TRIMET

Report of Independent Auditors and Financial Statements with Supplementary Information
June 30, 2022 and 2021
(including Audit Comments and Disclosures Required by State Regulations)

Tri-County Metropolitan Transportation District of Oregon – 2022 Annual Report

Board of Directors

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

Ozzie Gonzalez, Secretary/Treasurer
District 2 N, NW & portions of SW Portland
Current term expires:
May 31, 2026

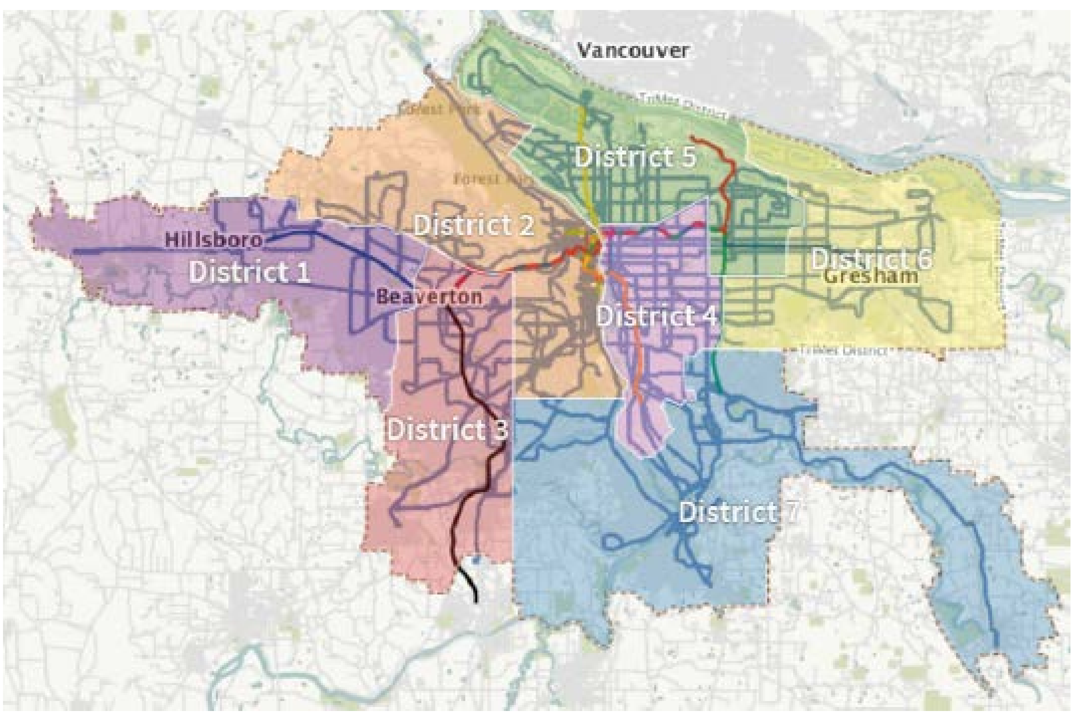
Dr. Linda Simmons, President
District 3 SW Portland
Current term expires:
May 31, 2023

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

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

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

Kathy Wai
District 7 Clackamas County
Current term expires:
May 24, 2026



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

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

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TRIMET

Financial Section

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Other Matter

The financial statements of the District for the year ended June 30, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on September 17, 2021.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability and related ratios, schedules of pension contributions and investment returns, and schedules of changes in the district's net OPEB liability, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The reconciliation of revenues and expenses (budget basis) to schedule of revenues and expenses (GAAP basis), the reconciliation of fund balance (budget basis) to net position (GAAP basis), the schedule of revenues and expenses budget (budget basis) and actual – general fund, and the schedule of bonds payable obligations outstanding are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the reconciliation of revenues and expenses (budget basis) to schedule of revenues and expenses (GAAP basis), the reconciliation of fund balance (budget basis) to net position (GAAP basis), the schedule of revenues and expenses budget (budget basis) and actual – general fund, and the schedule of bonds payable obligations outstanding are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 14, 2022, 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.

Lealan Miller

Lealan Miller, Partner, for
Eide Bailly, LLP
Boise, Idaho
October 14, 2022

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, 2022 and 2021, 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, 2022 and 2021, are comprised of:

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

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

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

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

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

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

Management's Discussion and Analysis

continued

(dollars in thousands)

ENTERPRISE FUND FINANCIAL HIGHLIGHTS

Financial Highlights for Fiscal Year 2022

- Total net position serves over time as a useful indicator of the District's financial position. The District's assets and deferred outflows exceeded its liabilities and deferred inflows by $2,033 at June 30, 2022, a $144,743 or 7.7 percent increase from June 30, 2021. A condensed summary of the District's net position is presented in Table 1.

  The largest portion of the District's net position is $2,355,020 or 115.8 percent at June 30, 2022, that represents its investment in capital assets (i.e., track, guideway, buses, light rail vehicles, buildings, improvements, and equipment), net of accumulated depreciation reduced by the amount of related debt outstanding used to acquire those capital assets.

  The restricted portion of the District's net position is $69,205 or 3.4 percent at June 30, 2022, that represents resources that are subject to external restrictions imposed by creditors (debt covenants), grantors, contributors, or laws or regulations of other governments that restrict the use of net position. The unrestricted deficit in net position was ($390,805) at June 30, 2022 which is an decrease of $118,822 over the prior year due primarily to a decrease in net other post-employment benefits and increases in Federal operating grants.

- Total operating revenues were $77,703 for fiscal year 2022. This is an increase by $18,404 or 31.0 percent from 2021. The increase is noted in passenger revenues which was up by $14,413 or 36.5% over the prior year. Total system-wide ridership for fiscal year 2022 increased 24.5 percent compared to fiscal year 2021. However overall ridership at end of fiscal year 2021 is down 58.0 percent compared to pre-pandemic levels. Ridership has been significantly impacted by the Coronavirus pandemic (COVID, COVID-19, the pandemic). Further discussion on passenger revenues and ridership is highlighted in Operating Revenues of the Management Discussion and Analysis.

- Payroll and other tax revenues were $463,534 for fiscal year 2022. This is an increase of $48,005 or 11.6 percent over the prior fiscal year. The increase is in part due to the .01 percent increase in the employer payroll tax revenues that was effective on January 1, 2022. Management continues to closely monitor payroll tax revenues to assess any long-term impact from the pandemic.

- Grant revenue was $172,308, which is an increase of $54,858 or 46.7 percent over the prior fiscal year. This line item includes Federal Transit Administration (FTA) formula grants for preventative maintenance as well as State (Oregon Department of Transportation) and local grants. Over fiscal year 2022, spending on the District's Statewide Transportation Improvement Fund (STIF) programs ramped up as COVID-19 restrictions eased. Total fiscal year 2022 STIF program revenues increased $33,758 from fiscal year 2021. STIF programs range from service expansion and service preservation to electrical vehicle charging infrastructure and enhanced transit concepts.

- Grant revenue – CARES, CRRSAA, ARP for fiscal year 2022 was $121,909, which is a decrease of $81,594 or 40.1 percent compared to the prior fiscal year. This line item highlights Federal operating grants the District received to operate, maintain and manage bus, rail and paratransit transportation systems through the COVID-19 pandemic. In response to the COVID-19 global pandemic, the federal government has made funding available via the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funding and the American Rescue Plan Act (ARP) to aid local agencies in their response to the health crisis.

  In fiscal year 2022, TriMet was awarded $289,102 for the American Rescue Plan Act (ARP). Of this award, fiscal year 2022 includes $62,807 in ARP revenues related to reimbursement for eligible costs from October 2021 to June 2022. In May 2021, TriMet was awarded $195,420 from Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of 2021 Section 5307 Urbanized Area funds to help the District respond and recover from the COVID-19 pandemic. Fiscal year 2022 includes $58,642 in CRRSAA revenue related to reimbursement for eligible costs from July 2021 to December 2021. The expenses related to this federal funding are subject to audit by the grantor under the Uniform Guidance.

- Total operating expenses were $760,566 per the Statements of Revenues, Expenses and Changes in Net Position. This is an increase of $45,315 or 6.3 percent from fiscal year 2021. Fringe benefits increased $32,920 or 16.1 percent over the prior year. The increase is a direct result of an increase in pension expense as a result of the June 30, 2022 actuarial valuations. The increase in pension expense is noted in the Pension Plan for Bargaining Unit Employees of TriMet. Actuarial assumptions used in the June 30, 2022 valuation contributed to the increase in pension expense, specifically the price inflation assumption increased from 2.25 percent to 2.75 percent, salary increase assumption increased from 2.75 percent to 3.25 percent, and the discount rate was decreased from 6.50 percent to 6.25 percent. Complete actuarial valuations for the District are posted on Transparency and Accountability (trimet.org) under Pension/OPEB Valuations.

Management's Discussion and Analysis

continued

(dollars in thousands)

Purchased transportation expenses in fiscal year 2022 were $24,047, which is an increase of $9,066 or 60.5 percent from fiscal year 2021 indicating a rebound in the District's Accessible Transportation Program (ATP or LIFT). TriMet's LIFT program provides paratransit services for people who are unable to use regular buses or trains due to a disability or disabling health condition. As many of these riders are in the high-risk group for COVID-19, demand for paratransit services dropped about 75.0 percent at the start of the pandemic and remained low throughout fiscal year 2021. Over fiscal year 2022, LIFT ridership has slightly rebounded but still remains low at 55.0 percent below pre-pandemic levels.

Financial Highlights for Fiscal Year 2021

- Net position totaled $1,888,677 at June 30, 2021, which is an increase of $35,781 or 1.9 percent from fiscal year 2020. See Table 1.
- 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. 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. Fiscal year 2021 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

Management's Discussion and Analysis

continued

(dollars in thousands)

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. Additional details on the District's leases can be found in Note 5.

- 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.

ENTERPRISE FUND FINANCIAL SUMMARY

Statements of Net Position

The following table reflects a condensed summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of TriMet as of June 30, 2022, 2021 and 2020.

Table 1

Net Position
As of June 30
(dollars in thousands)

				Increase (decrease)			
				2022 - 2021		2021 - 2020	
	2022	2021	2020	$	%	$	%
Assets							
Current and other assets	$ 1,262,224	$ 923,316	$ 876,770	$ 338,908	36.7 %	$ 46,546	5.3 %
Capital assets, net of depreciation	3,152,844	3,064,806	3,086,878	88,038	2.9 %	(22,072)	(0.7)%
Total assets	4,415,068	3,988,122	3,963,648	426,946	10.7 %	24,474	0.6 %
Deferred outflows of resources	248,131	234,207	235,293	13,924	5.9 %	(1,086)	(0.5)%
Total assets and deferred outflows of resources	$ 4,663,199	$ 4,222,329	$ 4,198,941	$ 440,870	10.4 %	$ 23,388	0.6 %
Liabilities							
Current liabilities	$ 260,556	$ 221,411	$ 214,523	$ 39,145	17.7 %	$ 6,888	3.2 %
Noncurrent liabilities	2,088,478	1,869,831	2,029,100	218,647	11.7 %	(159,269)	(7.8)%
Total liabilities	2,349,034	2,091,242	2,243,623	257,792	12.3 %	(152,381)	(6.8)%
Deferred inflows of resources	280,745	242,410	102,422	38,335	15.8 %	139,988	136.7 %
Net position							
Net investment in capital assets	2,355,020	2,332,282	2,459,273	22,738	1.0 %	(126,991)	(5.2)%
Restricted	69,205	66,022	42,124	3,183	4.8 %	23,898	56.7 %
Unrestricted (deficit)	(390,805)	(509,627)	(648,501)	118,822	(23.3)%	138,874	(21.4)%
Total net position	2,033,420	1,888,677	1,852,896	144,743	7.7 %	35,781	1.9 %
Total liabilities, deferred inflows of resources, and net position	$ 4,663,199	$ 4,222,329	$ 4,198,941	$ 440,870	10.4 %	$ 23,388	0.6 %

Current and other assets increased $336,908 or 36.7 percent, in 2022. Some of the increase is noted in the line items for grants receivable and grant receivable – CARES Act, CRRSAA, ARP. Grant receivable at June 30, 2022 includes $51,930 in preventative maintenance grants from the FTA which was received by the District in August 2022. Grants receivable – CARES Act, CRRSAA, ARP includes $62,807 for the ARP grant.

Management's Discussion and Analysis

continued
(dollars in thousands)

Total investments, restricted and unrestricted at June 30, 2022, also increased over the prior year as a result of an increase in unrestricted funds received in fiscal year 2022 from FTA for COVID-19 relief grants (CRRSAA, ARP). In addition, in October 2021, TriMet issued a total of $409,640 in bonds – of this total, $229,030 was issued for Senior Lien Payroll Tax Revenue Refunding Bonds Series 2021B (Federally taxable, sustainability bonds) and $180,610 was issued in Senior Lien Payroll Tax Revenue Bonds Series 2021A (tax-exempt). As of June 30, 2022, almost all of the 2021A bond proceeds is in restricted investments for future spending on capital programs.

Current and other assets increased $46,546 or 5.3 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 COVID-19 pandemic.

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

Deferred outflows of resources decreased by $1,086 or 0.5 percent 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 (Other Post-Employment Benefits) is directly related to change in the discount rate used in the 2021 actuarial valuation for TriMet's 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.

Current liabilities consist primarily of accounts payable, accrued compensation, current portion of bonds payable and unearned revenue. At June 30, 2022, current liabilities increased by $39,145 or 17.7 percent. The increase is noted in accounts payable. Year-end included large payments due to contractors for work performed on various capital programs, such as the Powell Bus Garage capital project.

At June 30, 2021, current liabilities increased $6,888 or 3.2 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 STIF or HB2017 program funds on various projects as the pandemic directly impacted planned spend during fiscal year 2021.

Noncurrent liabilities consist primarily of long-term debt, long-term lease liabilities, net pension liabilities and Other Postemployment Benefits (OPEB) liability. Noncurrent liabilities increased $218,647 or 11.7 percent over the prior year. The increase in the net pension liability over the prior year was $185,235 as a result of changes in actuarial assumptions and changes in the market value of investments held in trust for pension benefits. In addition, the issuance of the Senior Lien Payroll Tax Revenue Bonds Series 2021A in October 2021, increased long-term debt by $179,307 or 20.7 percent.

Noncurrent liabilities decreased by $159,269, or 7.8 percent in 2021. The line item for net pension liability decreased by $169,222 in fiscal year 2021 due to the June 30, 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 fiscal year.

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

At June 30, 2021, deferred inflows of resources increased $139,988 or 136.7 percent from 2020. The increase is noted in deferred inflows related to pensions for the District's June 30, 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.

Management's Discussion and Analysis

continued

(dollars in thousands)

Unrestricted net position was reported as a deficit balance for the last three fiscal years. This is primarily due to the other postemployment benefits (OPEB) liability in the District's financial statements. The OPEB liability recorded on the statement of net position totaled $798,572 and $944,273 for the years ended June 30, 2022 and 2021, respectively. The OPEB plan is closed to non-union employees and remains open for union employees. Also contributing to the deficit unrestricted net position is the balance for the net pension liabilities. At June 30, 2022, the net pension liability was $214,235 as compared to $29,001 as of June 30, 2021. The increase is due to reasons noted previously.

