



 **Pierce Transit**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Years Ended December 31, 2021 & December 31, 2020
Pierce County, Washington

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Annual Comprehensive Financial Report

Years Ended December 31, 2021 and December 31, 2020

Pierce County, Washington

Mike Griffus Chief Executive Officer

Prepared by The Finance Division

Christopher Schuler Chief Financial Officer

Danette Rogers Finance Manager

2021 RIDERSHIP

Transit improves people's lives, and we are proud to provide this essential service to the people of our community. Pierce Transit provided service every day during the pandemic.



Bus

4,363,240

Annual passenger boardings

4,558,354

Annual miles traveled

14,270

Average weekday boardings



Vanpool

323,089

Annual passenger boardings

2,583,536

Annual miles traveled

1,217

Average weekday boardings



SHUTTLE

163,024

Annual passenger trips

1,367,835

Annual miles traveled

481

Average weekday boardings

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Pierce Transit
Annual Comprehensive Financial Report
Year Ended December 31, 2021 and 2020

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Welcome Aboard:

10141

INTRODUCTORY



SAFETY ON OUR SYSTEM

At Pierce Transit, safety is not just a word – it's a culture. Throughout the COVID-19 pandemic, Pierce Transit has been a leader in providing a clean and safe riding environment for our customers and employees.

In 2021, the agency led the nation in developing a virtual reality training program for bus drivers. When the program launched in early 2022, it added another tool to Pierce Transit's already award-winning safety training program. The agency's Public Safety team is also active out in the system, ensuring a safe environment while waiting for and riding transit.



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July 28, 2022

Pierce County Public Transportation
Benefit Area Corporation

To the Chair of the Board of Commissioners, Board of Commissioners and Citizens of Pierce County:

I. TRANSMITTAL OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

Pierce County Public Transportation Benefit Area Corporation (Pierce Transit) presents to you the Annual Comprehensive Financial Report for the year ending December 31, 2021. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. Because the cost of internal controls should not outweigh their benefits, Pierce Transit's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that its financial statements will be free from material misstatement. We believe the data, including management's discussion and analysis, the financial statements, supporting schedules and statistical tables, as presented, is accurate in all material aspects and that adequate internal controls are in place to ensure that it presents fairly the financial position and results of the operations of Pierce Transit. All disclosures necessary to enable the reader to gain the maximum understanding of Pierce Transit's business have been included.

The Washington State Auditor's Office has issued an unmodified ("clean") opinion on Pierce Transit's financial statements for the year ended December 31, 2021. The independent auditor's report is located at the front of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis of the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A.

Pierce Transit's Board of Commissioners has adopted operating, insurance and capital reserve policies to ensure that financial resources are managed in a prudent manner. More information on these reserve policies can be found in the MD&A section of this report.

II. PROFILE OF THE AGENCY

The Pierce County Public Transportation Benefit Area Corporation, AKA "Pierce Transit," was formed in 1979 when voters passed a 0.3 % sales tax to fund public transportation. By authorizing this taxing authority, a municipal corporation was formed under Chapter 36.57A of the revised Code of Washington. In February 2002, Pierce County voters approved a ballot measure increasing local sales tax support from 0.3% to 0.6%. The current rate remains at .6%. The maximum sales tax percentage authorized to be levied is .9%.



Pierce Transit is a single enterprise that uses the same accrual method of accounting as a private enterprise. Under this method of accounting, revenues are recorded when earned and expenses are recorded as soon as they result in liabilities for benefits received.

Pierce Transit is governed by an appointed, ten-member Board of Commissioners. The Board is made of elected officials representing Pierce County, Tacoma, Lakewood, Puyallup, University Place, and the smaller towns and cities in Pierce Transit's service area, and one non-voting representative of the largest union representing Pierce Transit employees. Appointments are for three-year terms.

The Chief Executive Officer (CEO) is responsible for implementation of the policies authorized by the Board of Commissioners. To provide effective overall management for the Agency, the CEO has established five divisions: Administration, Finance, Service Delivery and Support, Maintenance, and Planning and Community Development.

Pierce Transit provides fixed route, specialized transportation (SHUTTLE), vanpool and rideshare services. In addition, rideshare matching services and commute trip reduction assistance is provided to local and regional employers. Pierce Transit's fixed route bus service is provided along approximately 31 routes throughout Pierce County. This service is centered on a network of transit center hubs and park and ride lots. Pierce Transit supports regional express bus service in cooperation with Sound Transit, Puget Sound's Regional Transit Authority. Since 1999, the popular Seattle Express service from Lakewood to Seattle has been funded by Sound Transit and operated by Pierce Transit. Pierce Transit operates 15 routes for Sound Transit service. In 2021, Pierce Transit fixed route services carried 4.4 million passengers while Sound Transit services operated by Pierce Transit carried 2.0 million passengers for a combined total of 6.4 million passengers.

Specialized transportation services, known as SHUTTLE, provide transportation to individuals in the community, who, due to a disability, are unable to use fixed route bus services. SHUTTLE is provided directly by Pierce Transit employees and through contracts with local transportation providers. In 2021, total ridership was 163,024.

The Agency's vanpool program was added to the mix of services in 1986. With 322,873 annual passenger boardings, the vanpool program accounted for 6.7% of the Agency's total ridership in 2021 (excluding Sound Transit ridership).

As COVID-19 impacts continued, Pierce Transit experienced reduced ridership in all modes, except the SHUTTLE service, in 2021. Overall ridership decreased by 10.8% for the year.

Strategic Plan

Pierce Transit's Strategic Plan aligns its mission, vision and goals with the Board of Commissioners strategic direction. The agency developed a new Strategic Plan in 2017 that established four major objective areas with major underlying themes:



Customer-Focused

- Service Reliability
- Safety
- Customer Relations
- Community Partners
- Regulatory Compliance

Culture of Excellence

- Safety Management System
- Data Warehouse
- Transit Asset Management Plan
- Continuous Improvement

Financially Responsible

- Communication to the public
- Finance 101 for staff
- Financial Sustainability
- Decrease Costs
- Additional Funding Streams

Dedicated Employees

- Employee Engagement
- Professional Development
- Performance Management
- Team Culture

The Strategic Plan is used to develop initiatives and action plans with specific measurable goals to help track progress toward achieving the desired outcomes.

Long Term Financial and Service Planning

Pierce Transit updates its long term forecast annually in conjunction with the budget development. Assumptions used in the forecast model are based on several factors, including recent economic trends, external agency forecasts (such as the Washington State economic forecast), and internal agency trends and plans as aligned with the Strategic Plan and other documents. The forecast model builds on the budget as a base for future years.

The outlook of long term financial and service planning is to create a budget that allows increase to local service back the pre-pandemic levels as conditions progress. The 2022 budget is presented with expenditures of approximately \$443 million for all funds, balanced by expected revenues and reserves. Sales tax will contribute 73% of the total budgeted operating revenues in 2022 (excluding the revenue from our contract to provide Sound Transit regional service) and is expected to generate \$105 million in revenue. The budget includes 960 FTS and service hours of 500,00.



There are several initiatives in the 2022 budget that are direct outcomes of the Strategic Plan including placing a strong emphasis on safety, building collaborative partnerships, using data-driven analysis, and providing innovative customer service and mobility options. Major projects include:

- Bus Rapid Transit development & charging station
- Fleet Replacement
- Maintenance & Operations Base Improvement
- Bus Rapid Transit development
- Pacific Avenue SR 7 Park & Ride
- CAD/AVL System

The Six-Year Financial Plan is sustainable for operations. Reserves and operating transfers will be used over the next six years to provide capital infrastructure that supports service plans. Additional grants and/or other funding sources will be required to fully implement the planned capital program. Reserves comply with required levels established by the Board of Commissioners.

While sales tax collections are projected to increase above 2021 levels, uncertainty exists around future collections. Therefore, the six-year plan shows modest 3.5% annual increases, well below our historical average annual increase of 5% and below the Puget Sound Forecaster average of about 4%. While costs continue to escalate faster than prior years, Pierce Transit will focus efforts on improving productivity, reducing costs, and obtaining grants for service and projects.

III. ECONOMIC CONDITION AND OUTLOOK

Local economic conditions and retail spending play major roles in the generation of sales tax revenue, which is Pierce Transit's primary source of operating revenue. While economic expansion halted abruptly in March 2020, swift distribution of government pandemic funds contributed to a quick spending recovery. Two subsequent rounds of recovery funds have kept the economy humming. Continued stock market growth in turn spurs spending on consumable goods. Many pandemic closures and travel restrictions were lifted in Spring 2021, boosting the travel, entertainment and restaurant industries.

The Puget Sound region has been one of the fastest-growing metropolitan areas in the U.S. Locally, residents continue to move into Pierce County due to higher housing prices in King County and employment growth has pick up following hiring freezes in 2020, though into 2022, workforce shortage is playing a part in rising retail costs and supply chain issues.

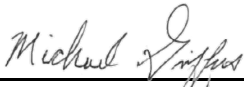
While many COVID-induced restrictions have come to an end, there are lingering effects and concern including employment numbers that are below pre-pandemic levels and supply chain issues caused by staffing shortages that have led to delays in construction projects and increasing prices. On the bright side for revenue, increasing wages should spur higher spending. However, even though wages are increasing, overall personal income is expected to decrease by 1.7% in 2022, largely due to the end of COVID-recovery programs. Employment is expected to increase in 2022, but new housing permits are expected to decrease. With these types of mixed signals, the outlook remains a bit uncertain. However, with many drivers of retail sales increasing significantly in the second half of 2021, modest growth in 2022 is expected.



IV. AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pierce Transit for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. This was the 37th year that Pierce Transit has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must establish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to conform to Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Grateful acknowledgement is made to the entire staff of the Finance and Marketing Departments for their assistance in preparing this report. Special acknowledgement is also made to the Office of the State Auditor to provide a timely audit and opinion so that this Annual Comprehensive Financial Report could be submitted to the Government Finance Officers Association for their review and evaluation in accordance with that organization's deadlines. Finally, we wish to thank the members of the Pierce Transit Board of Commissioners for their support and assistance in the development of a strong financial system.



Michael Griffus
Chief Executive Officer



Christopher Schuler
Executive Director of Finance/CFO





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Pierce Transit
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO



BOARD OF COMMISSIONERS

Pierce Transit is a separate municipal corporation, not part of the City of Tacoma or Pierce County.

Pierce Transit is governed by a nine-member Board. The Board is comprised of elected officials representing Pierce County, Tacoma, Lakewood, Puyallup, University Place and the smaller cities and towns in Pierce County. The governance structure allows for a tenth, non-voting union representative; however, this right is currently not being exercised and the position is vacant.



**Commissioner
Marty Campbell
Chair**
Pierce County Council
Representing Pierce
County



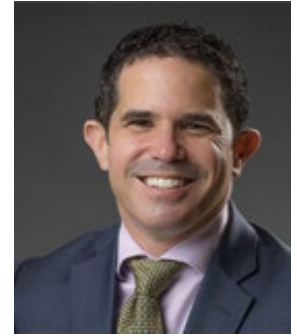
**Commissioner
Kristina Walker
Vice Chair**
Tacoma City Council
Representing Tacoma



**Commissioner
Chris Beale**
Tacoma City Council
Representing Tacoma



**Commissioner
Kent Keel**
University Place City
Council
Representing
University Place and
Fircrest



**Commissioner
Ryan Mello**
Pierce County Council
Representing Pierce
County



**Commissioner
John Palmer**
Deputy Mayor of
Puyallup
Representing Puyallup
and Edgewood



**Commissioner
Kim Roscoe**
Mayor of Fife
Representing Fife,
Milton, Pacific,
Auburn, Ruston,
Steilacoom and Gig
Harbor



**Commissioner
Jason Whalen**
Deputy Mayor of
Lakewood
Representing
Lakewood



**Commissioner
Victoria Woodards**
Mayor of Tacoma
Representing Tacoma

**Vacant
Non-Voting Union
Representative**



2022 ORGANIZATIONAL CHART

CITIZENS OF PIERCE COUNTY

BOARD OF COMMISSIONERS

CHIEF EXECUTIVE OFFICER
Mike Griffus

CLERK OF THE BOARD/
PUBLIC RECORDS OFFICER

EXECUTIVE
DIVISION

Mike Griffus
Chief Executive Officer

Division Admin
Communications

ADMINISTRATION
DIVISION

Amy Cleveland
Executive Director

Division Admin
Human Resources
 Human Resources
 Recruitment
Labor Relations
Workforce Development
 Workforce Development
 Administrative Services
Risk Management

FINANCE
DIVISION

Christopher Schuler
Executive Director

Division Admin
Finance
 Accounting
 Revenue Accounting
Budget & Analytics
 Budgeting
 Data Analytics
Information Technology
Purchasing
Project Management

MAINTENANCE
DIVISION

Adam Davis
Executive Director

Division Admin
Maintenance Training
Facilities
Fleet Maintenance
 Department Admin
 Automotive
 Bus Repair
Warehousing
Radio Program
 Department Admin
 Bus Radio Systems

PLANNING & COMMUNITY
DEVELOPMENT
DIVISION

Ryan Wheaton
Executive Director

Division Admin
Marketing
Transit Development
 Department Admin
 Capital Planning
Planning
 Service Planning Admin
 Bus Stop Program
 Planning
 Scheduling
Community Development
 Department Admin
 Business Services
 Sales & Outreach

SERVICE DELIVERY &
SUPPORT
DIVISION

Grantley Martelly
Executive Director

Division Admin
Safety
Public Safety
 Department Admin
 Physical Security
 Public Safety Records
 Transit Police
 Uniform Security
Transportation Operations
 Department Admin
 Operations Admin
 Operations Dispatch
 Operations
 Paratransit Operations
The Training Department
Service Support
 Service Support Admin
 Service Support Operations
 Customer Service
Specialized Transportation
 Department Admin
 Paratransit Customer Service
 ADA



SMART COMMUTE SOLUTIONS

In November 2021, the Pierce Transit Board of Commissioners approved a simplified flat rate fare for our Vanpool service, which reduces the number of vanpool fare options from 420 to 6.

The Board also approved a permanent, part-time rider option that will give hybrid commuters more flexibility to participate in vanpool. We are excited to launch the new fares and the part-time rider option starting in May 2022.

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**Office of the Washington State Auditor
Pat McCarthy**

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

Board of Commissioners
Pierce Transit
Lakewood, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of Pierce Transit, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 Pierce Transit, as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Authority 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.

Matters of Emphasis

As discussed in Note 7 to the 2021 financial statements, as a result of the COVID-19 pandemic, the full extent of the financial impact on the Authority is unknown at this time. Management's plans in response to this matter are also described in Note 7. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Authority'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.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time; and

- 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 and required supplementary information listed in the table of contents 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.

Other Information

The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements does not cover the other information, and, we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated July 28, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the Authority's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance

with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

July 28, 2022



ORCA FOR MULTIFAMILY

The ORCA for Multifamily program gives multifamily properties a convenient way to provide their residents with bus, train or light rail benefits.

This regional transit amenity pays for rides on these ORCA service providers: Pierce Transit, Sound Transit, King County Metro, Community Transit, Kitsap Transit, and Everett Transit. ORCA for Multifamily includes a flat rate first year cost and rolls into a pay-as-you-go pricing upon renewal.

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**Pierce Transit
Management's Discussion and Analysis
Years Ended December 31, 2021 and 2020**

Following is management's discussion and analysis (MD&A) of Pierce Transit's financial activities for the years ended December 31, 2021 and 2020. This discussion should be reviewed in conjunction with the financial statements, which follow this report.

Introduction

Pierce Transit is a public transportation benefit area corporation providing public transportation services in Pierce County. The service covers 292 square miles, roughly 70% of the county population, and services include:

- Local and commuter bus services
- Paratransit services for the elderly and disabled
- Vanpool program
- Regional express bus services funded through Sound Transit

Financial Summary

- As of December 31, 2021, Pierce Transit's net position totaled \$360.2 million. The Unrestricted Net Position is available to meet our primary goal of providing service to the public, self-insurance fund and to be invested in future capital improvements as discussed in Pierce Transit's six-year plan.
- Pierce Transit's total net position increased by \$98.4 million.
- Capital contributions were \$22.1 million.
- The primary source of funding is from local sales taxes. In 2021, sales tax increased 16.7% from 2020.

Overview of the Financial Statements

This discussion and analysis serve as an introduction to Pierce Transit's basic financial statements. The *Notes to the Financial Statements* contain more detail on the information presented in the financial statements. Pierce Transit is a stand-alone enterprise fund, and our financial statements report information using the accrual basis of accounting. Under this method, revenues are recorded when earned and expense are recorded as soon as they result in liabilities for benefits received.

The *Comparative Statement of Net Position* presents information on Pierce Transit's assets, liabilities, and deferred inflows and outflows with the difference between assets and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether Pierce Transit's financial position is improving or deteriorating.

Pierce Transit
Management's Discussion and Analysis
Years Ended December 31, 2021 and 2020

The *Comparative Statement of Revenues, Expenses and Changes in Net Position* presents information showing changes to the Agency's net position during the current and prior fiscal years. All changes to net position are reported as soon as the event occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *Comparative Statement of Cash Flows* presents information on Pierce Transit's cash receipts, cash payments, and net changes in cash and cash equivalents for the most recent two fiscal years. Generally Accepted Accounting Principles require that cash flows be classified into one of four categories:

- Cash flows from operating activities
- Cash flows from non-capital financing activities
- Cash flows from capital and related financing activities
- Cash flows from investing activities

Pierce Transit's financial statements can be found following this Management Discussion and Analysis. The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided with the financial statements. *Notes to the Financial Statements* can be found following the basic financial statements.

