

PIERCE TRANSIT

Years Ended

December 31, 2020 & December 31, 2019

Pierce County, Washington

 Pierce Transit

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

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## Annual Comprehensive Financial Report

Years Ended December 31, 2020 and December 31, 2019

Pierce County, Washington

**Amy Cleveland** Interim Chief Executive Officer

**Prepared by The Finance Division**

**Brett Freshwaters** Chief Financial Officer

**Danette Rogers** Finance Manager

# OUR YEAR AT A GLANCE

COVID-19 loomed over our year. Throughout this report you'll see all the ways we met this unique challenge and helped support our community.



### 230K Masks

We dispensed thousands of free masks to the public



### 2 Hotspots

We deployed buses as WiFi hotspots for essential community use



### 2.9M Rides

We gave millions of essential rides to Pierce County residents



### 150 Barriers

We installed barriers on Pierce Transit buses to protect our drivers



### 4.23M Miles

We sustained millions of miles of bus travel in 2020



### 66 Volunteers

We volunteered at 11 community events for 2,145 total hours

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**Pierce Transit  
Comprehensive Annual Financial Report  
Year Ended December 31, 2020 and 2019**

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# WE TURNED 40 YEARS OLD

The year 2020 began with Pierce Transit celebrating its 40th year of service in our community. The rest of the year turned out to be something none of us could have expected.

While the world was hunkering down, Pierce Transit needed to keep rolling, providing trips for essential workers and people who depend on public transit to get to medical appointments, grocery shopping, jobs and other critical destinations.

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June 28, 2021

Board of Commissioners  
Pierce County Public Transportation  
Benefit Area Corporation

## **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, 2020. 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, 2020. 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 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 32 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 2020, Pierce Transit fixed route services carried 4.8 million passengers while Sound Transit services operated by Pierce Transit carried 2.3 million passengers for a combined total of 7.1 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 2020, total ridership was 150,289.

The Agency's vanpool program was added to the mix of services in 1986. With 397,472 annual passenger boardings, the vanpool program accounted for 7% of the Agency's total ridership in 2020 (excluding Sound Transit ridership).

Due to COVID-19, Pierce Transit experienced reduced ridership in 2020 in all modes of service.

## **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.

With still some uncertainty around the economy in 2021, the 2021 Budget spends at approximately 2019 levels that includes 475,000 Pierce Transit fixed route service hours, 126,533 Shuttle hours, and 95,200 Vanpool service hours. Pierce Transit anticipates providing 320,968 service hours for Sound Transit Regional Transit Service. Staffing levels support restoration of service back to 95% of the pre-COVID level.

Major projects in 2021 and beyond focus on continued innovative service to our customers, while ensuring safe and up to date transit system infrastructure and facilities. Following are a few of the major initiatives and capital projects budgeted for 2021:

- 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
- Collision Avoidance System

## **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. The ten-year economic expansion came to an abrupt halt in



March 2020 when much of the economy shut down due to the pandemic. While initial forecasts for the impact on sales tax were dire, reality turned out not to be quite as severe as many feared. Many indicators point to a “K-shaped” recovery, where some sectors, such as online retailers, software, home improvement and housing, are doing as well as or even better than before, while others such as restaurants, travel and in-person entertainment, are still suffering with no near-term improvement in sight. The Puget Sound region has been one of the fastest-growing metropolitan areas in the U.S this decade. That growth will slow significantly but positive net migration bodes well for strong economic recovery post-pandemic. Locally, resident continue to move into Pierce County due to higher housing prices in King County and employment growth has remained strong in the service sectors (e.g., information technology, health care, etc.)

While COVID-induced restrictions will continue to put a dent in economic growth into the first half of 2021, strong expansion is expected in the second half following widespread distribution of the vaccine. Employment will most likely take a few years to return to pre-COVID levels, but total spending should exceed those levels in 2021. Personal income is expected to decrease by 2.2% in 2021 but still be on a par with 2019. The decreased personal income is primarily due to the impact of COVID stimulus funds that were provided in 2020. Employment is expected to increase by 1.7% in 2021 following a 5.7% contraction in 2020. New housing permits are expected to decrease, but overall home sales will remain strong with increasing prices. With mixed signals, such as decreased personal income but increased employment, the outlook remains a bit uncertain. However, with many drivers of retail sales projected to increase significantly in the second half of 2021, we should see modest growth in Pierce Transit’s sales tax revenue next year.

#### 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, 2019. This was the 36th 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.



Amy Cleveland  
Interim Chief Executive Officer



Brett Freshwaters  
Executive Director of Finance/CFO





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Pierce Transit  
Washington**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*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  
Victoria Woodards  
Chair  
Mayor of Tacoma**



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



**Commissioner  
Jason Whalen  
Deputy Mayor of  
Lakewood**



**Commissioner  
Ryan Mello  
Pierce County Council**



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



**Commissioner  
Chris Beale  
Tacoma City Council**



**Commissioner  
John Palmer  
Representing  
Edgewood and Puyallup**



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



**Commissioner  
Kristina Walker  
Tacoma City Council**

**Vacant**

**Non-Voting Union  
Representative**



2021 ORGANIZATIONAL CHART

CITIZENS OF PIERCE COUNTY

BOARD OF COMMISSIONERS

INTERIM CHIEF EXECUTIVE OFFICER  
Amy Cleveland

CLERK OF THE BOARD/  
PUBLIC RECORDS OFFICER  
Deanne Jacobson

EXECUTIVE  
DIVISION

Amy Cleveland  
Interim Chief Executive Officer

Division Admin  
Communications

ADMINISTRATION  
DIVISION

Tara Schaak  
Interim Executive Director

Division Admin  
Employee Services  
Labor Relations  
Lean & Workforce Development  
Lean & Workforce Development  
Administrative Services  
Risk Management  
Talent Management

FINANCE  
DIVISION

Brett Freshwaters  
Executive Director

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

MAINTENANCE  
DIVISION

Frank Castro  
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  
Service Planning Admin  
Capital Planning  
Bus Stop Program  
Planning  
Scheduling  
Community Development

SERVICE DELIVERY &  
SUPPORT  
DIVISION

Mike Griffus  
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

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# WE TOOK ON COVID-19

In 2020, Pierce Transit earned the American Public Transportation Association's (APTA) "Health and Safety Seal," given to transit agencies committed to the highest levels of health and safety and the protection of riders and employees throughout the COVID-19 pandemic.

In addition, in 2020 APTA awarded Pierce Transit its "Certificate of Merit" for Bus Safety, recognizing the agency as a top innovator in bus safety among mid-sized transit agencies across the nation.



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

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

Board of Commissioners  
Pierce Transit  
Lakewood, Washington

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Pierce Transit, as of and for the years ended December 31, 2020 and December 31, 2019, and the related notes to the financial statements, which collectively comprise the Transit Authority's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Transit Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the Transit Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pierce Transit, as of December 31, 2020 and 2019, and the 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.

## **Matters of Emphasis**

As discussed in Note 14 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Transit Authority is unknown. Management's plans in response to this matter as also described in Note 14. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Transit Authority's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Transit Authority. Such information has not been subjected to the

auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated June 28, 2021, on our consideration of the Transit 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 Transit 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 Transit 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, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

June 28, 2021

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# WE MAINTAINED ESSENTIAL SERVICE

One of the things the COVID-19 pandemic has taught us is that transit is an essential service. During the height of the pandemic, Pierce Transit was still providing more than 9,000 rides each day.

However, with reduced service, some transit-dependent essential workers were unable to use transit to get to work. In mid-April, Pierce Transit began a new door-to-door service to get these individuals to their jobs and back.

Over the course of six months, Pierce Transit provided nearly 1,000 rides through this service to essential workers going to an essential job. That's just one more way Pierce Transit got creative in 2020 to keep our community rolling.

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**Pierce Transit**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2020 and 2019**

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Following is management's discussion and analysis (MD&A) of Pierce Transit's financial activities for the years ended December 31, 2020 and 2019. This discussion should be reviewed in conjunction with the financial statements, which follow this report.

### **Financial Highlights**

- Pierce Transit's assets and deferred outflows exceeded its liabilities and deferred inflows on December 31, 2020 by \$261.9 million (net position) compared to \$219.9 million in 2019 and \$198.8 million in 2018. Investments in capital assets increased by \$18.4 million in 2020, increased \$18.2 million in 2019 and increased \$11.3 million in 2018.
- Unrestricted net position increased \$37.3 million in 2020. This increase was due to decrease in net pension liabilities, the increase in deferred inflows related to pension liabilities, and an increase in investments. Unrestricted net position increased in 2019 by \$8.1 million. This increase was due to decrease in net pension liabilities and the increase in deferred inflows related to pension liabilities
- In 2020, the deferred inflow for pensions decreased by \$6.3 million, a 42% decrease over 2019. In 2019, the deferred inflow for pensions increased by \$2.2 million, a 17.6% increase over 2018. The deferred inflows related to the pension plans represent the net difference between projected and actual investment earnings on the pension plan investments.
- Net income for 2020, before contributions was \$29.8 million compared to \$5.4 million in 2019 and \$4.4 million for 2018. The increase between 2020 and 2019 was the result of federal operational grants and lower operating expenses. The net income gain in 2019 was the result of increases in sales tax and regional transit service revenue offset by an increase in operating expenses. The gain in 2018 was due to an \$11.1 million increase in revenues from regional transit services and sales tax and a \$3.4 million dollar decrease in operating expenses related to pension expense.

### **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's financial statements report information about the Agency using accounting methods like those used by private sector companies. Under this method, revenues are recorded when earned and expenses 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.

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 underlying event giving rise to the change 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).