Changes in Net Position

The District's total revenues increased $32,878 or 4.1 percent, during fiscal year 2022 (see Table 2). Passenger revenue increased $14,413 or 36.5 percent indicating overall ridership is slowly recovering, however ridership is far from pre-pandemic levels and many local businesses support telecommuting and working from home for their employees. Payroll and other tax revenue increased $48,005 or 11.6 percent indicating these resources have been stable in addition to the region's unemployment levels have been low throughout the pandemic. Grant revenue – CARES, CRRSAA, ARP decreased $81,594, or 40.1 percent. Fiscal year 2022 includes revenues from the CRRSAA and ARP grants awarded by FTA to TriMet.

The District's total revenues increased $41,159 or 5.4 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.

TriMet received relief from the pandemic in the form of Federal funding for the CARES Act grant ($184,925) in fiscal year 2020, and the CRRSAA award ($195,420) in fiscal year 2021 and the ARP award ($289,102) in fiscal year 2022.

Fiscal year 2022 includes $58,642 of CRRSAA grant funds and $62,807 of ARP grant funds.

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.

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.

Prior to the COVID-19 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 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.

Management's Discussion and Analysis

continued

(dollars in thousands)

Table 2

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

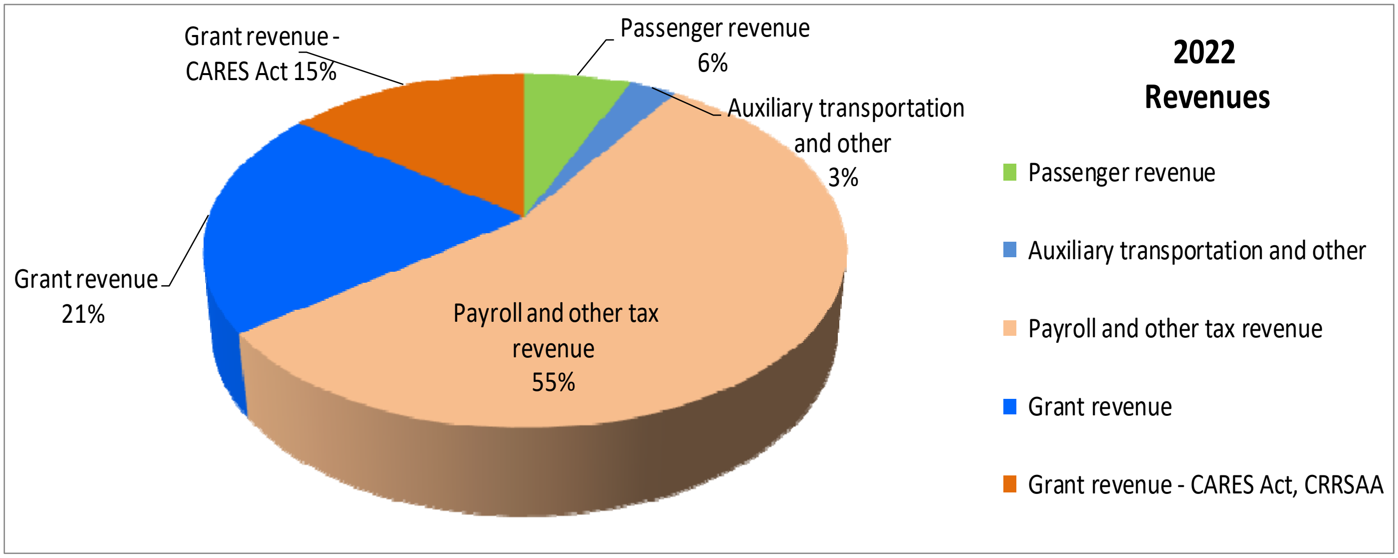
				Increase (decrease)			
				2022 - 2021		2021 - 2020	
	2022	**2021**	**2020**	**$**	**%**	**$**	**%**
Revenues							
Operating revenues							
Passenger revenue	$ 53,941	$ 39,528	$ 93,558	$ 14,413	36.5 %	$ (54,030)	(57.8)%
Auxiliary transportation and other	23,762	19,771	21,282	3,991	20.2 %	(1,511)	(7.1)%
Non-operating revenues							
Payroll and other tax revenue	463,534	415,529	398,353	48,005	11.6 %	17,176	4.3 %
Grant revenue	172,308	117,450	110,065	54,858	46.7 %	7,385	6.7 %
Grant revenue-CARES, CRRSAA, ARP	121,909	203,503	118,200	(81,594)	(40.1)%	85,303	0.0 %
Gain on disposal of capital assets	132	463	4,599	(331)	(71.5)%	(4,136)	(90)%
Pass through revenue	6,686	10,701	13,258	(4,015)	(37.5)%	(2,557)	(19.3)%
Net leveraged lease income	(8,076)	(5,627)	844	(2,449)	43.5 %	(6,471)	(766.7)%
Total operating and non-operating revenues	834,196	801,318	760,159	32,878	4.1 %	41,159	5.4 %
Expenses							
Labor	208,233	209,425	199,933	(1,192)	(0.6)%	9,492	4.7 %
Fringe benefits	238,057	205,137	225,604	32,920	16.0 %	(20,467)	(9.1)%
Materials and services	117,035	116,974	120,193	61	0.1 %	(3,219)	(2.7)%
Utilities	11,150	10,928	10,886	222	2.0 %	42	0.4 %
Purchased transportation	24,047	14,981	26,497	9,066	60.5 %	(11,516)	(43.5)%
Depreciation expense	144,706	142,919	137,472	1,787	1.3 %	5,447	4.0 %
Other operating expense	17,338	14,887	17,931	2,451	16.5 %	(3,044)	(17.0)%
Pass through expense	6,686	10,701	13,258	(4,015)	(37.5)%	(2,557)	(19.3)%
Interest and other expense	31,961	27,770	10,817	4,191	15.1 %	16,953	156.7 %
Funding exchanges and other payments	18,253	1,900	14,189	16,353	860.7 %	(12,289)	(86.6)%
Impairment of capital assets	-	58,579	-	(58,579)	100.0 %	58,579	100.0 %
Total expenses	817,466	814,201	776,780	3,265	0.4 %	37,421	4.8 %
Loss before contributions	16,730	(12,883)	(16,621)	29,613	(229.9)%	3,738	(22.5)%
Income (Loss) Capital contributions	128,013	48,664	35,581	79,349	163.1 %	13,083	36.8 %
Increase in net position	144,743	35,781	18,960	108,962	304.5 %	16,821	88.7 %
Net position-as previously reported	1,888,677	1,852,896	1,831,758	35,781	1.9 %	21,138	1.2 %
Cumulative effect to implement GASB No. 87, Leases	-	-	2,178	-	100.0 %	(2,178)	100.0 %
Net position - beginning restated	1,888,677	1,852,896	1,833,936	35,781	1.9 %	18,960	1.0 %
Total net position - ending	$ 2,033,420	$1,888,677	$ 1,852,896	$ 144,743	7.7 %	$ 35,781	1.9 %

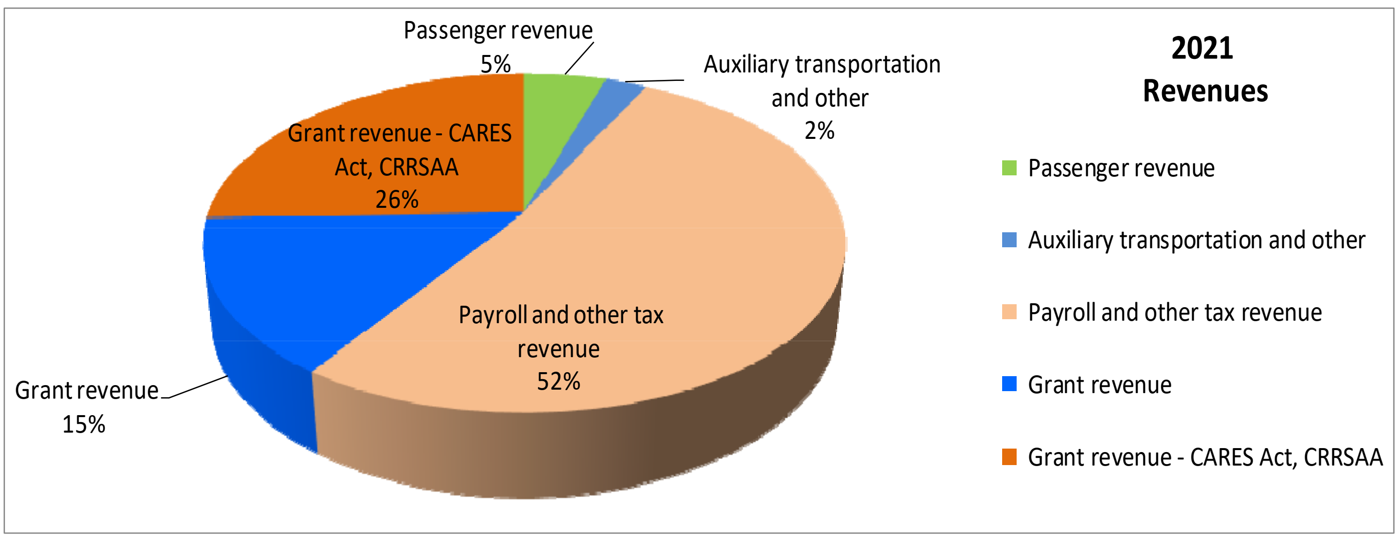
Management's Discussion and Analysis

continued

(dollars in thousands)

The following charts display the allocation of District revenues for fiscal years 2022 and 2021:





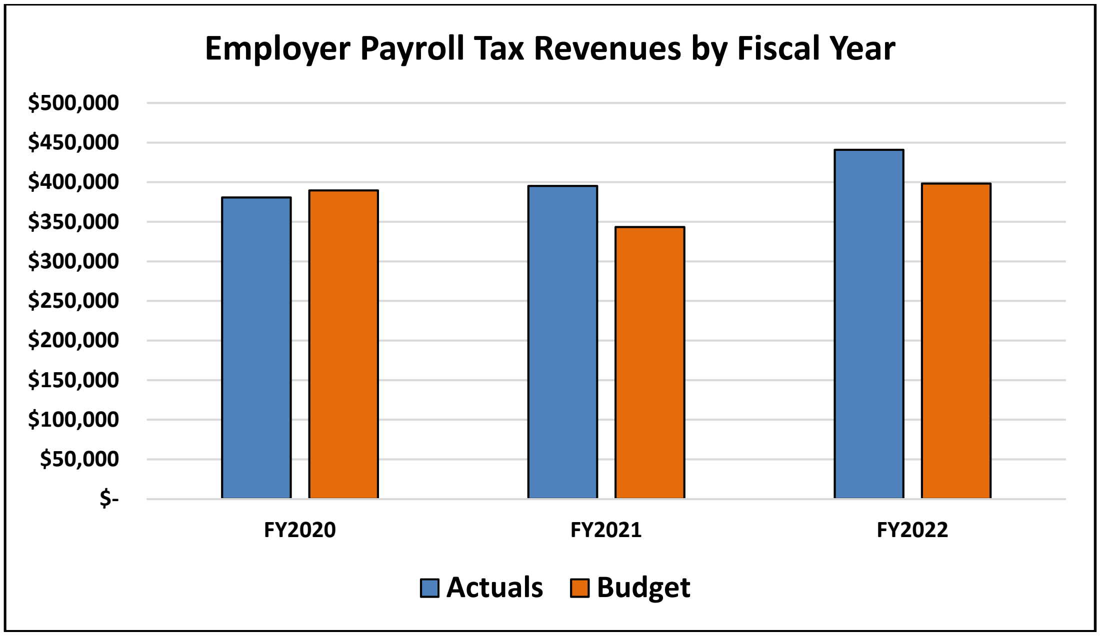
- Total operating and non-operating revenues were $834,196 for fiscal year 2022, an increase of 4.1 percent.
- Total operating and non-operating revenues were $801,318 for fiscal year 2021, an increase of 5.4 percent.
- Total payroll and other tax revenues increased $48,005 or 11.6 percent, totaling $463,534 for fiscal year 2022. Of that amount, Employer payroll tax revenue increased $45,628, or 11.5 percent as regional employment conditions remained stable throughout most of fiscal year 2022 and the rate increase effective January 2022. Self-employment and other tax revenues (SET) increased by $2,149 or 12.3 percent over fiscal year 2021.
- 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.

Management's Discussion and Analysis

continued

(dollars in thousands)

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



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

- Grant revenue increased $54,858, or 46.7 percent, compared to fiscal year 2021. Revenues in this category include Federal Preventive Maintenance Funds and other operating support. Grant revenue – CARES Act, CRRSAA decreased by $81,594 or 40.1 percent over fiscal year 2021. CRRSAA and ARP awards provide Federal relief as a result of the impact the Coronavirus has on operations. Revenues under these programs are recognized when the grants are approved/authorized by the granting agency, funds are appropriated, and eligible expenses have been incurred. 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.

- 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. The increase in revenues in the current year is a result of the reimbursement for eligible expenses under the CARES Act and the CRRSAA award.

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

Management's Discussion and Analysis

continued

(dollars in thousands)

Passenger revenue was $39,528 for the fiscal year 2021, a decrease of $54,030 or 57.8 percent from fiscal year 2020. The decrease is a direct result of the impact of the Coronavirus on ridership over fiscal year 2020.

- Total net position at June 30, 2022, was $2,033,420 an increase of $144,743 or 7.7 percent from 2021. The change in net position is primarily attributable to the following factors:
  - Increase in payroll and other tax revenue of $48,005 from fiscal year 2021. This revenue source has demonstrated stability over the COVID-19 pandemic.
  - Capital contributions increased by $79,349 as Federal, state and local partners contributed more on capital projects in fiscal year 2022. The Division Transit Project Division Transit Project (trimet.org) and the Red Line rail extension project A Better Red (trimet.org) have significant capital contributions.
- 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.
  - 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.

Operating Revenues

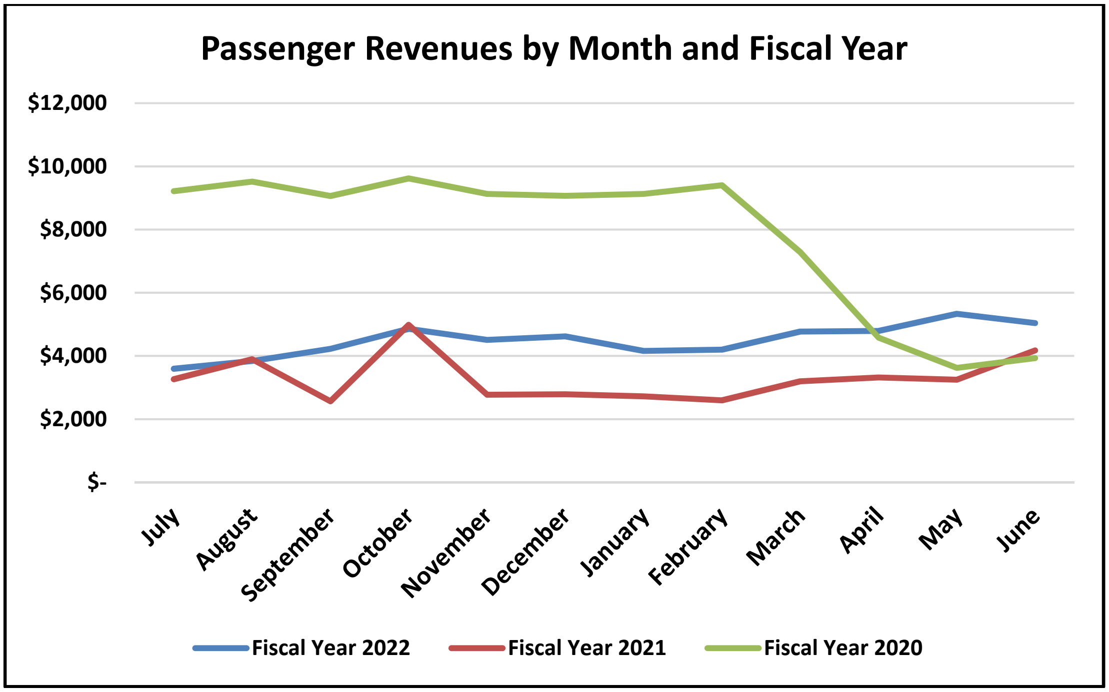
Operating revenues are composed of passenger fares and other revenue related to operations.