Financial Position

As noted earlier, net position serves as a useful indication of the Agency's financial strength. Pierce Transit's overall financial position improved in 2021. Investment in capital assets increased by 33% or \$42.5 million. Restricted net position increased by \$51.6 million due to Net Pension Asset. Unrestricted net position increased by 3% or \$4.3 million. The result is an increase in total net position by 38% or \$98.4 million.

Current assets net of current liabilities amounted to \$194.1 million for the year ended December 31, 2021 as compared to \$159.4 million in 2020.

Sales tax revenues continue to trend upward. In 2021, sales tax revenue was \$107,084,956 as compared to 2020 of \$91,744,911.

Cash and Cash reserves available to meet current and future obligation increased to \$158.5 million, up from \$140.1 million in 2020. As of December 31, 2021, Pierce Transit had no long-term debt.

**Pierce Transit
Management's Discussion and Analysis
Years Ended December 31, 2021 and 2020**

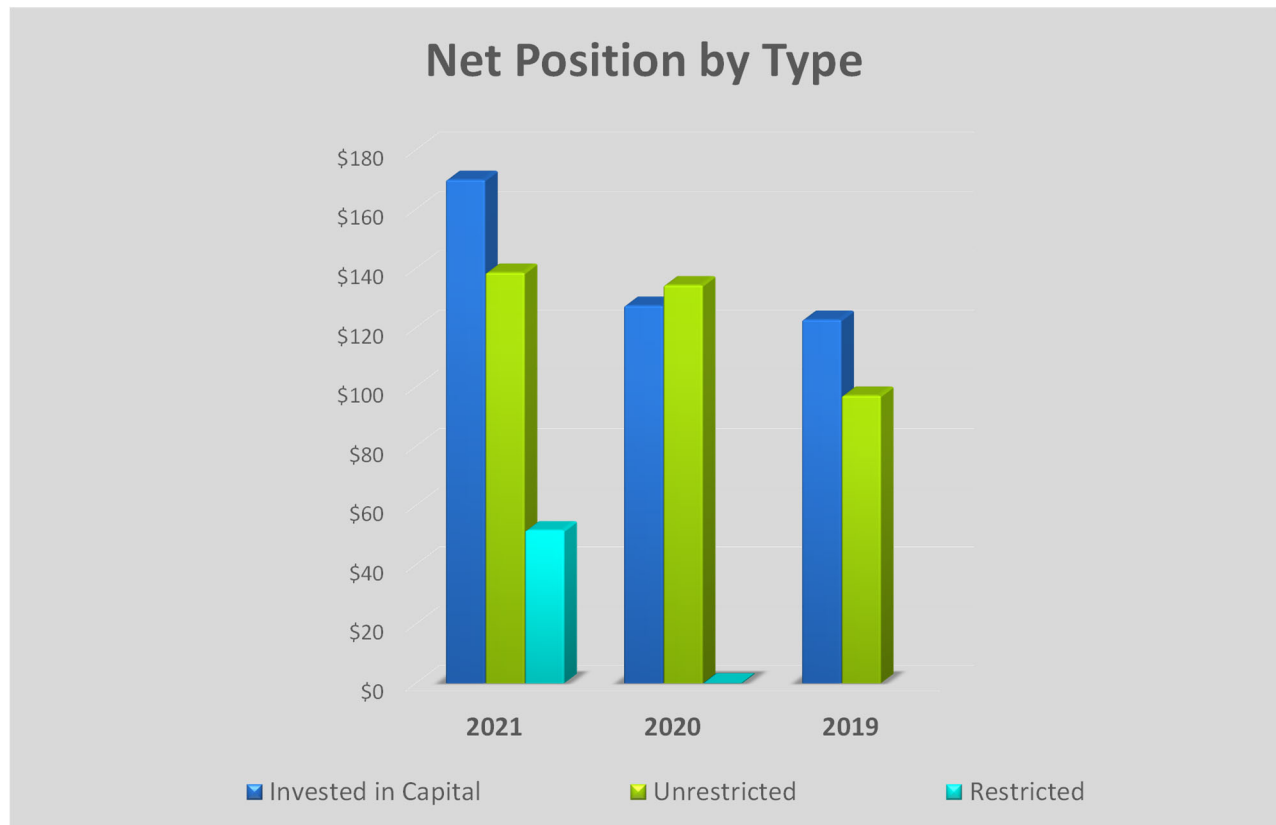
Financial Analysis

Pierce Transit's net position at the year-end was \$360.2 million as compared to \$261.9 million in 2020 and \$219.9 million in 2019. A summary of net position follows.

Summary Statement for Net Position			
For the years ending December 31, 2021, 2020 and 2019			
	2021	2020	2019
Assets:			
Current/Non-Current Assets	\$ 272,717,690	\$ 188,904,295	\$ 153,682,658
Capital Assets	169,957,739	127,478,667	122,739,121
Total Assets	442,675,429	316,382,962	276,421,779
Deferred Outflows of Resources:	7,155,106	8,132,283	8,141,111
Liabilities:			
Current Liabilities	\$ 26,958,003	\$ 29,402,665	\$ 22,557,788
Non-Current Liabilities	6,975,385	24,559,889	27,160,164
Total Liabilities	33,933,388	53,962,554	49,717,952
Deferred Inflows of Resources:	55,647,293	8,678,784	14,982,128
Net position:			
Net Investment in Capital Assets	169,957,739	127,478,667	122,739,121
Restricted Net Position	51,675,149	53,437	
Unrestricted Net Position	138,616,966	134,341,803	97,123,689
Total Net Position	360,249,854	261,873,907	219,862,810

The improved net position was due mostly to increases in sales tax and grant funding, and investment in capital assets. Expenditures were under budget which also contributed to the net position increase of 38%. For more information on Pierce Transit's net position, see Note 11 in the *Notes to the Financial Statements*.

**Pierce Transit
Management's Discussion and Analysis
Years Ended December 31, 2021 and 2020**



Transit is a capital-intensive enterprise. In 2021, investment in capital assets increased by 33% to \$169.9 million. Pierce Transit's capital assets reflect its investment in assets such as revenue vehicles, passenger facilities, technology, and shop equipment that are used to provide transportation to the community. These are committed assets and this portion of the net position balance is not available for future spending.

The restricted net position of \$51.7 million corresponds with the net pension asset. Restricted funds are not available for use.

Of the unrestricted net position balance, \$62.4 million has been designated by Board action (e.g., capital, workers' compensation, and unemployment self-insurance programs). The remainder of \$76.2 million is available to support future obligations for transportation operations.

Pierce Transit's net position increased by \$98.4 million during 2021. Following is a summary to key elements of the change.

**Pierce Transit
Management's Discussion and Analysis
Years Ended December 31, 2021 and 2020**

**Summary Statement of Revenue, Expense and Change in Net Position
For the years ended December 31, 2021, 2020 & 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenue			
Passenger Fares	\$ 5,987,961	\$ 6,391,850	\$ 11,820,799
Advertising	493,154	515,512	468,865
Regional Transit Service	47,683,047	48,387,960	51,063,462
Non-Operating Revenue:			
Subsidies	141,316,553	119,293,134	95,074,680
Other Revenue	12,524,372	2,550,832	5,280,227
Total Revenue	<u>208,005,085</u>	<u>177,139,288</u>	<u>163,708,033</u>
Operating Expense	112,922,369	125,163,521	138,024,756
Non-Operating Expense	4,063,915	4,945,230	1,143,595
Depreciation	14,732,605	17,275,468	19,080,300
Total Expense	<u>131,718,889</u>	<u>147,384,219</u>	<u>158,248,651</u>
Net Position before Contributions	76,286,197	29,755,069	5,459,382
Capital Contributions	22,089,750	12,256,028	15,558,803
Change in Net Position	98,375,947	42,011,097	21,018,185
Net Position-Beginning	261,873,907	219,862,810	198,844,625
Net Position-Ending	<u>\$ 360,249,854</u>	<u>\$ 261,873,907</u>	<u>\$ 219,862,810</u>

A description of operating & non-operating revenue follows:

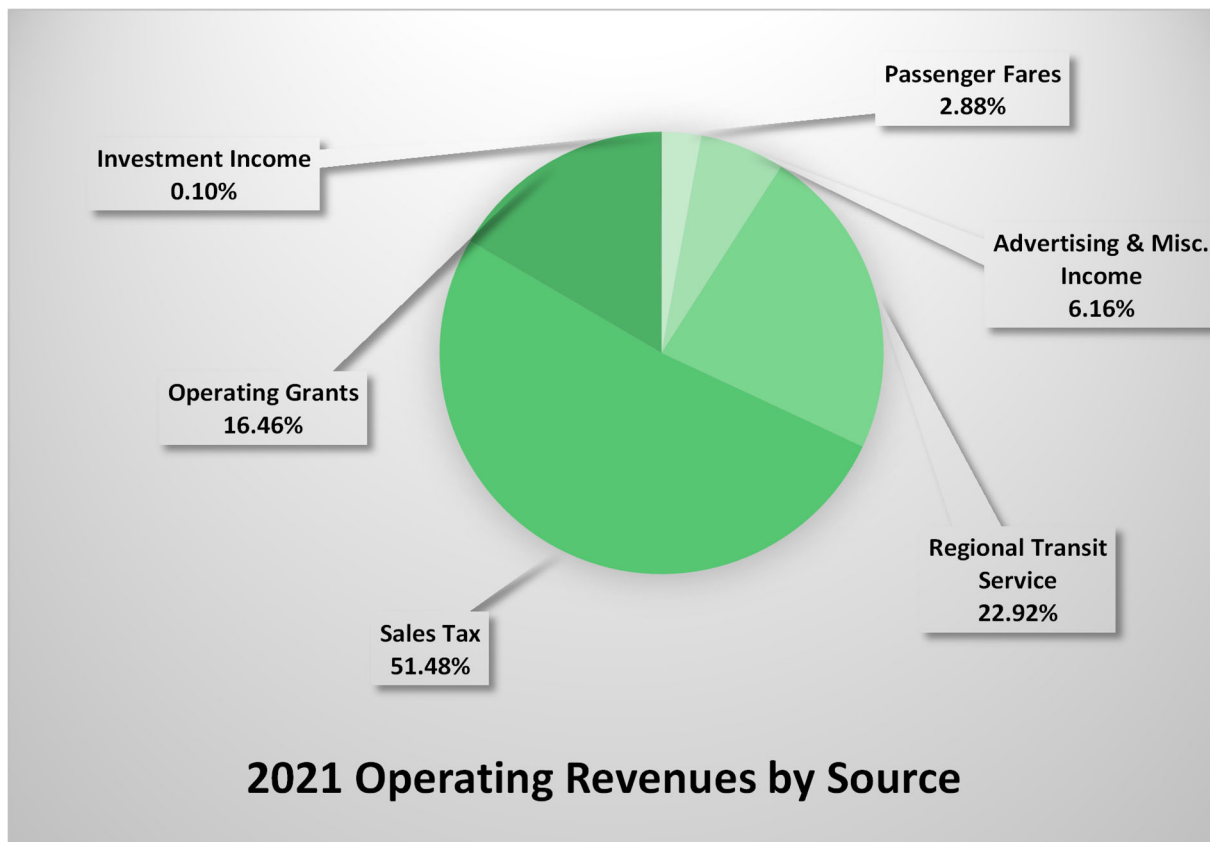
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenue			
Passenger Fares	5,987,961	\$ 6,391,850	\$ 11,820,799
Advertising	493,154	515,512	468,865
Regional Transit Service	47,683,047	48,387,960	51,063,462
Total Operating Revenue	<u>54,164,161</u>	<u>55,295,322</u>	<u>63,353,126</u>
Non-Operating Revenue			
Operating Subsidies			
Sales Tax	107,084,956	91,744,911	90,647,576
Operating Grants	34,231,597	27,548,223	4,427,104
Other Non-Operating Revenue			
Investment Revenue	205,859	646,711	2,048,424
Gain of Sale of Assets	1,597,622	165,607	763,500
Miscellaneous Revenue	10,720,891	1,738,514	2,468,303
Total Non-Operating Revenue	<u>153,840,924</u>	<u>121,843,966</u>	<u>100,354,907</u>
Total Revenue	<u>\$ 208,005,085</u>	<u>\$ 177,139,288</u>	<u>\$ 163,708,033</u>

**Pierce Transit
Management's Discussion and Analysis
Years Ended December 31, 2021 and 2020**

Operating Revenue

During 2021, revenues increased by \$30.9 million or 17% over 2020 when the increase was \$13.4 million or 8% compared to 2019.

Revenue sources include passenger fares, advertising, regional transit services, sales tax, operating grants, investment income and other miscellaneous non-operating sources. The below chart illustrates major revenue sources and the percentage of the contribution toward total revenue.

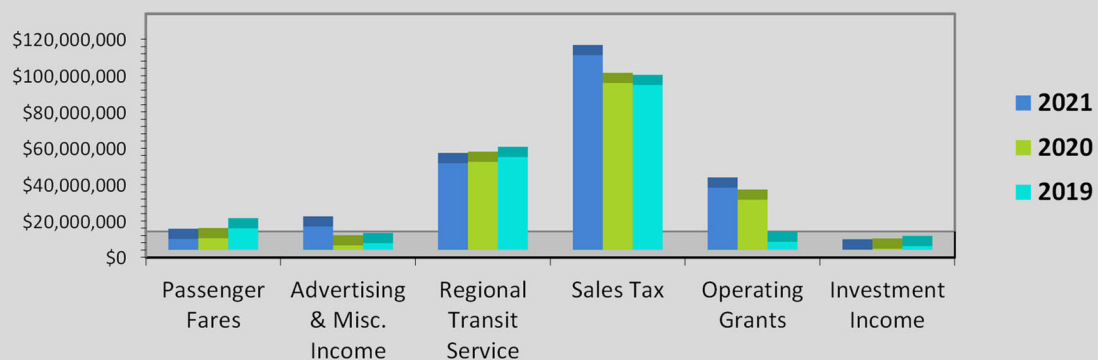


- Pierce Transit's passenger fares consist of revenues from the sale of passes and tickets as well as cash fares collected on-board revenue vehicles. Pierce Transit partners with six other Central Puget Sound transit agencies on a regional fare collection system (ORCA) using smart card technology. Customers can purchase fare media from any of the seven partners, regardless of where the media is used.
- Fare revenues for 2021 were \$5.99 million, a decrease of 6.3%. In 2019 and 2020, fare revenues were \$11.8 million and \$6.4 million respectively. The reduction in fare revenue is due to decreased ridership in all modes of service triggered by COVID-19 in 2020 and continuing into 2021.

**Pierce Transit
Management’s Discussion and Analysis
Years Ended December 31, 2021 and 2020**

- Advertising revenues stayed consistent with previous years at \$.5 million.
- Regional transit service is the fixed route express service provided for Sound Transit, Puget Sound’s Regional Transit Authority. An inter-local agreement between Pierce Transit and Sound Transit establishes the operating parameters of this service. Included in the agreement is a method for determining and allocating Pierce Transit costs to provide this service. The agreement is for a period of three years. The current operating agreement is for the three-year period of 2021 – 2023. Revenues generated from this regional transit service were \$47.7 million in 2021, decreasing 1.46% due to a decrease in service hours. Regional transit service revenues were \$51 million and \$48.3 million in 2019 and 2020, respectively.
- Sales tax, accounting for 52% of Pierce Transit’s revenue, increased by \$15.3 million, an increase of 16.7% over 2020. The increases in 2019 through 2021 are indicative of a strong local economy with increasing retail sales, even while experiencing two years of the pandemic. Sales tax revenue was \$107.1 million in 2021, as compared to \$91.7 million in 2020 and \$90.6 million in 2019.
- In 2021, operating grant revenue totaled \$34.2 million and was primarily received from the federal government through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) act to assist with the impact of COVID-19. In 2019 and 2020, operating grant revenue totaled \$4.4 million and \$27.5 million respectively.
- Investment earnings in 2021 was \$.21 million as compared to \$.65 million in 2020 and \$2.0 million in 2019. The decrease between 2020 and 2021 as well as 2019 and 2020 was due to significantly lower interest rates.

Comparative Operating Revenues

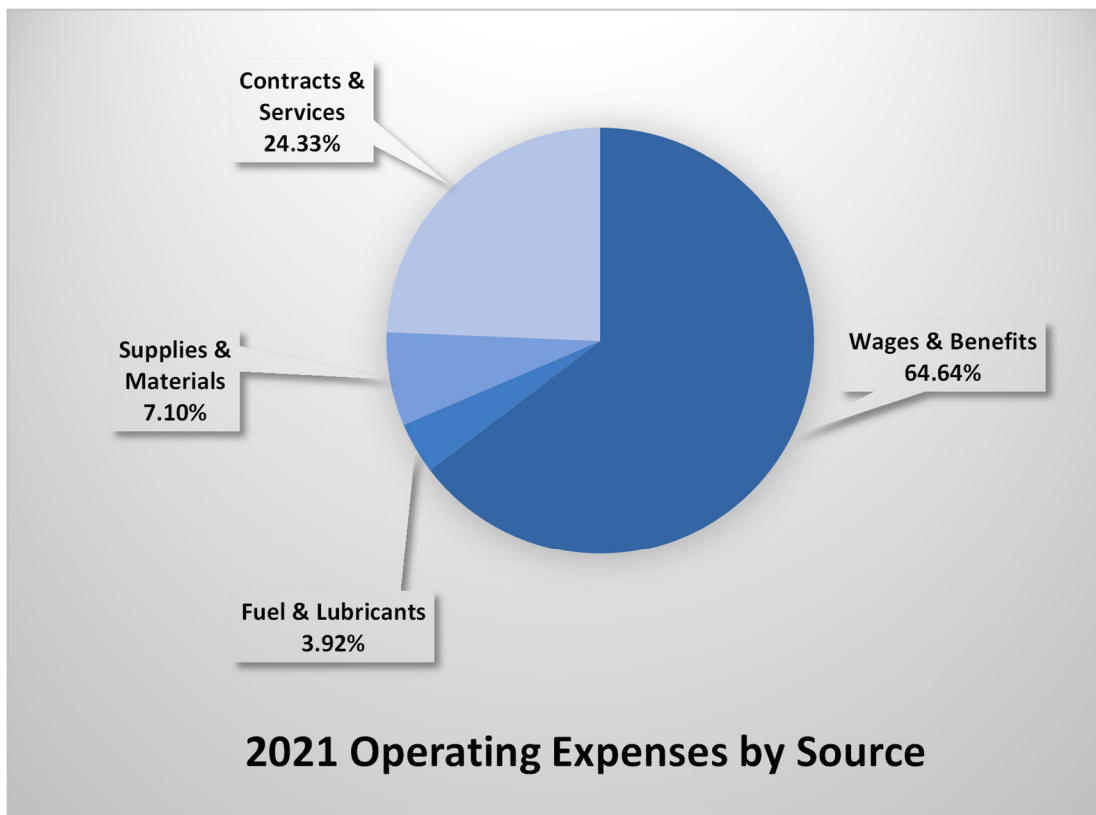


**Pierce Transit
Management's Discussion and Analysis
Years Ended December 31, 2021 and 2020**

Operating Expenses

In 2021, operating expenses were \$127.7 million, a decrease of 10.4% from the prior year. Operating expenses for 2020 totaled \$142.4 million decreasing by 9.3% from 2019 operating expenses of \$157.1. This can be contributed to reduced service due to COVID-19 pandemic and operator shortage.