**Pierce Transit**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2020 and 2019**

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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 in this report.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided with the financial statements. The Notes to the Financial Statements can be found in this report.

### **Financial Statement Analysis**

As noted earlier, net position serves as a useful indication of the Agency's financial strength. Total net position is \$261.9 million, \$219.9 million and \$198.8 million in 2020, 2019 and 2018 respectively. The increase from 2019 to 2020 was due to net income of \$29.8 million and capital contributions of \$12.3 million. The increase from 2018 to 2019 was due to net income of \$5.5 million and capital contributions of \$15.6 million.

**Pierce Transit**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2020 and 2019**

**Summary Statement for Net Position**  
**For the years ending December 31, 2020, 2019 and 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Assets:</b>			
Current Assets	\$ 188,904,295	\$ 153,682,658	\$ 145,725,463
Capital Assets	127,478,667	122,739,121	109,854,158
<b>Total Assets</b>	<u>316,382,962</u>	<u>276,421,779</u>	<u>255,579,621</u>
<b>Deferred Outflows:</b>	8,132,283	8,141,111	6,222,137
<b>Total Deferred Outflows</b>	<u>8,132,283</u>	<u>8,141,111</u>	<u>6,222,137</u>
<b>Total Assets &amp; Deferred Outflows</b>	<u>\$ 324,515,245</u>	<u>\$ 284,562,890</u>	<u>\$ 261,801,758</u>
<b>Liabilities:</b>			
Current Liabilities	\$ 29,402,665	\$ 22,557,788	\$ 17,504,618
Non-Current Liabilities	24,559,889	27,160,164	32,715,903
<b>Total Liabilities</b>	<u>53,962,554</u>	<u>49,717,952</u>	<u>50,220,521</u>
<b>Deferred Inflows:</b>	8,678,784	14,982,128	12,736,612
<b>Total Deferred Inflows</b>	<u>8,678,784</u>	<u>14,982,128</u>	<u>12,736,612</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>\$ 62,641,338</u>	<u>\$ 64,700,080</u>	<u>\$ 62,957,133</u>
<b>Net position:</b>			
Net Investment in Capital Assets	127,478,667	122,739,121	109,854,158
Unrestricted Net Position	134,395,240	97,123,689	88,990,467
<b>Total Net Position</b>	<u>261,873,907</u>	<u>219,862,810</u>	<u>198,844,625</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 324,515,245</u>	<u>\$ 284,562,890</u>	<u>\$ 261,801,758</u>

A large majority of Pierce Transit's 2020 capital assets (\$127.5 million) 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. A portion (\$68.6 million) of the remaining net position balance of \$134.4 million has been designated by Board action (e.g., capital, workers' compensation and unemployment self-insurance programs). The remainder of \$65.8 million is available to support future obligations for transportation operations.

**Pierce Transit**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2020 and 2019**

**Comparative Statement of Revenue, Expense and Change in Net Position**  
**For the years ended December 31, 2020, 2019 & 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenue			
Passenger Fares	\$ 6,391,850	\$ 11,820,799	\$ 12,014,669
Advertising	515,512	468,865	334,350
Regional Transit Service	48,387,960	51,063,462	48,337,317
Non-Operating Revenue:			
Subsidies	119,293,134	95,074,680	91,717,053
Other Revenue	2,550,832	5,280,227	4,505,498
<b>Total Revenue</b>	<u>177,139,288</u>	<u>163,708,033</u>	<u>156,908,877</u>
Operating Expense	125,163,521	138,024,756	130,988,745
Non-Operating Expense	4,945,230	1,143,595	2,305,293
Depreciation	17,275,468	19,080,300	19,198,491
<b>Total Expense</b>	<u>147,384,219</u>	<u>158,248,651</u>	<u>152,492,529</u>
Net Position before Contributions	29,755,069	5,459,382	4,416,358
Capital Contributions	12,256,028	15,558,803	12,989,844
<b>Change in Net Position</b>	42,011,097	21,018,185	17,406,202
<b>Net Position-Beginning</b>	<u>219,862,810</u>	<u>198,844,625</u>	<u>181,438,423</u>
<b>Net Position-Ending</b>	<u>\$ 261,873,907</u>	<u>\$ 219,862,810</u>	<u>\$ 198,844,625</u>

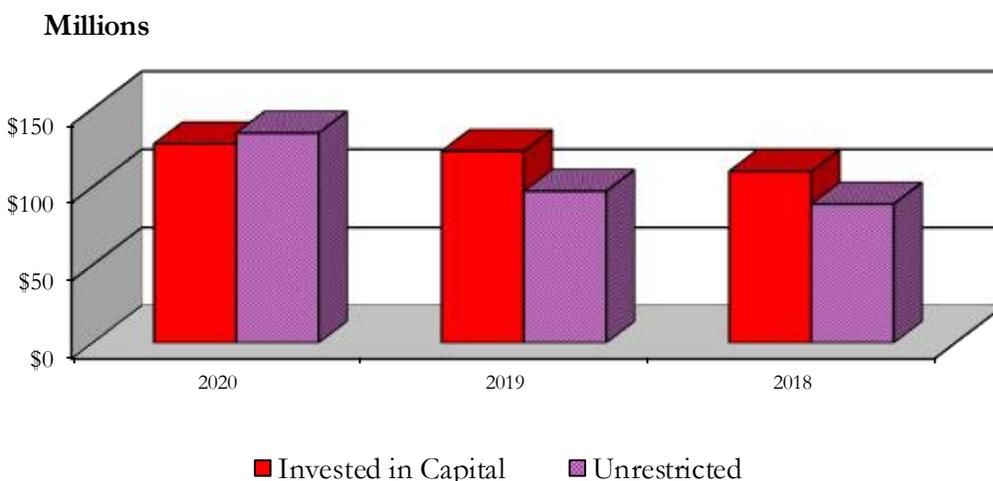
A description of operating & non-operating revenue follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenue			
Passenger Fares	6,391,850	\$ 11,820,799	\$ 12,014,669
Advertising	515,512	468,865	334,350
Regional Transit Service	48,387,960	51,063,462	48,337,317
<b>Total Operating Revenue</b>	<u>55,295,322</u>	<u>63,353,126</u>	<u>60,686,336</u>
Non-Operating Revenue			
Operating Subsidies			
Sales Tax	91,744,911	90,647,576	87,679,018
Operating Grants	27,548,223	4,427,104	4,038,035
Other Non-Operating Revenue			
Investment Revenue	646,711	2,048,424	2,246,988
Gain of Sale of Assets	165,607	763,500	
Miscellaneous Revenue	1,738,514	2,468,303	2,258,210
<b>Total Non-Operating Revenue</b>	<u>121,843,966</u>	<u>100,354,907</u>	<u>96,222,251</u>
<b>Total Revenue</b>	<u>\$ 177,139,288</u>	<u>\$ 163,708,033</u>	<u>\$ 156,908,587</u>

**Pierce Transit  
Management's Discussion and Analysis  
Years Ended December 31, 2020 and 2019**

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### Net Position by Type



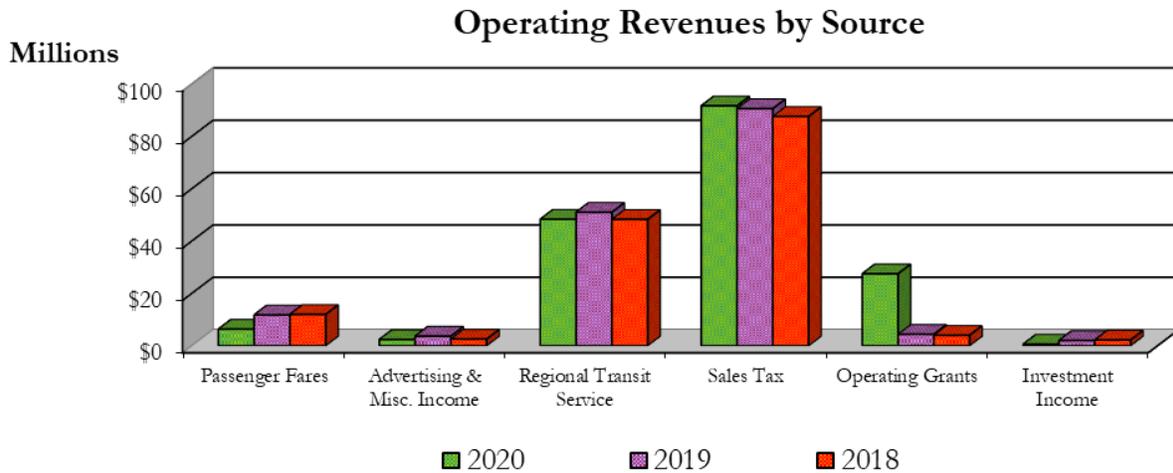
### Operating Revenue

- 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 were \$6.4 million in 2020. Fare revenues in 2019 and 2018 were \$11.8 million and \$12 million respectively. The reduction in revenue is due to decreased ridership in all modes of service in 2020 triggered by COVID-19. The decrease between 2019 and 2018 was due to a decrease in ridership in all modes of service.
- Advertising revenues were \$.5 million in 2020 and \$.47 million in 2019. Revenue in 2018 was \$.3 million. Fluctuations are due to the timing of contractual guarantees and advertising partnerships.
- 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 ended on December 31, 2020. The contract for the three-year period of 2021 – 2023 is in negotiations at the time of this report. Revenues generated from this regional transit service were \$48.4 million in 2020, decreasing 5.24% due to a decrease in service hours. Regional transit service revenues were \$51 million and \$48.3 million in 2019 and 2018, respectively.
- Sales tax, accounting for 52% of Pierce Transit's revenue, increased by \$1.1 million, an increase of 1.2% over 2019. The increases in 2018 through 2020 are indicative of a strong local economy

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with increasing retail sales. Federal stimulus funds also contributed to better increased retail sales in 2020. Sales tax revenue was \$91.7 million in 2020, as compared to \$90.6 million in 2019 and \$87.7 million in 2018.

