and $151 for the years ended June 30, 2021 and June 30, 2020 respectively. Principal payments of $151 and $147 were recognized in the years ended June 30, 2021 and June 30, 2020, respectively. Final payment is expected in fiscal year 2036.

The District has recognized two prepaid leases for land associated developments. As these are prepaid leases, there is no lease liability recognized. The right to use assets, net of amortization were $346 as of June 30, 2021 and $421 as of June 30, 2021 and 2020 respectively. No interest expense or principal payments were recognized in connection with these leases. 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, 2021 and June 30, 2020:

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

Right to use assets For fiscal year-end June 30, 2021	Beginning balance	Additions	Deletions	Ending balance
Lessee leases:				
Office space	$ 8,769	$ -	$ -	$ 8,769
Parking	1,773	-	-	1,773
Radio towers	1,894	-	-	1,894
Bridge	3,121	-	-	3,121
Land	552	-	-	552
Total right to use assets	$ 16,109	$ -	$ -	$ 16,109

Accumulated amortization For fiscal year-end June 30, 2021	Beginning balance	Additions	Deletions	Ending balance
Lessee leases:				
Office space	$ (2,010)	$ (1,837)	$ -	$ (3,847)
Parking	(177)	(177)	-	(354)
Radio towers	(148)	(148)	-	(296)
Bridge	(182)	(182)	-	(364)
Land	(131)	(75)	-	(206)
Total accumulated amortization	$ (2,648)	$ (2,419)	$ -	$ (5,067)
Total right to use assets, net	$ 13,461	$ (2,419)	$ -	$ 11,042

Right to use assets For fiscal year-end June 30, 2020	Beginning balance	Additions	Deletions	Ending balance
Lessee leases:				
Office space	$ 8,769	$ -	$ -	$ 8,769
Parking	1,773	-	-	1,773
Radio towers	1,894	-	-	1,894
Bridge	3,121	-	-	3,121
Land	2,020	-	(1,468)	552
Total right to use assets	$ 17,577	$ -	$ (1,468)	$ 16,109

Accumulated amortization For fiscal year-end June 30, 2020	Beginning balance	Additions	Deletions	Ending balance
Lessee leases:				
Office space	$ -	$ (2,010)	$ -	$ (2,010)
Parking	-	(177)	-	(177)
Radio towers	-	(148)	-	(148)
Bridge	-	(182)	-	(182)
Land	(418)	-	287	(131)
Total accumulated amortization	$ (418)	$ (2,517)	$ 287	$ (2,648)
Total right to use assets, net	$ 17,159	$ (2,517)	$ (1,181)	$ 13,461

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

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

Fiscal Year ending June 30:	Principal	Interest	Total
2022	$ 2,226	$ 278	$ 2,504
2023	2,111	219	2,330
2024	529	181	710
2025	469	167	636
2026	317	156	473
2027 - 2031	1,715	645	2,360
2032 - 2036	1,823	402	2,225
2037 - 2041	548	220	768
2042 - 2046	21	183	204
2047 - 2051	(80)	191	111
2052 - 2056	(73)	202	129
2057 - 2061	(61)	211	150
2062 - 2066	(45)	218	173
2067 - 2071	(22)	223	201
2072 - 2076	8	225	233
2077 - 2081	48	222	270
2082 - 2086	100	213	313
2087 - 2091	167	196	363
2092 - 2096	252	169	421
2097 - 2101	359	129	488
2102 - 2106	492	74	566
2107 - 2111	365	9	374
Totals	$ 11,269	$ 4,733	$ 16,002

Lessor Activities

The District has accrued a receivable for an office space lease. The remaining receivable for this lease is $555 and $585 as of June 30, 2021 and 2020 respectively. Deferred inflows related to this lease were $525 as of June 30, 2021 and $570 as of June 30, 2020. Interest revenue recognized on this lease was $15 and $16 for the years ended June 30, 2021 and June 30, 2020 respectively. Principal receipts of $31 and $30 were recognized in the years ended June 30, 2021 and June 30, 2020, respectively. Final receipt is expected in fiscal year 2033.

The District has accrued a receivable for five land based leases. The remaining receivable for these leases was $709 and $730 at June 30, 2021 and 2020 respectively. Deferred inflows related to these leases were $2,794 as of June 30, 2021 and $2,848 as of June 30, 2020. Interest revenue recognized on these leases was $23 and $33 for the year ended June 30, 2021 and June 30, 2020 respectively. Principal receipts of $21 and $19 were recognized in the years ended June 30, 2021 and June 30, 2020, 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 $175 and $227 as of June 30, 2021 and 2020 respectively. Deferred inflows related to these leases were $166 as of June 30, 2021 and $221 as of June 30, 2020. Interest revenue recognized on these leases was $5 and $7 for the years ended June 30, 2021 and June 30, 2020, respectively. Principal receipts of $52 and $50 were recognized in the years ended June 30, 2021 and June 30, 2020, respectively. Final receipt is expected in fiscal year 2024.

The District has accrued a receivable for two conduit space leases. The remaining receivable for these leases was $1,824 and $2,330 as of June 30, 2021 and 2020 respectively. Deferred inflows related to these leases were $1,870 as of June 30, 2021 and $2,131 as of June 30, 2020. Interest revenue recognized on these leases was $147 and $134 for the years ended June 30, 2021 and June 30, 2020, respectively. Principal receipts of $506 and $63 were recognized in the years ended June 30, 2021 and 2020, respectively. Final receipt is expected in fiscal year 2045.

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

Below is a schedule of the changes in the lease receivable for the fiscal years ended June 30, 2020 and June 30, 2021:

Lease receivable For fiscal year-end June 30, 2021	Beginning balance	Additions	Deletions	Ending balance	Due within One Year
Lessor leases:					
Office space	$ 585	$ -	$ (30)	$ 555	$ 33
Land	730	-	(21)	709	22
Radio towers	227	-	(52)	175	55
Conduit space	2,330	-	(506)	1,824	26
Total lease receivable	$ 3,872	$ -	$ (609)	3,263	$ 136
Less current portion				(136)	
Long-term lease receivable, net				$ 3,127	

Lease receivable For fiscal year-end June 30, 2020	Beginning balance	Additions	Deletions	Ending balance	Due within One Year
Lessor leases:					
Office space	$ 615	$ -	$ (30)	$ 585	$ 30
Land	749	-	(19)	730	21
Radio towers	277	-	(50)	227	52
Conduit space	2,393	-	(63)	2,330	506
Total lease receivable	$ 4,034	$ -	$ (162)	3,872	$ 609
Less current portion				(609)	
Long-term lease receivable, net				$ 3,263	

Interest receivable of $40 and $53 is included in the current portion of leases receivable on the Statement of Net position for fiscal years ending June 30, 2021 and 2020 respectively.

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

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

Fiscal Year ending June 30:	Principal	Interest	Total
2022	$ 136	$ 90	$ 226
2023	146	87	233
2024	156	83	239
2025	101	79	180
2026	109	76	185
2027 - 2031	635	333	968
2032 - 2036	551	247	798
2037 - 2041	516	183	699
2042 - 2046	541	103	644
2047 - 2051	10	65	75
2052 - 2056	12	63	75
2057 - 2061	14	61	75
2062 - 2066	16	58	74
2067 - 2071	19	55	74
2072 - 2076	23	51	74
2077 - 2081	27	47	74
2082 - 2086	32	42	74
2087 - 2091	39	36	75
2092 - 2096	46	29	75
2097 - 2101	55	20	75
2102 - 2106	65	9	74
2107 - 2111	14	1	15
	$ 3,263	$ 1,818	$ 5,081

6. Short-term Debt

Bank Line of Credit

In May 2019 TriMet entered into a $60,000 revolving credit agreement (RCA) with a financial institution. The RCA is a three year facility that allows TriMet to draw for working capital and/or advances in capital projects. Each draw will be evidenced by either a tax-exempt or taxable note depending on its purpose. Repayment of each note will be secured by a subordinate pledge of payroll tax revenues, similar to the senior lien payroll tax revenue bonds. In accordance with the fee letter that accompanied the RCA, TriMet will pay a quarterly commitment fee to the bank ranging from 0.125% - 0.25% of the amount available to be drawn on the RCA, depending on the balance in a deposit account with the bank. Amounts drawn under the RCA will bear interest at LIBOR plus a spread of 0.30% if taxable and 80% of LIBOR plus a spread of 0.30% if tax-exempt. As of June 30, 2021 and 2020, there were no draws on the RCA.