This chart summarizes expenses by major function.

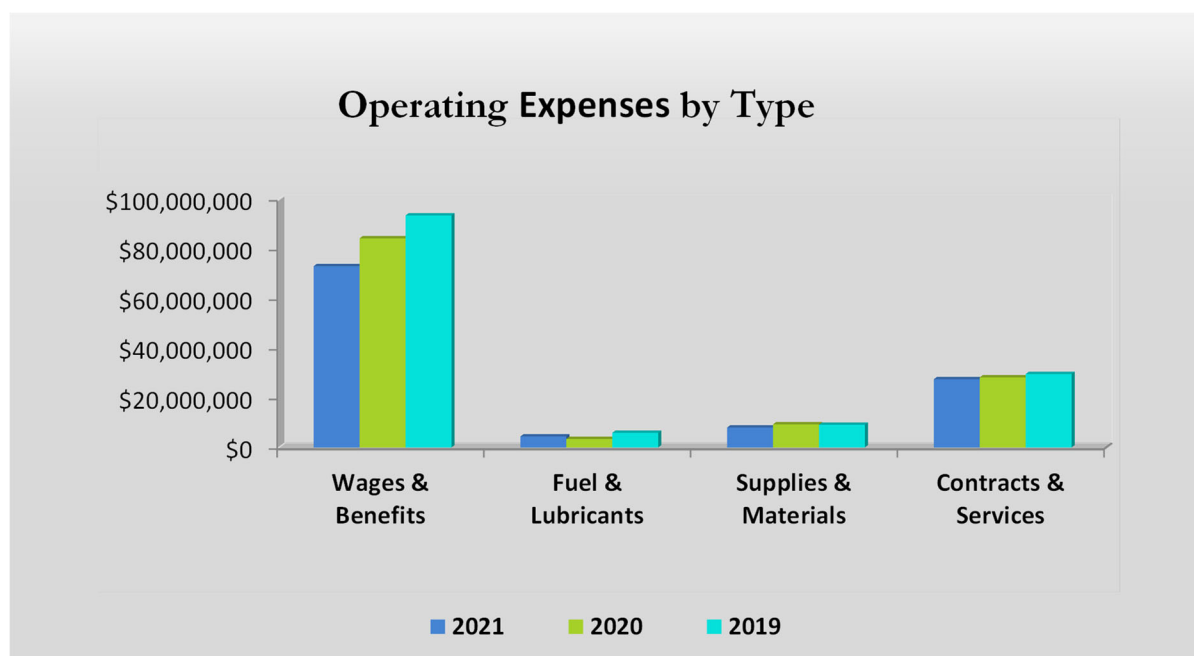


Wages and Benefits for 2021 were \$73 million and comprise 64.6% of the operating expenses (exclusive of depreciation). The results are a decrease of Wages and Benefits over 2020 of \$11.2 million or 13.3% and can be contributed to reduced-service levels that began in 2020 due to COVID-19. For 2020, Wages and Benefits were \$84.2 million and comprise 67.3% of the operating expenses (exclusive of depreciation), which was down from 2019 Wages and Benefits of \$93.4 million and 67.7% of operating expenses (exclusive of depreciation).

Depreciation decreased by \$2.5 million or 14.7% due to surplus assets being sold and removed from Capital Assets.

**Pierce Transit
Management's Discussion and Analysis
Years Ended December 31, 2021 and 2020**

The following graph represents operating expenses for 2019, 2020 and 2021.



Operating Expenses:	<u>2021</u>	<u>2020</u>	<u>2019</u>
Wages & Benefits	\$72,998,578	\$84,212,552	\$93,427,970
Fuel & Lubricants	4,427,016	3,412,575	5,894,374
Supplies & Materials	8,018,667	9,311,433	9,131,566
Contracts & Services	27,478,108	28,226,961	29,570,846
Depreciation	14,732,605	17,275,468	19,080,300
Total Operating Expenses	<u>127,654,974</u>	<u>142,438,989</u>	<u>157,105,056</u>
Non-Operating Expenses:			
Items Previously Capitalized	-	-	127
Grant Exchange Funds	4,063,915	4,945,230	1,143,468
Total NonOperating Expenses	<u>4,063,915</u>	<u>4,945,230</u>	<u>1,143,595</u>
Total Expenses	<u>\$131,718,889</u>	<u>\$147,384,219</u>	<u>\$158,248,651</u>

Pierce Transit
Management's Discussion and Analysis
Years Ended December 31, 2021 and 2020

Total operating expenses, exclusive of depreciation and capital, are most directly impacted by the number of service hours Pierce Transit operates. Service hours include drive time while in service, deadhead, and layover. Following is a table representing the number of service hours by type of service for 2019, 2020 and 2021:

Service Hours:	<u>2021</u>	<u>2020</u>	<u>2019</u>
Fixed Route Pierce Transit	447,203	432,154	491,882
Fixed Route Sound Transit	301,299	310,440	354,178
Specialized Transportation	109,259	94,844	162,733
Vanpool	73,511	86,355	135,978
Total	<u>931,272</u>	<u>923,793</u>	<u>1,144,771</u>

Capital Assets

Capital assets include revenue vehicles, support vehicles, projects in progress, land, buildings, shop equipment, passenger facilities, and other assets having a life of more than one year with an acquisition value of more than \$5,000 or an aggregated cost of \$50,000 for like-item purchases. Pierce Transit's investment in capital assets as of December 31, 2021 totaled \$169.9 million, net of accumulated depreciation. This compares to a 2020 net investment in capital assets of \$127.5 million and a 2019 net investment in capital assets of \$122.7 million. 2021 net capital increased by 33%, or \$42.5 million.

Capital contributions in 2021 totaled \$22.1 million. Capital grants and other capital funds accounted for 38% of Pierce Transit's capital acquisitions in 2021. For a more detailed discussion on capital assets, see Note 3 in the *Notes to the Financial Statements*.

Capital acquisitions during 2021 totaled \$57.6 million and included the following major capital assets:

- 29.2 million for Land, Building & Site improvements
- 3.5 million for Technology projects
- 24.9 million for Equipment & Vehicles

**Pierce Transit
Management's Discussion and Analysis
Years Ended December 31, 2021 and 2020**

Economic Factors

In 2021, Pierce Transit continued to see positive economic conditions. The sales tax revenue trended up, the housing market was strong, the stock market grew, and the job market offered opportunities of employment, even as the COVID-19 impacts remained following the 2020 outbreak.

Economic factors for 2022 appear optimistic in Pierce County. Construction of housing, commercial and industrial are at high levels with growth predictions between 4 percent and 5 percent for the year. There are major projects throughout Pierce County indicating confidence in the future from builders and developers. It is expected the population will grow due to migration from King County to more affordable housing in Pierce County. While still early, sales tax revenue looks to be stable with a slight upward tick. However, there are concerns with inflation, supply chain issues and workforce shortages that may impact the economic success for 2022. Wages are increasing and may drive higher spending; however, the end of COVID-recovery programs may decrease overall personal income resulting in reduced spending.

Pierce Transit considered the economic condition while preparing the 2022 budget, with workforce shortages and supply chain issues being top considerations, both of which are increasing prices. As the uncertainty of the future was mixed, the goal of the 2022 budget was to allow increase in local service to pre-pandemic levels and fund approximately \$443 million in operating and capital projects combined with a balanced budget from expected revenues and reserves. Overall, Pierce Transit remains optimistic but cautious as we work to maintain a sustainable financial plan and bring quality service to our community.

Request for Information

This financial report is designed to provide a general overview of Pierce Transit's finances for anyone who is interested. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to:

Danette Rogers
Finance Manager
Pierce Transit
3701 96th St SW
Lakewood, WA 98499

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COMMUNITY PARTNERS

One of our favorite things is partnering with people and organizations in our community! For example, in 2021:

- Pierce Transit provided service to the Blue Gate parking lot for the Washington State Fair. Several local Pierce Transit routes also connected passengers to the State Fairgrounds.
- Pierce Transit partnered with the Tacoma-Pierce County Health Department to ensure people had equitable access to COVID-19 vaccinations. We provided free rides for people riding to and from vaccination events and appointments, and helped raise awareness about how to get there.
- Pierce Transit was proud to be part of the now-underway Tacoma Trax transit-oriented development in the heart of the Tacoma Dome District. The 5-story development, built on land previously owned by Pierce Transit, is located steps away from Tacoma Dome Station, Washington state's largest multi-modal transit hub.

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**Pierce Transit
Financial Statements
Years Ended December 31, 2021 and 2020**

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Pierce Transit
Comparative Statement of Net Position
December 31, 2021 and 2020

	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 94,619,703	\$ 71,491,434
Restricted Cash and Cash equivalents	63,859,229	68,628,560
Accounts Receivable	932,509	896,144
Sales Tax Receivable	18,482,103	16,935,668
Due From Other Governments	37,597,423	26,093,221
Prepaid Expenses	985,971	764,678
Inventories	4,565,603	4,041,153
TOTAL CURRENT ASSETS	221,042,541	188,850,858
NON-CURRENT ASSETS		
Net Pension Asset	51,675,149	53,437
Capital Assets Not Being Depreciated:		
Land	16,417,573	14,213,735
Work in Progress	65,392,209	49,013,882
Capital Assets Depreciable		
Structures & Improvements	85,495,108	80,427,556
Site Improvements	51,677,861	45,663,492
Machinery & Equipment	203,864,899	195,454,189
Less: Accumulated Depreciation	(252,889,911)	(257,294,187)
Total Capital Assets Depreciable, Net of Depreciation	88,147,958	64,251,050
TOTAL NON-CURRENT ASSETS	221,632,888	127,532,104
TOTAL ASSETS	\$ 442,675,429	\$ 316,382,962
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension	7,155,106	8,132,283
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,155,106	8,132,283
CURRENT LIABILITIES		
Checks Payable	\$ 203,503	\$ 328,955
Accounts Payable	8,345,199	4,933,629
Unearned Revenue	440,031	272,979
Retainage Payable	75,797	3,558
Wages and Benefits Payable	3,313,828	1,343,618
Compensated Absences	3,770,544	6,141,728
Due to Other Governments	8,203,036	14,827,272
Provision for Uninsured Claims	2,606,065	1,550,926
TOTAL CURRENT LIABILITIES	26,958,003	29,402,665
NON CURRENT LIABILITIES		
Compensated Absences	1,766,174	1,592,729
Net Pension Liability	5,209,211	22,967,160
TOTAL NON-CURRENT LIABILITIES	6,975,385	24,559,889
TOTAL LIABILITIES	33,933,388	53,962,554
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pension	55,647,293	8,678,784
TOTAL DEFERRED INFLOWS OF RESOURCES	55,647,293	8,678,784
NET POSITION		
Investment in Capital Assets	169,957,739	127,478,667
Restricted	51,675,149	53,437
Unrestricted	138,616,966	134,341,803
TOTAL NET POSITION	\$ 360,249,854	\$ 261,873,907

See accompanying notes to the financial statements.

Pierce Transit

Comparative Statement of Revenues, Expenses and Changes in Net Position

Years ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUE		
Passenger Fares	\$ 5,987,961	\$ 6,391,850
Advertising	493,154	515,512
Regional Transit Service	47,683,047	48,387,960
TOTAL OPERATING REVENUE	<u>54,164,161</u>	<u>55,295,322</u>
OPERATING EXPENSES		
Operations	62,000,946	68,100,600
Maintenance	22,582,685	24,885,168
Non-Vehicle Maintenance	5,405,293	6,560,938
General & Administration	22,933,445	25,616,815
Depreciation	14,732,605	17,275,468
TOTAL OPERATING EXPENSES	<u>127,654,974</u>	<u>142,438,989</u>
OPERATING INCOME (LOSS)	<u>(73,490,813)</u>	<u>(87,143,667)</u>
NON-OPERATING REVENUE (EXPENSE)		
Operating Subsidies:		
Sales Tax	107,084,956	91,744,911
Operational Grants	34,231,597	27,548,223
Other:		
Interest Revenue	205,859	646,711
Grant Exchange Funds	(4,063,915)	(4,945,230)
Miscellaneous Non-Operating Revenue	10,720,891	1,738,514
Gain (Loss) on Disposal of Assets	1,597,622	165,607
NET NON-OPERATING REVENUE	<u>149,777,009</u>	<u>116,898,736</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	76,286,197	29,755,069
Capital Contributions	22,089,750	12,256,028
CHANGE IN NET POSITION	<u>98,375,947</u>	<u>42,011,097</u>
NET POSITION-BEGINNING	<u>261,873,907</u>	<u>219,862,810</u>
NET POSITION-ENDING	<u>\$ 360,249,854</u>	<u>\$ 261,873,907</u>

See accompanying notes to financial statements

Pierce Transit

Comparative Statement of Cash Flows

Years ended December 31, 2021 and 2020

INCREASE(DECREASE)IN CASH AND CASH EQUIVALENTS:	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From Customers	\$ 35,954,393	\$ 69,947,254
Cash Payments to Suppliers for Goods & Services	(39,324,215)	(42,160,968)
Cash Payments to Employees for Services	(94,660,082)	(95,686,251)
Miscellaneous Non-Operating Income	10,720,891	1,738,514
Net Cash Used By Operating Activities	<u>(87,309,012)</u>	<u>(66,161,451)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Sales Tax Received	105,538,521	90,293,002
Operating Grants Received	34,231,597	27,548,223
Grant Exchange Funds	(4,063,915)	(4,945,230)
Net Cash Provided By Noncapital Financing Activities	<u>135,706,203</u>	<u>112,895,995</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(54,288,247)	(24,031,661)
Capital Grants and Contributions	22,089,750	12,256,028
Proceeds From Sale of Equipment	1,597,622	165,607
Net Cash Used By Capital and Related Financing Activity	<u>(30,600,875)</u>	<u>(11,610,026)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Proceeds from Investment	356,764	-
Interest on Investments	205,859	646,711
Net Cash Used By Investing Activities	<u>562,623</u>	<u>646,711</u>
Net Increase (Decrease) in Cash and Cash Equivalents	18,358,939	35,771,230
Cash and Cash Equivalents at Beginning of Year	140,119,994	104,348,764
Cash and Cash Equivalents at End of Year	<u>\$ 158,478,933</u>	<u>\$ 140,119,994</u>

See accompanying notes to the financial statements.

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Loss	<u>\$ (73,490,813)</u>	<u>\$ (87,143,667)</u>
----------------	------------------------	------------------------

ADJUSTMENTS TO RECONCILE OPERATING TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Depreciation and Amortization	14,732,605	17,275,468
Miscellaneous Non-Operating Income	10,720,891	1,738,514

CHANGE IN ASSETS AND LIABILITIES FROM OPERATIONS:

(Increase) Decrease in Receivables	(36,365)	(361,209)
(Increase) Decrease in Inventories	(524,450)	66,788
(Increase) Decrease in Prepaid Expenses	(221,293)	(230,806)
(Increase) Decrease in Due from Other Governments	(11,689,554)	5,192,872
Increase (Decrease) in Checks Payable	5,966	(94,779)
Increase (Decrease) in Accounts Payable	283,904	(720,674)
Increase (Decrease) in Unearned Revenue	167,052	(261,446)
Increase (Decrease) in Retainage	311	(7,122)
Increase (Decrease) in Wages and Benefits Payable	1,970,210	(2,850,150)
Increase (Decrease) in Due to Other Governments	(6,650,901)	10,081,715

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Comparative Statement of Cash Flows
Continued

Increase (Decrease) in Provision for Uninsured Claims	1,055,139	(223,406)
Net Pension Liability - Related Deferred Inflows and Outflows-Leave	<u>(23,631,714)</u>	<u>(8,623,549)</u>
TOTAL ADJUSTMENTS	<u>(13,818,199)</u>	<u>20,982,216</u>
Net Cash Used By Operating Activities	<u>\$ (87,309,012)</u>	<u>\$ (66,161,451)</u>

See accompanying notes to the financial statements.

Pierce Transit
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Pierce Transit (the Agency) conform to generally accepted accounting principles applicable to governmental units. The following summary of the more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The Pierce County Public Transportation Benefit Area Corporation, hereinafter Pierce Transit (PTBA), was authorized to begin operation of a public transportation system in 1980. On January 1, 1980, Pierce Transit assumed the operations of the City of Tacoma Transit System.