- In 2020, operating grant revenue totaled \$27.5 million and was primarily received from the federal government through the CARES act and FEMA to assist with the impact of COVID-19. In 2018 and 2019, operating grant revenue totaled \$4 million and \$4.4 million respectively. Operating grant contracts are awarded annually and vary from year to year, based on funds availability and agency needs.
- Investment earnings in 2020 were \$.65 million compared to \$2.0 million in 2019 and \$2.2 million in 2018. The decrease between 2019 and 2020 was due to significantly lower interest rates. The decrease between 2018 and 2019 reflects a decrease in the investment portfolio.



**Operating Expenses**

Operating expenses for 2020 totaled \$142.4 million decreasing by 9.3% from 2019 levels. This can be contributed to reduced service and other associated cost due to COVID-19. Operating expenses for 2019 totaled \$157.1 million increasing 4.6% from 2018 levels. Operating expenses for 2018 totaled \$150.2 million. The increase between 2018 and 2019 is due to increases in wages and benefits and increased operating costs.

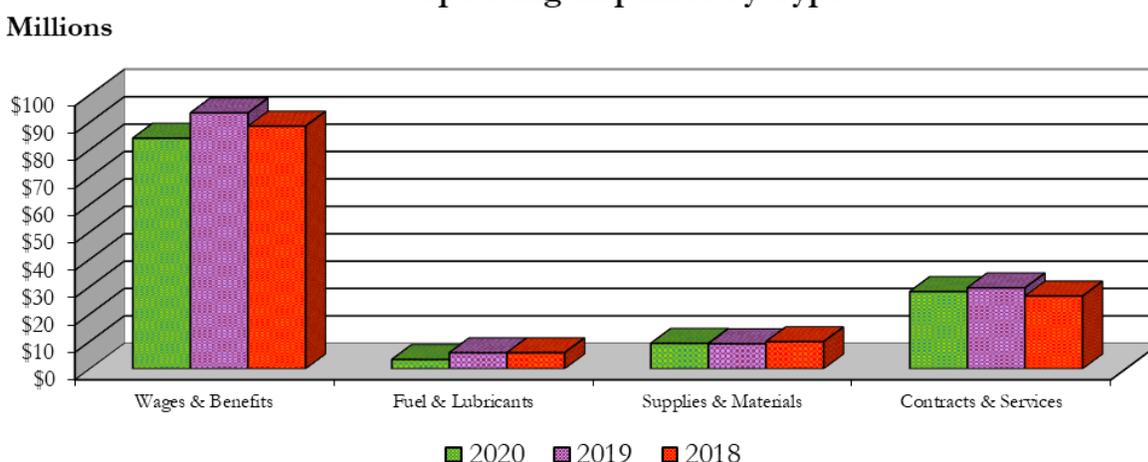
**Pierce Transit  
Management's Discussion and Analysis  
Years Ended December 31, 2020 and 2019**

<b>Operating Expenses:</b>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Wages & Benefits	\$84,212,552	\$93,427,970	\$88,609,702
Fuel & Lubricants	3,412,575	5,894,374	5,899,707
Supplies & Materials	9,311,433	9,131,566	9,904,480
Contracts & Services	28,226,961	29,570,846	26,574,858
Depreciation	17,275,468	19,080,300	19,198,491
<b>Total Operating Expenses</b>	<u>142,438,989</u>	<u>157,105,056</u>	<u>150,187,238</u>

**Non-Operating Expenses:**

Items Previously Capitalized	-	127	5,447
Grant Exchange Funds	4,945,230	1,143,468	879,816
<b>Total NonOperating Expenses</b>	<u>4,945,230</u>	<u>1,143,595</u>	<u>885,263</u>
<b>Total Expenses</b>	<u>\$147,384,219</u>	<u>\$158,248,651</u>	<u>\$151,072,501</u>

**Operating Expenses by Type**



Wages and benefits for 2020 of \$84.2 million comprise 67.3% of the operating expenses (exclusive of depreciation). The results are a decrease in 2020 as compared to 2019 due to reduced service levels from the impact of COVID-19. Wages and benefits for 2019 of \$93.4 million comprise 67.7% of operating expenses (exclusive of depreciation), an increase of 5.4% over 2018 levels. The increase in 2019 was due to increases in wages and benefits and pension expense liabilities.

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 2020, 2019 and 2018:

**Pierce Transit  
Management's Discussion and Analysis  
Years Ended December 31, 2020 and 2019**

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<b>Service Hours:</b>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Fixed Route Pierce Transit	432,154	491,882	490,585
Fixed Route Sound Transit	310,440	354,178	344,618
Specialized Transportation	94,844	162,733	164,381
Vanpool	86,355	135,978	146,913
<b>Total</b>	<u>923,793</u>	<u>1,144,771</u>	<u>1,146,497</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. Pierce Transit's investment in capital assets as of December 31, 2020 totaled \$127.4 million, net of accumulated depreciation. This compares to a 2019 net investment in capital assets of \$122.7 million and a 2018 net investment in capital assets of \$109.8 million. 2020 net capital increased by 3.9%, or \$4.7 million, due to \$14.5 million in accumulated depreciation offsetting an increase of \$19.2 million in assets.

Capital contributions in 2020 totaled \$12.3 million. Capital grants funded 55% of Pierce Transit's capital acquisitions in 2020. For a more detailed discussion on capital assets see notes to the financial statements.

Capital acquisitions during 2020 totaled \$22. million and included the following major capital assets:

- 18.3 million for Building & Site improvements
- 1.5 million for Technology projects
- 2.1 million for Equipment & Vehicles

The Notes to the Financial Statements includes further detail and activity related Pierce Transit's Capital Assets.

### **Economic Factors**

Early 2021 indicators show a better than expected economic outlook. Revenues in Washington state were higher than anticipated after analysis and adjustments were made due to COVID-19 to the original expected revenue. Across the United States and for Washington, unemployment is lower than earlier predications with jobs being added in some industries even though some industries such as hospitality suffered a decrease in jobs. Stimulus packages have helped spur the economy and consumer confidence has increased slightly. Other signs of growth are in residential construction and increasing housing prices. Overall, it appears the economic outlook is stable and progressing back towards pre-pandemic levels.

At Pierce Transit, various economic forecasts have been considered to develop an overall financial 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 initial forecasts for the impact on sales tax were dire, reality turned out to not be quite as severe as many feared. Sales tax revenue in Pierce County increased in 2020 compared to 2019. This increase was due to some sectors, such as online retailers, software, home improvement and housing, doing as well as or even better than before the pandemic.

**Pierce Transit**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2020 and 2019**

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On the downside, it is still uncertain how COVID-19 will impact the economy long term and how long before there is a return to normal business habits and a typical pattern of spending. Some industries, such as restaurants, travel and in-person entertainment, are still suffering with no near-term improvement in sight. It is also uncertain what impact there will be after stimulus money ceases. There are still potential long-term impacts to consider and be cognitive when planning for the future. Given the uncertainty, Pierce Transit's goal is to maintain a sustainable Six-Year Financial Plan with the ability to deal with adverse economic conditions. The 2021 Budget reflects the board and management's careful consideration of the uncertainty.

**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 96<sup>th</sup> St SW  
Lakewood, WA 98499

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# WE PUT SAFETY FIRST

When we say the safety of our riders and employees is our top priority, we mean it. As soon as the COVID-19 pandemic hit, Pierce Transit implemented additional safety measures to keep our customers and employees safe, such as:

- Cleaning and disinfecting buses several times daily
- Installing safety shields around the driver area
- Limiting the number of passengers on buses
- Marking of seats for social distancing
- Distributing masks on board
- Limiting customers in The Bus Shop lobby
- Providing COVID testing times/locations at transit centers
- Health screening employees when they report to work