Short-term debt activity for the year ended June 30, 2021 and 2020 was as follows:

June 30, 2021	Beginning Balance	Draws	Repayments	Ending Balance
Bank Line of Credit	$ -	$ -	$ -	$ -

June 30, 2020	Beginning Balance	Draws	Repayments	Ending Balance
Bank Line of Credit	$ -	$ -	$ -	$ -

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

7. Long-Term Debt

Long-Term Debt at June 30, 2021 and 2020 consists of the following:

2021	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	8,575	-	(2,725)	5,850	2,850
2015 Senior Lien Revenue and Refunding Bonds, Series A and B	69,435	-	(5,115)	64,320	5,355
2016 Senior Lien Revenue Refunding Bonds, Series A	73,720	-	(380)	73,340	390
2017 Senior Lien Payroll Tax Bonds, Series A	92,760	-	(2,450)	90,310	2,560
2018 Senior Lien Payroll Tax Bonds, Series A	146,830	-	(1,620)	145,210	1,695
2019 Senior Lien Revenue and Refunding Bonds, Series A and B	237,815		(710)	237,105	725
Subtotal Payroll Tax Bonds	641,665	-	(13,000)	628,665	13,575
Capital Grant Receipt Revenue Bonds:					
2011 Capital Grant Receipt Revenue Bonds	22,240	-	(10,850)	11,390	11,390
2017 Capital Grant Receipt Revenue Refunding Bonds, Series A	76,015	-	-	76,015	-
2018 Capital Grant Receipt Revenue Bonds, Series A	113,900	-	(395)	113,505	410
Subtotal Capital Grant Receipt Revenue Bonds	212,155	-	(11,245)	200,910	11,800
Capital Leases:					
Other	27	-	(12)	15	13
Total	853,847	-	(24,257)	829,590	25,388
Add (deduct):					
Unamortized bond premium	71,671		(7,891)	63,780	
Current portion of long-term debt	(24,257)			(25,388)	
Long-term debt, net	$ 901,261			$ 867,982	

2020	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Payroll Tax Bonds:					
2009 Revenue Bonds, Series A and B	$ 14,250	$ -	$ (1,720)	$ 12,530	$ -
2012 Senior Lien Payroll Tax Bonds, Series A	11,180	-	(2,605)	8,575	2,725
2015 Senior Lien Revenue and Refunding Bonds, Series A and B	114,120	-	(44,685)	69,435	5,115
2016 Senior Lien Revenue Refunding Bonds, Series A	74,085	-	(365)	73,720	380
2017 Senior Lien Payroll Tax Bonds, Series A	95,125	-	(2,365)	92,760	2,450
2018 Senior Lien Payroll Tax Bonds, Series A	148,245		(1,415)	146,830	1,620
2019 Senior Lien Revenue and Refunding Bonds, Series A and B		237,815		237,815	710
Subtotal Payroll Tax Bonds	457,005	237,815	(53,155)	641,665	13,000
Payroll Tax and Capital Grant Receipt Revenue Bonds:					
2013 Payroll Tax and Grant Receipt Revenue Bonds	25,000	-	(25,000)	-	
Capital Grant Receipt Revenue Bonds:					
2011 Capital Grant Receipt Revenue Bonds	32,620	-	(10,380)	22,240	10,850
2017 Capital Grant Receipt Revenue Refunding Bonds, Series A	76,015	-	-	76,015	-
2018 Capital Grant Receipt Revenue Bonds, Series A	113,900	-	-	113,900	395
Subtotal Capital Grant Receipt Revenue Bonds	222,535	-	(10,380)	212,155	11,245
Capital Leases:					
Other	38	-	(11)	27	12
Total	704,578	237,815	(88,546)	853,847	24,257
Add (deduct):					
Unamortized bond premium	73,428	12,233	(13,990)	71,671	
Current portion of long-term debt	(47,206)			(24,257)	
	$ 730,800			$ 901,261	

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

Total interest cost on all outstanding debt was $28,707 and $28,792 in fiscal years 2021 and 2020, 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, 2021		
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	$ 20,479	$ 718	
2012 Senior Lien Payroll Tax Bonds, Series A	6,146	3,072	
2015 Revenue Bonds, Series A and B	85,986	8,126	
2016 Revenue Bonds, Series A	99,329	3,105	
2017 Revenue Bonds, Series A	141,318	6,732	
2018 Revenue Bonds, Series A	273,715	8,630	
2019 Revenue Bonds, Series A and B	384,717	8,169	
	$ 1,011,690	$ 38,552	$ 415,529
Capital Grant Receipt Revenue Bonds - pledged: Section 5307, STP, and CMAQ grant receipts			
2011 Capital Grant Receipt Revenue Bonds	$ 11,671	$ 11,680	
2017 Capital Grant Receipt Revenue Refunding Bonds, Series A	91,758	3,801	
2018 Capital Grant Receipt Revenue Bonds, Series A	164,405	5,630	
	$ 267,834	$ 21,111	$ 72,330

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, 2021 and 2020.

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, 2021, there were $25,500, in defeased bonds with scheduled maturities annually on September 1, 2021 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, 2021 there were, $20,415, in defeased bonds with scheduled maturities annually on September 1, 2021 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, 2021, 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.

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

On October 9, 2019, 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, 2021, there were $41,340, in defeased bonds with scheduled maturities annually on September 1, 2028 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.

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.

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 4th 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.

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.

Payroll Tax and Grant Receipt Revenue Bonds

Payroll Tax and Grant Receipt Revenue Bonds, Series 2013

On March 7, 2013, TriMet issued $325,000 in Payroll Tax and Grant Receipt Revenue Bonds, Series 2013 to provide interim financing for PMLR. Bond proceeds are being used to provide project cash flow in advance of federal grants.

The Payroll Tax and Grant Receipt Revenue Bonds, Series 2013 bonds are payable from and secured by Section 5309 federal grant funds related to PMLR, with interest payable from a pledge of the employer and self employment taxes levied by the District, and debt service account. The Payroll Tax and Grant Receipt Revenue Bonds mature serially each November 1 through 2019. Interest is payable semiannually on May 1 and November 1, and fixed interest rates range from 3.0 percent to 5.0 percent on outstanding maturities. The Payroll Tax and Grant Receipt Revenue Bonds, Series 2013 are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date 18 months before each serial maturity, prior to maturity at a price of par (100%) plus accrued interest thereon to the date of redemption.

The final $25,000 of principal on the 2013 bonds were paid during the fiscal year ended June 30, 2020.

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, 2021, there were $81,240, in defeased bonds with scheduled maturities annually on October 1, 2022 through 2027.

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.

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

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, 2021, are as follows:

	Payroll Tax Bonds			Capital Grant Receipt Bonds			Total All Bonds		
Fiscal Year ending June 30:	*Principal*	*Interest*	*Total*	*Principal*	*Interest*	*Total*	*Principal*	*Interest*	*Total*
2022	$ 13,575	$ 24,979	$ 38,554	$ 11,800	$ 9,296	$ 21,096	$ 25,375	$ 34,275	$ 59,650
2023	14,225	24,333	38,558	12,835	8,684	21,519	27,060	33,017	60,077
2024	14,855	23,700	38,555	13,465	8,027	21,492	28,320	31,727	60,047
2025	15,530	23,027	38,557	14,105	7,337	21,442	29,635	30,364	59,999
2026	16,300	22,256	38,556	14,795	6,615	21,410	31,095	28,871	59,966
2027-2031	93,030	99,753	192,783	71,515	21,970	93,485	164,545	121,723	286,268
2032-2036	114,560	78,211	192,771	62,395	4,995	67,390	176,955	83,206	260,161
2037-2041	139,515	53,242	192,757	-	-	-	139,515	53,242	192,757
2042-2046	112,615	27,454	140,069	-	-	-	112,615	27,454	140,069
2047-2051	94,460	6,070	100,530	-	-	-	94,460	6,070	100,530
Totals	$ 628,665	$ 383,025	$ 1,011,690	$ 200,910	$ 66,924	$ 267,834	$ 829,575	$ 449,949	$ 1,279,524

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, 2021, the per claims limit was $769 and the per occurrence limit was $1,538. Effective July 1, 2021 those limits raise to $783 per claim and $1,565 per occurrence.