Pierce Transit is a municipal corporation formed under the authority of Chapter 36.57A of the Revised Code of Washington. Pierce Transit operates fixed route, specialized transportation (SHUTTLE), and vanpool transportation services to Pierce County, within Pierce Transit's service area. In addition, rideshare matching services and commute trip reduction assistance is provided to local and regional employers.

Pierce Transit is governed by an appointed Board of Commissioners whose members are elected by the jurisdictions they represent, is legally separate from other entities, and is fiscally independent of other state and local government entities. The criteria, set forth in the Government Accounting Standards Board (GASB) Statement 14, indicate that Pierce Transit is a primary government for reporting purposes and that there are no additional entities or funds for which the Agency has reporting responsibilities. The ten-member Board consists of two members of the Tacoma City Council and two members of Pierce County government. The cities of Lakewood, Puyallup, and University Place each have one commissioner. The cities of Edgewood, Fife and Milton have one Commissioner, elected amongst the three cities. The remaining towns and cities have one Commissioner, elected amongst the six cities. A non-voting union representative is appointed by Amalgamated Transit Union Local 758.

Pierce Transit has an undivided interest in a non-equity joint venture, jointly governed with six other agencies for the provision of regional fare collection (ORCA) services. Pierce Transit's undivided interests in the assets, liabilities and operations of the ORCA regional fare collection system are consolidated within these financial statements on a proportionate basis.

B. Basis of Accounting

Pierce Transit is a single proprietary fund prepared in conformity with generally accepted accounting principles. Proprietary funds are accounted for on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded as soon as

Pierce Transit
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

they result in liabilities for benefits received, regardless of the timing of related cash flows. Revenues and expenses are categorized as operating or non-operating. Operating revenues and expenses are those directly associated with the provision of transportation service. Non-operating revenues and expenses are those secondary to the provision of transportation service.

C. Cash and Investments (See Note 8 – Deposits and Investments)

Cash and cash equivalents include cash on hand, demand deposits and short-term investments purchased with a remaining maturity of three months or less.

Pierce Transit's investment policies are governed by regulations established for public funds by Washington State. Investments other than the Local Government Investment Pool (LGIP) are carried at Fair Value in accordance with GASB No. 72.

D. Due from Other Governments (See Note 10 – Receivables – Due from Other Governments)

Receivables due from other governments at the end of 2021 amounted to \$37,597,423 and are largely comprised of outstanding balances owed from regional transit services and grants.

E. Inventories

Inventories in governmental funds consist of fuel, lube and oil, antifreeze, transmission fluid, and repair parts held for consumption. Purchases are recorded as increases to inventory. Expenses are recorded as the materials are used. Inventory is valued on the moving, weighted average cost method.

F. Restricted Assets (See Note 11 – Net Position)

Funds are classified as restricted assets when their use is limited by bond covenants, state requirements for workers' compensation, or other legally binding conditions. As of December 31, 2021, Pierce Transit has restricted assets in the amount of \$51,675,149 as the result of Net Pension Asset.

G. Capital Assets (See Note 3 – Capital Assets)

Property, plant, and equipment are stated at acquisition value as of the date contributed. Replacements that improve or extend property life are capitalized. Intangible assets are capitalized in accordance with GASB Statement 51. Assets are recorded at historical cost if purchased or constructed. Any donated capital assets and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Assets are capitalized if they have individual values of at least \$5,000 and the useful life extends over more than one fiscal year. Like items purchased together are capitalized if the value of the transaction is at least \$50,000.

Pierce Transit
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Pierce Transit capitalizes miscellaneous expenses incurred in the acquisition, construction, or completion of capital assets. Repairs and maintenance are expensed as incurred.

Individual useful lives are assigned to new assets as follows:

<i>Asset Category</i>	<i>Years</i>
Land	Not Depreciated
Work in Progress	Not Depreciated
Site Improvements	10 years
Buildings	10 to 20 years
Buses	6 to 12 years
Machinery, Equipment, and Furniture	3 to 5 years
Other Vehicles	5 years

Assets acquired as used are assigned a useful life of one-half the new life. Pierce Transit does not use salvage values in the calculation of depreciation.

Depreciation is computed upon the straight-line method over established useful lives of individual assets.

Costs incurred in project planning and design is deferred until projects are approved or abandoned. At that time, the related costs are transferred to an asset account or charged to expense as appropriate. Plant and equipment, which are incomplete, unclassified, or otherwise not in service, and therefore not subject to depreciation, are deferred until they are placed in service.

H. Unearned Revenue

Amounts are recognized as receivables but not revenues on the Statement of Net Position because revenue recognition criteria have not been met. Unearned revenue is made up of prepaid fare revenue and amounted to \$440,031 in 2021.

I. Compensated Absences (See Note 4 – Changes in Long-Term Liabilities)

Vacation accrual balances shall not exceed an amount equal to two (2) years' accruals. PTO accrual balance shall not exceed six hundred (600) hours. All vacation or PTO hours are cashed out at 100% up to the maximum allowed if the employee separates after completing probation.

For sick leave, 50% of the value is paid upon retirement, disability separation or death of the employee. Employees separating in good standing are paid out 20% of the value of their sick leave. The maximum payout is 960 hours for sick leave.

Pierce Transit
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

J. Pensions (See Note 9 – Pension Plans)

For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans, and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement System and the Tacoma Employees Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

For purposes of calculating the restricted net position related to the net pension asset, Pierce Transit includes the net pension asset only as per the GASB preferred method which is "the restricted net position is equal to the net pension asset. Both deferred inflows and deferred outflows are excluded from the calculation."

NOTE 2: ACCOUNTING AND REPORTING CHANGES

On the 2020 Statement of Net Position, the net pension asset of \$53,437 was reported incorrectly as a current asset and was not correctly classified as restricted net position. It has been corrected. The correction had the following impact for 2020:

1. Total Current Assets changed from \$188,904,295 to \$188,850,858, a decrease of \$53,437.
2. Total Non-Current Assets changed from \$127,478,667 to \$127,632,104, an increase of \$53,437.
3. Restricted Net Position increased to \$53,437.
4. Unrestricted Net Position changed from \$134,395,240 to \$134,341,803, a decrease of \$53,437.

NOTE 3: CAPITAL ASSETS

The Summary of Changes in Capital Assets for the years ended December 31, 2021 and 2020, respectively, follows:

Pierce Transit
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Summary of Changes in Capital Assets December 31, 2021					
Description	Balance January 1, 2021	Current Year Additions	Retirements	Adjustments	Balance December 31, 2021
Non-Depreciable					
Land	\$ 14,213,735	\$ -	\$ -	\$ 2,203,838	16,417,573
Work in Progress	49,013,882	57,568,440		(41,190,114)	65,392,209
Total capital assets not being	63,227,617	57,568,440	-	(38,986,276)	81,809,781
Depreciable Assets					
Structures	80,427,557		(633,311)	5,700,863	85,495,109
Site Improvements	45,663,492			6,014,369	51,677,861
Machinery & Equipment	195,454,189		(18,844,144)	27,254,854	203,864,899
Totals	321,545,238	-	(19,477,455)	38,970,086	341,037,869
Total Capital Assets (gross)	384,772,855	57,568,440	(19,477,455)	(16,190)	422,847,650
Less accumulated depreciation					
Structures	(73,194,534)	(1,362,701)	321,304	(28,567)	(74,264,499)
Site Improvements	(43,286,741)	(775,950)			(44,062,692)
Machinery & Equipment	(140,812,911)	(12,593,953)	18,844,144		(134,562,721)
Total accumulated depreciation	(257,294,187)	(14,732,605)	19,165,448	(28,567)	(252,889,911)
Total Capital Assets (net)	\$ 127,478,668	\$ -	\$ 42,835,835	\$ (312,007)	\$ -
				\$ (44,757)	\$ 169,957,739

Summary of Changes in Capital Assets December 31, 2020					
Description	Balance January 1, 2020	Current Year Additions	Retirements	Adjustments	Balance December 31, 2020
Non-Depreciable					
Land	\$ 14,213,735		\$ -	\$ -	14,213,735
Work in Progress	30,609,175	22,015,014		(3,610,307)	49,013,882
Total capital assets not being	44,822,910	22,015,014	-	(3,610,307)	63,227,617
Depreciable Assets					
Structures	79,758,760			668,797	80,427,557
Site Improvements	45,663,492			-	45,663,492
Machinery & Equipment	195,295,483		(2,782,805)	2,941,511	195,454,189
Totals	320,717,735	-	(2,782,805)	3,610,307	321,545,238
Total Capital Assets (gross)	365,540,645	22,015,014	(2,782,805)	-	384,772,855
Less accumulated depreciation					
Structures	(71,081,433)	(2,113,101)			(73,194,534)
Site Improvements	(42,773,428)	(513,313)			(43,286,741)
Machinery & Equipment	(128,946,663)	(14,649,053)	2,782,805		(140,812,911)
Total accumulated depreciation	(242,801,524)	(17,275,468)	2,782,805	-	(257,294,187)
Total Capital Assets (net)	\$ 122,739,121	\$ -	\$ 4,739,546	\$ -	\$ -
			\$ -	\$ -	\$ 127,478,668

*Adjustments include items previously capitalized, reclassified as assets from work in progress, and asset direct purchases

Pierce Transit
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Work in progress as of December 31, 2021 and December 31, 2020 consisted of the following projects:

	<u>2021</u>	<u>2020</u>
Bldg & Site Imp.	\$ 52,497,135	\$ 37,084,933
Technology Projects	6,919,300	5,636,753
Equip & Veh	5,975,774	6,292,196
Total Work in Progress	<u>\$ 65,392,209</u>	<u>\$ 49,013,882</u>

NOTE 4: CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2021, the following changes occurred in long-term liabilities:

Note	<u>Business Type Activities</u>	<u>Beginning Balance 1/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 12/31/2021</u>	<u>Due Within One Year</u>
4A	Compensated Absences	\$ 7,734,458	4,801,184	6,998,924	\$ 5,536,718	3,770,544
4B	Net Pension Liability	\$ 22,967,160	5,209,211	22,967,160	5,209,211	
	Total Change in Long Term Liabilities	<u>\$ 30,701,618</u>	<u>10,010,395</u>	<u>29,966,084</u>	<u>\$ 10,745,929</u>	<u>3,770,544</u>
Note	<u>Business Type Activities</u>	<u>Beginning Balance 1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 12/31/2020</u>	<u>Due Within One Year</u>
4A	Compensated Absences	\$ 7,236,283	8,154,473	(7,656,298)	\$ 7,734,458	6,141,729
4B	Net Pension Liability	25,740,928	22,967,160	(25,740,928)	22,967,160	
	Total Change in Long Term Liabilities	<u>\$ 32,977,211</u>	<u>31,121,633</u>	<u>(33,397,226)</u>	<u>\$ 30,701,618</u>	<u>6,141,729</u>

A. Compensated Absences

Employees accrue vacation or PTO based on tenure at annual rates ranging from 13 to 34 days per year. Vacation accrual balances shall not exceed an amount equal to two (2) years' accruals. PTO accrual balance shall not exceed six hundred (600) hours. All vacation or PTO hours are cashed out at 100% up to the maximum allowed if the employee separates after completing probation. In 2019, a new PTO plan was implemented for non-represented employees with a maximum accrual of 600 hours. Non-represented employees with 21 or more years of service were grandfathered in the original vacation plan, while all other non-represented employees were placed in the new PTO leave plan.

As of December 31, 2021, total vacation and PTO accruals are listed as follows:

Pierce Transit
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	<u>2021</u>	<u>2020</u>
PTO/Vacation-Current	\$ 3,660,872	\$ 3,630,039
PTO/Vacation-Non-Current	406,763	403,338
Total Vacation Leave Liability	\$ 4,067,635	\$ 4,033,377

Sick leave is recorded as an expense at the time of payment, which occurs upon usage or termination. Fifty percent of the value is paid upon retirement or death of the employee, 20% is paid upon termination for any other reason. There is no cap on the accrual for sick leave; however, the maximum payout is 960 hours.

The estimated liability for these sick leaves payouts is as follows:

	<u>2021</u>	<u>2020</u>
Current Liability based on usage or terminations	\$ 109,671	\$ 2,511,689
Non-current Liability based on expected future payoffs	1,359,412	1,189,391
Total Sick Leave Liability	\$ 1,469,083	\$ 3,701,080

A reconciliation of current and long-term employee compensated absences follows:

	<u>2021</u>	<u>2020</u>
Balance beginning	\$ 6,141,729	\$ 5,817,047
Employee leave earned	3,264,805	6,373,157
Employee leave paid	(5,635,990)	(6,048,475)
Compensated Absences-Current	\$ 3,770,544	\$ 6,141,729
	<u>2021</u>	<u>2020</u>
Balance beginning	\$ 1,592,729	\$ 1,419,236
Employee leave earned	1,536,379	1,781,316
Employee leave paid	(1,362,934)	(1,607,823)
Compensated Absences-Noncurrent	\$ 1,766,174	\$ 1,592,729

B. Pensions

See Note 9 – Pension Plans for information.

NOTE 5. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

A. Constructions Commitments

Commitments on capital projects as of December 31, 2021 totaled \$106,167,456 and are itemized as follows:

Pierce Transit
Notes to Financial Statements
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Project Type	Spent to Date	Remaining Commitment
Buildings and Site Improvements	34,028,588	23,515,476
Vehicles and Equipment	5,975,774	11,121,973
Bus Rapid Transit	18,468,546	5,991,986
Technology	6,919,300	145,812

Projects underway as of December 31, 2021 included base facility improvements, Spanaway Transit Center, transit center improvements, BRT (Bus Rapid Transit), CAD/AVL and various technology upgrades or replacements, vehicle expansion and replacement, and equipment.

B. Regional Fare Collection System (ORCA)

Seven regional transit agencies participate in a One Regional Card for All (ORCA) fare payment system, that simplifies and establishes a common collection system throughout the Puget Sound region. Participating agencies include Pierce Transit, King County Metro, Sound Transit, Everett Transit, Washington State Ferries, Kitsap Transit and Community Transit. A smart card is an intelligent fare card that stores information including fare type and stored value in either cash or transit passes.

The original agreement, signed in April 2003, established the respective roles and responsibilities of the Agencies in the development and operating phases of the ORCA system. The system was phased in beginning in April 2009 and an amended agreement establishing the design, implementation, operation, and maintenance of the ORCA was signed. This amended agreement further defines and establishes a framework for the operating phase of the system. The participating agencies have committed to utilizing the system for a minimum of 10 years and funding proportionate shares of regionally shared costs.

The system is governed by a Joint Board consisting of one representative from each participating agency. The funds collected through the sale of ORCA fare media to the public by participating agencies is remitted to Sound Transit acting as fiscal agent under the terms of the interlocal agreement. Fare revenue is apportioned by the fiscal agent and remitted to the participating agency that provided the transit service.

Pierce Transit's financial statements reflect its portion of ORCA fare revenues and expenses. ORCA fare revenue as of December 31, 2021 was \$2,641,248 with operating expenses of \$286,663. In 2020, ORCA revenue totaled \$2,342,772 and operating expense were \$279,809. Pierce Transit's share of funds held by the fiscal agent as of December 31, 2021 and 2020 reported within Pierce Transit's financial statements, amounted to \$167,246 and \$165,356 respectively. Other than the funds held by the fiscal agent Pierce Transit has no equity interest. The ORCA financial statements are audited by KPMG LLP, Suite 2900, 1918 8th Ave, Seattle, WA.

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C. Combined Communications Network

In January 2015, Pierce Transit entered into an agreement with Pierce County to provide the maintenance, operation, and governance of a county wide radio system to be called the Pierce Transit – Pierce County Combined Communications Network (CCN) of shared radio and microwave systems to carry voice and data traffic. Pierce Transit has discontinued participation in CCN after the Board of Commissioners approved ending the contract at the November 8, 2021 board meeting, effective December 31, 2021. At the time of this report, Pierce Transit is waiting for Pierce County to provide final signatures to end the agreement.

NOTE 6: CONTINGENCIES AND LITIGATIONS

Pierce Transit has recorded in its financial statements all material liabilities, including an estimate for situations not yet resolved but where, based on available information, management believes it is probable that payment will have to be made. In the opinion of management, Pierce Transit's insurance policies and self-insurance reserves are adequate to pay all known or pending claims.

Pierce Transit has received several federal- and state-assisted grants for specific purposes that are subject to review and audit. Such audits could lead to requests for reimbursements for expenses disallowed under the terms of the grants. In the opinion of management, such disallowances, if any, will be immaterial and will not have any significant effect on the financial position of Pierce Transit.

NOTE 7: COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gathering, travel and in-person interactions.

Pierce Transit proactively implemented safety measures, including following TSA's mask requirements for riding in all public transportation vehicles and in facilities open to the public. Additionally, staff able to work remotely continued the practice in 2021. Pierce Transit assigned a Safety Coordinator to monitor COVID-19 information throughout Pierce County as well as monitor safety measures internally for in-person meetings and other protocol required for staff. The Safety Coordinator also ensured information was available to the ridership regarding requirements to ride public transportation.

There have been no substantial financial impacts to Pierce Transit due to COVID-19. As with 2020, Pierce Transit ended 2021 with sales tax exceeding the prior year and an increase in operating grant revenue due to the CRRSA funds provided. Operating revenue was down by 2.1% but operating expenses were down by 15.7% as compared to 2020.

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Notes to Financial Statements
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At the time of writing this report, the mask mandates have been lifted. Whether the mandates will return and whether over time from reduced ridership and federal grant programs ending for COVID-19, there is a financial impact to Pierce Transit is unknown at this time.

NOTE 8: DEPOSITS AND INVESTMENTS

As of December 31, 2020, and December 31, 2021, Pierce Transit had the following cash, cash equivalents, and investments:

	2021	2020
Demand Deposits	\$ 3,166,746	\$ 5,141,087
Local Government Investment Pool	155,312,186	134,978,907
Total Cash, Equivalents, and Investments	\$ 158,478,932	\$ 140,119,994

A. Deposits

All demand deposits are entirely insured by the Federal Deposit Insurance Corporation and by the Washington Public Deposit Protection Commission.