**Pierce Transit  
Financial Statements  
Years Ended December 31, 2020 and 2019**

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Pierce Transit

**Comparative Statement of Net Position**

December 31, 2020 and 2019

<b>CURRENT ASSETS</b>	<b>2020</b>	<b>2019</b>
Cash	\$ 5,141,087	\$ 3,469,621
Investments	134,978,907	100,879,142
Accounts Receivable	896,144	534,935
Sales Tax Receivable	16,935,668	15,483,759
Due From Other Governments	26,093,221	28,673,388
Prepaid Expenses	764,678	533,872
Net Pension Asset	53,437	
Inventories	4,041,153	4107941
<b>TOTAL CURRENT ASSETS</b>	<b>188,904,295</b>	<b>153,682,658</b>
<b>NON-CURRENT ASSETS</b>		
Capital Assets Non-Depreciable		
Land	14,213,735	14,213,735
Work in Progress	49,013,882	30,609,175
Total Non-Depreciable Capital Assets	63,227,617	44,822,910
Capital Assets Depreciable		
Structures & Improvements	80,427,556	79,758,760
Site Improvements	45,663,492	45,663,492
Machinery & Equipment	195,454,189	195,295,483
Less: Accumulated Depreciation	(257,294,187)	(242,801,524)
Total Capital Assets Depreciable, Net of Depreciation	64,251,050	77,916,211
<b>TOTAL NON-CURRENT ASSETS</b>	<b>127,478,667</b>	<b>122,739,121</b>
<b>TOTAL ASSETS</b>	<b>\$ 316,382,962</b>	<b>\$ 276,421,779</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to Pension	8,132,283	8,141,111
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>8,132,283</b>	<b>8,141,111</b>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	 <b>\$ 324,515,245</b>	 <b>\$ 284,562,890</b>
<b>CURRENT LIABILITIES</b>		
Checks Payable	\$ 328,955	\$ 346,205
Accounts Payable	4,933,629	5,119,350
Unearned Revenue	272,979	534,425
Retainage Payable	3,558	27,103
Wages and Benefits Payable	1,343,618	4,193,768
Employee Leave Payable	6,141,728	5,817,048
Due to Other Governments	14,827,272	4,745,557
Provision for Uninsured Claims	1,550,926	1,774,332
<b>TOTAL CURRENT LIABILITIES</b>	<b>29,402,665</b>	<b>22,557,788</b>
<b>NON CURRENT LIABILITIES</b>		
Compensated Absences	1,592,729	1,419,236
Net Pension Liability (PERS)	22,967,160	25,740,928
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>24,559,889</b>	<b>27,160,164</b>
<b>TOTAL LIABILITIES</b>	<b>53,962,554</b>	<b>49,717,952</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pension	8,678,784	14,982,128
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>8,678,784</b>	<b>14,982,128</b>
<b>NET POSITION</b>		
Investment in Capital Assets	127,478,667	122,739,121
Unrestricted Net Position	134,395,240	97,123,689
<b>TOTAL NET POSITION</b>	<b>\$ 261,873,907</b>	<b>\$ 219,862,810</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 324,515,245</b>	<b>\$ 284,562,890</b>

See accompanying notes to the financial statements.

Pierce Transit

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

Years ended December 31, 2020 and 2019

<b>OPERATING REVENUE</b>	<b>2020</b>	<b>2019</b>
Passenger Fares	\$ 6,391,850	\$ 11,820,799
Advertising	515,512	468,865
Regional Transit Service	48,387,960	51,063,462
<b>TOTAL OPERATING REVENUE</b>	<b>55,295,322</b>	<b>63,353,126</b>
<b>OPERATING EXPENSES</b>		
Operations	68,100,600	79,151,809
Maintenance	24,885,168	25,927,936
Non-Vehicle Maintenance	6,560,938	6,789,547
General & Administration	25,616,815	26,155,464
Depreciation	17,275,468	19,080,300
<b>TOTAL OPERATING EXPENSES</b>	<b>142,438,989</b>	<b>157,105,056</b>
<b>OPERATING REVENUE (LOSS)</b>	<b>(87,143,667)</b>	<b>(93,751,930)</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>		
Operating Subsidies:		
Sales Tax	91,744,911	90,647,576
Operational Grants	27,548,223	4,427,104
Other:		
Expense of Items Previously Capitalized	-	(127)
Interest Revenue	646,711	2,048,424
Grant Exchange Funds	(4,945,230)	(1,143,468)
Miscellaneous Non-Operating Revenue	1,738,514	2,468,303
Gain (Loss) on Disposal of Assets	165,607	763,500
<b>NET NON-OPERATING REVENUE</b>	<b>116,898,736</b>	<b>99,211,312</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>29,755,069</b>	<b>5,459,382</b>
Capital Contributions	12,256,028	15,558,803
<b>CHANGE IN NET POSITION</b>	<b>42,011,097</b>	<b>21,018,185</b>
<b>NET POSITION-BEGINNING</b>	<b>219,862,810</b>	<b>198,844,625</b>
<b>NET POSITION-ENDING</b>	<b>\$ 261,873,907</b>	<b>\$ 219,862,810</b>

See accompanying notes to financial statements

Pierce Transit

**Comparative Statement of Cash Flows**

Years ended December 31, 2020 and 2019

**INCREASE(DECREASE)IN CASH AND CASH EQUIVALENTS:**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

	2020	2019
Cash Received From Customers	\$ 69,947,254	\$ 56,817,220
Cash Payments to Suppliers for Goods & Services	(42,160,968)	(45,377,756)
Cash Payments to Employees for Services	(95,686,251)	(97,692,470)
Miscellaneous Non-Operating Income	1,738,514	2,468,303
<b>Net Cash Used By Operating Activities</b>	<u>(66,161,451)</u>	<u>(83,784,703)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Sales Tax Received	90,293,002	90,904,917
Operating Grants Received	27,548,223	3,234,505
Grant Exchange Funds	(4,945,230)	(1,143,468)
<b>Net Cash Provided By Noncapital Financing Activities</b>	<u>112,895,995</u>	<u>92,995,954</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition and Construction of Capital Assets	(24,031,661)	(35,266,109)
Capital Grants and Contributions	12,256,028	15,558,803
Proceeds From Sale of Equipment	165,607	1,688,209
<b>Net Cash Used By Capital and Related Financing Activity</b>	<u>(11,610,026)</u>	<u>(18,019,097)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of Investment Securities	(141,624,764)	(103,655,699)
Proceeds from Maturities of Investment Securities	107,525,000	109,099,871
Interest on Investments	646,711	2,176,881
<b>Net Cash Used By Investing Activities</b>	<u>(33,453,053)</u>	<u>7,621,053</u>

Net Increase (Decrease) in Cash and Cash Equivalents	1,671,466	(1,186,793)
Cash and Cash Equivalents at Beginning of Year	3,469,621	4,656,414
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 5,141,087</u>	<u>\$ 3,469,621</u>

See accompanying notes to the financial statements.

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

Operating Loss	<u>\$ (87,143,667)</u>	<u>\$ (93,751,930)</u>
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**ADJUSTMENTS TO RECONCILE OPERATING TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Depreciation and Amortization	17,275,468	19,080,300
Miscellaneous Non-Operating Income	1,738,514	2,468,303

**CHANGE IN ASSETS AND LIABILITIES FROM OPERATIONS:**

(Increase) Decrease in Receivables	(361,209)	(158,488)
(Increase) Decrease in Inventories	66,788	(411,596)
(Increase) Decrease in Prepaid Expenses	(230,806)	(279,596)
(Increase) Decrease in Due from Other Governments	5,192,872	(9,514,689)
Increase (Decrease) in Checks Payable	(94,779)	(556,983)
Increase (Decrease) in Accounts Payable	(720,674)	667,024
Increase (Decrease) in Unearned Revenue	(261,446)	94,334
Increase (Decrease) in Retainage	(7,122)	2,225
Increase (Decrease) in Wages and Benefits Payable	(2,850,150)	503,125
Increase (Decrease) in Due to Other Governments	10,081,715	3,042,937
Increase (Decrease) in Provision for Uninsured Claims	(223,406)	(176,901)
Net Pension Liability - Related Deferred Inflows and Outflows-Leave	(8,623,549)	(4,792,768)
<b>TOTAL ADJUSTMENTS</b>	<u>20,982,216</u>	<u>9,967,227</u>
<b>Net Cash Used By Operating Activities</b>	<u>\$ (66,161,451)</u>	<u>\$ (83,784,703)</u>

See accompanying notes to the financial statements.

**Pierce Transit**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

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.

**Entity** - 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.

**Basis of Accounting** - Pierce Transit is a single proprietary fund. 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 they result in liabilities for benefits received. 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.

**Cash and Cash Equivalents** (See Note 7) - For purposes of the Comparative Statement of Cash Flows, Pierce Transit considers all highly liquid investments and deposits (including restricted assets) with a maturity period of three months or less when purchased to be cash equivalents.

**Investments** – Investments other than the Local Government Investment Pool are carried at Fair Value in accordance with GASB No. 72.

**Pierce Transit**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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**Inventories** - Inventory consists 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.

**Capital Assets** (*See Note 3*) - 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. 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.

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:

Land	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.

**Unearned Revenue** – Amounts are recognized as receivables but not revenues because revenue recognition criteria has not been met. Unearned revenue is made up of prepaid fare revenue.

**Retirement** (*See Note 10*) - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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.

**Pierce Transit**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**2. BUDGET AND SPENDING CONTROLS**

Pierce Transit uses a budget that serves a variety of functions including planning, control, and information. As a planning tool, the budget is used to quantify the financial implications of planned operations and evaluate fiscal alternatives. As a control document, the budget assists in the day-to-day financial operations by providing fiscal control for individual purchases. As an information source, the budget provides financial information about the Agency's expected fiscal position.

The modified accrual basis is used for budgeting. Under this method, operating revenues and expenses are budgeted on the accrual basis. Modified accrual budgeting is used for non-operating revenues and expenses, which include capital grant receipts and expenses, as well as debt service principal. Unencumbered operating appropriations lapse at year-end.

Capital expenses and grant reimbursements are budgeted on a project basis. Projects are budgeted in their entirety when approved, regardless of anticipated expenditure dates. Each year thereafter, the remaining portion of the project, as well as related grant reimbursements are carried over to the following year.

Pierce Transit adopts an annual budget in December of the preceding fiscal year following analysis by staff and the Board of Commissioners. The budget is based on Agency-wide strategic priorities and divisional programs and objectives.