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 per occurrence for industrial accident claims related to heavy rail or PMLR operations and $5,000 per occurrence for all other industrial accident claims. 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.

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

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, 2021 and 2020:

	2021		2020	
	Industrial accident claims	Public liability	Industrial accident claims	Public liability
Liability at beginning of year	$ 5,186	$ 4,977	$ 5,286	$ 7,316
Current year claims	2,825	345	2,316	428
Changes in estimates for claims of prior periods	628	299	201	2,019
Payments of claims	(3,111)	(1,218)	(2,617)	(4,786)
Liability at end of year	$ 5,528	$ 4,403	$ 5,186	$ 4,977

Based on historical experience, the District has classified $3,365 and $4,000 of the industrial accident and public liability claims liabilities as current liabilities, at June 30, 2021 and 2020, respectively.

9. Other Long-term Liabilities

Other long-term liabilities include public liability and industrial accident claims liabilities, unearned lease revenue, rent payable, and long-term employee sick leave as follows:

2021	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Uninsured claims liability:					
Industrial accident claims	$ 5,186	$ 3,453	$ (3,111)	$ 5,528	$ 1,119
Employee dental insurance	252	76	-	328	328
Employee health insurance	2,045	225	-	2,270	2,270
Public liability	4,977	644	(1,218)	4,403	2,246
Total claims liability	12,460	4,398	(4,329)	12,529	5,963
Long-term employee sick leave	7,690	1,140		8,830	-
Rent payable	1,069	-	(1,069)	-	-
Unearned lease revenue	2,129	-	(2,129)	-	-
Total other liabilities	23,348	5,538	(7,527)	21,359	5,963
Deduct current portion	(6,297)			(5,963)	
Other long-term liabilities	$ 17,051			$ 15,396	

2020	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Uninsured claims liability:					
Industrial accident claims	$ 5,280	$ 2,523	$ (2,617)	$ 5,186	$ 1,693
Employee dental insurance	465	-	(213)	252	252
Employee Health Insurance	2,044	1	-	2,045	2,045
Public liability	7,316	2,447	(4,786)	4,977	2,307
Total claims liability	15,105	4,971	(7,616)	12,460	6,297
Long-term employee sick leave	6,478	1,212	-	7,690	-
Rent payable	1,508	-	(439)	1,069	-
Unearned lease revenue	2,153	-	(24)	2,129	-
Total other liabilities	25,244	6,183	(8,079)	23,348	6,297
Deduct current portion	(8,785)			(6,297)	
Other long-term liabilities	$ 16,459			$ 17,051	

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

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 net benefit is recorded as deferred inflows of resources and is recognized over the basic term of the lease. Leased assets are included within Capital Assets and depreciation of the leased assets is recorded over the term of the lease. 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 $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 net benefit is recorded as deferred inflow of resources and is recognized over the remaining term of the lease.

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, 2021. As of June 30, 2021, TriMet is not aware of any default, event of default or event of loss under any of the operative documents. The total outstanding 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:				
2022	$ -	$ -	$ -	$ -
2023	-	110	-	110
2024	-		-	-
2025	-	-	-	-
2026	-	-	-	-
2027-2031	-	135	-	135
2032-2036	71,562	68,561	9,586	149,709
	$ 71,562	$ 68,806	$ 9,586	$ 149,954

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

Legislative and regulatory activities

Pursuant to the terms of the tax indemnity agreements of TriMet's 1997 and 1998 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, 2021, no indemnity claims have been made against TriMet. With respect to TriMet's 1997 and 1998 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.

Financial Statement Summary

In connection with the implementation of GASB No. 87, *Leases*, in fiscal year 2021, 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:

	2021	2020
Assets:		
Restricted Cash and Investments - Lease Collateral	$ 58,159	$ 62,727
Prepaid lease expense	30,390	28,501
Total assets	$ 88,549	$ 91,228
Liabilities:		
Long-term lease liability	$ 67,185	$ 64,189
Total liabilities	$ 67,185	$ 64,189
Deferred Inflows of Resources:		
Unamortized gain on leases	$ 12,974	$ 13,887
Total liabilities and deferred inflows of resources	$ 80,159	$ 78,076
Net long-term restricted lease-leaseback	$ 8,390	$ 13,152
Net leveraged lease revenue	$ 732	$ 844

11. Commitments and Contingencies

TriMet has authorized commitments unexpended as of June 30, 2021 of $1,019,752 that represent contracts awarded with future performance obligations. The most significant commitments include contracts for new articulated buses and other Division Bus Rapid Transit Project construction, standard bus fleet replacements and expansions, Type VI light rail vehicle purchases, Type II and IV light rail vehicle mid-life overhauls, Powell Bus Garage renovation, 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 affect on the District's financial position, results of operations or cash flows.

12. Enterprise Fund 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

Plan investments are reported at fair value. 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. Level 1 inputs are quoted prices in active markets for identical assets. Investments of securities held in the Union DC Plan are valued using quoted market prices (Level 1 inputs).

As of June 30, 2021 and 2020, there were 1,673 and 1,643 active employees, respectively, covered by the Union DC Plan. District contributions to the Union DC Plan were $7,487 and $6,813 for the years ended June 30, 2021 and 2020, respectively. Employee contributions to the Union DC Plan were $5,534 and $5,110 for the years ended June 30, 2021 and 2020, 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 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 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.

Method used to value investments

Plan investments are reported at fair value. 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. Level 1 inputs are quoted prices in active markets for identical assets. Investments of securities held in the Union DC Plan are valued using quoted market prices (Level 1 inputs).

As of June 30, 2021 and 2020 there were 482 and 487 active employees, respectively, covered by the Management DC Plan. District contributions to the Management DC Plan were $4,155 and $3,771 for the years ended June 30, 2021 and 2020, respectively. Employee contributions to the Management DC Plan were $1,856 and $1,645 for the years ended June 30, 2021 and 2020, 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.

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, 2021 and 2020, the District's vacation pay liability was $14,990 and $14,344, respectively, all of which was classified as a current liability in accrued payroll.

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 polices for non-union employees. While TriMet has placed $431 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:

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

	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.

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, 2021, the following employees (union and non-union) were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,945
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	3,197
Total	5,142

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

Net OPEB Liability

The District's net OPEB liability of $944,273 was measured as of January 1, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.25%
Salary Increases:	2.75%
Discount Rate:	2.12% (2.74% at January 1, 2020)

The discount rate was based on Bond Buyer 20-Bond GO Index, December 26, 2020.