B. Local Government Investment Pool

Pierce Transit is a participant in the Local Government Investment Pool (LGIP). The LGIP was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington Office of the State Treasurer.

The LGIP is a qualified, unrated, external investment pool. Investments in the LGIP are reported at amortized cost which approximates fair value. The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share value. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <https://www.tre.wa.gov>.

C. Investments

Pierce Transit measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles as follows:

Level 1: Quoted prices in active markets for identical assets

Level 2: Quoted market prices for similar assets or other observable inputs

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Notes to Financial Statements
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Level 3: Unobservable inputs for an asset

The investment practices of Pierce Transit are governed by an investment policy adopted by the Board of Commissioners. The policy addresses interest rate risk, credit risk, and concentration of credit risk. Allowable investments are limited as follows:

- U.S. government obligations.
- U.S. government agency obligations.
- Certificates of deposit issued by commercial banks and thrift institutes that are public depositories of the State of Washington.
- Repurchase agreements collateralized by liquid, marketable securities having a fair value of at least 102% of the repurchase price.
- Banker's acceptance issued by any qualified depository in the State of Washington or by the 30 largest foreign banks and the 30 largest domestic banks as listed by the American Banking Association.
- Washington State Local Government Investment Pool. The Washington State Investment Board regulates pool investments. The value of the shares in the investment pool is the same as the value of the pool shares.
- Money market accounts insured by the FDIC.

During 2021 and 2020, Pierce Transit's portfolio complied with the investment policies discussed above. Investments other than the LGIP, which are reported at amortized cost, are stated at fair value in accordance with GASB No. 72. Changes in fair value are included as a change in revenue in the financial statements. No investment losses occurred during 2021 or 2020.

Disclosures Relating to Interest Rate Risk - Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity, the greater the sensitivity of its fair value to changes in market interest rates. Pierce Transit's investment policy is designed to manage the exposure to interest rate risk through diversification and by purchasing a combination of short and long-term investments that mature evenly over time. Pierce Transit's policy does not allow any investments over two years in maturity. Pierce Transit's weighted average maturity for December 31, 2021 and 2020 was 1 day in both years.

Disclosures Relating to Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of December 31, 2021, all of Pierce Transit's investments are invested in the Washington State Local Government Investment Pool.

Concentration of Credit Risk - Pierce Transit's investment policy requires diversification of investments across security types, financial institutions, and maturities as follows:

Pierce Transit
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- No more than 50% of the Agency's total portfolio may be invested in a single type of security.
- No more than 50% of the Agency's total portfolio may be purchased from a single financial institution except for the Washington State Local Government Investment Pool.
- No more than 25% of the Agency's total portfolio may be invested in any given issue with a specific maturity. Investment maturities may not exceed two years.

NOTE 9: PENSION PLANS

A. PERS/TERS

The following table represents the aggregate pension amounts for all plans for the years 2020 and 2021:

Aggregate Pension Amounts – All Plans	2021	2020
Pension liabilities	(5,209,211)	(22,967,160)
Pension assets	51,675,149	53,437
Deferred outflows of resources	7,155,107	8,132,283
Deferred inflows of resources	(55,647,294)	(8,678,784)
Pension expense/expenditures	(14,249,636)	(818,327)

Substantially all Pierce Transit’s full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. Tacoma Transit employees electing to remain in the Tacoma Employees’ Retirement System (TERS) when Pierce Transit took over operations of Tacoma Transit in 1980 are covered by TERS, which is a defined benefit plan. Employees who moved from participating agencies of TERS to Pierce Transit remain in TERS. There are currently 13 employees covered under TERS, with the remaining employees covered by the Public Employees Retirement Systems (PERS).

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems
 Communications Unit
 P.O. Box 48380
 Olympia, WA 98540-8380

Or the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

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The Tacoma Employees' Retirement System (TERS), a pension trust fund of the City of Tacoma, Washington, issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information. The TERS Annual Comprehensive Annual Financial Report may be obtained by writing to:

Tacoma Employees Retirement System
Tacoma Public Utilities, Administration Building
3628 South 35th Street
Tacoma, WA 98409

Or the TERS ACFR may be downloaded at www.cityoftacoma.org/retirement.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 and 2021 were as follows:

Pierce Transit
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PERS Plan 1		
Actual Contribution Rates	Employer	Employee
July – December 2021	10.25%	6.00%
September 2020 – June 2021	12.97%	6.00%
July 2019 – August 2020	12.86%	6.00%

Pierce Transit’s actual contributions to the plan were \$2,730,240 for the year ended December 31, 2021. In 2020, contributions were \$3,179,192 for Plan 1.

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

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Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2020 and 2021 were as follows:

PERS Plan 2/3			
Actual Contribution Rates	Employer 2/3	Employee Plan 2	Employee Plan 3
July – December 2021	10.25%	6.36%	Varies
September 2020 – June 2021	12.97%	7.90%	Varies
July 2019 – August 2020	12.86%	7.41%	Varies

Pierce Transit’s actual PERS Plan 2/3 contributions were \$4,507,343 for the year ended December 31, 2021 and \$5,214,950 for the year ended December 31, 2020.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries’ Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

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There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' 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 of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

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Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 and June 30, 2021 are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	2021 Target Allocation	2020 Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	20%	2.20%
Tangible Assets	7%	7%	5.10%
Real Estate	18%	18%	5.80%
Global Equity	32%	32%	6.30%
Private Equity	23%	23%	9.30%
	100%	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents Pierce Transit's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what Pierce Transit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate for 2021.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
2021 PERS 1	\$8,463,629	\$4,968,212	\$1,919,848
2021 PERS 2/3	\$(14,721,247)	\$(51,675,149)	\$(82,106,704)

The table below presents Pierce Transit's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what Pierce Transit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate for 2020.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
2020 PERS 1	\$19,540,974	\$15,640,786	\$12,195,817
2020 PERS 2/3	\$45,586,661	\$7,326,374	\$(24,180,993)

Tacoma Employees' Retirement System

The Tacoma Employees' Retirement System (TERS) is a cost-sharing, multiple-employer defined benefit public employee pension plan. The plan covers employees of the City of Tacoma, except

Pierce Transit
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police officers, firefighters, and Tacoma Rail employees, who are covered by another plan. Other members include certain employees of Pierce Transit, South Sound 911 and the Tacoma Pierce County Health Department who established membership in TERS when these agencies were still City of Tacoma departments.

TERS provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member’s highest consecutive 24-month average final compensation (AFC) multiplied by the member’s years of service, up to 60% of AFC. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 50 with at least 20 years of service, at age 57 with at least ten years of service, or at age 60, regardless of service credit. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include death and disability payments. TERS members were vested after the completion of five years of eligible service. The TERS member contribution rate is established the Tacoma City Council. The TERS required contribution rates (expressed as a percentage of covered payroll) for 2020 and 2021 were as follows:

TERS Contribution Rate	Employer	Employee
2021	11.34%	9.66%
2020	11.34%	9.66%

Pierce Transit’s actual contributions to TERS plan were \$118,753 for the year ended December 31, 2021 and \$99,496 for the year ended December 31, 2020.

Long-Term Expected Rate of Return

The long-term expected rate of return on the TERS pension plan investments is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The long-term expected rate of return as of December 31, 2020 is 6.75%.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pensions plan’s target asset allocation as of December 31, 2020 (most current available) are summarized in the table below. The inflation component used in create the table is 2.50 percent and represents most recent long-term estimate of broad economic inflation.

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return Arithmetic
Global Equity	34.5%	5.55%
Investment Grade Fixed Income	19.5.0%	1.30%
Private Equity	10.0%	6.95%
High Yield Bonds	6.0%	3.10%
US Long Gvt Bonds	3.0%	2.39%
Emerging Market Debt	5.0%	2.65%
Master Limited Partnerships	4.0%	7.30%
Private Real Estate	10%	6.20%
US Bank / Leveraged loans	3.0%	2.39%
Timber	1.5%	6.15%
Infrastructure	2.0%	6.25%
Agriculture	1.5%	3.72%

Sensitivity of Net Pension Liability (Asset)

The table below presents Pierce Transit's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what Pierce Transit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent point lower (5.75 percent) or 1-percent higher (7.75 percent) than the current rate.

TERS	1% Decrease (5.75)	Current Discount Rate (6.75%)	1% Increase (7.75%)
2021	\$1,066,867	\$240,999	\$(447,278)

TERS	1% Decrease (6.00)	Current Discount Rate (7.00%)	1% Increase (8.00%)
2020	\$571,905	\$(53,437)	\$(576,039)

Pension Plan Fiduciary Net Position

Detailed information about DRS and TERS pension plans' fiduciary net position is available in the separately issued DRS and TERS financial reports.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pierce Transit reported total pension asset of \$51,675,149 and total pension liability of \$5,209,211 for 2021. For 2020, total pension asset was \$53,437 and total pension liability was \$22,967,160. It's proportionate share of the net pension liabilities (assets) is as follows:

Pierce Transit
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Plan	2021 Liability (or Asset)	2020 Liability (or Asset)
PERS 1*	4,968,212	15,640,786
PERS 2/3*	(51,675,149)	7,326,374
TERS**	240,999	(53,437)

*As of June 30 ** As of December 31

At June 30, Pierce Transit's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	.443014%	.406819%	(.036195)%
PERS 2/3	.572846%	.518743%	(.054103)%

At December 31, Pierce Transit's proportionate share of the collective TERS net pension liabilities was as follows:

	Proportionate Share 12/31/20	Proportionate Share 12/31/21	Change in Proportion
TERS	.26538%	.32046%	.05508%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Non-employer Allocations*.

Pension Expense

For the year ended December 31, 2020, and December 31, 2021, Pierce Transit recognized pension expense as follows:

Pension Expense	2021	2020
PERS 1	\$ (2,204,978)	\$ (1,476,201)
PERS 2/3	(11,958,659)	752,997
TERS	(85,998)	(95,122)
TOTAL	\$ (14,249,635)	\$ (818,326)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, Pierce Transit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pierce Transit
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2021 PERS 1	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		(5,513,052)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	1,181,530	
TOTAL PERS 1	1,181,530	(5,513,052)

2021 PERS 2/3	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources
Differences between expected and actual experience	2,509,787	(633,487)
Net difference between projected and actual investment earnings on pension plan investments		(43,188,304)
Changes of assumptions	75,514	(3,669,791)
Changes in proportion and differences between contributions and proportionate share of contributions	1,018,410	(2,590,358)
Contributions subsequent to the measurement date	2,008,754	
TOTAL PERS 2/3	5,612,465	(50,081,940)

2021 TERS	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources
Differences between expected and actual experience	43,617	(33,744)
Net difference between projected and actual investment earnings on pension plan investments		(17,670)
Changes of assumptions	179,226	
Changes in proportion and differences between contributions and proportionate share of contributions	19,515	(888)
Contributions subsequent to the measurement date	118,753	
TOTAL TERS	361,111	(52,302)

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2020 PERS 1	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		(87,082)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	1,492,916	
Total PERS 1	1,492,916	(87,082)

2020 PERS 2/3	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Differences between expected and actual experience	2,622,736	(918,170)
Net difference between projected and actual investment earnings on pension plan investments	-	(372,074)
Changes of assumptions	104,348	(5,004,547)
Changes in proportion and differences between contributions and proportionate share of contributions	1,296,758	(2,092,081)
Contributions subsequent to the measurement date	2,429,077	-
Total PERS 2/3	6,452,919	(8,386,872)

2020 TERS	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Differences between expected and actual experience	46,788	(26,855)
Net difference between projected and actual investment earnings on pension plan investments		(176,746)
Changes of assumptions	29,506	
Changes in proportion and differences between contributions and proportionate share of contributions	10,658	(1,229)
Contributions subsequent to the measurement date	99,496	
Total TERS	186,448	(204,830)

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Deferred outflows of resources related to pensions resulting from the Pierce Transit's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31, 2021:	PERS 1
2022	(1,460,408)
2023	(1,338,265)
2024	(1,265,384)
2025	(1,448,994)
2026	
Thereafter	

Year ended December 31, 2020:	PERS 1
2021	(395,180)
2022	(12,429)
2023	120,581
2024	199,946
2025	N/A
Thereafter	

Year ended December 31, 2021:	PERS 2/3
2022	(12,064,384)
2023	(11,288,432)
2024	(10,857,381)
2025	(11,610,894)
2026	(519,131)
Thereafter	(138,007)

Year ended December 31, 2020:	PERS 2/3
2021	(3,140,312)
2022	(826,971)
2023	29,910
2024	510,899
2025	(329,000)
Thereafter	(606,656)

Year ended December 31, 2021:	TERS
2022	30,452
2023	88,116
2024	(23,672)
2025	74,194
2026	20,967
Thereafter	0

Year ended December 31, 2020:	TERS
2021	(36,065)
2022	(30,070)
2023	17,510
2024	(75,119)
2025	5,866
Thereafter	0

B. Deferred Compensation Plan

Pierce Transit offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Plans are offered and administered through Empower Retirement Company and ICMA Retirement Corporation. Pierce Transit contributes from 1% to 6% of the annual salary of all participating employees. In 2021, Pierce Transit contributed \$2,346,492 and employees contributed \$3,767,101.33. Pierce Transit and its employees contributed \$2,373,598 and \$3,701,171 respectively to this plan in 2020. The plan is available to all employees on a voluntary basis and permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination,

Pierce Transit
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retirement, death, or unforeseeable emergency. Beginning in fiscal year 1998, existing assets in the plan are held in a qualified custodial account. The custodian holds the Plan's assets for the exclusive benefit of participants and beneficiaries. The Plan's assets are not the legal property of Pierce Transit and are not subject to claims of the Agency's creditors. Therefore, deferred compensation funds are not shown on the balance sheet.

NOTE 10: RECEIVABLES

Amounts due from other governments to Pierce Transit for years ended December 31, 2021 and 2020 are detailed as follows:

	<u>2021</u>	<u>2020</u>
Due from Other Governments:		
Other Operating Partnerships	\$ 2,858,598	\$ 1,772,470
Fuel Tax Refund & CNG Credit	813,305	822,411
Regional Transit Service Revenues	27,050,232	16,437,700
Capital Grants	6,875,287	7,060,640
Total Due from Other Governments	<u>37,597,423</u>	<u>26,093,221</u>

NOTE 11: NET POSITION

Pierce Transit's Board of Commissioners has established reserve policies for Pierce Transit's capital and insurance programs. The net position amount designated for insurance is set at a level to adequately protect the Agency from self-insurance risks. The amount designated will be maintained in an amount enough to fund the capital requirements identified in the Six-Year Plan plus an amount equal to three prior years of local depreciation, excluding buildings and structures. Funds designated for capital are intended to fund currently approved capital projects and to replace capital equipment and facilities as they wear out. The Board of Commissioners as a part of the budget process reviews the level of the self-insurance and capital designations annually.

Net position is increased when revenues are greater than expenses and decreased when expenses exceed revenues.

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	<u>2021</u>	<u>2020</u>
Invested in Capital Assets	\$ 169,957,739	\$ 127,478,667
Total Restricted Net Position	51,675,149	53,437
Unrestricted Net Position		
Operating	76,253,686	62,868,894
Self-Insurance	475,452	3,615,475
Capital Replacement/Expansion	<u>61,887,828</u>	<u>67,857,434</u>
Total Unrestricted Net Position	<u>138,616,966</u>	<u>\$ 134,341,803</u>
Net Position	<u>\$ 360,249,854</u>	<u>\$ 261,873,907</u>

NOTE 12: RISK POOL AND INSURANCE

A. Risk Pool

Since January 1, 2010, Pierce Transit has been a member of the Washington State Transit Insurance Pool (WSTIP). WSTIP is a 25-member governmental risk pool located in Olympia, Washington. WSTIP supplies Pierce Transit's auto liability, general liability, public official's liability coverage, property coverage, auto physical damage coverage, boiler and machinery coverage, employee fidelity/crime coverage, drone liability coverage, and cyber-liability.

Pierce Transit retained a \$25,000 for its all-risk property coverage which includes auto physical damage. Pierce Transit has a \$5,000 deductible for public official's liability coverage and has no deductible for general and auto liability risks covered by WSTIP.

WSTIP was formed by Interlocal Agreement on January 1, 1989, pursuant to Chapters 48.61 and 39.34 RCW. The purpose for forming WSTIP was to provide member transit agencies joint self-insurance, joint purchasing of insurance and joint contracting for hiring of personnel to provide risk management, claims handling, and administrative services. Transit agencies joining WSTIP must remain members for a minimum of 36 months. Members may withdraw after that time by giving six-month's notice and at the end of the fiscal year. Any member who withdraws will not be allowed to rejoin for a period of 36 months.

Transit authorities applying for membership in WSTIP may do so on approval of a simple majority vote of the WSTIP Board of Directors. Underwriting and rate-setting policies have been established after consultation with actuaries. WSTIP members are subject to a supplemental assessment in the event of deficiencies. If WSTIP's assets were to be exhausted, members would be responsible for WSTIP's liabilities. WSTIP is regulated by the Washington State Risk Manager and audited annually by the Washington State Auditor.

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WSTIP utilizes a combination of self-insurance, reinsurance and excess insurance to provide the limits noted in the summary below. Carriers include Government Entities Mutual, Munich Reinsurance America, Hallmark Specialty Insurance Company, and Allied World Assurance Company for the liability lines; Evanston for auto physical damage; American International Group Inc (AIG)/National Union Fire Insurance for the crime policy; and Beazley Cyber Services for the cyber liability policy. The excess property carrier for all risk property and boiler and machinery is Alliant Property Insurance Program provided by Alliant Insurance Services.