A schedule of budgeted versus actual revenues and expenses for the periods ended December 31, 2020 and 2019, is as follows:

<b>SCHEDULE OF REVENUES AND NON-REVENUES BUDGETED VERSUS ACTUAL</b>			
<b>Year Ended December 31, 2020</b>			
	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE OVER (UNDER) BUDGET</b>
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
<b>TOTAL*</b>	<b>\$ 233,058,949</b>	<b>\$ 189,395,316</b>	<b>\$ (43,663,633)</b>
<b>SCHEDULE OF EXPENSES BUDGETED VERSUS ACTUAL</b>			
<b>Year Ended December 31, 2020</b>			
	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE UNDER (OVER) BUDGET</b>
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 and Amortization		17,275,468	(17,275,468)
Expense of Items Previously Capitalized			-
Capital Acquisitions	135,257,494	\$ 22,015,014	113,242,480
Grant Exchange Funds	1,143,054	4,945,230	(3,802,176)
<b>TOTAL*</b>	<b>\$ 293,312,231</b>	<b>\$ 169,399,233</b>	<b>\$ 123,912,998</b>

**Pierce Transit**  
**Notes to Financial Statements**  
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<b>SCHEDULE OF REVENUES AND NON-REVENUES BUDGETED VERSUS ACTUAL</b>			
Year Ended December 31, 2019			
	<b>AMENDED</b>		<b>VARIANCE</b>
	<b>BUDGET</b>	<b>ACTUAL</b>	<b>OVER (UNDER)</b>
			<b>BUDGET</b>
Passenger Fares	\$ 12,209,000	\$ 11,820,799	\$ (388,201)
Advertising	320,000	468,865	148,865
Regional Transit Service	52,394,123	51,063,462	(1,330,661)
Interest Revenue	1,520,000	2,048,424	528,424
Sales Tax	93,415,421	90,647,576	(2,767,845)
Operating Grants	2,719,219	4,427,104	1,707,885
Capital Contributions	73,359,382	15,558,803	(57,800,579)
Miscellaneous Revenues	1,029,000	2,468,303	1,439,303
Gain (Loss) on Disposal of Assets		763,500	763,500
<b>TOTAL*</b>	<b>\$ 236,966,145</b>	<b>\$ 179,266,836</b>	<b>\$ (57,699,309)</b>

<b>SCHEDULE OF EXPENSES BUDGETED VERSUS ACTUAL</b>			
Year Ended December 31, 2019			
	<b>AMENDED</b>		<b>VARIANCE</b>
	<b>BUDGET</b>	<b>ACTUAL</b>	<b>UNDER (OVER)</b>
			<b>BUDGET</b>
Personnel	\$ 103,467,039	\$ 93,427,970	\$ 10,039,069
Fuel and Lubricants	7,549,327	5,894,374	1,654,953
Operating Expenses	42,795,643	38,702,412	4,093,231
Depreciation and Amortization		19,080,300	(19,080,300)
Expense of Items Previously Capitalized		127	(127)
Capital Acquisitions	153,555,979	\$ 32,602,693	120,953,286
Grant Exchange Funds	780,000	1,143,468	(363,468)
<b>TOTAL*</b>	<b>\$ 308,147,988</b>	<b>\$ 190,851,344</b>	<b>\$ 117,296,644</b>

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:

**Pierce Transit**  
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**REVENUES FROM THE COMPARATIVE STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN NET POSITION:**

	<u>2020</u>	<u>2019</u>
Passenger Fares	\$ 6,391,850	\$ 11,820,799
Advertising	515,512	468,865
Regional Transit Service	48,387,960	51,063,462
Interest Revenue	646,711	2,048,424
Misc. Non-Operating Revenue	1,738,514	2,468,303
Operating Subsidies	119,293,134	95,074,680
Gain (Loss) on Disposal of Assets	165,607	763,500
<b>TOTAL</b>	<u>\$ 177,139,288</u>	<u>\$ 163,708,033</u>

**Revenues from the Budget vs. Actual Schedule:**

Capital Contribution	12,256,028	15,558,803
<b>TOTAL</b>	<u>12,256,028</u>	<u>15,558,803</u>
<b>GRAND TOTAL</b>	<u>\$ 189,395,316</u>	<u>\$ 179,266,836</u>

**EXPENSES FROM THE COMPARATIVE STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN NET POSITION:**

	<u>2020</u>	<u>2019</u>
Operations	\$ 68,100,600	\$ 79,151,809
Maintenance	24,885,168	25,927,936
Non-Vehicle Maintenance	6,560,938	6,789,547
General & Administration	25,616,815	26,155,464
Depreciation and Amortization	17,275,468	19,080,300
Expense of Items Previously Capitalized	-	127
Grant Exchange Funds	4,945,230	1,143,468
<b>TOTAL</b>	<u>\$ 147,384,219</u>	<u>\$ 158,248,651</u>

**Expenses from the Budget vs. Actual Schedule**

Capital Acquisitions	22,015,014	32,602,693
<b>TOTAL</b>	<u>22,015,014</u>	<u>32,602,693</u>
<b>GRAND TOTAL</b>	<u>\$ 169,399,233</u>	<u>\$ 190,851,344</u>

**Pierce Transit**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**3. CHANGES IN CAPITAL ASSETS**

The Summary of Changes in Capital Assets for the years ended December 31, 2020 and 2019, respectively, follows:

Summary of Changes in Capital Assets Year Ended 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 depreciated	<u>44,822,910</u>	<u>22,015,014</u>	<u>-</u>	<u>(3,610,307)</u>	<u>63,227,617</u>
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	<u>320,717,735</u>	<u>-</u>	<u>(2,782,805)</u>	<u>3,610,307</u>	<u>321,545,238</u>
Total Capital Assets (gross)	<u>365,540,645</u>	<u>22,015,014</u>	<u>(2,782,805)</u>	<u>-</u>	<u>384,772,855</u>
Less accumulated depreciation for:					
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	<u>(242,801,524)</u>	<u>(17,275,468)</u>	<u>2,782,805</u>	<u>-</u>	<u>(257,294,187)</u>
Total Capital Assets (net)	<u>\$ 122,739,121</u>	<u>\$ 4,739,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,478,668</u>

Summary of Changes in Capital Assets Year Ended December 31, 2019					
Description	Balance January 1, 2019	Current Year Additions	Retirements	Adjustments	Balance December 31, 2019
Non-Depreciable					
Land	\$ 14,804,093		\$ (590,358)	\$ -	14,213,735
Work in Progress	35,372,313	32,602,693		(37,365,831)	30,609,175
Total capital assets not being depreciated	<u>50,176,406</u>	<u>32,602,693</u>	<u>(590,358)</u>	<u>(37,365,831)</u>	<u>44,822,910</u>
Depreciable Assets					
Structures	79,758,760			-	79,758,760
Site Improvements	45,663,492			-	45,663,492
Machinery & Equipment	170,240,112		(12,315,608)	37,370,979	195,295,483
Totals	<u>295,662,364</u>	<u>-</u>	<u>(12,315,608)</u>	<u>37,370,979</u>	<u>320,717,735</u>
Total Capital Assets (gross)	<u>345,838,770</u>	<u>32,602,693</u>	<u>(12,905,966)</u>	<u>5,148</u>	<u>365,540,645</u>
Less accumulated depreciation for:					
Structures	(68,844,496)	(2,236,936)		(1)	(71,081,433)
Site Improvements	(42,254,699)	(518,729)			(42,773,428)
Machinery & Equipme:	(124,885,417)	(16,324,635)	12,263,388	1	(128,946,663)
Total accumulated depreciation	<u>(235,984,612)</u>	<u>(19,080,300)</u>	<u>12,263,388</u>	<u>-</u>	<u>(242,801,524)</u>
Total Capital Assets (net)	<u>\$ 109,854,158</u>	<u>\$ 13,522,393</u>	<u>\$ (642,578)</u>	<u>\$ 5,148</u>	<u>\$ 122,739,121</u>

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

Work in progress as of December 31, 2020 and December 31, 2019 consisted of the following projects:

	<u>2020</u>	<u>2019</u>
Bldg & Site Imp.	\$ 37,084,933	\$ 19,534,532
Technology Projects	5,636,753	5,286,927
Equip & Veh	6,292,196	5,787,716
<b>Total Work in Progress</b>	<b>\$ 49,013,882</b>	<b>\$ 30,609,175</b>

#### 4. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Commitments on capital projects as of December 31, 2020 totaled \$41,515,877 and are itemized as follows:

Project Type	Spent to Date	Remaining Commitment
Buildings and Site Improvements	\$10,409,943	\$9,457,493
Vehicles and Equipment	\$563,806	\$324,558
Bus Rapid Transit	\$9,953,975	\$4,572,075
Technology	\$789,705	\$5,444,322

Projects underway as of December 31, 2020 included base facility improvements, transit center renewal and improvements, BRT (Bus Rapid Transit, and various technology upgrades or replacements, and vehicle expansion and replacement, and equipment.