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. Over fiscal year 2022, passenger revenues increased 36.5 percent over 2021. In fiscal year 2021, the District experienced an overall decrease in passenger revenue of 57.8 percent from fiscal year 2020.

The following chart shows actual monthly passenger revenues for fiscal years ending June 30, 2020, 2021 and 2022 respectively. In fiscal year 2020, prior to the pandemic, monthly passenger revenues averaged $9,500 per month. Over fiscal year 2021, the average monthly passenger revenues dropped to $3,300. Since then, average passenger revenues has increased slightly to $4,300 in fiscal year 2022.

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



Auxiliary Transportation and Other Revenue

Auxiliary Transportation and Other Revenue includes revenue from LIFT paratransit service, Streetcar operating revenues, and operating assistance from other local governments. In fiscal year 2022, auxiliary transportation and other revenues increased $3,991 or 20.2 percent. Contributing to the increase, is an increase in advertising revenues, indicating ridership is slowly returning. In fiscal year 2021, auxiliary transportation and other revenues decreased $1,511 or 7.1 percent from the prior year.

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 2022 in non-operating revenues is noted in payroll tax and other tax revenue.

Payroll and Other Tax Revenues

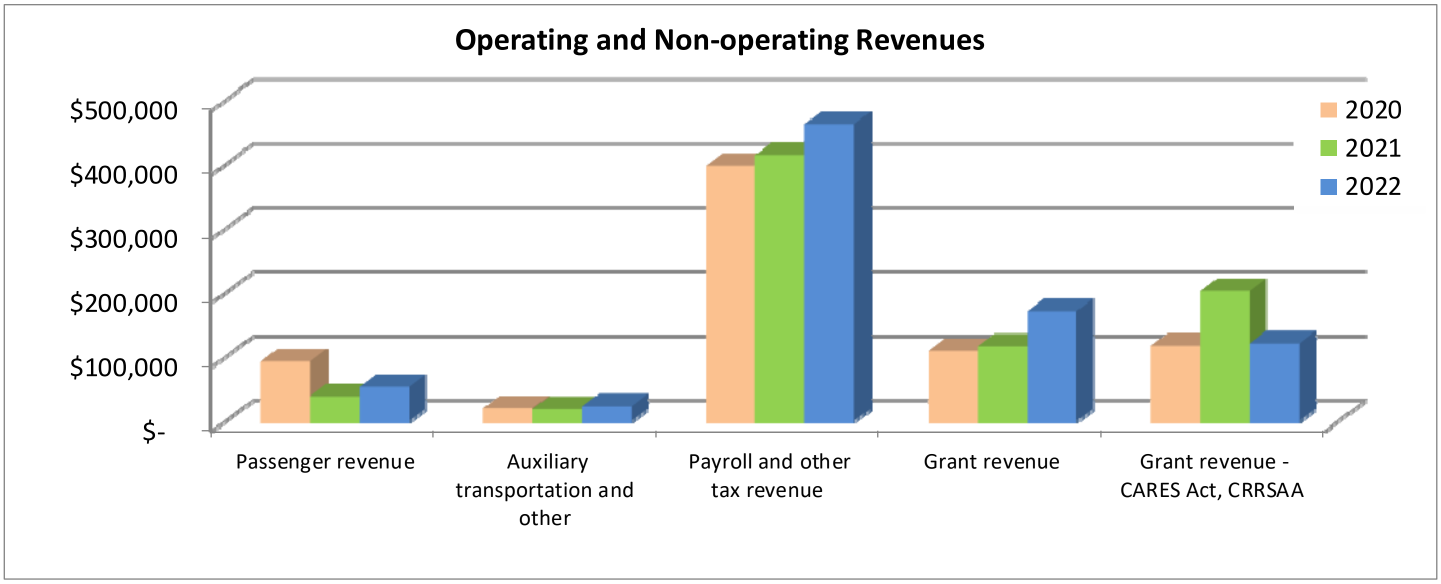
Payroll tax revenues are the District's main source of revenue. Payroll and other tax revenues increased $48,005, or 11.6 percent in fiscal year 2022. In fiscal year 2021, payroll and other tax revenues increased $17,176, or 4.3 percent, compared to fiscal year 2020. The pandemic has not negatively impacted payroll tax revenues, indicating there is some stability in this resource. The Portland economy remained relatively stable throughout fiscal years 2022 and 2021.

Management's Discussion and Analysis

continued

(dollars in thousands)

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 $3,265 or 0.4 percent to $817,466, during fiscal year 2022. Fringe benefits increased $32,920, or 16.0 percent. This increase is due to changes in the June 30, 2022 actuarial valuations for the defined benefit pension trust funds. Funding exchanges and other payments increased by $16,353 from fiscal year 2021. Included in this line item is an intergovernmental agreement (IGA) the District entered into with the City of Portland to provide relief from the pandemic's impact on the City of Portland's Streetcar operations, which was negatively impacted by the pandemic. Fiscal year 2022 includes payments of $5.6 million to the City of Portland under this IGA.

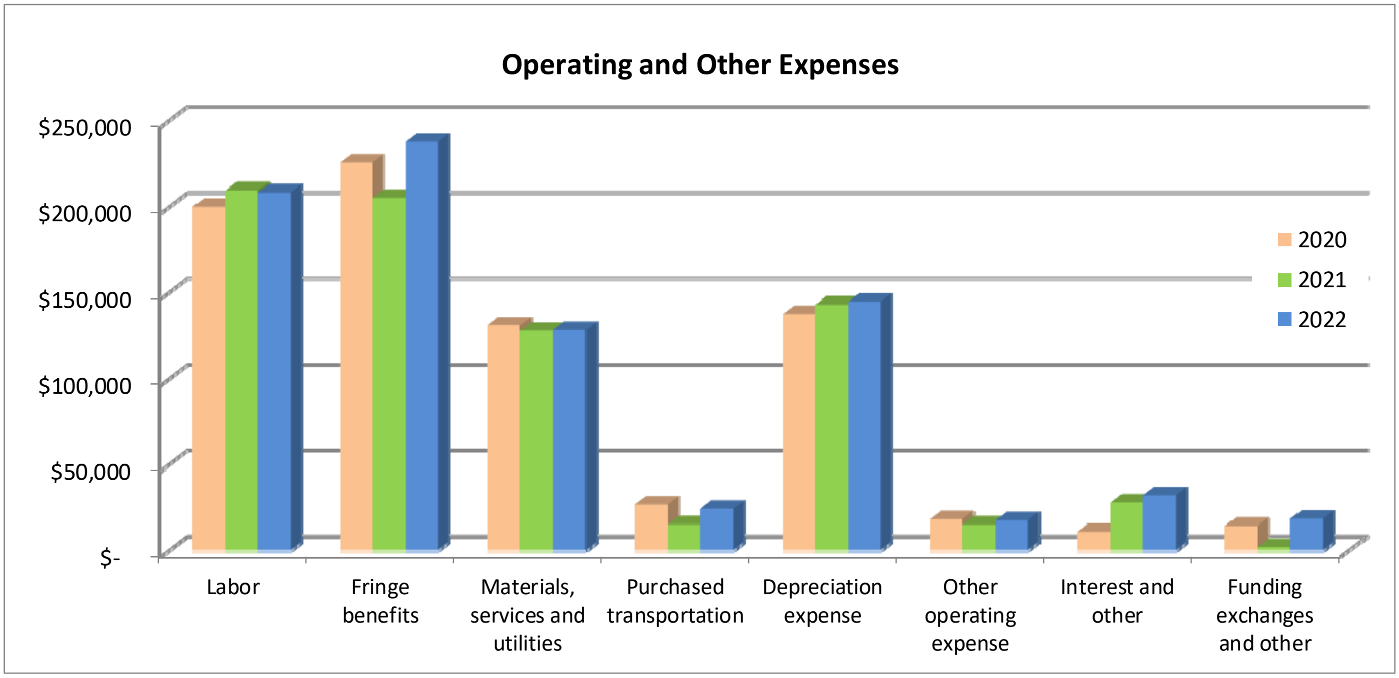
Total operating and non-operating expenses increased $37,421 or 4.8 percent from fiscal year 2020. Fringe benefits decreased $20,467, or 9.1 percent. This decrease is due to the funding status of the District's defined benefit pension plans with the actuarial valuations as of June 30, 2021. Fiscal year 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.

Management's Discussion and Analysis

continued

(dollars in thousands)

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



Capital Contributions

Capital contributions include federal grants and other local government contributions restricted for purchase or construction of capital assets. In fiscal year 2022, capital contributions increased by $79,349 as compared to an increase of $13,083 in fiscal year 2021. The increases over fiscal year 2022 are directly related to two large capital projects, the Division Transit bus line project and the Red Line rail extension project. Capital contributions are funded by Federal grants.

Capital Assets

At June 30, 2022, the District had invested $3,152,844, in total capital assets, net of accumulated depreciation and amortization (see Table 3 and Note 4).

Table 3

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

				Increase (decrease)			
				2022 - 2021		2021 - 2020	
	2022	2021	2020	$	%	$	%
Land and other	$ 229,692	$ 229,692	$ 231,410	$ -	0.0 %	$ (1,718)	(0.7)%
Rail right-of-way and stations	1,267,923	1,330,086	1,390,499	(62,163)	(4.7)%	(60,413)	(4.3)%
Buildings	517,972	528,129	540,561	(10,157)	(1.9)%	(12,432)	(2.3)%
Transportation equipment	365,200	394,531	423,363	(29,331)	(7.4)%	(28,832)	(6.8)%
Furniture and other equipment	124,820	135,465	141,092	(10,645)	(7.9)%	(5,627)	(4.0)%
Construction in progress	638,179	435,861	359,953	202,318	46.4 %	75,908	21.1 %
Right to use assets, net	9,058	11,042	-	(1,984)	(18.0)%	11,042	100.0 %
Total capital assets	$ 3,152,844	$ 3,064,806	$ 3,086,878	$ 88,038	2.9 %	$ (22,072)	(0.7)%

Total capital assets net of depreciation increased $88,038, or 2.9 percent, during fiscal year 2022; the largest increase was noted in construction in progress. This line item includes construction for a distribution center and bus garage, improvements

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

to a light-rail line and improvements to bus service routes. TriMet's capital improvement program has ongoing major projects such as the total renovation of the Powell Garage, light rail expansion for the Red Line as well as the Division Transit project to improve bus service. Total capital assets net of depreciation decreased $22,072, or 0.7 percent, during fiscal year 2021. The decrease was primarily noted in Rail right-of-way and stations.

Long-Term Debt

Long-term debt includes revenue bonds guaranteed by payroll tax and grant receipt revenues. At June 30, 2022, the District had $1,023,090 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, 2022	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	3,000	Aaa	AAA	AAA
2015 Series A and B Payroll Tax	134,590	34,020	Aaa	AAA	AAA
2016 Series A Payroll Tax	74,800	58,040	Aaa	AAA	AAA
2017 Series A Payroll Tax	97,430	37,535	Aaa	AAA	AAA
2018 Series A Payroll Tax	148,245	42,835	Aaa	AAA	AAA
2019 Series A and B Payroll Tax	237,815	236,380	Aaa	AAA	AAA
2021 Series A and B Payroll Tax	409,640	409,640	Aaa	AAA	AAA
Total Payroll Tax Revenue Bonds	$ 1,245,360	$ 833,980			
Grant Receipt Revenue Bonds:					
2017 Capital Grant Receipt Revenue Refunding, Series A	76,015	76,015	A3	A	Not Rated
2018 Capital Grant Receipt, Series A	113,900	113,095	A3	A	Not Rated
Total Capital Grant Receipt Revenue Bonds	$ 189,915	$ 189,110			
Total Revenue Bonds	$ 1,435,275	$ 1,023,090			

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, 2022.

FIDUCIARY FUND STATEMENTS – DEFINED BENEFIT PENSION TRUST FUNDS:

Retirement Plan for Management and Staff Employees Trust Fund

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

Pension Plan for Bargaining Unit Employees of TriMet Trust Fund

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

Management's Discussion and Analysis

continued

(dollars in thousands)

The following table displays assets, liabilities, and fiduciary net position for both pension trust funds as well as the funded status of the plan as of June 30, 2022, 2021, and 2020:

Table 5

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

	2022	2021	2020
Trust assets	$ 814,636	$ 892,380	$ 705,425
Trust liabilities	58	47	78
Net position	$ 814,578	$ 892,333	$ 705,347
Total pension liability	$ 1,028,813	$ 921,334	$ 903,570
Funded percentage	79%	97%	78%

Net position as of June 30, 2022 decreased by $77,755 or 8.7 percent as benefit payments to retirees were greater than employer contributions recorded in the plan of $6,563 in fiscal year 2022, along with change in fair market value of investments (see Note 14). Employer contributions in fiscal year 2022 decreased by $33,616 as a result of the 2021 actuarial valuations indicating the plans had been fully funded. Therefore, in fiscal year 2022, TriMet stopped making contributions to the plans. Total net position as of June 30, 2021 increased by $186,986 or 26.5 percent in part due to increases in the fair market value of investments. 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 fiduciary net position for the years ended June 30, 2022, 2021, and 2020:

Table 6

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

	2022	2021	2020
Employer contributions	$ 6,563	$ 40,179	$ 40,082
Investment earnings	(28,487)	200,682	5,410
Total additions	(21,924)	240,861	45,492
Benefit payments	55,532	53,476	49,504
Administrative expenses	299	399	507
Total deductions	55,831	53,875	50,011
Change in net position	(77,755)	186,986	(4,519)
Net position, beginning	892,333	705,347	709,866
Net position, ending	$ 814,578	$ 892,333	$ 705,347

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

Management's Discussion and Analysis

continued

(dollars in thousands)

Other Post Employment Benefits Liability

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

ECONOMIC FACTORS AND FISCAL YEAR 2023 BUDGET

The District's Board of Directors adopted the fiscal year 2023 budget on May 25, 2022. The fiscal year 2023 budget includes $1,110,804 in total appropriations, a 5.7 percent decrease from fiscal year 2022. From the approved budget on March 23 2022 to the final adopted budget in May, significant changes were implemented in response to carryover from the capital improvement project budgets from fiscal year 2022 to fiscal year 2023. Restricted bond proceeds and other restricted funds for capital programs also increased significantly due to carryover and timing of capital projects. On the resource side unrestricted fund balance was increased based on fiscal year 2022 due to lower operating costs, such as savings from vacant positions and carryover from the capital improvement project budgets. Coinciding with carryover on capital project budgets, capital project resources were also carried over from fiscal year 2022 to fiscal year 2023 on resources.