Pierce Transit has not presented any claims to WSTIP in the last three years that exceeded its current coverage limits through WSTIP.

Here is a summary of coverage provided in 2021:

RISK / EXPOSURE		COVERAGE	DEDUCTIBLE
GENERAL LIABILITY: Bodily Injury & Property Damage Personal Injury & Advertising Injury Contractual Liability	\$25 million	Per occurrence	\$0
Personal Injury and Advertising Injury	\$25 million	Per offense	\$0
Contractual liability	\$25 million	Per occurrence	\$0
Vanpool Driver Medical Expense Protection	\$35,000	Per occurrence	\$0
Underinsured Motorist Coverage (by mode)	\$60,000	Per occurrence	\$0 ¹
Permissive Use of a Member-Owned Motor Vehicle	\$100,000 for property damage and \$300,000 for bodily injury	Per occurrence	\$0
Endorsement 1: COMMUNICABLE DISEASE LIABILITY:	\$500,000	Per occurrence	\$0
Annual aggregate for all Members or Additional Covered Parties	\$2 million		
PUBLIC OFFICIALS LIABILITY	\$25 million	Per occurrence and aggregate	\$5,000
Endorsement 1: VIOLATIONS OF WAGE & HOUR LAWS	\$250,000	Per occurrence	\$25,000
Annual aggregate per Member	\$250,000		
PROPERTY COVERAGE All perils subject to the following sublimits:	\$500 million	Per occurrence, all perils and insureds/ members combined	\$25,000
Flood zones A & V – annual aggregate	\$10 million	Per occurrence, annual aggregate	\$500,000

¹ Each member selects the modes which uninsured motorist coverage is applied to. To review your selection of UIM, please refer to Exhibit attached.

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All flood zones except A & V – annual aggregate	\$50 million	Per occurrence, annual aggregate	\$500,000
Earthquake, volcanic eruption, landslide, and mine subsidence --	\$25 million	Per occurrence, annual aggregate	5% subject to \$500,000 minimum per occurrence per unit
AUTO PHYSICAL DAMAGE Auto Physical Damage (below \$250,000 in value)	Fair market value		\$25,000
Auto Physical Damage for all vehicles with a model year of 2011 or later and valued over \$250,000	Replacement Cost	Limited to \$1.5 million any one vehicle	\$25,000
BOILER AND MACHINERY	\$100 million		\$250,000 or \$350,000 depending on size of boiler
CRIME / PUBLIC EMPLOYEE DISHONESTY including faithful performance. Also includes:	\$1 million	Per occurrence	\$10,000
Employee theft	\$1 million	Per occurrence	\$10,000
Forgery or alteration	\$1 million	Per occurrence	\$10,000
Inside the premises – theft of money and securities	\$1 million	Per occurrence	\$10,000
Inside the premises – robbery or safe burglary of other property	\$1 million	Per occurrence	\$10,000
Outside premises	\$1 million	Per occurrence	\$10,000
Computer fraud	\$1 million	Per occurrence	\$10,000
Funds Transfer Fraud	\$1 million	Per occurrence	\$10,000
Money orders and counterfeit money	\$1 million	Per occurrence	\$10,000

CYBER LIABILITY INSURANCE		Coverage	Deductible
Annual Policy and Program Aggregate Limit of Liability for all policy holders (not just WSTIP members)	\$40 million		
Insured/Member Annual Aggregate Limit of Liability	\$2 million		\$5,000
BREACH RESPONSE COSTS	\$500,000	Aggregate for each insured/member (limit is increased to \$1 million if Beazley Nominated Service Providers are used)	
FIRST PARTY LOSS Business Interruption <i>Resulting from Security Breach</i>	\$750,000	Aggregate limit	

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<i>Resulting from System Failure</i>	\$500,000	Aggregate limit	
Dependent Business Loss			
<i>Resulting from Security Breach</i>	\$750,000	Aggregate limit	
<i>Resulting from System Failure</i>	\$100,000	Aggregate limit	
Cyber Extortion Loss	\$750,000	Aggregate limit	
Data Recovery Costs	\$750,000	Aggregate limit	
LIABILITY			
Data & Network Liability	\$2 million	Aggregate limit	
Regulatory defense and penalties	\$2 million	Aggregate limit	
Payment Card Liabilities & Costs	\$2 million	Aggregate limit	
Media Liability	\$2 million	Aggregate limit	
eCRIME			
Fraudulent Instruction	\$75,000	Aggregate limit	
Funds Transfer Fraud	\$75,000	Aggregate limit	
Telephone Fraud	\$75,000	Aggregate limit	
CRIMINAL REWARD	\$25,000	Limit	
COVERAGE ENDORSEMENTS			
Reputation Loss	\$100,000	Limit of Liability	
Claims Preparation Costs for Reputation Loss Claims Only	\$50,000	Limit of Liability	
Computer Hardware Replacement Costs	\$100,000	Limit of Liability	
Invoice Manipulation	\$100,000	Limit of Liability	
Cryptojacking	\$25,000	Limit of Liability	

B. Other Insurance

Pollution and underground storage tank liability are purchased through an independent broker, with coverage up to \$1 million with a \$10,000 deductible per occurrence.

C. Unemployment and Workers Compensation Insurance

Pierce Transit continues to be self-insured for unemployment compensation and self-insured for \$1.1 million for workers' compensation (industrial insurance), with excess workers' compensation (EWC) retained consistent with statutory requirements. Self-insurance assets have been set aside for these workers' compensation claims, which are administered by a third-party administrator.

On December 31, 2021, the self-insurance assets totaled \$3,165,5334 of which a liability of \$2,606,065 is recorded for workers' compensation and unemployment compensation claims for which it may be ultimately liable, including a provision for claims incurred but not yet reported.

As of December 31, 2020, Pierce Transit's self-insurance assets totaled \$5,364,405 of which a liability of \$1,550,926 was recorded as a provision for liability claims.

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These liabilities are Pierce Transit's best estimate of claims based upon available information. No outstanding liabilities have been removed from the balance sheet due to the purchase of annuity contracts from third parties in the name of claimants. Claim settlements in the past three years have not exceeded insurance coverage. A reconciliation of claims liabilities follows:

	<u>2021</u>	<u>2020</u>
Balance beginning of year	\$ 1,550,926	\$ 1,774,332
Provision for incurred claims	2,677,481	1,926,240
Payments made for claims	<u>(1,622,342)</u>	<u>(2,149,646)</u>
Claims liabilities end of year	<u>\$ 2,606,065</u>	<u>\$ 1,550,926</u>

D. Health and Welfare

Pierce Transit is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents, and other beneficiaries through a designated account within the Trust.

As of December 31, 2021, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision

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within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through Intermediary Insurance Services. The aggregate policy is for 200% of expected medical claims.

Participating employers' contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

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NOTE 13: BUDGET AND SPENDING CONTROLS

Pierce Transit uses its budget to plan, control, and inform. It ensures we align planned service levels with enough funds to offer reliable services to our community. As a tool, we use it to measure our ability to either respond to industry changes with innovative solutions, to remain constant, or to pull back efforts until challenges pass. As a control document, the budget aids in efficient day-to-day operations by providing benchmarks to control purchases. As an information source, the budget provides financial details to stakeholders about our expected fiscal position.

We budget using the modified accrual basis, which means we budget operating revenues and expenses on an accrual basis. Non-operating revenue and expenses, including activities funded by grants and debt service principal, use modified accrual budgeting. Unencumbered operating budgets do not carry over into the next budget year.

Pierce Transit budgets capital expenses and grant reimbursements on a project basis. When approved, we budget these for the life of the project, regardless of when we think we will spend funds. We carry over unspent funds as well as grant reimbursements into the next budget year.

Pierce Transit's budget reflects Agency-wide strategic priorities and divisional programs and objectives. The Board of Commissioners reviews and adopts the annual budget in December of the preceding fiscal year after review by community members and other stakeholders.

A schedule of budgeted versus actual revenues and expenses for the period ended December 31, 2021 is as follows:

Pierce Transit
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Revenues: Budgeted vs. Actual			
Year Ended December 31, 2021			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under) Budget</u>
Passenger Fares	\$ 8,677,844	\$ 5,987,961	\$ (2,689,883)
Advertising	500,000	493,154	(6,846)
Regional Transit Service	50,814,788	47,683,047	(3,131,741)
Interest Revenue	325,000	205,859	(119,141)
Sales Tax	95,760,000	107,084,956	11,324,956
Operating Grants	3,110,127	34,231,597	31,121,470
Capital Contributions	70,656,079	22,089,750	(48,566,329)
Miscellaneous Revenues	1,454,288	10,720,891	9,266,603
Gain (Loss) on Disposal of Assets		1,597,622	1,597,622
Total*	<u>\$ 231,298,126</u>	<u>\$ 230,094,837</u>	<u>\$ (1,203,289)</u>
Expenses: Budgeted vs. Actual			
Year Ended December 31, 2021			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Under (Over) Budget</u>
Personnel	\$ 102,408,469	\$ 72,998,577	\$ 29,409,892
Fuel and Lubricants	4,973,275	4,427,016	546,259
Operating Expenses	39,894,111	35,496,776	4,397,335
Depreciation		14,732,605	(14,732,605)
Capital Acquisitions	154,926,801	\$ 57,568,440	97,358,361
Grant Exchange Funds	1,143,054	4,063,915	(2,920,861)
Total*	<u>\$ 303,345,710</u>	<u>\$ 189,287,329</u>	<u>\$ 114,058,381</u>

A schedule of budgeted versus actual revenues and expenses for the period ended December 31, 2020 is as follows:

Pierce Transit
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Revenues: Budgeted vs. Actual			
Year Ended December 31, 2020			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under) Budget</u>
Passenger Fares	\$ 11,363,904	\$ 6,391,850	\$ (4,972,054)
Advertising	340,000	515,512	175,512
Regional Transit Service	57,277,321	48,387,960	(8,889,361)
Interest Revenue	1,787,000	646,711	(1,140,289)
Sales Tax	97,561,853	91,744,911	(5,816,942)
Operating Grants	2,956,180	27,548,223	24,592,043
Capital Contributions	60,796,277	12,256,028	(48,540,249)
Miscellaneous Revenues	976,414	1,738,514	762,100
Gain (Loss) on Disposal of Assets		165,607	165,607
Total*	<u><u>\$ 233,058,949</u></u>	<u><u>\$ 189,395,316</u></u>	<u><u>\$ (43,663,633)</u></u>
 Expenses: Budgeted vs. Actual Year Ended December 31, 2020			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Under (Over) Budget</u>
Personnel	\$ 105,789,739	\$ 84,212,552	\$ 21,577,187
Fuel and Lubricants	6,491,398	3,412,575	3,078,823
Operating Expenses	44,630,546	37,538,394	7,092,152
Depreciation		17,275,468	(17,275,468)
Capital Acquisitions	135,257,494	\$ 22,015,014	113,242,480
Grant Exchange Funds	1,143,054	4,945,230	(3,802,176)
Total*	<u><u>\$ 293,312,231</u></u>	<u><u>\$ 169,399,233</u></u>	<u><u>\$ 123,912,998</u></u>

Following is a reconciliation of the revenues and expenses shown on the Budget vs. Actual Schedule and the Comparative Statement of Revenues, Expenses and Changes in Net Position for year ended December 31, 2021 as compared to year ended December 31, 2020:

Pierce Transit
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Revenues From the Comparative Statement of Revenues, Expenses and Changes in Net Position:		
	2021	2020
Passenger Fares	\$ 5,987,961	\$ 6,391,850
Advertising	493,154	515,512
Regional Transit Service	47,683,047	48,387,960
Interest Revenue	205,859	646,711
Misc. Non-Operating Revenue	10,720,891	1,738,514
Operating Subsidies	141,316,553	119,293,134
Gain (Loss) on Disposal of Assets	1,597,622	165,607
Total	\$ 208,005,087	\$ 177,139,288

Revenues from the Budget vs. Actual Schedule:

Capital Contribution	22,089,750	12,256,028
Total	22,089,750	12,256,028
Grand Total	\$ 230,094,837	\$ 189,395,316

**Expenses From the Comparative Statement of Revenues,
Expenses and Changes in Net Position:**

	2021	2020
Operations	\$ 62,000,946	\$ 68,100,600
Maintenance	22,582,685	24,885,168
Non-Vehicle Maintenance	5,405,293	6,560,938
General & Administration	22,933,445	25,616,815
Depreciation and Amortization	14,732,605	17,275,468
Expense of Items Previously Capitalized	-	-
Grant Exchange Funds	4,063,915	4,945,230
TOTAL	\$ 131,718,889	\$ 147,384,219

Expenses from the Budget vs. Actual Schedule

Capital Acquisitions	57,568,440	22,015,014
Total	57,568,440	22,015,014
Grand Total	\$ 189,287,329	\$ 169,399,233



MICROTRANSIT SERVICE

In 2021, Pierce Transit relaunched Runner on-demand services after a pandemic hiatus. We added a Runner serving the Port of Tacoma and Tideflats area to the Runner menu, alongside services for Ruston Way and JBLM.

Riders can request a Runner ride using an app or by phone call, providing a connection to and from transit in areas that have limited bus service. Runner trips are paid for using Pierce Transit's mobile ticketing app or by showing a valid ORCA card or All Day Pass.

In 2022, the Spanaway-Parkland-Midland area will also have Runner service.

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REQUIRED SUPPLEMENTARY INFORMATION

Pierce Transit
 Schedule of Employer Contributions
 PERS 1
 For the year ended December 31, 2021
 Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u> \$	2,730,240	3,179,192	3,368,552	3,393,572	3,095,083	2,775,078	2,407,649
<u>Contributions in relation to the statutorily or contractually required contributions</u> \$	<u>(2,730,240)</u>	<u>(3,179,192)</u>	<u>(3,368,552)</u>	<u>(3,393,572)</u>	<u>(3,095,083)</u>	<u>(2,775,078)</u>	<u>(2,407,649)</u>
<u>Contribution deficiency (excess)</u> \$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Covered payroll</u> \$	63,100,514	66,023,720	67,662,518	66,326,248	62,554,076	59,829,190	53,375,452
<u>Contributions as a percentage of covered payroll</u> %	4.33%	4.82%	4.98%	5.12%	4.95%	4.64%	4.51%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

REQUIRED SUPPLEMENTARY INFORMATION

Pierce Transit
 Schedule of Employer Contributions
 PERS 2/3
 For the year ended December 31, 2021
 Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u> \$	4,507,343	5,214,950	5,155,760	4,959,391	4,223,914	3,542,370	3,025,923
<u>Contributions in relation to the statutorily or contractually required contributions</u> \$	<u>(4,507,343)</u>	<u>(5,214,950)</u>	<u>(5,155,760)</u>	<u>(4,959,391)</u>	<u>(4,223,914)</u>	<u>(3,542,370)</u>	<u>(3,025,923)</u>
<u>Contribution deficiency (excess)</u> \$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Covered payroll</u> \$	62,927,990	65,845,330	67,465,766	65,959,038	62,059,236	59,266,162	52,817,995
<u>Contributions as a percentage of covered payroll</u> %	7.16%	7.92%	7.64%	7.52%	6.81%	5.98%	5.73%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

REQUIRED SUPPLEMENTARY INFORMATION

Pierce Transit
 Schedule of Employer Contributions
 TERS
 For the year ended December 31, 2021
 Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u> \$	118,753	99,496	80,250	66,435	73,472	69,704	54,225
Contributions in relation to the statutorily or contractually required contributions \$	<u>(118,753)</u>	<u>(99,496)</u>	<u>(80,250)</u>	<u>(66,435)</u>	<u>(73,472)</u>	<u>(69,704)</u>	<u>(54,225)</u>
<u>Contribution deficiency (excess)</u> \$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Covered payroll</u> \$	1,050,234	913,492	707,336	589,238	680,300	645,406	502,081
<u>Contributions as a percentage of covered payroll</u> %	11.31%	10.89%	11.35%	11.27%	10.80%	10.80%	10.80%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

REQUIRED SUPPLEMENTARY INFORMATION

Pierce Transit
 Schedule of Proportionate Share of the Net Pension Liability
 PERS 1
 As of June 30, 2021
 Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u> %	0.406819%	0.443014%	0.500234%	0.470955%	0.489281%	0.482721%	0.479064%
<u>Employer's proportionate share of the net pension liability (asset)</u> \$	4,968,212	15,640,786	19,235,773	21,033,010	23,216,765	25,924,391	25,059,502
<u>Covered payroll</u> \$	62,252,274	69,168,194	67,342,562	64,592,987	60,959,719	57,083,737	52,159,102
<u>Employer's proportionate share of the net pension liability as a percentage of covered payroll</u> %	7.98%	22.61%	28.56%	32.56%	38.09%	45.41%	48.04%
<u>Plan fiduciary net position as a percentage of the total pension liability</u> %	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

REQUIRED SUPPLEMENTARY INFORMATION

Pierce Transit
 Schedule of Proportionate Share of the Net Pension Liability
 PERS2/3
 As of June 30, 2021
 Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u> %	0.518743%	0.572846%	0.639412%	0.594352%	0.617009%	0.605330%	0.603019%
<u>Employer's proportionate share of the net pension liability (asset)</u> \$	(51,675,149)	7,326,374	6,210,865	10,148,031	21,438,113	30,477,887	21,546,213
<u>Covered payroll</u> \$	62,074,686	68,982,010	67,064,474	64,157,443	60,435,521	56,544,917	51,566,025
<u>Employer's proportionate share of the net pension liability as a percentage of covered payroll</u> %	-83.25%	10.62%	9.26%	15.82%	35.47%	53.90%	41.78%
<u>Plan fiduciary net position as a percentage of the total pension liability</u> %	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

REQUIRED SUPPLEMENTARY INFORMATION

Pierce Transit
 Schedule of Proportionate Share of the Net Pension Liability
 TERS
 As of December 31, 2020
 Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
<u>Employer's proportion of the net pension liability (asset)</u> %	0.32046%	0.265380%	0.232390%	0.281450%	0.272970%	0.220880%	-0.001525%
<u>Employer's proportionate share of the net pension liability (asset)</u> \$	240,999	(53,437)	294,290	(119,702)	274,143	206,402	(21,186)
<u>Covered payroll</u> \$	1,050,234	913,492	707,336	589,238	680,300	645,406	502,081
<u>Employer's proportionate share of the net pension liability as a percentage of covered payroll</u> %	22.95%	-5.85%	41.61%	-20.31%	40.30%	31.98%	-4.22%
<u>Plan fiduciary net position as a percentage of the total pension liability</u> %	96.22%	101.08%	92.81%	102.53%	93.91%	93.94%	100.71%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.