Healthcare cost trend rates:

Union Plans			Non Union Plans	
Pre-Medicare	**Medicare**	**Medicare Part B**	**Pre-Medicare**	**Medicare**
8.25% in 2021, trending down to 3.78% in 2040 thereafter.	*6.4% in 2021 trending down to 3.78% in 2040 and thereafter.*	*4.82% in 2020 increasing to 6.28% in 2030, then trending down to 3.78% in 2040 and thereafter.*	*6.4% in 2021 trending down to 3.78% in 2040 and thereafter.*	*6.4% in 2021 trending down to 3.78% in 2040 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

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

Mortality rates were based on the tables as detailed below:

Employee Class	Mortality Tables
Union Healthy	RP-2014 Annuitant and Non-Annuitant Mortality Tables with Blue Collar Adjustment, set forward 1 year for males and 2 years for females
Union Disabled	RP-2014 Disabled Mortality tables
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.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of a 2013 actuarial experience study with subsequent update letters dated, May 14, 2015; June 2, 2016; and May 31, 2017.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at January 1, 2020	$ 901,844	$ 424	$ 901,420
Changes for the year:			
Service cost	34,524	-	34,524
Interest	24,849	-	24,849
Differences between expected and actual experience	(83,329)	-	(83,329)
Changes in assumptions or other inputs	91,128	-	91,128
Contributions	-	(24,312)	(24,312)
Benefit payments	(24,312)	(24,312)	-
Net Investment Income	-	7	(7)
Net Changes	42,860	(48,617)	42,853
Balance at January 1, 2021	$ 944,704	$ (48,193)	$ 944,273

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at January 1, 2019	$ 725,436	$ 411	$ 725,025
Changes for the year:			
Service cost	27,059	-	27,059
Interest	29,811	-	29,811
Differences between expected and actual experience	(22,272)	-	(22,272)
Changes in assumptions or other inputs	165,525	-	165,525
Contributions	-	23,715	(23,715)
Benefit payments	(23,715)	(23,715)	-
Net Investment Income	-	13	(13)
Net Changes	176,408	13	176,395
Balance at January 1, 2020	$ 901,844	$ 424	$ 901,420

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 4.10 percent as of January 1, 2019, to 2.74 percent as of January 1, 2020, and to 2.12 percent as of January 1, 2021. In addition, changes of assumptions were made to update healthcare costs and trends, and a change was made to the spousal coverage assumption during the measurement period ending 01/01/2018.

(dollars in thousands)

Benefit payments in the measurement period included amounts for the purchase of allocated insurance contracts of $15,581 during the measurement period ending January 1, 2021 and $15,007 during the period ended January 1, 2020. 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:

Fiscal Year 2021	1% Decrease	Discount Rate	1% Increase
	1.12%	2.12%	3.12%
Net OPEB Liability	$1,099,264	$944,273	$819,020

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 2021	1% Decrease	Healthcare Trend	1% Increase
Net OPEB Liability	$823,602	$944,273	$1,096,384

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

For the years ended June 30, 2021 and 2020 the District recognized OPEB expense of $67,216 and $63,600, respectively. At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	
	2021	2020
Differences between actual and expected experience	$ 655	$ 874
Changes of assumptions or other inputs	196,853	142,560
Contributions subsequent to the measurement date	13,054	12,160
Total	$ 210,562	$ 155,594
	Deferred Inflows of Resources	
	2021	2020
Differences between actual and expected experience	$ (105,906)	$ (42,307)
Changes of assumptions or other inputs	(37,902)	(47,377)
Net difference between projected and actual earnings on OPEB plan investments	(17)	(16)
Total	$ (143,825)	$ (89,700)

$13,054 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred will be recognized in expense as follows:

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

Fiscal year ending June 30:	Amortization	
2022	$	7,843
2023		7,843
2024		7,845
2025		7,459
2026		21,579
Thereafter	$	1,114

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 ($2,571) and $4,622 in pension expense for the Management DB Plan in the years ended June 30, 2021 and 2020, 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, 2021 and 2020:

	2021	2020
Active employees	64	71
Retirees and beneficiaries:		
Receiving benefits	346	335
Deferred Retirement benefits		
Terminated employees	64	59
Transfers to union plan	-	14
Disabled employees	-	1
Total Participants	474	480

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

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, 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, 2021:

		Fair Value Measurement Using		
	Balance at June 30, 2021	**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	$ 37,925	$ 37,925	$ -	$ -
U.S. large-mid cap equities	33,015	33,015	-	-
U.S. small cap equities	3,526	3,526	-	-
International equity	23,886	23,886	-	-
	$ 98,352	$ 98,352	-	-
Measured at Net Asset Value				
Tactical asset allocation	$ 16,617			
Absolute return	23,886			
Private real estate	12,448			
Private equity	3,234			
Private credit	3,776			
	$ 59,961			
Total Fair Value of Assets	$ 158,313			

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

The Plan has the following fair value measurements by fair value level at June 30, 2020:

		Fair Value Measurement Using		
	Balance at June 30, 2020	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	$ 31,989	$ 31,989	$ -	$ -
U.S. large-mid cap equities	27,312	27,312	-	-
U.S. small cap equities	2,511	2,511	-	-
International equity	20,241	20,241	-	-
	$ 82,053	$ 82,053	$ -	$ -
Measured at Net Asset Value				
Tactical asset allocation	$ 11,092			
Absolute return	20,305			
Private real estate	11,756			
Private equity	2,207			
Private credit	3,547			
	$ 48,907			
Total Fair Value of Assets	$ 130,960			

Investments measured at Net Asset Value ("NAV")

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 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.

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

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 investment class as of June 30, 2021 and 2020 are as follows:

Measured at Net Asset Value	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
As of June 30, 2021:				
Private real estate	$ 12,448	$ -	Quarterly	45 days
Private equity	$ 3,234	$ 287	N/A	N/A
Private credit	$ 3,776	$ 1,801	N/A	N/A
As of June 30, 2020:				
Private real estate	$ 11,756	$ -	Quarterly	45 days
Private equity	$ 2,207	$ 286	N/A	N/A
Private credit	$ 3,546	$ 1,801	N/A	N/A

Rate of Return

For the years ended June 30, 2021 and 2020, respectively, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 23.0 percent and 1.4 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, 2021 and 2020.

Management DB Plan	Allocation Policy	
	2021	2020
Aggressive growth	1.0%	1.0%
Traditional growth	37.0%	37.0%
Stablized 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%

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

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

As of June 30, 2021 and 2020, the plan had investments of more than 5% of the total Plan fiduciary net position, as follows:

	2021	2020
Ryan Labs Core Bond Fund	14.5%	15.1%
Graham Tactical Trend	10.5%	8.5%
State Street RAFI US 1000 Fund	20.0%	19.6%
Vanguard Russell 1000 Index Fund	10.3%	10.5%
Vanguard Total International Stock Fund	7.5%	7.7%
RREEF America REIT II	6.6%	7.8%
Capital Guardian International Fund	7.6%	7.6%
AQR Enhanced Style Premia Fund, L.P.	10.0%	4.2%
Millennium	5.1%	7.5%

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 As of June 30		2021		2020
Total pension liability	$	145,948	$	146,953
Plan fiduciary net position	$	158,721	$	131,292
Net pension liability (asset)		(12,773)		15,661
Plan fiduciary net position as a percent of total pension liability		108.8%		89.3%
Annual covered payroll	$	7,965	$	8,105
Net Pension Liability (Asset) as a percentage of covered payroll		-160.4%		193.2%

Actuarial methods and assumptions

Significant actuarial assumptions used in the valuation include a rate of return on the investment of present and future assets of 6.0 percent, discount rate on plan liabilities of 6.0 percent, an annual post-retirement benefit increase of 2.03 percent, and annual salary increases of 2.75 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, 2021.

The 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.