Fiscal year 2023 includes continued recovery from the COVID-19 pandemic and also a period of rapid capital construction. Projects such as the completion of Powell Garage, the Division Transit Project and the Better Red Project are either completing construction or entering a period of heavy construction. Ridership continues to recover but has also been impacted by operator shortages – impacting the service levels. Payroll and self-employment taxes are stable, giving a solid platform for continuing future operations, inclusive of operating the new FX Line (Division Transit Project) in September 2022. The fiscal year 2023 adopted budget can be found online under "Financial Information" and "Budgets" at:
https://trimet.org/about/accountability.htm#policy

The fiscal year 2023 adopted budget includes rebuilding the a frontline workforce that has been impacted by the pandemic, the cost of operating and maintaining the existing transit system, the costs of fixed route bus and rail service to maintain headways and capacity as the region grows, costs of ADA complementary paratransit service, capital investments in infrastructure and assets, mid-life overhaul of light rail vehicles and debt service expense. For the tenth consecutive year, the budget does not include any increase in fares. Highlights from the $1.11 billion adopted budget include:

- Operating and tax revenues total $548.9 million.
- Total day-to-day operating requirements of $748.9 million, which includes $441.5 million for all activities required to operate the system, $159.8 million in general and administrative costs, $84.5 million for other post-employment benefits and $63.1 million for debt service.
- TriMet will continue service lines and begin to add service back to pre-pandemic conditions throughout fiscal year 2023 including increased frequency and route changes.
- Capital Improvement Program (CIP) Requirements of $304.1 million. The CIP includes major projects such as complete renovation of the Powell Garage, 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 paratransit vehicle replacement.
- 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 $22.2 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 2023 contingency totals $35.7 million.
- Ending fund balance totals $820.4 million and is unappropriated and not available for spending in fiscal year 2023. Fund balance includes $142.7 million in restricted bond proceeds and other restrictions to be spent after fiscal year 2022; $43.9 million restricted for future debt service payments; and $633.8 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.

Management's Discussion and Analysis

continued

(dollars in thousands)

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

  The District continues to recover from the pandemic while ensuring customers and employees are safe. Additionally, the agency will continue enhancing customer and employee safety, incorporation of STIF programs, such as the transit assistance program. Continuation of implementation of key state of good repairs on critical infrastructure; development of a long term carbon reduction strategy that includes zero emissions power sources for TriMet's facilities and fleet, implementation of bus and rail fleet replacement and expansion, and increased speed and capacity in the Portland metro areas key transit corridors. Operator shortages, cleanliness of buses, trains and platforms, as well as safety will remain paramount for fiscal year 2023.

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, 2022 and 2021
(dollars in thousands)

Assets	2022	2021
Current assets:		
Cash and cash equivalents	$ 150,423	$ 322,340
Cash and cash equivalents - restricted	20,052	58,921
Investments	275,783	30,246
Investments - restricted	114,582	82,667
Taxes and other receivables, net	129,411	110,176
Grants receivable	144,222	46,329
Grants receivable - CARES Act, CRRSAA, ARP	62,807	13,647
Leases receivable	185	176
Prepaid expenses	9,002	9,883
Materials and supplies	61,662	57,313
Total current assets	968,129	731,698
Noncurrent assets:		
Leases receivable	2,981	3,127
Prepaid lease expenses	50	67
Restricted assets:		
Cash and cash equivalents	38,994	46,120
Investments	251,660	133,698
Interest receivables	94	192
Lease leaseback, net	316	8,390
Long-term receivable	-	24
Capital assets:		
Land and other, not being depreciated	229,692	229,692
Construction in process	638,179	435,861
Capital assets, net of accumulated depreciation	2,275,915	2,388,211
Right to use assets, net of accumulated amortization	9,058	11,042
Net capital assets	3,152,844	3,064,806
Total noncurrent assets	3,446,939	3,256,424
Total assets	4,415,068	3,988,122
Deferred outflows of resources		
Deferred outflows related to pensions	50,822	13,451
Unamortized loss on refunded debt	21,194	10,194
Deferred outflows related to OPEB	176,115	210,562
Total deferred outflows of resources	248,131	234,207
Total assets and deferred outflows of resources	$ 4,663,199	$ 4,222,329

See accompanying notes to basic financial statements

Enterprise Fund
Statements of Net Position

June 30, 2022 and 2021
(dollars in thousands)
Continued

Liabilities	2022	2021
Current liabilities:		
Accounts payable	$ 89,940	$ 45,963
Accrued payroll	15,626	14,630
Current portion of noncurrent liabilities	6,150	5,957
Unearned revenue	15,532	14,147
Leases payable	2,358	2,350
Current portion of long-term debt	27,062	25,387
Unearned revenue	1,000	1,000
Unearned capital project revenue	79,007	90,420
Accrued interest payable on long-term debt	11,281	10,827
Compensated absences	12,600	10,730
Total current liabilities	260,556	221,411
Noncurrent liabilities:		
Other long-term liabilities	16,230	15,396
Leases payable	6,997	8,919
Compensated absences	5,155	4,260
Long-term debt	1,047,289	867,982
Net pension liability	214,235	29,001
Other post-employment benefits liability (OPEB)	798,572	944,273
Total noncurrent liabilities	2,088,478	1,869,831
Total liabilities	2,349,034	2,091,242
Deferred inflows of resources		
Deferred inflows related to pensions	4,889	93,229
Deferred inflows related to leases	5,327	5,356
Deferred inflows related to OPEB	270,529	143,825
Total deferred inflows of resources	280,745	242,410
Net position		
Net investment in capital assets	2,355,020	2,332,282
Restricted for debt service requirements	41,269	32,862
Restricted for capital projects	27,936	33,160
Unrestricted (deficit)	(390,805)	(509,627)
Total net position	2,033,420	1,888,677
Total liabilities, deferred inflows of resources and net position	$ 4,663,199	$ 4,222,329

See accompanying notes to basic financial statements

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

For the Years Ended June 30, 2022 and 2021
(dollars in thousands)

	2022	2021
Operating revenues		
Passenger revenue	$ 53,941	$ 39,528
Auxiliary transportation and other revenue	23,762	19,771
Total operating revenues	77,703	59,299
Operating expenses		
Labor	208,233	209,425
Fringe benefits	238,057	205,137
Materials and services	117,035	116,974
Utilities	11,150	10,928
Purchased transportation	24,047	14,981
Depreciation and amortization expense	144,706	142,919
Other operating expense	17,338	14,887
Total operating expenses	760,566	715,251
Operating loss	(682,863)	(655,952)
Non-operating revenues (expenses)		
Payroll and other tax revenue	463,534	415,529
Grant revenue	172,308	117,450
Grant revenue - CARES Act, CRRSAA, ARP	121,909	203,503
Net leveraged lease income (loss)	(8,076)	(5,627)
Gain on disposal of capital assets	132	463
Pass through revenue	6,686	10,701
Pass through expense	(6,686)	(10,701)
Interest and other expense	(31,961)	(27,770)
Funding exchanges and other payments	(18,253)	(1,900)
Impairment of capital assets	-	(58,579)
Total non-operating revenues, net	699,593	643,069
Income (Loss) before contributions	16,730	(12,883)
Capital contributions	128,013	48,664
Changes in net position	144,743	35,781
Net position - beginning	1,888,677	1,852,896
Net position - ending	$ 2,033,420	$ 1,888,677

See accompanying notes to basic financial statements

Enterprise Fund
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021
(dollars in thousands)

	2022	2021
Cash flows from operating activities		
Receipts from passengers	$ 48,177	$ 49,035
Receipts from other sources	23,386	20,291
Payments to employees	(365,429)	(396,066)
Payments to suppliers	(132,036)	(180,761)
Net cash used in operating activities	(425,902)	(507,501)
Cash flows from noncapital financing activities		
Receipts from payroll taxes	451,596	409,755
Receipts from operating grants	159,299	326,927
Other noncapital financing	(18,155)	(760)
Net cash provided by noncapital financing activities	592,740	735,922
Cash flows from capital and related financing activities		
Receipts from capital grants	104,464	77,002
Payment on lease-leaseback	-	(865)
Proceeds from sales of capital assets	346	2,185
Acquisition and construction of capital assets	(232,619)	(167,688)
Issuance of debt	429,524	-
Principal payments on long-term debt	(216,138)	(24,245)
Interest payments on long-term debt	(74,164)	(35,629)
Net cash provided by (used in) capital and related financing activities	11,413	(149,240)
Cash flows from investing activities		
Purchases of investment securities	(1,654,154)	(1,159,729)
Proceeds from sales and maturities of investment securities	1,257,105	1,221,976
Interest received	886	2,799
Net cash provided by (used in) investing activities	(396,163)	65,046
Net (decrease) increase in cash and cash equivalents	(217,912)	144,227
Cash and cash equivalents, beginning of year	427,381	283,154
Cash and cash equivalents, end of year	$ 209,469	$ 427,381
Reconciliation of cash and cash equivalents		
Unrestricted cash and cash equivalents	$ 150,423	$ 322,340
Restricted cash and cash equivalents	59,046	105,041
Total cash and cash equivalents	$ 209,469	$ 427,381

See accompanying notes to basic financial statements

Enterprise Fund
Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021
(dollars in thousands)
Continued

Reconciliation of operating loss to net cash used in operating activities

	2022	2021
Operating loss	$ (682,863)	$ (655,952)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	144,706	142,919
(Increase) decrease in taxes and other receivables	(7,297)	12,056
(Increase) Decrease in long-term receivable	24	(24)
Decrease in prepaid expenses and other assets	666	571
Increase in materials, supplies and other	(4,349)	(5,259)
Increase (decrease) in accounts payable	43,977	(12,252)
Increase in accrued payroll	3,761	2,934
Increase (decrease) in unearned revenue	1,386	(2,173)
Increase (decrease) in net pension liability and related deferrals	59,523	(28,319)
Increase in OPEB and related deferrals	15,450	42,011
Increase (decrease) in other liabilities	(886)	(4,013)
Total adjustments	256,961	148,451
Net cash used in operating activities	$ (425,902)	$ (507,501)

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

(dollars in thousands)

	2022	2021
Net leveraged lease income (loss)	$ (8,075)	$ (5,626)
Accretion/amortization of investments	978	(534)

See accompanying notes to basic financial statements

Trust Fund
Statements of Fiduciary Net Position

June 30, 2022 and 2021
(dollars in thousands)

	2022	2021
Assets		
Cash and cash equivalents	$ 299	$ 3,938
Receivables - Accrued Income	1	-
Investments:		
Domestic large/mid cap equity	197,650	246,294
Domestic small cap equity	21,672	31,112
International equity	145,394	185,413
Domestic fixed income	144,658	162,893
Tactical asset allocation	120,114	96,055
Real estate	88,606	74,019
Absolute return	70,893	64,165
Private credit	3,466	7,956
Private equity	21,883	20,535
Total investments	814,336	888,442
Total assets	814,636	892,380
Liabilities		
Accounts payable	58	47
Total liabilities	58	47
Net position		
Restricted for pension benefits	$ 814,578	$ 892,333

See accompanying notes to basic financial statements

Trust Fund
Statements of Changes in Fiduciary Net Position

For the Years Ended June 30, 2022 and 2021
(dollars in thousands)

	2022	2021
Additions		
Employer contributions	$ 6,563	$ 40,179
Investment income (loss):		
Interest	7	3
Dividends	5,200	4,604
Other income	3,069	2,969
Net change in fair value of investments	(35,774)	194,154
Less investment expense	(989)	(1,048)
Net investment income (loss)	(28,487)	200,682
Total additions	(21,924)	240,861
Deductions		
Benefits	55,532	53,476
Administrative expenses	299	399
Total deductions	55,831	53,875
Change in net position	(77,755)	186,986
Net position:		
Beginning of year	892,333	705,347
End of year	$ 814,578	$ 892,333

See accompanying notes to basic financial statements

Notes to Financial Statements
June 30, 2022 and 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 and fiduciary funds of governments. Under GAAP, the District accounts for activity under the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The District has a fiduciary responsibility for the two defined benefit pension plans. The financial activities of the pension plans are included in the trust fund statements in the financial section of this report. In addition, the District has a fiduciary responsibility for the other postemployment benefit plan (OPEB). As of June 30, 2022, the OPEB plan had $416 in net position and no activity other than interest earnings. As the activities for OPEB are not material to the District's financial statements, the trust fund statements for the OPEB plan are not included as part of the basic financial statements.

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

(c) Revenue recognition

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

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

Notes to Financial Statements
June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

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

(d) Restricted Assets

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

(e) Tax revenues

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

(f) Use of estimates

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

(g) Cash and cash equivalents

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

(h) Investments

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

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

(i) Materials and supplies

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

(j) Prepaid expenses

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

Notes to Financial Statements
June 30, 2022 and 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, ARP. Grants receivable are recorded in accordance with the non-exchange guidance and represent Federal Transit Administration relief for the COVID-19 pandemic. In April 2020, TriMet was awarded $184,925 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In May 2021, TriMet was awarded $195,420 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). In December 2021, TriMet was awarded $289,102 under the American Rescue Plan (ARP). As of June 30, 2022, TriMet has recorded $62,807 and $13,647 as Grants receivable – CARES Act, CRRSAA, ARP for June 30, 2022 and 2021, respectively.

(l) Lease leaseback

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

(m) Capital assets and depreciation

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

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

Capital assets are assigned the following estimated useful lives:

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

(n) 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 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 2022 budget throughout the year. For fiscal year-end June 30, 2022, the District was in budget compliance at all division levels.

(u) Reclassification for Financial Presentation

Reclassifications of certain amounts from the prior year were necessary in order to conform to the current year presentation. Reclassified amounts for current and non-current portions of certain financial statement line items, classification of restricted net position and the fair value measurement for the Local Government Investment Pool (LGIP) as of June 30, 2021. Certain investments in the District's pension plan trust funds were reclassified as of June 30, 2021 to conform to the current year fair value presentation. Reclassifications had no impact on net position or the changes in net position.

(v) Accounting Pronouncements Implemented

GASB Statement No. 87, *Leases.* In fiscal year 2021, the District implemented GASB Statement No. 87. 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.

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

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

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

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

District's fiscal year ending June 30, 2022. This standard did not have a significant impact to the District's financial statements.

(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, 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. The District does not expect this standard to have any effect to the financial statements.

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB 96 will be effective for the District's fiscal year ending June 30, 2023. The District has not yet determined the impact of this statement on the financial statements.

GASB Statement No. 99, *Omnibus 2022*. The requirements in paragraph 11-25 are effective for fiscal years beginning after June 30, 2022. The requirements in paragraph 4-10 are effective for fiscal years beginning after June 30, 2023. No expected effect on the District's financial statements for the remaining paragraphs.

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

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB 101 will be effective for the District's fiscal year ending June 30, 2025. The District does not expect this standard to have a significant impact to the financial statements.