PLANNING FOR THE FUTURE

As we look ahead to the service Pierce Transit will provide in the future, we are making changes that will help us meet the community's needs.

This includes updating our Lakewood base facility to maintain future Bus Rapid Transit vehicles, accommodate a larger electric fleet, expand the bus lot to accommodate more vehicles, and modernize our 35-year-old maintenance facility to service vehicles with new technology and components. This multi-year base improvement project is underway and will result in enhanced service and safety.

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**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

This part of Pierce Transit’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Pierce Transit’s overall financial health. This information presented in this section has not been audited.

Financial Trends: Schedules contain trend information to help reader understand Pierce Transit’s financial performance has changed over time.

Net Position by Component, Ten-Year Comparison.....	71
Expenses Comparisons by Type.....	71
Changes in Net Position.....	72-73

Revenue Capacity: Schedules contain information to assist the reader assess Pierce Transit’s revenue sources.

Revenue and Subsidies Comparisons.....	74
Fixed Route Farebox Recovery.....	75
Fare History.....	75
Taxable Sales Comparisons for Pierce County.....	76

Debt Capacity: Schedules help the reader assess Pierce Transit’s ability to issue debt.

Legal Debt Margin.....	77
Ratio of General Bonded Debt to Assessed Value.....	77
Computation of Direct and Overlapping Debt.....	78
Direct and Overlapping Sales Tax Rates.....	78

Demographic and Economic Information: Schedules present demographic and economic indicators to help reader understand the environment in which Pierce Transit financial activities take place.

Pierce County Demographic and Economic Information.....	79
Principal Employers.....	80

Operating Information: Schedules contain service and operating data to help reader understand how the financial report relates to the service and activities provided by Pierce Transit.

Pierce Transit Employees by Function.....	81
Statistics by Mode.....	82-85
Key Performance Measures.....	86
Vehicles Available for Maximum Service.....	86

Grant Information: Schedule shows reader Pierce Transit’s capital grant history

Capital Grant History.....	87
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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant years.

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**FINANCIAL TRENDS
Net Position by Component
2012 – 2021**

	Invested in Capital Assets	Restricted	Unrestricted	Total
2012	\$113,079,561		\$106,645,685	\$219,725,246
2013	\$108,630,726		\$118,769,536	\$227,400,262
2014	\$108,863,153		\$127,191,451	\$236,054,604
2015	\$110,277,027		\$80,587,979	\$190,865,006
2016	\$103,796,164		\$86,625,478	\$190,421,642
2017	\$98,503,799		\$82,934,624	\$181,438,423
2018	\$109,854,158		\$88,990,467	\$198,844,625
2019	\$122,739,121		\$97,123,689	\$219,862,810
2020	\$127,478,667	\$53,437	\$134,341,803	\$261,873,907
2021	\$169,957,739	\$51,675,149	\$138,616,966	\$360,249,854

**FINANCIAL TRENDS
Expense Comparisons by Type
2012– 2021**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Personnel	\$76,615,405	\$74,160,441	\$79,508,733	\$81,104,494	\$90,104,950	\$92,928,926	\$88,609,702	\$93,427,970	\$84,212,552	\$72,998,578
Fuel & Lubricants	8,698,804	7,409,160	7,529,537	5,518,422	4,721,708	5,341,710	5,899,707	5,894,374	3,412,575	4,427,016
Supplies & Materials	5,683,897	5,011,098	5,706,244	6,658,429	7,846,725	10,536,061	9,904,478	9,131,566	9,311,433	8,018,667
Contracts & Services	20,721,754	20,533,637	22,116,142	21,837,695	25,272,731	26,052,672	26,574,858	29,570,846	28,226,961	27,478,109
Depreciation & Amortization	13,431,897	14,746,142	14,683,193	16,292,407	17,289,674	18,692,559	19,198,491	19,080,300	17,275,468	14,732,605
Capital Acquisition	6,540,446	10,954,738	16,267,985	17,767,302	14,404,102	13,656,384	32,322,861	32,602,693	22,015,014	57,568,440
Loss Disposal of Assets	-	-	-	-	-	-	1,420,030	-	-	-
Previously Capitalized Items	126,620	224,061	20,380	9,995	365,535	84,873	5,447	127	-	-
Grant Exchange Funds	884,000	882,644	1,139,554	520,173	1,889,408	396,312	879,816	1,143,468	4,945,230	4,063,915
TOTAL	\$132,702,823	\$133,921,921	\$146,971,768	\$149,708,917	\$161,894,506	\$167,689,497	\$184,815,390	\$190,851,344	\$169,399,233	\$189,287,330

Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020

FINANCIAL TRENDS
Changes in Net Position
2012 – 2021

	2012	2013	2014	2015	2016
Operating Revenue					
Passenger Fares	\$12,219,240	\$12,266,180	\$12,212,748	\$12,628,413	\$11,912,836
Advertising	658,345	952,540	710,527	782,601	669,885
Regional Transit Service	30,980,869	33,431,542	36,262,906	36,207,706	40,421,292
Total Operating Revenue	43,858,454	46,650,262	49,186,181	49,618,720	53,004,013
Non-Operating Revenue					
Sales Tax	65,190,106	63,407,486	66,612,814	72,076,026	76,947,406
Operating Grants	10,180,153	10,491,482	10,929,323	8,659,858	12,675,536
Investment Revenue	198,874	151,610	115,634	190,114	650,061
Miscellaneous Revenue	4,934,093	4,096,482	3,317,254	1,330,092	2,136,898
Gain(Loss)on Disposal of Assets	-183,396	-10,303	1,414,746	278,983	904,555
Total Non-Operating Revenue	80,319,830	78,136,757	82,389,771	82,535,073	93,314,456
Total Revenue	124,178,284	124,787,019	131,575,952	132,153,792	146,318,469
Operating Expense					
Fixed Route	90,192,642	86,365,065	92,989,803	93,589,034	105,737,573
Demand Response	17,229,379	16,609,716	17,555,294	17,347,709	17,872,486
Vanpool	4,297,219	4,139,555	4,315,559	4,182,296	4,335,728
Depreciation & Amortization	13,431,897	14,746,142	14,683,193	16,292,407	17,289,674
Total Operating Expense	125,151,137	121,860,478	129,543,849	131,411,446	145,235,461
Non-Operating Expense					
Expense of Capital Items	126,620	224,061	20,380	9,995	365,535
Grant Exchange Funds	884,000	882,644	1,139,554	520,173	1,889,408
Total Non-Operating Expense	1,010,620	1,106,705	1,159,934	530,168	2,254,943
Total Expense	126,162,377	122,967,183	130,703,783	131,941,614	147,490,404
Net Position before Contribution	(1,984,093)	1,819,836	872,169	212,178	(1,171,935)
Capital Grants	2,516,365	5,855,179	7,782,173	2,397,798	728,571
Change in Net Position	(\$532,272)	\$7,675,015	\$8,654,342	\$2,609,976	(\$443,364)

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**FINANCIAL TRENDS
Changes in Net Position
2012 – 2021 (Continued)**

Operating Revenue	2017	2018	2019	2020	2021
Passenger Fares	\$12,137,563	\$12,014,669	\$11,820,799	\$6,391,850	\$5,987,961
Advertising	528,090	334,350	468,865	515,512	493,154
Regional Transit Service	42,357,818	48,337,317	51,063,462	48,387,960	47,683,047
Total Operating Revenue	55,023,471	60,686,336	63,353,126	55,295,322	54,164,161
Non-Operating Revenue					
Sales Tax	81,799,746	87,679,018	90,647,576	91,744,911	107,084,956
Operating Grants	3,960,468	4,038,035	4,427,104	27,548,223	34,231,597
Investment Revenue	977,716	2,246,988	2,048,424	646,711	205,859
Miscellaneous Revenue	2,106,020	2,258,510	2,468,303	1,738,514	10,720,891
Gain(Loss)on Disposal of Assets	129,173	-1,420,030	763,500	165,607	1,597,622
Total Non-Operating Revenue	88,973,123	94,802,521	100,354,907	121,843,966	153,840,925
Total Revenue	143,996,594	155,488,857	163,708,033	177,139,288	208,005,086
Operating Expense					
Fixed Route	111,514,727	111,136,301	117,728,594	109,351,373	95,797,563
Demand Response	18,744,963	14,938,131	15,453,604	11,976,004	13,517,249
Vanpool	4,599,679	4,914,313	4,842,558	3,836,144	3,607,557
Depreciation & Amortization	18,692,559	19,198,491	19,080,300	17,275,468	14,732,605
Total Operating Expense	153,551,928	150,187,236	157,105,056	142,438,989	127,654,974
Non-Operating Expense					
Expense of Capital Items	84,873	5,447	127	-	-
Grant Exchange Funds	396,312	879,816	1,143,468	4,945,230	4,063,915
Total Non-Operating Expense	481,185	885,263	1,143,595	4,945,230	4,063,915
Total Expense	154,033,113	151,072,499	158,248,651	147,384,219	131,718,889
Net Position before Contribution	(10,036,519)	4,416,358	5,459,382	29,755,069	76,286,197
Capital Grants	1,053,300	12,989,844	15,558,803	12,256,028	22,089,750
Change in Net Position	(\$8,983,219)	\$17,406,202	\$21,018,185	\$42,011,097	\$98,375,947

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**REVENUE CAPACITY
Revenue and Subsidies Comparisons
2012 – 2021**

	2012	2013	2014	2015	2016
Passenger Fares	\$12,219,240	\$12,266,180	\$12,212,748	\$12,628,413	\$11,912,836
Regional Transit Service	30,980,869	33,431,542	36,262,906	36,207,706	40,421,292
Advertising	658,345	952,540	710,527	782,601	669,885
Interest Income	198,874	151,610	115,634	190,114	650,061
Sales Tax	65,190,106	63,407,486	66,612,814	72,076,026	76,947,406
Operating Subsidies	10,180,153	10,491,482	10,929,323	8,659,858	12,675,536
Capital Grants	2,516,365	5,855,179	7,782,173	2,397,798	728,571
Gain on Disposal of Assets	(183,396)	(10,303)	1,414,746	278,983	904,555
Miscellaneous	4,934,093	4,096,480	3,317,254	1,330,092	2,136,898
Total	\$126,694,649	\$130,642,196	\$139,358,125	\$134,551,591	\$147,047,040

**REVENUE CAPACITY
Revenue and Subsidies Comparisons
2012 – 2021 (Continued)**

	2017	2018	2019	2020	2021
Passenger Fares	\$12,137,563	\$12,014,669	\$11,820,799	\$6,391,850	\$5,987,961
Regional Transit Service	42,357,818	48,337,317	51,063,462	48,387,960	47,683,047
Advertising	528,090	334,350	468,865	515,512	493,154
Interest Income	977,716	2,246,988	2,048,424	646,711	205,859
Sales Tax	81,799,746	87,679,018	90,647,576	91,744,911	107,084,956
Operating Subsidies	3,960,468	4,038,035	4,427,104	27,548,223	34,231,597
Capital Grants	1,053,300	12,989,844	15,558,803	12,256,028	22,089,750
Gain on Disposal of Assets	129,173	-	763,500	165,607	1,597,622
Miscellaneous	2,106,020	2,258,510	2,468,303	1,738,514	10,720,891
Total	\$145,049,894	\$169,898,731	\$179,266,836	\$189,395,316	\$230,094,837

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**REVENUE CAPACITY
Fixed Route Farebox Recovery
2012 – 2021**

Year	Farebox Recovery
2012	16%
2013	18%
2014	17%
2015	17%
2016	13%
2017	13%
2018	13%
2019	12%
2020	7%
2021	6%

**REVENUE CAPACITY
Fare History
2012 - 2021**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cash Fares										
Adult	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Senior/Disabled/Youth Bus	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
Passes										
Adult Pass	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
Senior/Disabled Pass/Youth	27.00	27.00	27.00	27.00	36.00	36.00	36.00	36.00	36.00	36.00
Adult All Day Pass	-	-	-	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Senior/Disabled Day Pass	-	-	-	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Youth All Day Pass	-	-	-	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Transfers	Free	Free	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**REVENUE CAPACITY
2012 & 2021 Taxable Sales Comparisons
Pierce County**

	2012		2021	
	Taxable Sales	Sales Tax	Taxable Sales	Sales Tax
Retail Trade	\$5,808,167,203	\$34,154,978	\$11,479,324,073	\$54,932,467
Services	2,025,629,261	11,911,731	3,837,779,958	18,365,081
Contracting	1,498,719,026	8,813,230	3,987,220,376	19,080,204
Manufacturing	205,564,554	1,208,824	336,749,889	1,611,463
Transportation/Utilities	58,441,058	343,663	199,092,158	952,724
Wholesaling	629,554,434	3,702,100	1,134,359,255	5,428,295
Finance/Insurance/Real Estate	856,616,130	5,037,339	1,398,715,556	6,693,329
Other Business	3,101,902	18,241	4,470,603	21,393
TOTAL	\$11,085,793,568	\$65,190,106	\$22,377,711,868	\$107,084,956

Source: WA ST Department of Revenue Quarterly Business Review

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**DEBT CAPACITY
Legal Debt Margin
2021**

	Non-voted	Maximum Debt Capacity*
Assessed Valuation	\$74,714,147,598	\$74,355,211,283
Debt Limitation (%)*	0.38%	1.25%
Debt Limitation (\$)	\$280,178,053	\$929,440,141
Less: Outstanding Debt	-	-
Debt Margin	<u>\$280,178,053</u>	<u>\$929,440,141</u>

* The maximum debt capacity includes both non-voted and voted debt.

**DEBT CAPACITY
Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt per Capita
2012 – 2021**

	Population	Assessed Value (In Thousands)	General Bonded Debt	% Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita
2012	808,200	33,245,935	-	-	-
2013	814,500	34,481,782	-	-	-
2014	821,300	36,980,312	-	-	-
2015	830,120	39,008,715	-	-	-
2016	861,310	42,832,915	-	-	-
2017	876,764	47,849,779	-	-	-
2018	891,299	54,227,667	-	-	-
2019	904,890	59,976,079	-	-	-
2020	900,700	65,354,691	-	-	-
2021	925,708	74,714,148	-	-	-

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**DEBT CAPACITY
Computation of Direct and Overlapping Debt
2021**

	Net Bonded Debt Outstanding	Percentage Applicable*	Authority Share
Pierce Transit	\$ -	100.00%	\$ -
City of Tacoma	179,150,000	30.54%	54,712,410
Pierce County	110,740,880	42.27%	46,810,170
			101,522,580
PTBA Population			596,645
Direct Debt as a % of Personal Income			0.00%
Direct and Overlapping Debt per Capita			\$ -

*Applicable percentage determined by the ratio of assessed valuation in overlapping unit to assessed valuation in Pierce Transit's service area.