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

Estimated real rates of return by asset class were as follows at June 30, 2021:

Long-Term Expected Real Rate of Return

Risk Based Class/Components	Expected Return
U.S. Equity	4.7%
International Equity	5.0%
Fixed Income	-0.3%
Diversifying Strategies	2.1%
Private Equity	7.0%
Private Credit	4.7%
Private Real Estate	3.4%

The discount rate used to measure the total pension liability was 6.0 percent. 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, 2021
(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, 2021 and 2020:

Management DB Plan

	2021	2020
Total pension liability		
Service cost	$ 633	$ 650
Interest cost	8,604	8,939
Benefit payments	(8,513)	(7,563)
Changes of benefit terms	(32)	-
Experience (gain) loss	(1,697)	928
Changes of assumptions	-	(959)
Net change in total pension liability	(1,005)	1,995
Total pension liability, beginning	146,953	144,958
Total pension liability, ending	145,948	146,953
Plan fiduciary net position		
Contributions	6,250	2,327
Net Investment Income	29,802	1,727
Benefit payments	(8,513)	(7,563)
Administrative Expense	(110)	(145)
Net change in plan fiduciary net position	27,429	(3,654)
Plan fiduciary net position, beginning	131,292	134,946
Plan fiduciary net position, ending	158,721	131,292
Net pension liability (asset), ending	$ (12,773)	$ 15,661
Plan fiduciary net position as a percent of total pension liability (asset)	109%	89%
Covered payroll	$ 7,965	$ 8,105
Net pension liability as a percent of covered payroll	-160%	193%

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
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 (asset)	
1% decrease (5.0%)	$	4,522
Current discount rate (6.0%)	$	(12,773)
1% increase (7.0%)	$	(27,277)

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, 2021 and 2020:

Deferred outflows:		2021		2020
Differences between projected and actual earnings on pension investments	$	-	$	7,732
Differences between expected and actual experience in the measurement of total pension liability		-		84
Total deferred outflows	$	-	$	7,816
Deferred inflows:				
Differences between projected and actual earnings on pension investments	$	(11,884)		-
Changes in assumptions		-		(87)
Total deferred inflows	$	-	$	(87)

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

For the Year Ended	Deferred Amounts	
2022	$	(2,234)
2023		(2,175)
2024		(3,077)
2025		(4,398)
	$	(11,884)

(dollars in thousands)

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 $14,432 and $42,181 in pension expense for the Bargaining Unit DB Plan in the years ended June 30, 2021 and 2020, 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, 2021 and 2020:

	2021	2020
Active employees	954	1,052
Retirees and beneficiaries:		
Receiving benefits	2,124	2,059
Deferred Retirement benefits:		
Terminated employees	132	138
Transfers to management plan	49	47
Total Participants	3,259	3,296

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.

(dollars in thousands)

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, 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, 2021:

		Fair Value Measurement Using		
Measured at Fair Value Level	**Balance at June 30, 2021**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Fixed income	$ 124,968	$ 124,968	$ -	$ -
U.S. large-mid cap equities	213,279	213,279	-	-
U.S. small cap equities	27,586	27,586	-	-
International equity	161,526	161,526	-	-
	$ 527,359	$ 527,359	$ -	$ -
Measured at Net Asset Value				
Tactical asset allocation	$ 79,438			
Absolute return	40,279			
Private real estate	61,572			
Private equity	17,301			
Private credit	4,180			
	$ 202,770			
Total Fair Value of Assets	$ 730,129			

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

The Plan has the following fair value measurements by fair value level at June 30, 2020:

		Fair Value Measurement Using		
Measured at Fair Value Level	**Balance at June 30, 2020**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Fixed income	$ 86,721	$ 86,721	$ -	$ -
U.S. large-mid cap equities	164,783	164,783	-	-
U.S. small cap equities	17,106	17,106	-	-
International equity	128,183	128,183	-	-
	$ 396,793	$ 396,793	$ -	$ -
Measured at Net Asset Value				
Tactical asset allocation	$ 47,763			
Absolute return	55,355			
Private real estate	56,908			
Private equity	12,756			
Private credit	4,218			
	$ 177,000			
Total Fair Value of Assets	$ 573,793			

Investments measured at Net Asset Value ("NAV")

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 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.

Notes to Financial Statements
June 30, 2021
(dollars in thousands)
continued

Outstanding commitments and redemption limitations for each investment class as of June 30, 2021 and 2020 are as follows:

Measured at Net Asset Value	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
As of June 30, 2021:				
Private real estate	$ 61,572	$ -	Quarterly	45 days
Private equity	$ 17,301	$ 1,728	N/A	N/A
Private credit	$ 4,180	$ 1,907	N/A	N/A
As of June 30, 2020:				
Private real estate	$ 56,908	$ -	Quarterly	45 days
Private equity	$ 12,756	$ 1,724	N/A	N/A
Private credit	$ 4,217	$ 1,907	N/A	N/A

Rate of Return

For the years ended June 30, 2021 and 2020, respectively, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 30.1 percent and 0.7 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, 2021 and 2020:

Bargaining Unit DB Plan	Allocation Policy 2021	Allocation Policy 2020
Aggressive growth	2.0%	2.0%
Traditional growth	52.0%	52.0%
Stablized 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%

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

(dollars in thousands)

As of June 30, 2021 and 2020, the plan had the following investments of more than 5% of the total Plan fiduciary net position:

	2021	2020
State Street RAFI US 1000 Index Fund	21.9%	21.3%
Vanguard Russell 1000 Index Fund	14.5%	14.7%
Vanguard Total International Stock Index Fund	11.0%	11.2%
Capital Guardian International All Countries Equity Class Db	11.0%	11.2%
AFL/CIO Housing Trust	7.6%	7.9%
Graham	6.1%	5.1%
RREEF America REIT II	6.0%	7.4%
Millennium	2.9%	5.8%

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 As of June 30	2021	2020
Total pension liability	$ 775,386	$ 756,617
Plan fiduciary net position	733,612	574,055
Net pension liability	$ 41,774	$ 182,562
Plan fiduciary net position as a percent of total pension liability	94.6%	75.9%
Annual covered payroll	$ 83,542	$ 90,089
Net Pension Liability as a percentage of covered payroll	50.0%	202.6%

Actuarial methods and assumptions

Significant actuarial assumptions used in the 2021 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 6.5 percent, MP-2020 mortality tables, price inflation of 2.25 percent and annual salary increases of 2.75 percent. The benefit cost of living increase is 2.37 percent annually for participants who retired prior to August 1, 2012 and 2.13 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, 2021.

Significant actuarial assumptions used in the 2020 valuation include a long term rate of return on the investment of present and future assets of 6.75 percent, RP-2014 mortality tables, inflation of 2.5 percent and annual salary increases of 2.75 percent. The benefit cost of living increase is 3.00 percent annually for participants who retired prior to August 1, 2012 and 2.70 percent annually for participants who retire after August 1, 2012. Mortality rates were based on the RP-2014 Combined Healthy Mortality Table with Blue Collar Adjustment for males and females, set forward 1 year for males and 2 years for females.

(dollars in thousands)

The long-term expected rate of return on pension plan investments of 6.5 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. Estimated real rates of return by asset class were as follows at June 30, 2021:

Long-Term Expected Real Rate of Return

Risk Based Class/Components	Expected Return
Private Equity	7.0%
U.S. Equity	4.7%
International Equity	5.0%
Private Real Estate	3.4%
Private Credit	4.7%
Diversifying Strategies	2.2%
Fixed Income	-0.3%

The discount rate used to measure the total pension liability was 6.5 percent. 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, 2021
(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, 2021 and 2020:

Bargaining Unit DB Plan

	2021	2020
Total pension liability		
Service cost	$ 8,150	$ 8,675
Interest cost	48,272	47,372
Effect of economic/demographic gains	3,365	(5,375)
Benefit payments	(44,963)	(41,940)
Changes in assumptions	3,945	34,129
Net change in total pension liability	18,769	42,861
Total pension liability, beginning	756,617	713,756
Total pension liability, ending	775,386	756,617
Plan fiduciary net position		
Contributions	33,929	37,755
Net investment income	170,880	3,683
Benefit payments	(44,963)	(41,940)
Administrative expense	(289)	(363)
Net change in plan fiduciary net position	159,557	(865)
Plan fiduciary net position, beginning	574,055	574,920
Plan fiduciary net position, ending	733,612	574,055
Net pension liability, ending	$ 41,774	$ 182,562
Plan fiduciary net position as a percent of total pension liability	95%	76%
Covered payroll	$ 83,542	$ 90,089
Net pension liability as a percent of covered payroll	50%	203%

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 (5.5%)	$ 129,465
Current discount rate (6.5%)	$ 41,774
1% increase (7.5%)	$ (32,261)

(dollars in thousands)

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, 2021 and 2020:

	2021		2020	
Deferred outflows				
Differences between projected and actual earnings on pension investments			$	33,939
Changes in assumptions		11,332		21,489
Differences between expected and actual experience in the measurement of total pension liability		2,119		4,831
Total deferred outflows	$	13,451	$	60,259
Deferred inflows				
Differences between projected and actual earnings on pension investments	$	(79,797)	$	-
Differences between expected and actual experience in the measurement of total pension liability		(1,547)		(6,862)
Total deferred inflows	$	(81,344)	$	(6,862)

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 Amounts	
2022	$	(7,238)
2023		(14,078)
2024		(19,791)
2025		(26,786)
	$	(67,893)

16. Subsequent Events – Potential Financing

In October 2021, the District intends to issue senior lien payroll tax revenues bonds (2021A Bonds) to finance up to $200,000 of capital projects, including costs associated with the Red Line Extension, bus and vehicle replacements, the Powell Garage and the Columbia Bus Base. In addition, market conditions permitting, TriMet intends to advance refund of certain outstanding Senior Lien Payroll Tax Revenue Bond obligations using taxable fixed rate bonds (2021B Bonds). The Bonds are expected to price as early as the week of October 4, 2021. The size, timing, and structure of the anticipated transaction remain subject to market conditions and TriMet reserves the right to change or modify its plans as it deems appropriate.