#### 5. COMPENSATED ABSENCES

**Compensated Absences**-Employees accrue vacation/PTO based on tenure at annual rates ranging from 12 to 31 days per year. Employees are not allowed to accumulate more than 2 years of accruals at any point in time. In 2019, a new PTO plan was implemented for non-represented employees. Employees with 21 or more years of service were grandfathered in the original plan all other non-represented employees were placed in the new leave plan. As of December 31, 2020, total vacation/PTO accruals are listed as follows:

	<u>2020</u>	<u>2019</u>
PTO/Vacation-Current	\$ 3,630,039	\$ 3,421,061
PTO/Vacation-Non-Current	403,338	380,118
<b>Total Vacation Leave Liability</b>	<b>\$ 4,033,377</b>	<b>\$ 3,801,179</b>

Total sick leave accruals as of December 31, 2020 and 2019 were \$7,734,457 and \$7,236,284 respectively. 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. The estimated liability for these sick leaves payouts is as follows:

**Pierce Transit**  
**Notes to Financial Statements**  
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	2020	2019
Current Liability based on usage or terminations	\$ 2,511,689	\$ 2,395,986
Non-current Liability based on expected future payoffs	1,189,391	1,039,119
<b>Total Sick Leave Liability</b>	<b>\$ 3,701,080</b>	<b>\$ 3,435,105</b>

The portion of the accrued vacation and sick leave benefits estimated to be paid more than 12 months from year-end is recorded as a long-term liability. A reconciliation of current and long-term employee leaves payable follows:

	2020	2019
Balance beginning	\$ 5,817,047	\$ 5,088,339
Employee leave earned	6,373,157	6,446,873
Employee leave paid	(6,048,475)	(5,718,165)
<b>Compensated Absences-Current</b>	<b>\$ 6,141,729</b>	<b>\$ 5,817,047</b>

	2020	2019
Balance beginning	\$ 1,419,236	\$ 1,654,564
Employee leave earned	1,781,316	1,159,783
Employee leave paid	(1,607,823)	(1,395,111)
<b>Compensated Absences-Noncurrent</b>	<b>\$ 1,592,729</b>	<b>\$ 1,419,236</b>

## 6. CHANGES IN LONG TERM LIABILITIES

The following changes in long term liabilities occurred during as of December 31, 2020 and December 31, 2019:

Business Type Activities	Balance				Balance Current & Noncurrent		
	1/1/2020	Increase	Decrease	Total	12/31/2020	12/31/2020	12/31/2020
Compensated Absences	\$ 7,236,283	8,154,473	(7,656,298)	\$ 7,734,458	1,592,729	6,141,729	\$ 7,734,458
Net Pension Liability	25,740,928	22,967,160	(25,794,365)	22,913,723			22,913,723
<b>Total Change in Long Term Liabilities</b>	<b>\$ 32,977,211</b>	<b>31,121,633</b>	<b>(33,450,663)</b>	<b>\$30,648,181</b>	<b>1,592,729</b>	<b>6,141,729</b>	<b>\$ 30,648,181</b>

Business Type Activities	Balance				Balance Current & Noncurrent		
	1/1/2019	Increase	Decrease	Total	12/31/2019	12/31/2019	12/31/2019
Compensated Absences	\$ 6,742,903	7,606,656	(7,113,276)	\$ 7,236,283	1,419,236	5,817,047	\$ 7,236,283
Net Pension Liability	31,061,339	-	(5,320,411)				25,740,928
<b>Total Change in Long Term Liabilities</b>	<b>\$ 37,804,242</b>	<b>7,606,656</b>	<b>(12,433,687)</b>	<b>\$ 7,236,283</b>	<b>1,419,236</b>	<b>5,817,047</b>	<b>\$ 32,977,211</b>

## 7. DEPOSITS AND INVESTMENTS

As of December 31, 2020, and December 31, 2019, Pierce Transit had the following cash, cash equivalents, and investments:

**Pierce Transit**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

	2020	2019
Demand Deposits	\$ 5,141,087	\$ 3,469,621
Local Government Investment Pool	134,978,907	100,879,142
<b>Total Cash, Equivalents, and Investments</b>	<b>\$ 140,119,994</b>	<b>\$ 104,348,763</b>

**Deposits**-All bank deposits are entirely insured by the Federal Deposit Insurance Corporation and by the Washington Public Deposit Protection Commission.

**Local Government Investment Pool**- The LGIP is an investment trust fund of the State of Washington operated by the Office of the State Treasurer. The State Finance Committee provides statutory administrative oversight.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the 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 values. The LGIP does not impose liquidity fees or redemption gates of 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>.

**Investments** – Pierce Transit measures and reports investments at fair value using the valuation input hierarch 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
- 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.

**Pierce Transit**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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- 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 2020 and 2019, Pierce Transit's portfolio complied with the investment policies discussed above. Investments other than the LGIP, which are amortized, 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 2020 or 2019.

**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, 2020 and 2019 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, 2020, 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:

- 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.

## **8. RECEIVABLES – DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments to Pierce Transit for years ended December 31, 2020 and 2019 are detailed as follows:

	<u>2020</u>	<u>2019</u>
<b>Due from Other Governments:</b>		
Other Operating Partnerships	\$ 1,772,470	\$ 1,192,599
Fuel Tax Refund & CNG Credit	822,411	1,899,729
Regional Transit Service Revenues	16,437,700	21,133,125
Capital Grants	7,060,640	4,447,935
Total Due from Other Governments	<u>26,093,221</u>	<u>28,673,388</u>

**Pierce Transit**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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**9. 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.

	<u>2020</u>	<u>2019</u>
Operating	\$ 62,922,331	\$ 36,340,713
Self-Insurance	3,615,475	2,976,153
Capital Replacement/Expansion	<u>67,857,434</u>	<u>57,806,823</u>
Total Unrestricted Net Position	134,395,240	97,123,689
Net invested in Capital Assets	<u>127,478,667</u>	<u>122,739,121</u>
<b>Total Net Position</b>	<u><u>261,873,907</u></u>	<u><u>\$ 219,862,810</u></u>

**10. PENSION BENEFITS**

**Retirement** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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.

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2020 and 2019:

<b>Aggregate Pension Amounts – All Plans</b>	<b>2020</b>	<b>2019</b>
Net Pension Assets	53,437	
Net Pension liabilities	22,967,160	25,740,928
Deferred outflows of resources	8,132,283	8,141,111
Deferred inflows of resources	8,678,784	14,982,128
Pension expense/expenditures	818,327	3,610,692

Substantially all of 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 Employee's Retirement System (TERS) when Pierce Transit took over

**Pierce Transit**  
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operations of Tacoma Transit in 1980 are covered by TERS which is a defined benefit plan. Seven employees are enrolled in TERS. The Public Employees Retirement Systems (PERS) covers all other employees.

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

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

Or the DRS Comprehensive Annual Financial Report may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

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

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

Or the TERS Comprehensive Annual Financial Report may be downloaded at [www.cityoftacoma.org/retirement](http://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.

**Pierce Transit**  
**Notes to Financial Statements**  
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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 2019 were as follows:

PERS Plan 1 Contribution Rate	Employer Rate	Employee Rate
September – December 2020	12.97%	6.00%
July 2019 - August 2020	12.86%	6.00%
September 2018 – June 2019	12.83%	6.00%

Pierce Transit’s actual contributions to the plan were \$3,179,192 for the year ended December 31, 2020. In 2019, contributions were \$3,368,552 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.

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

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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 2019 were as follows:

<b>PERS Plan 2/3 Contribution Rates</b>	<b>Employer Plan 2/3</b>	<b>Employee Plan 2</b>
<b>September – December 2020</b>	<b>12.97%</b>	<b>7.90%</b>
<b>January – August 2020</b>	<b>12.86%</b>	<b>7.41%</b>
July 2019 – December 2019	12.86%	7.90%
September 2018 – June 2019	12.83%	7.41%
Employee PERS Plan 3	-	Varies

Pierce Transit’s actual contributions to the plan were \$5,214,950 for the year ended December 31, 2020 and \$5,155,760 for 2019.

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

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, 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-2020 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 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 his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA’s 2013-2018 Demographic Experience Study at [leg.wa.gov/osa](http://leg.wa.gov/osa).
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value

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benefits for members who elect to retire early and for survivors of members that die prior to retirement.

- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See [leg.wa.gov/osa](http://leg.wa.gov/osa) for more information on this method change.

**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 included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3 employers, whose rates include a component for the PERS 1 plan liabilities). Based on these 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 Office of the State Actuary (OSA) reviewed historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at over various time horizons.

**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 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	2020 Target Allocation	2019 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%

**Sensitivity of NPL** – 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

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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 .

	<b>1% Discount (6.4%)</b>	<b>Current Discount Rate (7.4%)</b>	<b>1% Increase (8.4%)</b>
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)

**Sensitivity of NPL** – The table below presents Pierce Transit’s proportionate share of the net pension liability calculated using the discount rate of 7.5 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 (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate for 2018.

	<b>1% Discount (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
2019 PERS 1	\$ 24,089,314	\$ 19,235,773	\$ 15,024,688
2019 PERS 2/3	\$ 47,634,864	\$ 6,210,865	\$ (27,780,265)

**Tacoma Employees Retirement System (TERS)** - 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 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 2019 were as follows:

<b>TERS Contribution Rate</b>	<b>Employer</b>	<b>Employee</b>
2020	11.34%	9.66%
2019	11.34%	9.66%

Pierce Transit’s actual contributions to the plan were \$99,496 for the year ended December 31, 2020 and \$80,250 for year ended December 31, 2019.

**Long-Term Expected Rate of Return** - The long-term expected rate of return on the TERS pension plan investments of 7.0 percent was determined using a building-block-method. The Tacoma Employees Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. The long-term expected rate of return of 7.0 percent approximately equals the median of the simulated investment returns over a 30-year time horizon.

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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 December 31, 2019 are summarized in the table below. The inflation component used to create the table is 2.75 percent and represents most recent long-term estimate of broad economic inflation.

2019 and 2020 Asset Class	Target Allocation	2020 Long-Term Expected Real Rate of Return Arithmetic	2019 Long-Term Expected Real Rate of Return Arithmetic
Global Equity	34.5%	5.07%	5.41%
Investment Grade Fixed Income	19.5.0%	1.46%	2.03%
Private Equity	10.0%	9.47%	9.37%
High Yield Bonds	6.0%	3.08%	3.90%
US Long Gvt Bonds	3.0%	1.69%	1.14%
Emerging Market Debt	5.0%	5.0%	3.75%
Master Limited Partnerships	4.0%	3.98%	4.06%
Private Real Estate	10%	3.84%	3.84%
US Bank / Leveraged loans	3.0%	2.69%	5.76%
Timber	1.5%	4.00%	4.05%
Infrastructure	2.0%	4.79%	5.04%
Agriculture	1.5%	4.54%	4.54%

**Sensitivity of NPL** - The table below presents Pierce Transit's proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate.