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

Notes to Financial Statements
June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

2. Cash and Investments

Cash and Investments at June 30, 2022 and 2021, consisted of the following:

	2022			2021		
	Fair value	% of portfolio	Weighted average maturity (years)	Fair value	% of portfolio	Weighted average maturity (years)
Cash and cash equivalents:						
Cash on hand	$ 307	0.0 %	-	$ 297	0.0 %	-
Demand deposits with financial institutions	39,369	4.6 %	-	304,499	45.2 %	-
Oregon local government investment pool (LGIP)	52,909	6.2 %	-	51,148	7.6 %	-
U.S. Treasuries	27,772	3.3 %	0.06	71,439	10.6 %	0.06
Commercial paper	89,112	10.5 %	0.48	-		-
Total cash and equivalents	$ 209,469			$ 427,383		
Investments:						
U.S. Agencies - Federal Home Loan Bank	16,134	1.9 %	0.21	4,885	0.7 %	0.04
U.S. Treasuries	489,124	57.4 %	0.31	85,076	12.6 %	0.16
Commercial Paper	136,767	16.1 %	0.32	156,648	23.2 %	1.61
	$ 642,025			$ 246,609		
Total Cash, Cash Equivalents, and Investments	$ 851,494			$ 673,992		

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

	2022	2021
Cash and cash equivalents		
Unrestricted	$ 150,423	$ 322,340
Restricted - current	20,052	58,921
Restricted - noncurrent	38,994	46,120
Total restricted cash and cash equivalents	$ 209,469	$ 427,381
Investments		
Unrestricted	$ 275,783	$ 30,246
Restricted - current	114,582	82,667
Restricted - noncurrent	251,660	133,698
Total restricted investments	$ 642,025	$ 246,611
Total Cash, cash equivalents, and investments	$ 851,494	$ 673,992

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, 2022 and 2021. 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, 2022 and June 30, 2021
(dollars in thousands)
continued

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

Investment Type	Balance at June 30, 2021	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	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	$ 212,681	$ -	$ 304,796

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

The Local Government Investment Pool (LGIP) is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. The Oregon Audits Division of the Secretary of State's Office audits the LGIP annually. The Division's most recent audit report on the LGIP was unmodified. The fair value of pool shares is equal to TriMet's proportionate position in the pool. The balance is available for withdrawl on deman, and is based on the accounting records maintained by LGIP, which are recorded on a cost basis. All of the fund's investments are considered level 2. The LGIP is not rated by any national rating service. The most recent audited financial statements are available at: Oregon Short Term Fund Audited Financial Statements June 30, 2022

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, 2022.

(dollars in thousands)

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

As of June 30, 2022 and 2021, TriMet's investments were rated as follows:

	Moody's		S&P		Fair Value at	Fair Value at
Investment Type	**Long-term**	**Short-term**	**Long-term**	**Short-term**	**June 30, 2022**	**June 30, 2021**
U.S. Treasuries	Aaa	P-1	AA+	A-1+	$ 489,124	$ 85,076
U.S. Agencies (FHLB)	Aaa	P-1	AA+	A-1+	16,134	4,885
Commercial Paper	N/A	P-1	N/A	A-1+/A-1	136,767	156,648
					$ 642,025	$ 246,609

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, 2022, the District had 60.7 percent invested in U.S. government securities, 1.9 percent in agency securities, 26.5 percent in commercial paper, 4.7 percent in demand deposits and 6.2 percent in local government investment pool.

Custodial credit risk - deposits and investments. For deposits, this is the risk that in the event of a bank failure, TriMet's deposits may not be returned. ORS Chapter 295 governs the collateralization of certain Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program (PFCP). Bank depositories are required to pledge collateral against any public funds deposits in excess of federal deposit insurance amounts. All banks holding funds in TriMet's name, that are not held in trust for debt service, are included on the list of qualified depositories maintained by the Oregon State Treasurer. At June 30, 2022, the carrying amount of the District's deposits (excluding amounts held in trust for debt service) was $38,838 and the bank balance was $40,768. Of this bank balance, $298 was covered by the federal depository insurance's general deposit rules and $40,470 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, 2022 and June 30, 2021
(dollars in thousands)
continued

3. Receivables

At June 30, 2022 and 2021, the District had the following receivables under various federal and state grant agreements:

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

2021	Total
Federal pass through	$ 4
Other federal	38,252
State and local grants	8,073
	$ 46,329

In addition to the Federal grants noted above, at June 30, 2022 and 2021, TriMet recorded $62,807 and $13,647, respectively, in American Rescue Plan (ARP) funds and Coronavirus Aid, Relief Emergency Secure (CARES) Act and Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) receivables. ARP, CARES and CRRSAA are Federal Transportation Administration (FTA) grants awarded to TriMet in response to the Coronavirus pandemic. The outstanding receivable balance on these FTA grants are unrestricted.

Taxes and other receivables at June 30, 2022 and 2021, including the applicable allowances for uncollectible accounts, are as follows:

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

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

Notes to Financial Statements
June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

4. Capital Assets

Capital assets at June 30, 2022 and 2021 consisted of the following:

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

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	(137,472)	(8)	76,024	2,388,211
Total capital assets, net		$ 3,086,878	$ 74,422	$ (1,794)	$ -	$ 3,053,764

Included in the line item for Depreciation and amortization expense on the Statement of Revenues, Expenses and Changes in Net Position is $2,324 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 accounted for under GASB No. 87, *Leases*, summarized below.

Lessee Activities

The District has accrued liabilities for six office space leases. Certain leases also include parking. The remaining liability for these leases is $3,636 and $5,209 as of June 30, 2022 and 2021, respectively. Right to use assets, net of amortization, for these leases is $3,353 as of June 30, 2022 and $4,922 as of June 30, 2021. Interest expense recognized on these leases was $114 and $162 for the fiscal years ended June 30, 2022 and 2021, respectively. Principal payments of $1,819 and $1,730 were recognized in the years ended June 30, 2022 and June 30, 2021, 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 $1,282 and $1,452 as of June 30, 2022 and 2021 respectively. Right to use assets, net of amortization, for these leases is $1,242 as of June 30, 2022 and $1,419 as of June 30, 2021. Interest expense recognized on these leases was $35 and $40 for fiscal years ended June 30, 2022 and June 30, 2021 respectively. Principal payments of $170 and $161 were recognized in the years ended June 30, 2022 and June 30, 2021, 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 $1,580 and $1,661 as of June 30, 2022 and 2021 respectively. Right to use assets, net of amortization, for these leases is $1,473 as of June 30, 2022 and $1,598 as of June 30, 2021. Interest expense recognized on these leases was $43 and $46 in the years ended June 30, 2022 and June 30, 2021, respectively. Principal payments of $81 and $107 were recognized in the years ended June 30, 2022 and June 30, 2021, 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 $2,668 and $2,823 as of June 30, 2022 and 2021 respectively. The right to use asset, net of amortization, for this lease is $2,575 as of June 30, 2022 and $2,757 as of June 30, 2021. Interest expense recognized on this lease was $73 and $77 for the years ended June 30, 2022 and June 30, 2021 respectively. Principal payments of $155 and $151 were recognized in the years ended June 30, 2022 and June 30, 2021, respectively. Final payment is expected in fiscal year 2036.

The District has recognized a prepaid lease for land associated developments and well as a traditional lease. For the traditional lease, the remaining liability is $189 as of June 30, 2022 (there was no balance as of June 30, 2021). For the prepaid lease there is no lease liability recognized. The right to use assets, net of amortization were $415 as of June 30, 2022 and $346 as of June 30, 2021. No interest expense or was recognized in connection with these leases (interest expense of the traditional lease was less than $1). Principal payments for the traditional lease were $21 for the year ended June 30, 2022 (no payments for the year ended June 30, 2021). The final lease expires in fiscal year 2052.

Notes to Financial Statements
June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

Below is a schedule of the changes in the right to use assets with the accumulated amortization for the fiscal years ended June 30, 2022 and June 30, 2021:

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

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

Notes to Financial Statements
June 30, 2022 and 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

Notes to Financial Statements
June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

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

Fiscal Year ending June 30:	Principal	Interest	Total
2023	$ 2,358	$ 223	$ 2,581
2024	672	183	855
2025	489	167	656
2026	337	156	493
2027	333	148	481
2028 - 2032	1,748	598	2,346
2033 - 2037	1,596	352	1,948
2038 - 2042	458	206	664
2043 - 2047	(37)	183	146
2048 - 2052	(79)	193	114
2053 - 2057	(71)	204	133
2058 - 2062	(59)	213	154
2063 - 2067	(41)	220	179
2068 - 2072	(17)	224	207
2073 - 2077	15	225	240
2078 - 2082	57	220	277
2083 - 2087	113	210	323
2088 - 2092	183	191	374
2093 - 2097	271	162	433
2098 - 2102	383	119	502
2103 - 2107	522	61	583
2108 - 2109	124	3	127
Totals	$ 9,355	$ 4,461	$ 13,816

Lessor Activities

The District has accrued a receivable for an office space lease. The remaining receivable for this lease is $522 and $555 as of June 30, 2022 and 2021 respectively. Deferred inflows related to this lease were $480 as of June 30, 2022 and $525 as of June 30, 2021. Interest revenue recognized on this lease was $15 and $15 for the years ended June 30, 2022 and June 30, 2021 respectively. Principal receipts of $33 and $31 were recognized in the years ended June 30, 2022 and June 30, 2021, 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 $687 and $709 at June 30, 2022 and 2021 respectively. Deferred inflows related to these leases were $2,740 as of June 30, 2022 and $2,794 as of June 30, 2021. Interest revenue recognized on these leases was $22 and $23 for the year ended June 30, 2022 and June 30, 2021 respectively. Principal receipts of $22 and $21 were recognized in the years ended June 30, 2022 and June 30, 2021, 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 $120 and $175 as of June 30, 2022 and 2021 respectively. Deferred inflows related to these leases were $111 as of June 30, 2022 and $166 as of June 30, 2021. Interest revenue recognized on these leases was $4 and $5 for the years ended June 30, 2022 and June 30, 2021, respectively. Principal receipts of $55 and $52 were recognized in the years ended June 30, 2022 and June 30, 2021, 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 $1,798 and $1,824 as of June 30, 2022 and 2021 respectively. Deferred inflows related to these leases were $1,995 as of June 30, 2022 and $1,870 as of June 30, 2021. Interest revenue recognized on these leases was $49 and $147 for the years ended June 30, 2022 and June 30, 2021, respectively. Principal receipts of $26 and $506 were recognized in the years ended June 30, 2022 and 2021, respectively. Final receipt is expected in fiscal year 2045.

Notes to Financial Statements
June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

Below is a schedule of the changes in the leases receivable for the fiscal years ended June 30, 2022 and June 30, 2021:

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

Leases 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 leases receivable, net				$ 3,127	

Interest receivable of $39 and $40 is included in the current portion of leases receivable on the Statement of Net position for fiscal years ending June 30, 2022 and 2021 respectively.

Notes to Financial Statements
June 30, 2022 and June 30, 2021
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continued

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

Fiscal Year ending June 30:	Principal	Interest	Total
2023	$ 146	$ 87	$ 233
2024	156	83	239
2025	101	79	180
2026	109	76	185
2027	117	73	190
2028 - 2032	669	316	985
2033 - 2037	490	233	723
2038 - 2042	549	169	718
2043 - 2047	420	89	509
2048 - 2052	10	64	74
2053 - 2057	12	63	75
2058 - 2062	14	60	74
2063 - 2067	17	58	75
2068 - 2072	20	54	74
2073 - 2077	24	51	75
2077 - 2081	28	46	74
2083 - 2087	34	41	75
2088 - 2092	40	34	74
2093 - 2097	47	27	74
2098 - 2102	57	18	75
2103 - 2107	67	7	74
	$ 3,127	$ 1,728	$ 4,855

6. Short-term Debt

Bank Line of Credit

In May 2019 TriMet entered into a three year $60,000 revolving credit agreement (RCA) with a financial institution. The RCA 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. The RCA facility ended in May 2022 and there were no draws on the RCA during fiscal year 2022 or fiscal year 2021.

Short-term debt activity for the year ended June 30, 2022 and 2021 was as follows:

June 30, 2022	Beginning Balance	Draws	Repayments	Ending Balance
Bank Line of Credit	$ -	$ -	$ -	$ -

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

Notes to Financial Statements
June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

7. Long-Term Debt

Long-Term Debt at June 30, 2022 and 2021 consists of the following:

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

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
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)	
	$ 901,261			$ 867,982	

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continued

Total interest cost on all outstanding debt was $28,707 and $28,792 in fiscal years 2022 and 2021, 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, 2022		
Description of Debt:	Principal and interest to maturity	Principal and interest paid in the year	Pledged revenue for the year
Payroll Tax Bonds - pledged: Employer payroll, self employment tax, and state in lieu revenue			
2009 Revenue Bonds, Series A and B	$ 19,761	$ 718	
2012 Senior Lien Payroll Tax Bonds, Series A	3,075	3,071	
2015 Revenue Bonds, Series A and B	42,983	7,747	
2016 Revenue Bonds, Series A	75,457	2,888	
2017 Revenue Bonds, Series A	49,242	5,864	
2018 Revenue Bonds, Series A	69,651	6,888	
2019 Revenue Bonds, Series A and B	376,546	8,171	
2021 Revenue Bonds, Series A and B	595,480	4,041	
	$ 1,232,195	$ 35,347	$ 463,534
Capital Grant Receipt Revenue Bonds - pledged: Section 5307, STP, and CMAQ grant receipts			
2011 Capital Grant Receipt Revenue Bonds	$ -	$ 11,671	
2017 Capital Grant Receipt Revenue Refunding Bonds, Series A	87,957	3,801	
2018 Capital Grant Receipt Revenue Bonds, Series A	158,782	5,624	
	$ 246,739	$ 21,096	$ 84,905

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, 2022 and 2021.

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, 2022, there were $23,625, 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, 2022 there were, $18,550, 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, 2022, there were $68,670, in defeased bonds with scheduled maturities annually on September 1, 2023 through 2037.

2015 Revenue Bonds, Series A and B

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

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

On October 9, 2019 and again on October 27, 2021, TriMet defeased in substance future principal and interest payments on a portion of its 2015 Senior Lien Payroll Tax Bonds, Series A and B. As of June 30, 2022, there were $66,285, in defeased bonds with scheduled maturities annually on September 1, 2026 through 2040.

2016 Revenue Refunding Bonds, Series A

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

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

On October 27, 2021, TriMet defeased in substance future principal and interest payments on a portion of its 2016 Senior Lien Payroll Tax Bonds. As of June 30, 2022, there were $14,910 in defeased bonds with scheduled maturities annually on September 1, 2029 through 2032.

2017 Revenue Bonds, Series A

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

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

On October 27, 2021, TriMet defeased in substance future principal and interest payments on a portion of its 2017 Senior Lien Payroll Tax Bonds. As of June 30, 2022, there were $50,215 in defeased bonds with scheduled maturities annually on September 1, 2029 through 2041.

2018 Revenue Bonds, Series A

On June 20, 2018, TriMet issued $148,245 in Senior Lien Payroll Tax Revenue Bonds to fund capital projects including the Powell Garage, replacement of buses, a 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.

On October 27, 2021, TriMet defeased in substance future principal and interest payments on a portion of its 2018 Senior Lien Payroll Tax Bonds. As of June 30, 2022, there were $100,680 in defeased bonds with scheduled maturities annually on September 1, 2030 through 2044.