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

(dollars in thousands)

Management DB Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability									
Service cost	$ 633	$ 650	$ 685	$ 919	$ 1,162	$ 1,224	$ 505	$ 793	$ 906
Interest cost	8,604	8,939	8,784	8,621	8,309	8,327	7,931	8,454	7,903
Benefit payments	(8,513)	(7,563)	(7,197)	(6,211)	(5,286)	(4,502)	(4,458)	(3,892)	(3,519)
Changes of benefit terms	(32)	-	-	-	-	-	-	-	1,711
Change in assumptions	-	(959)	-	-	-	474	(2,178)	(531)	1,015
Experience (gain) loss	(1,697)	928	397	(29)	1,441	(1,293)	3,592	(3,002)	152
Net change in total pension liability	(1,005)	1,995	2,669	3,300	5,626	4,230	5,392	1,822	8,168
Total pension liability, beginning	146,953	144,958	142,289	138,988	133,362	129,132	123,740	121,918	113,750
Total pension liability, ending	145,948	146,953	144,958	142,288	138,988	133,362	129,132	123,740	121,918
Plan fiduciary net position									
Contributions	6,250	2,327	6,240	6,497	6,330	7,036	6,559	5,602	9,776
Net Investment Income	29,802	1,727	3,787	8,108	7,990	1,460	2,004	14,074	10,100
Benefit payments	(8,513)	(7,563)	(7,197)	(6,211)	(5,286)	(4,502)	(4,458)	(3,892)	(3,519)
Administrative Expense	(110)	(145)	(137)	(97)	(76)	(97)	(123)	-	-
Net change in plan fiduciary net position	27,429	(3,654)	2,693	8,297	8,958	3,897	3,982	15,784	16,357
Plan fiduciary net position, beginning	131,292	134,946	132,253	123,956	114,998	111,101	107,119	91,335	74,978
Plan fiduciary net position, ending	158,721	131,292	134,946	132,253	123,956	114,998	111,101	107,119	91,335
Net pension liability, ending	$ (12,773)	$ 15,661	$ 10,012	$ 10,035	$ 15,032	$ 18,364	$ 18,031	$ 16,621	$ 30,583
Plan fiduciary net position as a percent of total pension liability	109%	89%	93%	93%	89%	86%	86%	87%	75%
Covered payroll	$ 7,965	$ 8,105	$ 8,280	$ 9,446	$ 10,593	$ 12,722	$ 12,751	$ 13,142	$ 14,200
Net pension liability as a percent of covered payroll	-160%	193%	121%	106%	142%	144%	141%	126%	215%

Schedule of Changes in Net Pension Liability and Related Ratios

(dollars in thousands)

Bargaining Unit DB Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability									
Service cost	$ 8,150	$ 8,675	$ 9,643	$ 9,875	$ 10,851	$ 10,703	$ 11,756	$ 11,406	$ 11,122
Interest cost	48,272	47,372	46,537	43,494	43,889	43,372	43,025	42,870	41,827
Effect of plan changes	-	-	-	3,286	-	-	-	-	-
Changes of assumptions	3,945	34,129	-	-	-	18,776	(16,558)	29,476	15,354
Effect of economic/demographic (gains) losses	3,365	(5,375)	(2,453)	21,274	(19,615)	(8,967)	(541)	(11,294)	(8,583)
Benefit payments	(44,963)	(41,940)	(38,905)	(36,394)	(34,163)	(32,680)	(30,677)	(28,846)	(27,373)
Net change in total pension liability	18,769	42,861	14,822	41,535	962	31,204	7,005	43,612	32,347
Total pension liability, beginning	756,617	713,756	698,934	657,399	656,437	625,233	618,228	574,616	542,269
Total pension liability, ending	775,386	756,617	713,756	698,934	657,399	656,437	625,233	618,228	574,616
Plan fiduciary net position									
Contributions	33,929	37,755	34,718	35,228	35,862	38,027	36,200	47,261	70,380
Net investment income	170,880	3,683	18,329	41,479	46,645	1,948	12,276	64,461	42,349
Benefit payments	(44,963)	(41,940)	(38,905)	(36,394)	(34,163)	(32,680)	(30,677)	(28,846)	(27,373)
Administrative expense	(289)	(363)	(104)	(357)	(246)	(281)	(363)	(486)	(223)
Net change in plan fiduciary net position	159,557	(865)	14,038	39,955	48,098	7,014	17,436	82,390	85,133
Plan fiduciary net position, beginning	574,055	574,920	560,882	520,927	472,829	465,815	448,379	365,989	280,856
Plan fiduciary net position, ending	733,612	574,055	574,920	560,882	520,927	472,829	465,815	448,379	365,989
Net pension liability, ending	$ 41,774	$ 182,562	$ 138,836	$ 138,052	$ 136,472	$ 183,608	$ 159,418	$ 169,849	$ 208,627
Plan fiduciary net position as a percent of total pension liability	95%	76%	81%	80%	79%	72%	75%	73%	64%
Covered payroll	$ 83,542	$ 90,089	$ 97,406	$ 109,924	$ 106,596	$ 117,666	$ 116,556	$ 124,696	$ 125,143
Net pension liability as a percent of covered payroll	50%	203%	143%	126%	128%	156%	137%	136%	167%

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, 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%
June 30, 2013	6,491	9,776	3,285	14,200	69%

Bargaining Unit DB Plan

Actuarial valuation date	Actuarially determined contribution	Contributions	Contribution excess	Covered payroll	Contributions as a percentage of covered payroll
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%
June 30, 2013	34,638	36,766	2,128	125,143	29%

Schedules of Investment Returns

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Management DB Plan	22.95%	1.41%	2.97%	6.62%	6.92%	1.30%	1.87%	15.62%	13.10%
Bargaining Unit DB Plan	30.07%	0.71%	3.40%	8.04%	9.85%	0.42%	2.73%	17.28%	14.06%

Schedule of Changes in the District's Net OPEB Liability

Schedule of Changes in the District's Total OPEB Liability

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 34,524	$ 27,059	$ 33,512	$ 34,417
Interest cost	24,849	29,811	27,236	28,333
Change in assumptions	91,128	165,525	(66,328)	1,192
Experience (gain) loss	(83,329)	(22,272)	(32,503)	1,529
Benefit Payments	(24,312)	(23,715)	(23,022)	(22,647)
Net change in total OPEB liability	42,860	176,408	(61,105)	42,824
Total OPEB liability, beginning	901,844	725,436	786,541	743,717
Total OPEB liability, ending	$ 944,704	$ 901,844	$ 725,436	$ 786,541
Plan fiduciary net position				
Contributions	$ 24,312	$ 23,715	$ 23,022	$ 22,647
Investment Income	7	13	8	2
Benefit payments	(24,312)	(23,715)	(23,022)	(22,647)
Net change in plan fiduciary net position	7	13	8	2
Plan fiduciary net position, beginning	424	411	403	401
Plan fiduciary net position, ending	$ 431	$ 424	$ 411	$ 403
Net OPEB liability, ending	$ 944,273	$ 901,420	$ 725,025	$ 786,138
Plan fiduciary net position as a percent of the total pension liability	0.05%	0.05%	0.06%	0.05%
Covered-employee payroll	$ 234,230	$ 236,032	$ 219,240	$ 198,560
Net OPEB liability as a percent of covered payroll	403.14%	381.91%	330.70%	395.92%

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78 percent as of 01/01/2017 to 3.44 percent as of 01/01/2018, 4.10% as of 01/01/2019, 2.74% as of 01/01/2020, and 2.12% as of 01/01/2021. In addition, changes of assumptions were made during the 2017 and 2018 measurement periods to update healthcare costs and trends.