TERS	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
2020	\$ 571,905	\$ (53,437)	\$ (576,039)
2019	\$ 816,529	\$ 294,290	\$ (142,163)

**Pension Plan Fiduciary Net Position** - Detailed information about the 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's reported total pension asset is \$53,437, liability is \$22,967,160 for 2020 and \$25,740,298 for 2019. It represents its proportionate share of net pension liabilities as follows:

Plan	2020 Liability (or Asset)	2019 Liability (or Asset)
PERS 1*	\$ 15,640,786	\$ 19,235,773
PERS 2/3*	7,326,374	6,210,865
TERS **	(53,437)	294,290
<b>TOTAL</b>	<b>\$ 22,913,723</b>	<b>\$ 25,740,928</b>

\*As of June 30

\*\*As of December 31

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

	Proportionate Share 6/30/20	Proportionate Share 6/30/19	Change in Proportion
PERS 1	.443014	.500234%	-.05722%
PERS 2/3	.572846%	.639412%	-.06095%

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

	Proportionate Share 12/31/20	Proportionate Share 12/31/19	Change in Proportion
TERS	.26538%	.23239%	.03299%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 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.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Plan Pension Expense	2020	2019
PERS 1	(1,476,201)	2,110,839
PERS 2/3	752,997	1,385,104
TERS	(95,122)	114,749
<b>TOTAL ALL PLANS</b>	(818,327)	3,610,692

**Deferred Outflows of Resources and Deferred Inflows of Resources** – On December 31, 2019, Pierce Transit's reported deferred outflows of resources and deferred inflows of resources related to pensions for 2020 is from the following sources:

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	-
<b>Total PERS 1</b>	1,492,916	(87,082)

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<b>2020 PERS 2/3</b>	<b>2020 Deferred Outflows of Resources</b>	<b>2020 Deferred Inflows of Resources</b>
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	-
<b>Total PERS 2/3</b>	<b>6,452,919</b>	<b>(8,386,872)</b>

<b>2020 TERS</b>	<b>2020 Deferred Outflows of Resources</b>	<b>2020 Deferred Inflows of Resources</b>
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	-
<b>Total TERS</b>	<b>\$ 186,448</b>	<b>(204,830)</b>
<b>TOTAL ALL PLANS</b>	<b>\$ 8,132,283</b>	<b>(8,678,784)</b>

TERS Measurement date 12/31/19

<b>2019 PERS 1</b>	<b>2019 Deferred Outflows of Resources</b>	<b>2019 Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(1,285,111)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	1,630,539	-
<b>Total PERS 1</b>	<b>\$ 1,630,539</b>	<b>\$ (1,285,111)</b>

<b>2019 PERS 2/3</b>	<b>2019 Deferred Outflows of Resources</b>	<b>2019 Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$1,779,427	\$ (1,335,302)
		-

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Net difference between projected and actual investment earnings on pension plan investments	-	(9,040,489)
Changes of assumptions	159,040	(2,605,872)
Changes in proportion and differences between contributions and proportionate share of contributions	1,579,663	(675,163)
Contributions subsequent to the measurement date	2,627,279	-
<b>Total PERS 2/3</b>	<b>\$ 6,145,409</b>	<b>\$ (13,656,826)</b>

2019 TERS	2019 Deferred Outflows of Resources	2019 Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,193	\$ (38,620)
Net difference between projected and actual investment earnings on pension plan investments	225,753	-
Changes of assumptions	43,063	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,903	(1,571)
Contributions subsequent to the measurement date	80,250	-
<b>Total TERS</b>	<b>\$ 365,162</b>	<b>(40,191)</b>
<b>TOTAL ALL PLANS</b>	<b>\$ 8,141,111</b>	<b>\$ 14,982,128</b>

Deferred outflows of resources related to pensions resulting from Pierce Transit's contributions made subsequent to the measurement date of the net pension liability but before the end of the Pierce Transit's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. 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, 2020:	PERS 1
2021	(395,180)
2022	(12,429)
2023	120,581
2024	199,946
2025	N/A
Thereafter	

Year ended December 31, 2019:	PERS 1
2020	\$ (283,695)
2021	(671,993)
2022	(239,806)
2023	(89,617)
2024	N/A
Thereafter	

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

Year ended December 31, 2019	PERS 2/3
2020	\$ (2,620,154)
2021	(4,491,844)
2022	(1,909,688)
2023	(953,235)
2024	(410,805)

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Thereafter	(606,656)
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Thereafter	247,032
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Year ended December 31, 2020:	TERS
2020	(36,065)
2021	(30,070)
2022	17,510
2023	(75,119)
2024	5,866
Thereafter	-

Year ended December 31, 2019	TERS
2019	\$ 85,508
2020	35,467
2021	40,607
2022	82,145
2023	994
Thereafter	-

Pierce Transit does not provide any post-employment benefits for early retirement, post-retirement, or either voluntary or involuntary terminations.

**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 2020, Pierce Transit contributed \$2,373,598 and employees contributed \$3,701,171. Pierce Transit and its employees contributed \$2,427,428 and \$4,313,352 respectively to this plan in 2019. 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, 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.

## 11. CONTINGENCIES

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.

Currently, there is one litigation regarding quiet title action. This action does not represent any risk to the Agency.

**Self-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, 2020, the self-insurance assets totaled \$5,921,218 of which a liability of \$1,550,926 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,

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2019, Pierce Transit's self-insurance assets totaled \$4,871,504 of which a liability of \$1,774,332 was recorded as a provision for liability claims. 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>2020</u>	<u>2019</u>
Balance beginning of year	\$ 1,774,332	\$ 1,951,233
Provision for incurred claims	1,926,240	1,642,091
Payments made for claims	<u>(2,149,646)</u>	<u>(1,818,992)</u>
Claims liabilities end of year	<u>\$ 1,550,926</u>	<u>\$ 1,774,332</u>

**Grants** -Pierce Transit has received several federal 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.

**Regional Fare Collection System (ORCA)** - Seven regional transit agencies participate in a regional smart card fare payment system. 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 smart card system has been named One Regional Card for All (ORCA) and simplifies and establishes a common, non-cash fare system throughout the region. 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, 2020 was \$2,342,772 with operating expenses of \$279,809. In 2019, ORCA revenue totaled \$4,390,773 and operating expense were \$293,521. Pierce Transit's share of funds held by the fiscal agent as of December 31, 2020, and 2019 reported within Pierce Transit's financial statements, amounted to \$165,356 and \$471,258 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 8<sup>th</sup> Ave, Seattle, WA.

**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

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system to be called the Pierce Transit – Pierce County Combined Communications Network (CNN) of shared radio and microwave systems to carry voice and data traffic.

**12. INSURANCE**

**A. WSTIP**

Since January 1, 2010, Pierce Transit has been a member of the Washington State Transit Insurance Pool (WSTIP). WSTIP is a 26-member governmental risk pool located in Olympia, Washington. WSTIP supplies Pierce Transit’s auto liability, general liability, public official’s liability coverage, property coverage, crime coverage, and cyber-liability.

Pierce Transit has a \$25,000 deductible for property and auto coverage. There is 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.

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.

Here is a summary of coverage provided in 2020:

<b>RISK / EXPOSURE</b>		<b>COVERAGE</b>	<b>DEDUCTIBLE</b>
<b>GENERAL LIABILITY:</b> 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

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Contractual liability			\$0
Vanpool Driver Medical Expense Protection	\$35,000	Per occurrence	\$0
Underinsured Motorist Coverage (by mode)	\$60,000	Per occurrence	\$0
<b>PUBLIC OFFICIALS LIABILITY</b>	\$25 million	Per occurrence and aggregate	\$5,000
Endorsement 1 – Per Occurrence and Annual Per Member Aggregate	\$250,000	Per occurrence	\$25,000
<b>PROPERTY COVERAGE</b>			
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	\$250,000
All flood zones except A & V – annual aggregate	\$50 million	Per occurrence, annual aggregate	\$250,000
Earthquake, volcanic eruption, landslide, and mine subsidence --	\$25 million	Per occurrence, annual aggregate	5% subject to \$500,000 minimum per occurrence per unit
<b>AUTO PHYSICAL DAMAGE</b>			
Auto Physical Damage (below \$250,000 in value)	Fair market value		\$25,000
Auto Physical Damage for all vehicles with a model year of 2010 or later and valued over \$250,000	Replacement Cost	Limited to \$1.5 million any one vehicle	\$25,000
<b>BOILER AND MACHINERY</b>	\$100 million		\$250,000 or \$350,000 depending on size of boiler
<b>CRIME / PUBLIC EMPLOYEE DISHONESTY</b> 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
Theft, disappearance and destruction (inside premises)	\$1 million	Per occurrence	\$10,000
Robbery and safe burglary (inside premises)	\$1 million	Per occurrence	\$10,000

**Pierce Transit**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

Robbery and safe burglary (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
Breach Response Costs	\$500,000	Limit increases to \$1 million if carrier's nominated service providers are utilized	\$5,000
FIRST PARTY LOSS			
Business Interruption			
Resulting from Security Breach	\$2 million	Limit of Liability	
Resulting from System Failure	\$500,000	Limit of Liability	
Dependent Business Loss			
Resulting from Security Breach	\$750,000	Limit of Liability	
Resulting from System Failure	\$100,000	Limit of Liability	
Cyber Extortion Loss	\$2 million	Limit of Liability	
Data Recovery Costs	\$2 million	Limit of Liability	
LIABILITY			
Data & Network Liability	\$2 million	Limit of Liability	
Regulatory defense and penalties	\$2 million	Limit of Liability	
Payment Card Liabilities & Costs	\$2 million	Limit of Liability	
Media Liability	\$2 million	Limit of Liability	
eCRIME			
Fraudulent Instruction	\$75,000	Limit of Liability	
Funds Transfer Fraud	\$75,000	Limit of Liability	
Telephone Fraud	\$75,000	Limit of Liability	
CRIMINAL REWARD	\$25,000	Limit	
COVERAGE ENDORSEMENTS			
Reputation Loss	\$50,000	Limit of Liability	
Claims Preparation Costs for Reputation Loss Claims Only	\$50,000	Limit of Liability	
Computer Hardware Replacement Costs	\$75,000	Limit of Liability	
Invoice Manipulation	\$100,000	Limit of Liability	
Cryptojacking	\$25,000	Limit of Liability	

**Extra Cyber Limits**

In addition to the coverage detailed in the basic Cyber Liability insurance description, Pierce Transit has chosen to purchase additional limits. This limit will be in excess to any limit of the basic cyber liability policy and increase the availability of insurance and/or drop down if the basic policy limits, which are shared with all policy holders, are exhausted. The extra limit is not shared with any other policy holder or WSTIP member. Pierce Transit elected to purchase \$3 million (in excess of \$2 million).