2019 Revenue Bonds, Series A and B

On October 9, 2019, TriMet issued $188,390 in Senior Lien Payroll Tax Revenue Bonds, Series A to fund capital projects including Columbia Bus Base, replacement of buses and light rail vehicles, the Red Line extension to the fair complex, division transit, and ruby junction expansion. TriMet also issued $49,425 in Senior Lien Payroll Tax Revenue Refunding Bonds, Series B (taxable) to refinance certain series of revenue bonds currently outstanding. The District completed this advance refunding to reduce its total debt service payments over the next 21 years by $2,937 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $2,263.

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

2021 Revenue Bonds, Series A and B

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

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

Capital Grant Receipt Bonds

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

2011 Capital Grant Receipt Revenue Bonds

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

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

On August 30, 2017, TriMet defeased in substance future principal and interest payments on a portion of its 2011 Capital Grant Receipt Revenue Bonds. As of June 30, 2022, there were $81,240, in defeased bonds with scheduled maturities annually on October 1, 2022 through 2027.

(dollars in thousands)

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

2017 Capital Grant Receipt Revenue Refunding Bonds, Series A

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

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

2018 Capital Grant Receipt Revenue Bonds, Series A

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

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

Bond Debt Service Requirements to Maturity:

The District's various bonds outstanding and related interest requirements as of June 30, 2022, 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
2023	$ 14,225	$ 26,754	$ 40,979	$ 12,835	$ 8,684	$ 21,519	$ 27,060	$ 35,438	$ 62,498
2024	18,080	26,040	44,120	13,465	8,027	21,492	31,545	34,067	65,612
2025	18,920	25,202	44,122	14,105	7,337	21,442	33,025	32,539	65,564
2026	23,370	24,241	47,611	14,795	6,615	21,410	38,165	30,856	69,021
2027	24,210	23,400	47,610	15,515	5,857	21,372	39,725	29,257	68,982
2028-2032	133,640	104,425	238,065	70,550	18,418	88,968	204,190	122,843	327,033
2033-2037	156,715	81,331	238,046	47,845	2,691	50,536	204,560	84,022	288,582
2038-2042	174,475	53,018	227,493	-	-	-	174,475	53,018	227,493
2043-2047	157,250	28,095	185,345	-	-	-	157,250	28,095	185,345
2048-2052	113,095	5,709	118,804	-	-	-	113,095	5,709	118,804
Totals	$ 833,980	$ 398,215	$ 1,232,195	$ 189,110	$ 57,629	$ 246,739	$ 1,023,090	$ 455,844	$ 1,478,934

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, 2022, the single claimant limit was $783 and the multiple claimants was $1,565. Effective July 1, 2022 those limits raise to $806 for single claimant and $1,612 for multiple claimants.

(dollars in thousands)

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

Changes in the District's public liability and industrial accident claims liabilities (reported in other accrued liabilities on the Statement of Net Position) are as follows as of and for the years ended June 30, 2022 and 2021:

	2022		2021	
	Industrial accident claims	Public liability	Industrial accident claims	Public liability
Liability at beginning of year	$ 5,528	$ 4,403	$ 5,186	$ 4,977
Current year claims	4,140	275	2,825	345
Changes in estimates for claims of prior periods	982	926	628	299
Payments of claims	(4,688)	(1,674)	(3,111)	(1,218)
Liability at end of year	$ 5,962	$ 3,930	$ 5,528	$ 4,403

Based on historical experience, the District has classified $3,527 and $3,365 of the industrial accident and public liability claims liabilities as current liabilities, at June 30, 2022 and 2021, 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:

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June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

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

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	

10. Lease-leaseback Transaction

2005 Lease transaction

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

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

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

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

The 2005 leases include the following trigger events relating to TriMet: (1) outstanding General Obligation Bond ratings are downgraded by Standard & Poors below "A+" or by Moody's below "A1", or if General Obligation Bonds are no longer rated, long-term senior payroll tax revenue bonds are downgraded by Standard & Poors below "A+" or by Moody's below "A1", or (2) TriMet becomes eligible to be a debtor under Bankruptcy code, or (3) TriMet loses its taxing authority related to payroll and self-employment taxes. If a trigger event occurs, TriMet is required to provide equity strip collateral in amounts defined in the lease agreements. TriMet's long-term senior lien payroll tax revenue bonds are rated AAA by Standard & Poors, Aaa by Moody's and AAA by Kroll at June 30, 2022. As of June 30, 2022, TriMet is not aware of any default, event of default or event of loss under any of the operative documents. The total outstanding future lease obligations under the 2005 leases are as follows:

	FSA uncollateralized	US Treasuries in trust	TriMet obligation	Total payment obligations
Fiscal year ending June 30:				
2023	$ -	$ 110	$ -	$ 110
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028-2032	-	135	6	141
	$ 71,562	$ 68,805	$ 9,586	$ 149,953

Legislative and regulatory activities

Pursuant to the terms of the tax indemnity agreements of TriMet's 2005 and 2009 lease transactions, unless an indemnification event occurs, the District bears no liability for the related adverse U.S. federal income tax consequence to the domestic investors. As of June 30, 2022, no indemnity claims have been made against TriMet. With respect to TriMet's 2005 and 2009 lease transactions, the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), as codified in Section 4965 of the Internal Revenue Code of 1986 as amended (Code), the guidance provided by the Internal Revenue Service (IRS) in IRS Notice 2007-18 published on February 7, 2007 and the Proposed and Temporary Regulations released on July 6, 2007 subsequently thereto, TriMet does not have a TIPRA excise tax liability.

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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:

Assets:	2022	2021
Restricted Cash and Investments - Lease Collateral	$ 51,228	$ 58,159
Prepaid lease expense	32,405	30,390
Total assets	$ 83,633	$ 88,549
Liabilities and unamortized gain:		
Long-term lease liability	$ 71,255	$ 67,185
Unamortized gain on leases	$ 12,062	$ 12,974
Total liabilities	$ 83,317	$ 80,159
Net long-term restricted lease-leaseback	$ 316	$ 8,390
Net leveraged lease revenue	$ (8,076)	$ (5,626)

11. Commitments and Contingencies

TriMet has authorized commitments unexpended as of June 30, 2022 of $1,057,023 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 effect on the District's financial position, results of operations or cash flows.

12. Pension Benefits

Union Defined Contribution Plan

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

Plan description

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

is eligible. In addition, the employee can elect to make voluntary, after-tax, contributions, up to 15 percent of compensation. The after-tax contribution election may be adjusted by the employee at any time. Plan participants fully vest in the District's contributions after three years of service with the District. Upon severance from employment, TriMet will contribute 60 percent of the employee's unused sick leave (up to a maximum of 1,700 hours) to the employee's account. The TriMet Board has authority over amendments to plan benefit and contribution provisions, in conjunction with the Working and Wage Agreement.
Method used to value investments

As of June 30, 2022 and 2021, there were 1,569 and 1,673 active employees, respectively, covered by the Union DC Plan. District contributions to the Union DC Plan were $8,330 and $7,487 for the years ended June 30, 2022 and 2021, respectively. Employee contributions to the Union DC Plan were $6,372 and $5,534 for the years ended June 30, 2022 and 2021, respectively.

Management Defined Contribution Plan

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

Plan description

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

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

As of June 30, 2022 and 2021 there were 488 and 482 active employees, respectively, covered by the Management DC Plan. District contributions to the Management DC Plan were $4,665 and $4,155 for the years ended June 30, 2022 and 2021, respectively. Employee contributions to the Management DC Plan were $2,015 and $1,856 for the years ended June 30, 2022 and 2021, respectively.

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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, 2022 and 2021, the District's total vacation pay liability was $17,755 and $14,990. Of this amount, $12,600 and $10,730 was current and $5,155 and $4,260 was noncurrent as of June 30, 2022 and 2021, respectively.

General Information about the OPEB Plan

Plan description. The District's defined benefit OPEB plan provides health care and life insurance benefits for eligible employees and their qualified dependents. The District's plan is a single employer defined benefit OPEB plan administered by the TriMet Board. The authority to establish and amend the benefit terms and financing is accomplished through contractual agreement with union employees and through board adopted personnel policies for non-union employees. While TriMet has placed $415 in a trust for the purpose of funding OPEB payments, such assets are considered de-minimus and are therefore not considered a trust that meets the criteria in paragraph 4 of Statement 75.

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

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

(dollars in thousands)

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, 2022, the following employees (union and non-union) were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2,057
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	2,996
Total	5,053

Net OPEB Liability

The District's net OPEB liability of $798,572 was measured as of January 1, 2022, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability for the January 1, 2022 and 2021 actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	January 1, 2022	January 1, 2021
Inflation:	2.50%	2.25%
Salary Increases:	2.75%	2.75%
Discount Rate:	2.06%	2.12%

The discount rate was based on Bond Buyer 20-Bond GO Index, December 31, 2021 and 2020 respectively.

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Healthcare cost trend rates:

Union Plans			Non Union Plans	
Pre-Medicare	**Medicare**	**Medicare Part B**	**Pre-Medicare**	**Medicare**
9% in 2022, trending down to 3.94% in 2042 and thereafter.	*3% in 2022 trending down to 3.94% in 2042 and thereafter.*	*3.98% in 2022 increasing to 7.28% in 2026, then trending down to 3.6% in 2041 and thereafter.*	*3% in 2022 trending down to 6% in 2023, then trending down to 3.94% in 2042 and thereafter.*	*3% in 2022 trending down to 6% in 2023, then trending down to 3.94% in 2042 and thereafter.*

Retirees' share of benefit related costs:

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

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

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

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

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

Mortality rates were based on the tables as detailed below:

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

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Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at January 1, 2021	$ 944,704	$ 431	$ 944,273
Changes for the year:			
Service cost	37,111	-	37,111
Interest	20,149	-	20,149
Differences between expected and actual experience	(181,903)	-	(181,903)
Changes in assumptions or other inputs	4,557	-	4,557
Contributions	-	25,618	25,618
Benefit payments	(25,618)	(25,618)	-
Net Investment Income	-	(3)	3
Net Changes	(145,704)	(3)	(94,465)
Balance at January 1, 2022	$ 799,000	$ 428	$ 798,572

	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	7	42,853
Balance at January 1, 2021	$ 944,704	$ 431	$ 944,273

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

There were no changes to benefit terms during either measurement period. Changes of assumptions and other inputs reflect a change in the discount rate from 2.74 percent as of January 1, 2020, to 2.12 percent as of January 1, 2021, and to 2.06 percent as of January 1, 2022. Benefit payments in the measurement period included amounts for the purchase of allocated insurance contracts of $15,314 during the measurement period ending January 1, 2022 and $15,581 during the measurement period ended January 1, 2021. 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 2022	1% Decrease	Discount Rate	1% Increase
	1.06%	2.06%	3.06%
Net OPEB Liability	$922,546	$798,572	$697,668

(dollars in thousands)

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 2022	1% Decrease	Healthcare Trend	1% Increase
Net OPEB Liability	$691,119	$798,572	$932,883

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

For the years ended June 30, 2022 and 2021 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	
	2022	2021
Differences between actual and expected experience	$ 437	$ 655
Changes of assumptions or other inputs	163,924	196,853
Contributions subsequent to the measurement date	11,754	13,054
Total	$ 176,115	$ 210,562

	Deferred Inflows of Resources	
	2022	2021
Differences between actual and expected experience	$ (242,095)	$ (105,906)
Changes of assumptions or other inputs	(28,426)	(37,902)
Net difference between projected and actual earnings on OPEB plan investments	(8)	(17)
Total	$ (270,529)	$ (143,825)

$11,754 is reported as deferred outflows of resources resulting from payments subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred will be recognized in expense as follows:

Fiscal year ending June 30:	Amortization
2023	$ (17,491)
2024	(17,490)
2025	(17,876)
2026	(3,755)
2027	(24,221)
Thereafter	$ (25,335)

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 $14,227 and $(2,571) in pension expense (or credit) for the Management DB Plan in the years ended June 30, 2022 and 2021, respectively.

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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, 2022 and 2021:

	2022	2021
Active employees	57	64
Retirees and beneficiaries:		
Receiving benefits	347	346
Deferred Retirement benefits		
Terminated employees	62	64
Transfers to union plan	-	-
Disabled employees	-	-
Total Participants	466	474

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.

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

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

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The Plan has the following fair value measurements by fair value level at June 30, 2021:

	Balance at June 30, 2021	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured at Fair Value Level				
Fixed income	$ 22,971	$ -	$ 22,971	$ -
U.S. large-mid cap equities	16,371	-	16,371	-
U.S. small cap equities	3,526	-	3,526	-
International equity	11,903	-	11,903	-
	$ 54,771	$ -	$ 54,771	$ -
Measured at Net Asset Value				
International Equity	$ 11,983			
US Large-mid cap equities	16,644			
Fixed Income	14,954			
Tactical asset allocation	16,617			
Absolute return	23,886			
Private real estate	12,448			
Private equity	3,234			
Private credit	3,776			
	$ 103,542			
Total	$ 158,313			

Investments measured at Net Asset Value ("NAV")

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

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

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

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

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.

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

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

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

Outstanding commitments and redemption limitations for each applicable investment class as of June 30, 2022 and 2021 are as follows:

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

Rate of Return

For the years ended June 30, 2022 and 2021, respectively, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.31) percent and 23 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, 2022 and 2021.

Notes to Financial Statements
June 30, 2022 and June 30, 2021
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continued

Management DB Plan	Allocation Policy	
	2022	2021
Aggressive growth	1.0%	1.0%
Traditional growth	37.0%	37.0%
Stabilized growth	12.0%	12.0%
Inflation protection	5.0%	5.0%
Principal protection	15.0%	15.0%
Diversifying strategies	30.0%	30.0%
Total	100.0%	100.0%

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

As of June 30, 2022 and 2021, the plan had investments of more than 5% of the total Plan fiduciary net position, as follows:

	2022	2021
Baird Core Bond Fund	13.8%	14.5%
Graham Tactical Trend	14.1%	10.5%
State Street RAFI US 1000 Fund	18.6%	20.0%
Vanguard Russell 1000 Index Fund	8.1%	10.3%
Vanguard Total International Stock Fund	6.5%	7.5%
RREEF America REIT II	9.0%	6.6%
Capital Guardian International Fund	5.6%	7.6%
AQR Enhanced Style Premia Fund, L.P.	5.8%	10.0%
Millennium	3.0%	5.1%
Aspect Fund	5.5%	0.0%

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:

(dollars in thousands)

Net pension liability As of June 30		2022		2021
Total pension liability	$	160,558	$	145,948
Plan fiduciary net position		148,261		158,721
Net pension liability (asset)		12,297		(12,773)
Plan fiduciary net position as a percent of total pension liability		92.3%		108.8%
Annual covered payroll	$	7,463	$	7,965
Net Pension Liability (Asset) as a percentage of covered payroll		164.8%		-160.4%

Actuarial methods and assumptions

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

Significant actuarial assumptions used in the 2021 valuation include a rate of return on the investment of present and future assets of 6.0 percent, price inflation of 2.25 percent, annual salary increases of 2.75 percent, and an annual post-retirement benefit increase of 2.03 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 2022 long-term expected rate of return on pension plan investments of 6.0 percent was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are then combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

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

Long-Term Expected Real Rate of Return

Risk Based Class/Components	Expected Return
U.S. Equity	8.0%
International Equity	9.0%
Fixed Income	3.9%
Diversifying Strategies	5.2%
Private Equity	11.0%
Private Credit	8.6%
Private Real Estate	6.4%

The discount rate used to measure the total pension liability was 6.0 percent for both the 2022 and 2021 valuations. The projection of cash flows used to determine the discount rate assumed that District contributions will be made consistent with the current funding plan. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

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continued

Changes in net pension liability

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

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

	2022	2021
Total pension liability		
Service cost	$ 548	$ 633
Interest cost	8,531	8,604
Benefit payments	(8,750)	(8,513)
Changes of benefit terms	-	(32)
Experience (gain) loss	7,111	(1,697)
Changes of assumptions	7,170	-
Net change in total pension liability	14,610	(1,005)
Total pension liability, beginning	145,948	146,953
Total pension liability, ending	160,558	145,948
Plan fiduciary net position		
Contributions	522	6,250
Net Investment Income	(2,137)	29,802
Benefit payments	(8,750)	(8,513)
Administrative Expense	(95)	(110)
Net change in plan fiduciary net position	(10,460)	(3,654)
Plan fiduciary net position, beginning	158,721	131,292
Plan fiduciary net position, ending	148,261	158,721
Net pension liability (asset), ending	$ 12,297	$ (12,773)
Plan fiduciary net position as a percent of total pension liability (asset)	92%	109%
Covered payroll	$ 7,463	$ 7,965
Net pension liability as a percent of covered payroll	165%	-160%

(dollars in thousands)

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%)	$	31,441
Current discount rate (6.0%)	$	12,297
1% increase (7.0%)	$	(3,738)

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, 2022 and 2021:

	2022		2021	
Deferred outflows:				
Differences between projected and actual earnings on pension investments	$	-	$	-
Differences between expected and actual experience in the measurement of total pension liability		-		-
Total deferred outflows	$	-	$	-
Deferred inflows:				
Differences between projected and actual earnings on pension investments	$	(520)		(11,884)
Changes in assumptions		-		
Total deferred inflows	$	(520)	$	(11,884)

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	
2023	$	108
2024		(795)
2025		(2,116)
2026		2,283
	$	(520)

(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 $51,859 and $14,432 in pension expense for the Bargaining Unit DB Plan in the years ended June 30, 2022 and 2021, 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, 2022 and 2021:

	2022	2021
Active employees	883	1,003
Retirees and beneficiaries:		
Receiving benefits	2,187	2,124
Deferred Retirement benefits:		
Terminated employees	133	132
Total Participants	3,203	3,259

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.