Supplementary Information

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

For The Year Ended June 30, 2021
(dollars in thousands)

Budget basis	
Revenues	$ 855,448
Expenses	802,257
Revenues over expenses	53,191
Add budget activity not qualifying as revenues/ expenses under GAAP:	
Par value of debt retired	24,245
Capital asset additions	167,688
Add (subtract) adjustments required by GAAP:	
Unfunded pension costs	28,319
Depreciation expense	(140,500)
Impairment of capital asset, Southwest Corridor	(58,579)
Net leveraged lease revenue	732
Leveraged lease payment	865
Change in interest payable	314
Claims liability changes	502
Unfunded OPEB Costs	(42,011)
Differences due to bond premiums	7,891
Differences due to deferred losses on refunding	(1,431)
Subtract budget resources not qualifying as revenues under GAAP:	
Net Book Value of Assets Retired	(1,722)
Prior period adjustment, GASB No. 87, Leases	(3,723)
GAAP basis income presented in statement of revenues, expenses and changes in net position	$ 35,781

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

June 30, 2021 (dollars in thousands)

Budget basis ending fund balance	$ 726,497
Reconciliation to GAAP basis:	
Net capital assets	3,053,764
GASB Statement No. 87, Leases, lease adjustment	(2,279)
Bonds payable and related amounts	(893,988)
Other postemployment benefits and deferred amounts	(877,536)
Net pension liability and deferred amounts	(108,779)
Claims liability	(8,983)
Lease leaseback and deferred amounts	(19)
GAAP basis net position	$ 1,888,677

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

For The Year Ended June 30, 2021
(dollars in thousands)

GENERAL FUND

	Original budget	Final budget	Actual	Variance from final budget over (under)
Revenues				
Operating revenue	$ 74,248	$ 74,248	$ 48,977	$ (25,271)
Tax revenue	362,017	362,017	415,529	53,512
Operating grant and other revenue	254,496	254,496	323,045	68,549
Capital program resources	101,379	101,379	48,664	(52,715)
Debt proceeds	260,000	260,000	-	(260,000)
Gain on disposal of capital assets	-	-	2,185	2,185
Interest income (expense)	2,613	2,613	(5,583)	(8,196)
Other non-operating resources	15,957	15,957	19,064	3,107
GASB Statement No. 87, leasing adjustment	-	-	3,567	3,567
Total revenues	1,070,710	1,070,710	855,448	(215,262)
Expenses				
Office of the general manager	954	954	883	(71)
Public affairs	26,983	26,983	16,120	(10,863)
Safety and security	41,578	41,578	28,489	(13,089)
Information technology	29,052	30,527	24,311	(6,216)
Finance and administration	48,237	48,237	25,588	(22,649)
Labor relations and human resources	6,187	6,187	5,019	(1,168)
Legal services	7,074	7,074	5,980	(1,094)
Chief operating officer	17,685	17,685	11,304	(6,381)
Transportation	262,207	262,207	231,506	(30,701)
Maintenance	316,270	316,270	242,831	(73,439)
Engineering and construction	178,607	178,607	84,328	(94,279)
OPEB and UAAL pension	53,158	53,658	52,693	(965)
Regional Funding Exchanges	7,706	9,606	1,900	(7,706)
Debt service	122,596	122,596	60,604	(61,992)
Pass-through requirements	10,969	10,969	10,701	(268)
Contingency	39,584	35,709	-	(35,709)
Total expenses	1,168,847	1,168,847	802,257	(366,590)
Revenues over (under) expenses	(98,137)	(98,137)	53,191	151,328
Beginning fund balance	569,399	569,399	673,306	103,907
Ending fund balance	$ 471,262	$ 471,262	$ 726,497	$ 255,235

Schedule of Bonds Payable Obligation

June 30, 2021
(dollars in thousands)

	Payroll Tax Revenue (PRT) Bonds									
Fiscal	**2009 Bonds**		**2012 Bonds**		**2015 Bonds**		**2016 Bonds**		**2017 Bonds**	
Year	*Principal*	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*
2022	$ -	$ 718	$ 2,850	$ 221	$ 5,355	$ 2,779	$ 390	$ 2,719	$ 2,560	$ 4,169
2023	-	718	3,000	75	5,600	2,517	395	2,713	2,695	4,037
2024	-	718	-	-	5,900	2,262	3,550	2,639	2,815	3,914
2025	-	718	-	-	6,125	1,993	3,700	2,476	2,945	3,784
2026	-	718	-	-	6,430	1,682	3,890	2,286	3,095	3,633
2027	-	718	-	-	6,760	1,352	4,085	2,148	3,255	3,474
2028	-	718	-	-	7,100	1,005	4,170	2,003	3,425	3,307
2029	-	718	-	-	-	828	4,385	1,789	3,600	3,131
2030	-	718	-	-	-	828	4,610	1,564	3,785	2,947
2031	2,870	636	-	-	-	828	4,850	1,352	3,975	2,753
2032	3,040	466	-	-	1,620	803	5,045	1,154	4,180	2,549
2033	3,215	287	-	-	-	777	5,255	948	4,395	2,334
2034	3,405	98	-	-	-	777	5,470	767	4,620	2,109
2035	-	-	-	-	-	777	5,630	615	4,860	1,872
2036	-	-	-	-	2,800	721	5,790	451	5,060	1,668
2037	-	-	-	-	2,965	606	5,970	274	5,230	1,498
2038	-	-	-	-	3,140	484	6,155	92	5,415	1,315
2039	-	-	-	-	3,320	355	-	-	5,650	1,079
2040	-	-	-	-	3,505	218	-	-	5,940	789
2041	-	-	-	-	3,700	74	-	-	6,245	484
2042	-	-	-	-	-	-	-	-	6,565	164
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-
Totals	**$ 12,530**	**$ 7,949**	**$ 5,850**	**$ 296**	**$ 64,320**	**$ 21,666**	**$ 73,340**	**$ 25,989**	**$ 90,310**	**$ 51,008**

2018 Bonds		2019 Bonds		Total PRT Bonds	
Principal	*Interest*	Principal	Interest	*Principal*	*Interest*
$ 1,695	$ 6,927	$ 725	$ 7,446	$ 13,575	$ 24,979
1,795	6,840	740	7,432	14,225	24,333
1,835	6,749	755	7,418	14,855	23,700
1,990	6,654	770	7,403	15,530	23,027
2,100	6,551	785	7,387	16,300	22,256
2,145	6,445	800	7,370	17,045	21,507
2,325	6,334	820	7,352	17,840	20,719
2,445	6,214	8,200	7,247	18,630	19,927
2,580	6,089	8,385	7,050	19,360	19,195
2,550	5,960	5,910	6,876	20,155	18,405
2,680	5,830	4,440	6,746	21,005	17,547
5,595	5,623	3,480	6,643	21,940	16,613
5,845	5,337	3,580	6,549	22,920	15,637
2,335	5,132	11,070	6,266	23,895	14,662
2,460	5,012	8,690	5,900	24,800	13,752
2,585	4,886	8,905	5,636	25,655	12,900
2,710	4,754	9,210	5,281	26,630	11,926
9,215	4,496	9,605	4,829	27,790	10,759
9,645	4,065	9,985	4,403	29,075	9,475
10,140	3,571	10,280	4,053	30,365	8,182
1,530	3,279	12,770	3,708	20,865	7,150
8,510	3,028	13,160	3,319	21,670	6,346
8,945	2,591	13,560	2,918	22,505	5,509
9,385	2,152	13,970	2,505	23,355	4,657
9,825	1,711	14,395	2,079	24,220	3,791
10,290	1,249	14,835	1,641	25,125	2,890
10,775	766	15,290	1,189	26,065	1,955
11,280	259	15,755	723	27,035	982
-	-	16,235	244	16,235	244
$ 145,210	**$ 128,505**	**$ 237,105**	**$ 147,612**	**$ 628,665**	**$ 383,025**