**DEBT CAPACITY
Pierce County Direct and Overlapping Sales Tax Rate
2012-2021**

Year	Direct PTBA Sales Tax Rate	Other Local Sales Tax Rate	State Sales Tax Rate	Total PTBA Sales Tax Rate
2012	0.6%	2.3%	6.5%	9.4%
2013	0.6%	2.3%	6.5%	9.4%
2014	0.6%	2.3%	6.5%	9.4%
2015	0.6%	2.3%	6.5%	9.4%
2016	0.6%	2.3%	6.5%	9.4%
2017	0.6%	2.8%	6.5%	9.9%
2018	0.6%	2.8%	6.5%	9.9%
2019	0.6%	2.8%	6.5%	9.9%
2020	0.6%	2.8%	6.5%	9.9%
2021	0.6%	2.9%	6.5%	10.0%

*Unincorporated PTBA
Source: Department of Revenue

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**DEMOGRAPHIC AND ECONOMIC INFORMATION
Pierce County Demographic and Economic Information
2012 – 2021**

Fiscal Year Dec 31	Pierce County Population	Median Household Income (1)	Personal Income (2) (In Thousands)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2012	808,200	57,162	35,232,946	43,407	134,616	8.9
2013	814,500	57,840	36,054,002	43,982	127,766	8.1
2014	821,300	59,998	36,282,818	43,613	129,803	7.3
2015	830,120	59,953	37,957,559	45,044	128,800	6.8
2016	861,310	61,042	40,228,355	46,706	134,810	6.3
2017	876,764	65,246	43,148,793	49,214	134,816	5.4
2018	891,299	69,278	46,449,056	52,114	136,159	5.7
2019	904,890	75,407	N/A	N/A	137,032	5
2020	900,700	79,243	48,481,266	53,572	141,383	7.2
2021	925,708	80,236	51,664,015	56,532	129,258	4.1

Sources: (1) Washington State Office of Financial Management
(2) US Census Bureau
3) Superintendent of Public Instruction

(4) Washington State Employment Security Department
(*) Not Available

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

Demographic and Economic Information			
Principal Employers			
Comparisons of Employees and Percent to Total Employment			
2021 and 2012			
<u>Top Ten Employers for 2021</u>			
Employer	Employees	Percent of Total County Employment	Type
Joint Lewis McChord	54,000	5.83%	Military
Multicare Health System**	8,264	0.89%	Health Care
Washington State Employees	7,370	0.80%	Government
Franciscan Health System	6,646	0.72%	Health Care
City of Tacoma and Tacoma Public Utilities	3,708	0.40%	Government
Tacoma Public Schools	3,481	0.38%	Education
Pierce County Government	3,026	0.33%	Government
Puyallup School District	2,720	0.29%	Education
Bethel School District	2,823	0.30%	Education
Emerald Queen Casino	2,185	0.24%	Entertainment
Total	94,223	10.18%	
2021 Pierce County Population*	925,708		
*Estimated; Source: WA State ESD			
**2021 not available at publication of report			
<u>Top Ten Employers for 2012</u>			
Employer	Employees	Percent of Total County Employment	Type
Federal Government	56,624	7.01%	Military
Local Public Schools (K-12)	13,352	1.65%	Government
MultiCare Health	6,547	0.81%	Health Care
Washington State Employees	6,488	0.80%	Government
Franciscan Health	5,709	0.71%	Health Care
City of Tacoma (Public Utilities Included)	3,620	0.45%	Business
Pierce County	2,872	0.36%	Government
Washington Higher Education	2,632	0.33%	Government
Emerald Queen Casino	2,200	0.27%	Entertainment
Walmart	1,785	0.22%	Retail
Total	101,829	12.60%	
2012 Pierce County Population	808,200		

*Source: Economic Development Board of Pierce County

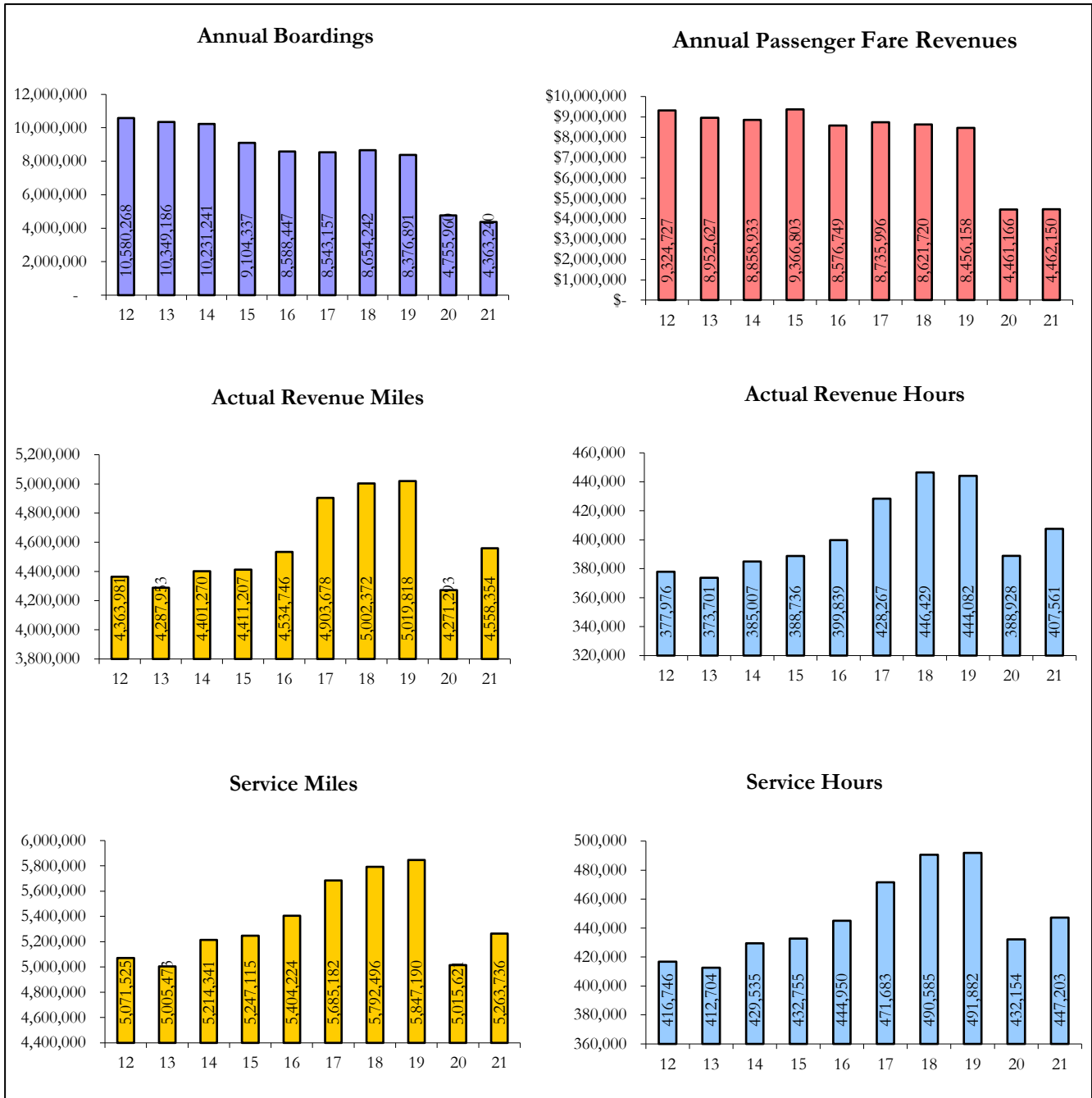
**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**Operating Information
Pierce Transit Employee by Function
2012 – 2021**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operations	575	572	601	631	659	692	675	676	623	576
Maintenance	132	127	136	142	149	155	152	154	163	153
Administration	109	94	99	97	110	113	111	113	112	107
Total	816	802	836	870	918	960	938	943	898	836

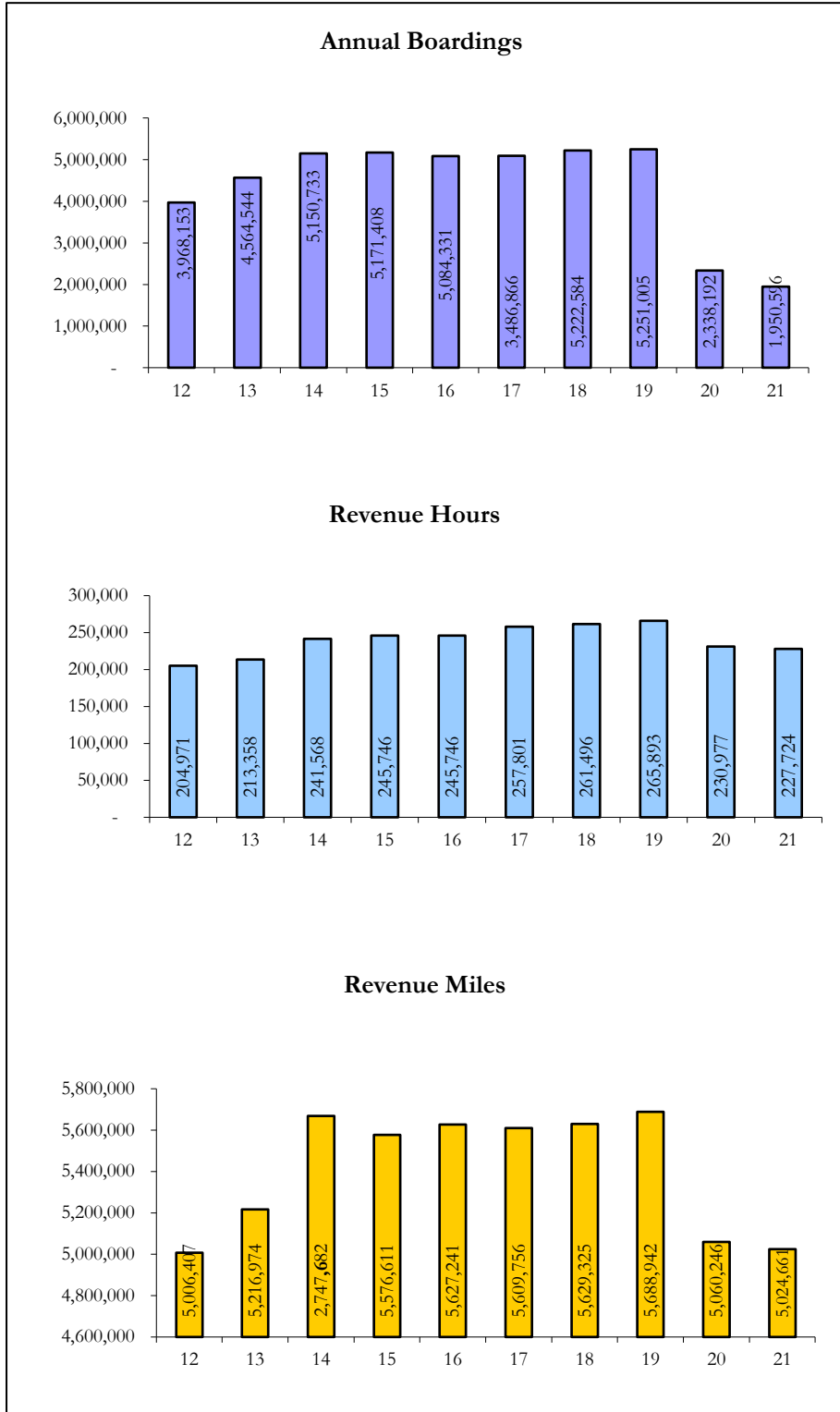
**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**OPERATING INFORMATION
Fixed Route Statistics
2012 – 2021**



**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

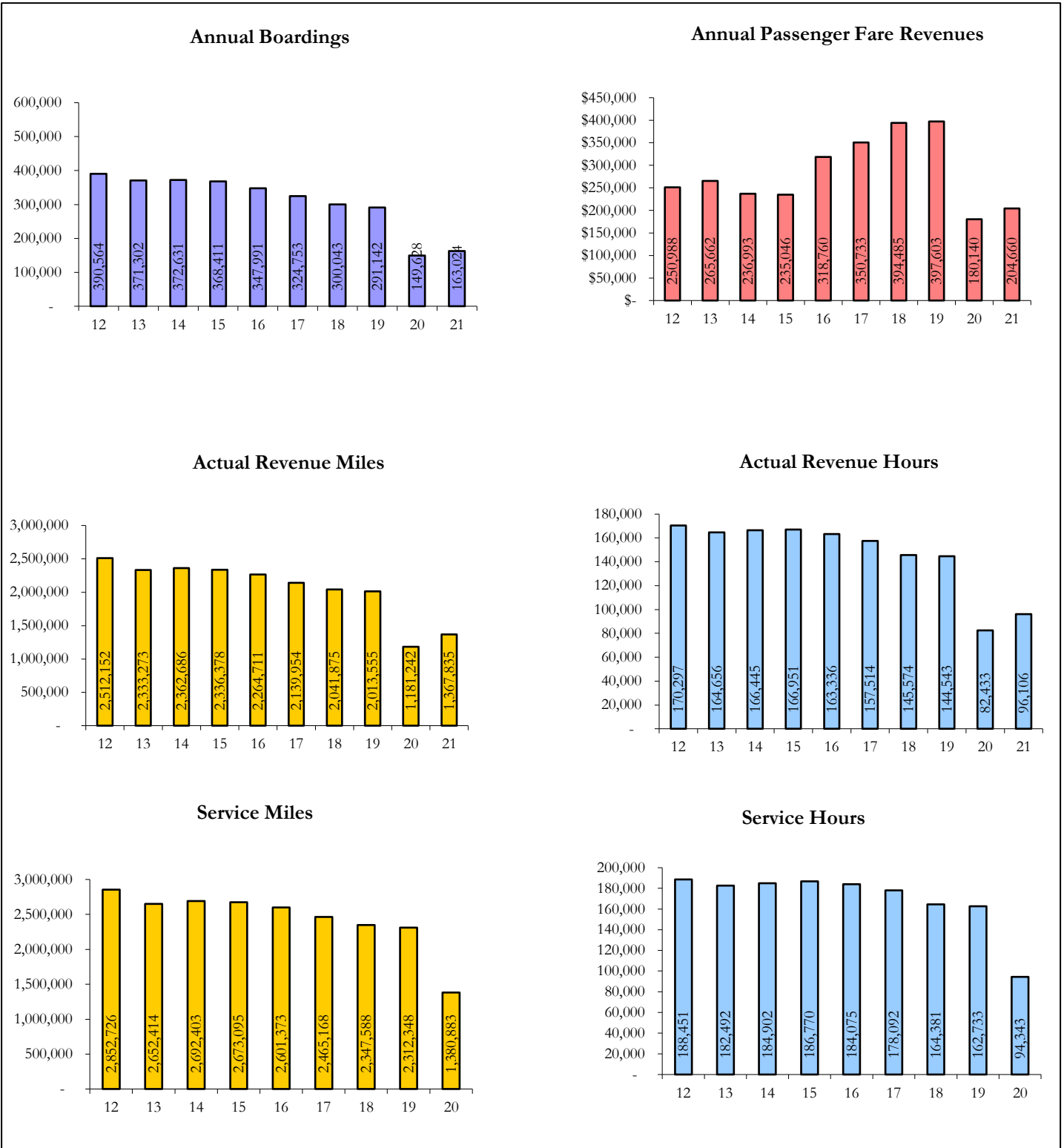
**OPERATING INFORMATION
Sound Transit
Fixed Route Statistics
2012 – 2021**



Source: National Transit Database (NTD)

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**OPERATING INFORMATION
Specialized Transportation (SHUTTLE)
2012 – 2021**



Directly operated and purchased transportation services.
Source: National Transit Database (NTD)

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**OPERATING INFORMATION
Vanpool Statistics
2012 – 2021**



Source: National Transit Database (NTD)

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**OPERATING INFORMATION
Key Performance Measures
2012-2021**

FIXED ROUTE:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual Boardings	10,580,268	10,349,186	10,231,241	9,104,337	8,588,447	8,543,157	8,654,242	8,376,891	4,755,898	4,363,240
Cost per Service Hour	\$ 136.99	\$ 119.13	\$ 124.71	\$ 130.55	\$ 143.34	\$ 144.54	\$ 141.15	\$ 144.00	\$ 156.72	\$ 154.67
Farebox Recovery	16%	18%	17%	17%	13%	13%	13%	12%	7%	6%
Passengers per Service Hour	25.4	25.1	23.8	21	19.3	18.1	17.6	17	12	11
Cost per Passenger	\$ 5.40	\$ 4.75	\$ 5.24	\$ 6.21	\$ 7.43	\$ 7.98	\$ 8.00	\$ 8.46	\$ 14.24	\$ 15.85
SHUTTLE:										
Annual Boardings	390,564	371,302	372,631	368,411	347,991	324,753	300,043	291,142	149,628	163,024
Cost per Service Hour	\$ 91.43	\$ 91.02	\$ 94.94	\$ 92.88	\$ 98.07	\$ 105.25	\$ 90.88	\$ 94.96	\$ 126.94	\$ 123.70
Farebox Recovery	2%	2%	1%	1%	2%	2%	3%	3%	2%	2%
Passengers per Service Hour	2.1	2	2	2	1.9	1.8	1.8	1.8	1.6	1.5
Cost per Passenger	\$ 44.11	\$ 44.73	\$ 47.11	\$ 47.09	\$ 51.88	\$ 57.72	\$ 49.79	\$ 53.08	\$ 80.04	\$ 82.90
VANPOOL:										
Annual Boardings	876,852	926,359	906,686	849,159	828,348	810,383	783,571	740,207	397,472	322,801
Cost per Service Hour	\$ 30.60	\$ 28.67	\$ 30.77	\$ 29.20	\$ 29.66	\$ 31.27	\$ 33.45	\$ 35.61	\$ 46.05	\$ 49.18
Farebox Recovery	62%	74%	72%	72%	69%	66%	61%	59%	46%	37%
Passengers per Service Hour	6.2	6.4	6.5	5.9	5.6	5.5	5.3	5.4	4.8	4.4
Cost per Passenger	\$ 4.90	\$ 4.47	\$ 4.76	\$ 4.93	\$ 5.26	\$ 5.68	\$ 6.27	\$ 6.54	\$ 9.65	\$ 11.18
Service hours are defined as the hours and miles a vehicle is on the road (including revenue, recovery and deadhead).										

**OPERATING INFORMATION
Vehicles Available for Maximum Service
2012 – 2021**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Pierce Transit Buses	173	177	175	176	195	200	211	197	179	176
SHUTTLE Vans	100	100	97	97	97	100	99	122	101	100
Vanpool Vans	347	371	381	405	439	456	483	412	377	304
	620	648	653	678	731	756	756	731	657	580

**Pierce Transit
Statistical Section
Year ended December 31, 2021 and 2020**

**GRANT INFORMATION
Capital Grant History
2012-2021**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
FTA										
Section 3	\$ 27,944	\$ 62,692	\$ 1,183,372	\$ 329,438	\$ 823	\$ -	\$ 2,661,287	\$ 223,348	\$ -	\$ 11,367,120
Section 4	20,808	3,339,533	1,460,896	535,952	246,507	47,016	1,683,887	55,454		127,608
Section 9	1,931,405	915,379	4,461,195	579,872	392,673	679,887	7,191,511	9,087,443		
Other	17,256	1,394,913	-	-	88,568	326,397	111,605	810,240	463,051	234,956
WA STATE										
Misc Grants	473,901	142,662	676,710	952,536	-	-	525,077	2,518,313	3,506,650	7,905,372
LOCAL										
Partnerships	45,050	-	-	-	-	-	816,477	2,864,005	8,286,327	2,454,694
Totals	\$2,516,364	\$5,855,179	\$ 7,782,173	\$2,397,798	\$728,571	\$1,053,300	\$12,989,844	\$15,558,803	\$12,256,028	\$22,089,750

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MISSION

Pierce Transit improves people's quality of life by providing safe, reliable, innovative and useful services that are locally based and regionally connected.

VISION

Your preferred transportation choice for today and tomorrow.



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