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June 30, 2022 and June 30, 2021
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continued

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, 2022:

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

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continued

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)**
U.S. small cap equities	$ 106,454	$ -	$ 106,454	$ -
U.S. large-mid cap equities	27,586	-	27,586	-
International Equity	80,646	-	80,646	-
	$ 214,686	$ -	$ 214,686	$ -
Measured at Net Asset Value				
Fixed Income	$ 124,968			
International Equity	80,881			
US large-mid cap equities	106,824			
Tactical asset allocation	79,438			
Absolute return	40,279			
Private real estate	61,572			
Private equity	17,301			
Private credit	4,180			
	$ 515,443			
Total	$ 730,129			

Investments measured at Net Asset Value ("NAV")

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

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

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

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

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

(dollars in thousands)

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

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

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

Outstanding commitments and redemption limitations for each investment class as of June 30, 2022 and 2021 are as follows:

Measured at Net Asset Value	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
As of June 30, 2022:				
Private real estate	$ 73,309	$ -	Quarterly	45 days
Private equity	$ 18,072	$ 729	N/A	N/A
Private credit	$ 1,852	$ 4,745	N/A	N/A
As of June 30, 2021:				
Private real estate	$ 61,572	$ -	Quarterly	45 days
Private equity	$ 17,301	$ 1,724	N/A	N/A
Private credit	$ 4,180	$ 1,907	N/A	N/A

Rate of Return

For the years ended June 30, 2022 and 2021, respectively, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.64) percent and 30.1 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, 2022 and 2021:

Bargaining Unit DB Plan	Allocation Policy	
	2022	2021
Aggressive growth	2.0%	2.0%
Traditional growth	52.0%	52.0%
Stabilized growth	12.0%	12.0%
Inflation protection	4.0%	4.0%
Principal protection	8.0%	8.0%
Diversifying strategies	22.0%	22.0%
Total	100.0%	100.0%

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

As of June 30, 2022 and 2021, the plan had the following investments of more than 5% of the total Plan fiduciary net position:

	2022	**2021**
State Street RAFI US 1000 Index Fund	20.1%	21.9%
Vanguard Russell 1000 Index Fund	12.6%	14.5%
Vanguard Total International Stock Index Fund	9.8%	11.0%
Capital Guardian International All Countries Equity Class Db	9.3%	11.0%
AFL/CIO Housing Trust	7.3%	7.6%
Graham	8.2%	6.1%
RREEF America REIT II	8.4%	6.0%
Mount Lucas	6.7%	4.7%

Funding policy and annual pension cost

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

Net pension liability
As of June 30

	2022	2021
Total pension liability	$ 868,255	$ 775,386
Plan fiduciary net position	666,317	733,612
Net pension liability	$ 201,938	$ 41,774
Plan fiduciary net position as a percent of total pension liability	76.7%	94.6%
Annual covered payroll	$ 78,431	$ 83,542
Net Pension Liability as a percentage of covered payroll	257.5%	50.0%

Actuarial methods and assumptions

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

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, discount rate of 6.25% 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.

(dollars in thousands)

The 2022 long-term expected rate of return on pension plan investments of 6.25 percent was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are then combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.:

Long-Term Expected Real Rate of Return

Risk Based Class/Components	Expected Return
Private Equity	11.0%
U.S. Equity	8.0%
International Equity	9.0%
Private Real Estate	6.4%
Private Credit	8.6%
Diversifying Strategies	5.2%
Fixed Income	3.9%

The discount rate used to measure the total pension liability was 6.25 percent for the 2022 valuation and 6.5 percent for the 2021 valuation. The projection of cash flows used to determine the discount rate assumed that District contributions will be made consistent with the current funding plan. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

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continued

Changes in net pension liability

The following table presents the changes in the net pension liability for the years ended June 30, 2022 and 2021:

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

	2022	2021
Total pension liability		
Service cost	$ 7,796	$ 8,150
Interest cost	49,410	48,272
Effect of plan changes		
Changes of assumptions		
Changes in benefit terms	900	-
Effect of economic/demographic gains	12,727	3,365
Benefit payments	(46,782)	(44,963)
Changes in assumptions	68,817	3,945
Net change in total pension liability	92,868	18,769
Total pension liability, beginning	775,386	756,617
Total pension liability, ending	868,254	775,386
Plan fiduciary net position		
Contributions	6,041	33,929
Net investment income	(26,352)	170,880
Benefit payments	(46,782)	(44,963)
Administrative expense	(203)	(289)
Net change in plan fiduciary net position	(67,296)	159,557
Plan fiduciary net position, beginning	733,612	574,055
Plan fiduciary net position, ending	666,316	733,612
Net pension liability, ending	$ 201,938	$ 41,774
Plan fiduciary net position as a percent of total pension liability	77%	95%
Covered payroll	$ 78,431	$ 83,542
Net pension liability as a percent of covered payroll	257%	50%

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continued

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

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

Discount rate	Net pension liability
1% decrease (5.25%)	$ 302,945
Current discount rate (6.25%)	$ 201,938
1% increase (7.25%)	$ 116,984

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, 2022 and 2021:

Deferred outflows	2022	2021
Changes in assumptions	$ 42,313	$ 11,332
Differences between expected and actual experience in the measurement of total pension liability	8,509	2,119
Total deferred outflows	$ 50,822	$ 13,451
Deferred inflows		
Differences between projected and actual earnings on pension investments	$ (4,369)	$ (79,797)
Differences between expected and actual experience in the measurement of total pension liability	-	(1,547)
Total deferred inflows	$ (4,369)	$ (81,344)

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
2023	$ 33,085
2024	11,063
2025	(12,240)
2026	14,545
	$ 46,453

Notes to Financial Statements
June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

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

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

	Fiscal Year 2021			
	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Management & Staff Employees Trust Fund	$ (12,773)	$ -	$ 11,884	$ (2,571)
Bargaining Unit Employees Trust	41,774	13,451	81,344	14,432
Total pension plans	$ 29,001	$ 13,451	93,228	11,861

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June 30, 2022 and June 30, 2021
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The following schedules present the combining Fiduciary Statements of Net Position and the Statement of Changes in Fiduciary Net Position for fiscal years June 30 2022, and 2021 for the Retirement Plan for Management and Staff Employees and the Pension Plan for Bargaining Unit Employees.

Schedules of Fiduciary Net Position:

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

Notes to Financial Statements
June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

Schedules of Fiduciary Net Position (continued):

	As of June 30, 2021		
	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			
Restricted for pension benefits	$ 158,721	$ 733,612	$ 892,333

Notes to Financial Statements
June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

Schedules of changes in Fiduciary Net Position:

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

Notes to Financial Statements
June 30, 2022 and June 30, 2021
(dollars in thousands)
continued

Schedules of changes in Fiduciary Net Position (continued):

	Fiscal Year Ended June 30, 2021		
	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:			
Interest	1	2	3
Dividends	991	3,613	4,604
Other income	399	2,570	2,969
Net increase (decrease) 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:			
Beginning of year, July 1	131,292	574,055	705,347
End of year, June 30	$ 158,721	$ 733,612	$ 892,333

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Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

(dollars in thousands)

Management DB Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	$ 548	$ 633	$ 650	$ 685	$ 919	$ 1,162	$ 1,224	$ 505	$ 793	$ 906
Interest cost	8,531	8,604	8,939	8,784	8,621	8,309	8,327	7,931	8,454	7,903
Benefit payments	(8,750)	(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	7,170	-	(959)	-	-	-	474	(2,178)	(531)	1,015
Experience (gain) loss	7,111	(1,697)	928	397	(29)	1,441	(1,293)	3,592	(3,002)	152
Net change in total pension liability	14,610	(1,005)	1,995	2,669	3,300	5,626	4,230	5,392	1,822	8,168
Total pension liability, beginning	145,948	146,953	144,958	142,289	138,988	133,362	129,132	123,740	121,918	113,750
Total pension liability, ending	160,558	145,948	146,953	144,958	142,288	138,988	133,362	129,132	123,740	121,918
Plan fiduciary net position										
Contributions	522	6,250	2,327	6,240	6,497	6,330	7,036	6,559	5,602	9,776
Net Investment Income	(2,137)	29,802	1,727	3,787	8,108	7,990	1,460	2,004	14,074	10,100
Benefit payments	(8,750)	(8,513)	(7,563)	(7,197)	(6,211)	(5,286)	(4,502)	(4,458)	(3,892)	(3,519)
Administrative Expense	(95)	(110)	(145)	(137)	(97)	(76)	(97)	(123)	-	-
Net change in plan fiduciary net position	(10,460)	27,429	(3,654)	2,693	8,297	8,958	3,897	3,982	15,784	16,357
Plan fiduciary net position, beginning	158,721	131,292	134,946	132,253	123,956	114,998	111,101	107,119	91,335	74,978
Plan fiduciary net position, ending	148,261	158,721	131,292	134,946	132,253	123,956	114,998	111,101	107,119	91,335
Net pension liability, ending	$ 12,297	$ (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	92%	109%	89%	93%	93%	89%	86%	86%	87%	75%
Covered payroll	$ 7,463	$ 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	165%	-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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	$ 7,796	$ 8,150	$ 8,675	$ 9,643	$ 9,875	$ 10,851	$ 10,703	$ 11,756	$ 11,406	$ 11,122
Interest cost	49,410	48,272	47,372	46,537	43,494	43,889	43,372	43,025	42,870	41,827
Effect of plan changes	900	-	-	-	3,286	-	-	-	-	-
Changes of assumptions	68,817	3,945	34,129	-	-	-	18,776	(16,558)	29,476	15,354
Effect of economic/demographic (gains) losses	12,727	3,365	(5,375)	(2,453)	21,274	(19,615)	(8,967)	(541)	(11,294)	(8,583)
Benefit payments	(46,782)	(44,963)	(41,940)	(38,905)	(36,394)	(34,163)	(32,680)	(30,677)	(28,846)	(27,373)
Net change in total pension liability	92,868	18,769	42,861	14,822	41,535	962	31,204	7,005	43,612	32,347
Total pension liability, beginning	775,386	756,617	713,756	698,934	657,399	656,437	625,233	618,228	574,616	542,269
Total pension liability, ending	868,254	775,386	756,617	713,756	698,934	657,399	656,437	625,233	618,228	574,616
Plan fiduciary net position										
Contributions	6,041	33,929	37,755	34,718	35,228	35,862	38,027	36,200	47,261	70,380
Net investment income	(26,352)	170,880	3,683	18,329	41,479	46,645	1,948	12,276	64,461	42,349
Benefit payments	(46,782)	(44,963)	(41,940)	(38,905)	(36,394)	(34,163)	(32,680)	(30,677)	(28,846)	(27,373)
Administrative expense	(203)	(289)	(363)	(104)	(357)	(246)	(281)	(363)	(486)	(223)
Net change in plan fiduciary net position	(67,296)	159,557	(865)	14,038	39,955	48,098	7,014	17,436	82,390	85,133
Plan fiduciary net position, beginning	733,612	574,055	574,920	560,882	520,927	472,829	465,815	448,379	365,989	280,856
Plan fiduciary net position, ending	666,316	733,612	574,055	574,920	560,882	520,927	472,829	465,815	448,379	365,989
Net pension liability, ending	$ 201,938	$ 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	77%	95%	76%	81%	80%	79%	72%	75%	73%	64%
Covered payroll	$ 78,431	$ 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	257%	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, 2022	$ 197	$ 522	$ 325	$ 7,463	7%
June 30, 2021	3,570	6,250	2,680	7,965	78%
June 30, 2020	2,327	2,327	-	8,105	29%
June 30, 2019	2,443	6,240	3,797	8,280	75%
June 30, 2018	3,253	6,497	3,244	9,446	69%
June 30, 2017	3,735	6,330	2,595	10,593	60%
June 30, 2016	4,242	7,036	2,794	12,722	55%
June 30, 2015	4,219	6,559	2,340	12,751	51%
June 30, 2014	4,957	5,602	645	13,142	43%
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, 2022	$ 26,460	$ 6,041	$ (20,419)	$ 78,431	8%
June 30, 2021	28,790	33,929	5,139	83,542	41%
June 30, 2020	25,173	37,755	12,582	90,089	42%
June 30, 2019	26,040	34,718	8,678	97,406	36%
June 30, 2018	24,566	35,228	10,662	109,924	32%
June 30, 2017	28,498	35,862	7,364	106,596	34%
June 30, 2016	28,030	38,027	9,997	117,666	32%
June 30, 2015	31,926	37,793	5,867	116,556	32%
June 30, 2014	35,553	48,689	13,136	124,696	39%
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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Management DB Plan	-1.31%	22.95%	1.41%	2.97%	6.62%	6.92%	1.30%	1.87%	15.62%	13.10%
Bargaining Unit DB Plan	-3.64%	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 Net OPEB Liability

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

* The measurement date for the OPEB plan is January 1st

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78% as of 01/01/2017 to 3.44% as of 01/01/2018, 4.10% as of 01/01/2019, 2.74% as of 01/01/2020, 2.12% as of 01/01/2021, and 2.06% as of 01/01/2022. In addition, changes of assumptions were made during the 2017 and 2018 measurement periods to update healthcare costs and trends. Ten-year information is not available as GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was implemented for fiscal year-ending June 30, 2018.