Schedule of Bonds Payable Obligation (continued)

June 30, 2021

(dollars in thousands)

Capital Grant Receipt (CGR) Revenue Bonds									
2011 Bonds		2017 Bonds		2018 Bonds		Total CGR Bonds		Totals	
Principal	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*
$ 11,390	$ 281	-	$ 3,801	$ 410	$ 5,214	$ 11,800	$ 9,296	$ 25,375	$ 34,274
-	-	11,175	3,521	1,660	5,163	12,835	8,684	27,060	33,017
-	-	11,735	2,949	1,730	5,078	13,465	8,027	28,320	31,726
-	-	12,320	2,347	1,785	4,990	14,105	7,337	29,635	30,364
-	-	12,940	1,716	1,855	4,899	14,795	6,615	31,095	28,871
-	-	13,585	1,053	1,930	4,804	15,515	5,857	32,560	27,364
-	-	14,260	357	2,010	4,706	16,270	5,062	34,110	25,781
-	-	-	-	12,620	4,340	12,620	4,340	31,250	24,267
-	-	-	-	13,235	3,694	13,235	3,694	32,595	22,889
-	-	-	-	13,875	3,016	13,875	3,016	34,030	21,421
-	-	-	-	14,550	2,305	14,550	2,305	35,555	19,853
-	-	-	-	15,245	1,561	15,245	1,561	37,185	18,173
-	-	-	-	15,990	860	15,990	860	38,910	16,497
-	-	-	-	16,610	271	16,610	271	40,505	14,933
-	-	-	-	-	-	-	-	24,800	13,752
-	-	-	-	-	-	-	-	25,655	12,900
-	-	-	-	-	-	-	-	26,630	11,926
-	-	-	-	-	-	-	-	27,790	10,759
-	-	-	-	-	-	-	-	29,075	9,475
-	-	-	-	-	-	-	-	30,365	8,182
-	-	-	-	-	-	-	-	20,865	7,150
-	-	-	-	-	-	-	-	21,670	6,346
-	-	-	-	-	-	-	-	22,505	5,509
-	-	-	-	-	-	-	-	23,355	4,657
-	-	-	-	-	-	-	-	24,220	3,791
-	-	-	-	-	-	-	-	25,125	2,890
-	-	-	-	-	-	-	-	26,065	1,955
-	-	-	-	-	-	-	-	27,035	982
-	-	-	-	-	-	-	-	16,235	244
$ 11,390	**$ 281**	**$ 76,015**	**$ 15,743**	**$ 113,505**	**$ 50,901**	**$ 200,910**	**$ 66,924**	**$ 829,575**	**$ 449,949**

Audit Comments and Disclosures Required by State Regulations

MOSSADAMS

Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Municipal Auditing Standards*

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

We have audited the basic financial statements of Tri-County Metropolitan Transportation District of Oregon (District), as of and for the year ended June 30, 2021, and have issued our report thereon dated September 17, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption, and execution of the annual budgets for fiscal years 2022 and 2021.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

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) to determine the audit procedures that are appropriate in the circumstances 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 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 may exist that have not been identified.

This report is intended solely for the information of the Board of Directors, management, and the State of Oregon, and is not intended to be and should not be used by anyone other than those specified parties.

Julie Desimone

Julie Desimone, Partner, for
Moss Adams LLP
Portland, Oregon
September 17, 2021

Federal Grant Programs

Report of Independent Auditors 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

We have audited, in accordance with the 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 Fund, Retirement Plan for Management Staff Employees, Pension Plan for Bargaining Unit Employees, and Total Trust Fund of Tri-County Metropolitan Transportation District of Oregon (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 may exist that have not been identified.

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.

Moss Adams LLP

Portland, Oregon
September 17, 2021

MOSSADAMS

Report of Independent Auditors on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

We have audited the financial statements of the Enterprise Fund, Retirement Plan for Management Staff Employees, Pension Plan for Bargaining Unit Employees, and Total Trust Fund of Tri-County Metropolitan Transportation District of Oregon's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District as of and for the year ended June 30, 2021, and have issued our report thereon dated September 17, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Portland, Oregon
September 17, 2021

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021
(dollars in thousands)

Federal grantor/program title	Assistance Listing	Pass Through/ Grant number	Total expenditures	Passed through to subrecipients
U.S. Department of Transportation				
Federal Transit Cluster:				
U.S. Department of Transportation - Direct Programs				
Federal Transit - Capital Investment Grants	20.500	OR-2016-007	$ 4,276	$ -
Research and Development Program	20.500	OR-2021-001	26	
Federal Transit - Capital Investment Grants	20.500	OR-2020-001	24,736	-
			29,038	-
Federal Transit - Formula Grants	20.507	OR-2016-013	68	-
Federal Transit - Formula Grants	20.507	OR-2019-013	88	-
Federal Transit - Formula Grants	20.507	OR-2019-017	85	100
Federal Transit - Formula Grants	20.507	OR-2020-010	966	-
COVID-19 Federal Transit - Formula Grants - CARES	20.507	OR-2020-022	66,725	-
COVID-19 Federal Transit - Formula Grants - CRRSAA	20.507	OR-2021-014	136,778	-
Federal Transit - Formula Grants	20.507	OR-2021-017	40,527	-
Federal Transit - Formula Grants	20.507	Pending	21,390	-
Federal Transit - Formula Grants	20.507	Pending	5,900	-
Federal Transit - Formula Grants	20.507	Pending	3,306	-
			275,833	100
State of Good Repair Grants Program	20.525	OR-2021-018	25,291	-
Bus and Bus Facilities Formula Program	20.526	OR-2017-018	39	-
Bus and Bus Facilities Formula Program	20.526	OR-2020-016	2	-
Bus and Bus Facilities Formula Program	20.526	OR-2020-037	3,433	-
			3,474	-
Passed through from METRO				
Federal Transit - Formula Grants	20.507	METRO # 936389	17	-
Federal Transit - Formula Grants	20.507	METRO # 936341	342	-
			359	-
Total Federal Transit Cluster			333,995	100
Transit Services Program Cluster:				
U.S. Department of Transportation - Direct Programs				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OR-2020-060	1,325	1,036
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OR-2020-008	366	3
Passed through from Oregon Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	ODOT 33601	758	-
Total Transit Services Program Cluster			2,449	1,039
U.S. Department of Transportation - Direct Programs				
Public Transportation Innovation	20.530	OR-2020-043	289	-
Public Transportation Innovation	20.530	OR-2021-009	2	-
Public Transportation Innovation	20.530	OR-2021-004	5	-
Total Public Transportation Innovation			296	-
Passed through from Oregon Department of Transportation:				
Highway Research and Development Program	20.200	ODOT 33825	226	-
Total Research and Development Program			226	-
			522	-
Total U.S. Department of Transportation Programs			**336,966**	**1,139**
U.S. Department of Homeland Security - Direct Programs				
Rail and Transit Security Grant Program	97.075	EMW-2017-RA-00013	14	-
Rail and Transit Security Grant Program	97.075	EMW-2020-RA-00008	19	-
Total U.S. Department of Homeland Security Programs			**33**	**-**
Total Expenditures of Federal Awards			**$ 336,999**	**$ 1,139**

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, 2021

(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, 2021. 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.

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, 2021 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	TriMet #17-0346	$ 3
Ride Connection	20.513	TriMet #17-0346	1,036
Portland Bureau of Transportation	20.507	TriMet #20-0834	100
Total subrecipient expenditures			$ 1,139

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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

CFDA Numbers	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued*
20.500, 20.507, 20.525, 20.526	Federal Transit 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

None reported