TRIMET

Supplementary Information

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

For The Year Ended June 30, 2022
(dollars in thousands)

Budget basis	
Revenues	$ 1,391,002
Expenses	1,090,824
Revenues over expenses	300,178
Add budget activity not qualifying as revenues/ expenses under GAAP:	
Par value of debt retired	216,125
Par value of bond proceeds	(409,640)
Capital asset additions	232,619
Add (subtract) adjustments required by GAAP:	
Unfunded pension costs	(59,494)
Depreciation expense	(142,382)
Leases accounted for under GASB No. 87	(178)
Net leveraged lease revenue	334
Change in interest payable	(454)
Claims liability changes	(223)
Unfunded OPEB Costs	(15,450)
Differences due to bond premiums	12,521
Differences due to deferred losses on refunding	11,001
Subtract budget resources not qualifying as revenues under GAAP:	
Net Book Value of Assets Retired	(214)
GAAP basis income presented in statement of revenues, expenses and changes in net position	$ 144,743

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

June 30, 2022 (dollars in thousands)

Budget basis ending fund balance	$ 1,026,675
Reconciliation to GAAP basis:	
Net capital assets	3,143,786
GASB Statement No. 87, Leases, lease adjustment	(2,457)
Bonds payable and related amounts	(1,064,435)
Other postemployment benefits and deferred amounts	(892,986)
Net pension liability and deferred amounts	(168,302)
Claims liability	(9,177)
Lease leaseback and deferred amounts	316
GAAP basis net position	$ 2,033,420

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

For The Year Ended June 30, 2022
(dollars in thousands)

GENERAL FUND

	Original budget	Final budget	Actual		Variance from final budget Favorable (Unfavorable)
Revenues					
Operating revenue	$ 63,064	$ 63,064	$ 66,339		$ 3,275
Tax revenue	415,000	415,000	463,534		48,534
Operating grant and other revenue	352,783	352,783	296,956		(55,827)
Capital program resources	115,025	115,025	128,013		12,988
Debt proceeds	264,193	264,193	429,524		165,331
Gain on disposal of capital assets	-	-	346		346
Interest income (expense)	650	650	(9,247)		(9,897)
Other non-operating resources	20,438	20,438	15,537		(4,901)
Total revenues	1,231,153	1,231,153	1,391,002		159,849
Expenses					
Office of the general manager	1,031	1,031	1,015		16
Public affairs	15,583	15,583	12,512		3,071
Safety and security	38,535	38,535	25,720		12,815
Information technology	39,878	39,878	31,159		8,719
Finance and administration	34,452	34,452	25,080		9,372
Labor relations and human resources	7,115	7,115	6,143		972
Legal services	10,936	10,936	6,807		4,129
Chief operating officer	12,664	12,664	11,121		1,543
Transportation	271,706	271,706	239,827		31,879
Maintenance	328,544	328,544	248,567		79,977
Engineering and construction	181,371	181,371	142,423		38,948
OPEB and UAAL pension	54,023	54,023	25,487		28,536
Regional Funding Exchanges	21,336	21,336	18,253		3,083
Debt service	126,509	126,509	290,024	**1***	(163,515)
Pass-through requirements	11,168	11,168	6,686		4,482
Contingency	22,633	22,633	-		22,633
Total expenses	1,177,484	1,177,484	1,090,824		86,660
Revenues over (under) expenses	53,669	53,669	300,178		246,509
Beginning fund balance	688,037	688,037	726,497		38,460
Ending fund balance	$ 741,706	$ 741,706	$ 1,026,675		$ 284,969

1* Included in the actuals line item of $290,024 for debt service is a refunding in the amount of $229,841. Per ORS, debt refundings are not subject to Oregon budget law. Therefore, this over-expenditure is not a budget violation.

Schedule of Bonds Payable Obligation

June 30, 2022

(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
2023	$ -	$ 718	$ 3,000	$ 75	$ 5,600	$ 1,395	$ 395	$ 2,071	$ 2,695	$ 1,526
2024	-	718	-	-	5,900	1,140	3,550	1,997	2,815	1,403
2025	-	718	-	-	6,125	871	3,700	1,833	2,945	1,273
2026	-	718	-	-	6,430	559	3,890	1,643	3,095	1,122
2027	-	718	-	-	-	399	4,085	1,505	3,255	963
2028	-	718	-	-	-	399	4,170	1,360	3,425	796
2029	-	718	-	-	-	399	4,385	1,146	3,600	620
2030	-	718	-	-	-	399	-	1,037	-	530
2031	2,870	636	-	-	-	399	4,850	940	-	530
2032	3,040	466	-	-	-	399	-	843	-	530
2033	3,215	287	-	-	-	399	-	843	-	530
2034	3,405	98	-	-	-	399	5,470	767	-	530
2035	-	-	-	-	-	399	5,630	615	-	530
2036	-	-	-	-	-	399	5,790	451	5,060	448
2037	-	-	-	-	-	399	5,970	274	5,230	278
2038	-	-	-	-	3,140	336	6,155	92	5,415	95
2039	-	-	-	-	3,320	207	-	-	-	-
2040	-	-	-	-	3,505	70	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-	-	-
Totals	**$ 12,530**	**$ 7,231**	**$ 3,000**	**$ 75**	**$ 34,020**	**$ 8,963**	**$ 58,040**	**$ 17,417**	**$ 37,535**	**$ 11,704**

2018 Bonds		2019 Bonds		2021 Bonds		Total PRT Bonds	
Principal	*Interest*	Principal	Interest	Principal	Interest	*Principal*	*Interest*
$ 1,795	$ 1,806	$ 740	$ 7,432	-	$ 11,731	$ 14,225	$ 26,754
1,835	1,715	755	7,418	3,225	11,650	18,080	26,040
1,990	1,620	770	7,403	3,390	11,485	18,920	25,202
2,100	1,517	785	7,387	7,070	11,294	23,370	24,241
2,145	1,411	800	7,370	13,925	11,034	24,210	23,400
2,325	1,300	820	7,352	14,240	10,709	24,980	22,634
2,445	1,180	8,200	7,247	7,265	10,411	25,895	21,722
2,580	1,055	8,385	7,050	15,780	10,076	26,745	20,865
-	990	5,910	6,876	13,945	9,669	27,575	20,039
-	990	4,440	6,746	20,965	9,191	28,445	19,165
-	990	3,480	6,643	22,615	8,603	29,310	18,297
-	990	3,580	6,549	17,805	8,019	30,260	17,352
-	990	11,070	6,266	14,610	7,499	31,310	16,298
-	990	8,690	5,900	12,860	7,020	32,400	15,207
-	990	8,905	5,636	13,330	6,601	33,435	14,177
-	990	9,210	5,281	10,640	6,260	34,560	13,054
4,620	915	9,605	4,829	18,270	5,838	35,815	11,788
-	840	9,985	4,403	23,570	5,231	37,060	10,544
-	840	10,280	4,053	27,980	4,450	38,260	9,343
-	840	12,770	3,708	16,010	3,741	28,780	8,288
-	840	13,160	3,319	16,505	3,249	29,665	7,408
-	840	13,560	2,918	16,955	2,800	30,515	6,558
3,835	763	13,970	2,505	13,600	2,394	31,405	5,662
4,005	607	14,395	2,079	13,945	2,034	32,345	4,720
4,190	443	14,835	1,641	14,295	1,664	33,320	3,748
4,385	271	15,290	1,189	14,660	1,280	34,335	2,740
4,585	92	15,755	723	15,035	881	35,375	1,696
-	-	16,235	244	8,825	568	25,060	812
-	-	-	-	9,050	345	9,050	345
-	-	-	-	9,275	116	9,275	116
$ 42,835	**$ 26,816**	**$ 236,380**	**$ 140,166**	**$ 409,640**	**$ 185,840**	**$ 833,980**	**$ 398,215**

Schedule of Bonds Payable Obligation (continued)

June 30, 2022

(dollars in thousands)

Fiscal Year	Capital Grant Receipt (CGR) Revenue Bonds: 2017 Bonds Principal	2017 Bonds Interest	2018 Bonds Principal	2018 Bonds Interest	Total CGR Bonds Principal	Total CGR Bonds Interest	Totals Principal	Totals Interest
2023	$ 11,175	$ 3,521	$ 1,660	$ 5,163	$ 12,835	$ 8,684	$ 27,060	$ 35,438
2024	11,735	2,949	1,730	5,078	13,465	8,027	31,545	34,066
2025	12,320	2,347	1,785	4,990	14,105	7,337	33,025	32,540
2026	12,940	1,716	1,855	4,899	14,795	6,615	38,165	30,856
2027	13,585	1,053	1,930	4,804	15,515	5,857	39,725	29,257
2028	14,260	357	2,010	4,706	16,270	5,062	41,250	27,697
2029	-	-	12,620	4,340	12,620	4,340	38,515	26,062
2030	-	-	13,235	3,694	13,235	3,694	39,980	24,559
2031	-	-	13,875	3,016	13,875	3,016	41,450	23,055
2032	-	-	14,550	2,305	14,550	2,305	42,995	21,470
2033	-	-	15,245	1,561	15,245	1,561	44,555	19,857
2034	-	-	15,990	860	15,990	860	46,250	18,211
2035	-	-	16,610	271	16,610	271	47,920	16,569
2036	-	-	-	-	-	-	32,400	15,207
2037	-	-	-	-	-	-	33,435	14,177
2038	-	-	-	-	-	-	34,560	13,054
2039	-	-	-	-	-	-	35,815	11,788
2040	-	-	-	-	-	-	37,060	10,544
2041	-	-	-	-	-	-	38,260	9,343
2042	-	-	-	-	-	-	28,780	8,288
2043	-	-	-	-	-	-	29,665	7,408
2044	-	-	-	-	-	-	30,515	6,558
2045	-	-	-	-	-	-	31,405	5,662
2046	-	-	-	-	-	-	32,345	4,720
2047	-	-	-	-	-	-	33,320	3,748
2048	-	-	-	-	-	-	34,335	2,740
2049	-	-	-	-	-	-	35,375	1,696
2050	-	-	-	-	-	-	25,060	812
2051	-	-	-	-	-	-	9,050	345
2052	-	-	-	-	-	-	9,275	116
Totals	**$ 76,015**	**$ 11,942**	**$ 113,095**	**$ 45,687**	**$ 189,110**	**$ 57,629**	**$ 1,023,090**	**$ 455,844**

Audit Comments and Disclosures Required by State Regulations

CPAs & BUSINESS ADVISORS

Independent Auditor's Report Required by Oregon State Regulations

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

We have audited the basic financial statements of the Tri-County Metropolitan Transportation District of Oregon (District) as of and for the year ended June 30, 2022, and have issued our report thereon dated October 14, 2022, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

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

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

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

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

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

OAR 162-010-0230 Internal Control

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

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

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

Purpose of this Report

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

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

Lealan Miller

Lealan Miller, Partner, for
Eide Bailly, LLP
Boise, Idaho
October 14, 2022

TRIMET

Federal Grant Programs

CPAs & BUSINESS ADVISORS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the enterprise and fiduciary funds of the Tri-County Metropolitan Transportation District of Oregon (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 14, 2022.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Boise, Idaho
October 14, 2022

CPAs & BUSINESS ADVISORS

Independent Auditor's Report 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
Portland, Oregon

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Tri-County Metropolitan Transportation District of Oregon's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2022. 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.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the enterprise and fiduciary funds of the District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 14, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Boise, Idaho
October 14, 2022

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022
(dollars in thousands)

Federal Grantor / Pass-through Program Title or Cluster	Federal Financial Assistance Listing	Pass Through/ Direct Grant Number	Federal 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-2021-001	$ 196	$ -
Federal Transit - Capital Investment Grants	20.500	OR-2020-001	44,699	-
Federal Transit - Capital Investment Grants	20.500	OR-2021-036	28,081	-
Federal Transit - Capital Investment Grants-ARP - COVID-19	20.500	OR-2022-008	4,196	-
Federal Transit - Capital Investment Grants-ARP - COVID-19	20.500	OR-2022-002	12,963	-
			90,135	-
Federal Transit - Formula Grants	20.507	OR-2016-013	33	-
Federal Transit - Formula Grants-CRRSSA - COVID-19	20.507	OR-2021-014	58,642	-
Federal Transit - Formula Grants-ARP - COVID-19	20.507	OR-2022-001	62,807	-
Federal Transit - Formula Grants	20.507	OR-2022-007	2,661	-
Federal Transit - Formula Grants	20.507	OR-2022-021	4,946	-
Federal Transit - Formula Grants	20.507	1728-2022-1*	21,840	-
Federal Transit - Formula Grants	20.507	OR-2022-031	3,496	-
Federal Transit - Preventative Maintenance	20.507	OR-2022-033	51,930	-
			206,355	-
State of Good Repair Grant Program	20.525	1728-2022-5* / 1728-2022-6*	38,224	-
Bus and Bus Facilities Formula Program	20.526	OR-2017-018	41	-
Bus and Bus Facilities Formula Program	20.526	OR-2019-004	1,966	-
			2,007	-
Passed through from METRO				
Federal Transit - Formula Grants	20.507	METRO # 936389	20	-
Federal Transit - Formula Grants	20.507	METRO # 936341	421	-
			441	-
Total Federal Transit Cluster			337,162	-
Transit Services Program Cluster:				
U.S. Department of Transportation - Direct Programs				
Enhanced Mobility of Seniors and Individuals with Disabilities-CRRSAA - COVID-19	20.513	OR-2021-022	230	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OR-2021-052	1,344	1,273
Enhanced Mobility of Seniors and Individuals with Disabilities-ARP - COVID-19	20.513	OR-2021-053	230	-
Passed through from Oregon Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	ODOT 35152	882	-
Total Transit Services Program Cluster			2,686	1,273
U.S. Department of Transportation - Direct Programs				
Public Transportation Innovation	20.530	OR-2020-043	417	-
Public Transportation Innovation	20.530	OR-2021-009	24	-
Public Transportation Innovation	20.530	OR-2021-004	520	-
Total Public Transportation Innovation			961	-
Passed through from Oregon Department of Transportation:				
Highway Research and Development Program	20.200	ODOT 33825	325	-
Passed through from METRO				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning	20.505	METRO # 937638	40	-
			365	-
Total Research and Development Program			1,326	-
Total U.S. Department of Transportation Programs			**341,174**	**1,273**
U.S. Department of Homeland Security - Direct Programs				
Rail and Transit Security Grant Program	97.075	EMW-2017-RA-00013	53	-
Rail and Transit Security Grant Program	97.075	EMW-2019-RA-00002	165	-
Rail and Transit Security Grant Program	97.075	EMW-2020-RA-00008	646	-
			864	-
Passed through from Oregon Military Department - Office of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4499-OR	889	-
Total U.S. Department of Homeland Security Programs			1,753	-
Total Federal Financial Assistance			**$ 342,927**	**$ 1,273**

**Final grant numbers will be available in the Federal TrAMS system in November or December 2022*

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, 2022

(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, 2022. 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, 2022 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	$ 1,273
Total subrecipient expenditures			$ 1,273

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

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

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

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

Federal Financial Assistance Listing	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued*
20.500, 20.507, 20.525, 20.526	Federal Transit Cluster (Includes COVID-19 funding)	Unmodified

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

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

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

Summary Schedule of Prior Audit Findings

None reported