**Pierce Transit**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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There were no settlements exceeding insurance coverage in 2020, 2019 or 2018.

**B. Other Insurance**

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

**C. 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, 2020, 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 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 ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

**Pierce Transit**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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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.

### **13. RESERVE POLICIES**

Pierce Transit's Board of Commissioners has adopted reserve policies to ensure that financial resources are managed in a prudent manner. These policies address the basic principles needed to promote sound accounting, auditing, and financial practices. A summary of these policies follows:

- **Operating Reserve:** Pierce Transit will maintain the Operating Reserve at a minimum of two months of Agency operating expenditures. The Operating Reserve will be maintained at a level to provide enough working capital, to provide an adequate cash balance to finance cash flow requirements, and to offset unanticipated downturns in revenues and to provide funds for emergency expenditure requirements.
- **Insurance Reserve:** The Insurance Reserve will be set at a level to adequately protect the Agency from self-insurance risks.
- **Capital Reserve:** The capital reserve will be maintained at no less than 50% of the previous three years average annual asset depreciation at any time in the Six-Year Financial Plan. At the end of the Six-Year Plan Financial Plan, the capital reserve shall be at least 100% of the

**Pierce Transit**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**

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previous three years annual average asset depreciation. This reserve has been set at this level to enable Pierce Transit to respond to urgent unanticipated capital expenditure requirements as well as to protect Pierce Transit from the uncertainty of Federal and State grant funding.

- Pierce Transit complied with its reserve policies during 2019 and 2020.

#### **14. COVID-19 PANDEMIC**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

Though the long-term impact to revenue is yet to be determined, Pierce Transit ended 2020 with sales tax exceeding the prior year, an increase in operating grant revenue due to the CARES Act and FEMA, lower operating cost due to reduced service, and an increase in Net Position. Fare revenue received was 45.9% lower than 2019 and over-all operating revenue was 12.7% lower than 2019 due to reduced service and not charging fares for a period of time. Non-operating revenue increased by \$17.7 million (17.8%) in 2020 as compared to 2019 due to higher sales tax received and increased grant funds to assist with the impact of COVID-19 (\$24,385,332).

At the time of this report, Pierce County is in Phase 2, which impacts retail and service industries. The length of time these measures will continue to be in place, and the full extent of the financial impact on Pierce Transit is unknown at this time.



# WE SUPPORTED OUR COMMUNITY

Pierce Transit employees have always been generous members of our community, volunteering their personal time and donating to those most in need. As the pandemic hit our community hard in 2020, those efforts were even more important.

Over the past year Pierce Transit's "Good to Give" Committee organized several socially-distant volunteer and giving events, including three weekend visits to the Emergency Food Network to help repack food, street cleanup through the "Adopt-a-Street" program, a visit to Mother Earth Farm to tend produce for food pantries and meal sites, the annual United Way workplace giving campaign and a food and clothing drive for families in need. It all tallied up to 11 events, 66 volunteers, 2,145 volunteer hours and a fiscal impact of \$31,640.

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**REQUIRED SUPPLEMENTARY INFORMATION**

Pierce Transit  
Schedule of Employer Contributions  
PERS 1  
For the year ended December 31, 2020  
Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015
<u>Statutorily or contractually required contributions</u>	\$ 3,179,192	3,368,552	3,393,572	3,095,083	2,775,078	2,407,649
Contributions in relation to the statutorily or contractually required contributions	\$ (3,179,192)	(3,368,552)	(3,393,572)	(3,095,083)	(2,775,078)	(2,407,649)
<u>Contribution deficiency (excess)</u>	\$ -	-	-	-	-	-
<u>Covered payroll</u>	\$ 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>	%	4.98%	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, 2020  
 Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015
<u>Statutorily or contractually required contributions</u>	\$ 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>	\$ (5,214,950)	(5,155,760)	(4,959,391)	(4,223,914)	(3,542,370)	(3,025,923)
<u>Contribution deficiency (excess)</u>	\$ -	-	-	-	-	-
<u>Covered payroll</u>	\$ 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>	%	7.92%	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, 2020  
Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015
<u>Statutorily or contractually required contributions</u>	\$ 99,496	80,250	66,435	73,472	69,704	54,225
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (99,496)	(80,250)	(66,435)	(73,472)	(69,704)	(54,225)
<u>Contribution deficiency (excess)</u>	\$ -	-	-	-	-	-
<u>Covered payroll</u>	\$ 913,492	707,336	589,238	680,300	645,406	502,081
<u>Contributions as a percentage of covered payroll</u>	%	10.89%	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, 2020  
 Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset) _____ %	0.443014%	0.500234%	0.470955%	0.489281%	0.482721%	0.479064%
Employer's proportionate share of the net pension liability \$ _____	15,640,786	19,235,773	21,033,010	23,216,765	25,924,391	25,059,502
Covered payroll \$ _____	69,168,194	67,342,562	64,592,987	60,959,719	57,083,737	52,159,102
Employer's proportionate share of the net pension liability as a percentage of covered payroll _____ %	22.61%	28.56%	32.56%	38.09%	45.41%	48.04%
Plan fiduciary net position as a percentage of the total pension liability _____ %	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  
 PERS 2/3  
 As of June 30, 2020  
 Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	% 0.572846%	0.639412%	0.594352%	0.617009%	0.605330%	0.603019%
Employer's proportionate share of the net pension liability	\$ 7,326,374	6,210,865	10,148,031	21,438,113	30,477,887	21,546,213
Covered payroll	\$ 68,982,010	67,064,474	64,157,443	60,435,521	56,544,917	51,566,025
Employer's proportionate share of the net pension liability as a percentage of covered payroll	% 10.62%	9.26%	15.82%	35.47%	53.90%	41.78%
Plan fiduciary net position as a percentage of the total pension liability	% 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, 2019  
Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset) _____ %	0.23239%	0.28145%	0.27297%	0.22088%	-0.00153%
Employer's proportionate share of the net pension liability _____ \$	294,290	(119,702)	274,143	206,402	(21,186)
Covered payroll _____ \$	707,336	589,238	680,300	645,406	502,081
Employer's proportionate share of the net pension liability as a percentage of covered payroll _____ %	41.61%	-20.31%	40.30%	31.98%	-4.22%
Plan fiduciary net position as a percentage of the total pension liability _____ %	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.



# WE CONTINUED TO INNOVATE

Pierce Transit is planning the South Sound’s first Bus Rapid Transit (BRT) line between downtown Tacoma and Spanaway. BRT offers fast and frequent service, easier boarding, modern buses, and sheltered stations, rather than bus stops. The system is funded primarily through federal grants, bringing federal money back to our community. By 2040, this BRT line is expected to move 2.2 million riders a year.

In 2020, we selected “Stream” for the BRT system’s name and continued planning the line, reaching about 60 percent design. We also stepped up our community outreach, holding two online live-streaming public meetings, an online open house and briefing many groups and organizations. In 2021, we will begin some utility work, and begin construction in 2022. We expect to open the line in 2024.

**Pierce Transit**  
**Statistical Section**  
**Year ended December 31, 2020 and 2019**

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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.

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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, 2020 and 2019**

**Financial Trends  
Net Position by Component  
2011 – 2020**

	<b>Invested in Capital Assets</b>	<b>Unrestricted</b>	<b>Total</b>
2011	\$120,444,631	\$98,748,344	\$219,192,975
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	\$134,395,240	\$261,873,907

**Financial Trends  
Expense Comparisons by Type  
2011– 2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personnel	\$82,413,780	\$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
Fuel & Lubricants	10,620,144	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
Supplies & Materials	6,200,926	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
Contracts & Services	22,749,993	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
Depreciation & Amortization	14,524,411	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
Capital Acquisition	8,850,528	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
Loss Disposal of Assets	-	-	-	-	-	-	-	1,420,030	-	-
Previously Capitalized Items	909,998	126,620	224,061	20,380	9,995	365,535	84,873	5,447	127	-
Grant Exchange Funds	1,106,447	884,000	882,644	1,139,554	520,173	1,889,408	396,312	879,816	1,143,468	4,945,230
<b>Total</b>	<b>\$147,046,227</b>	<b>\$132,702,823</b>	<b>\$133,921,921</b>	<b>\$146,971,768</b>	<b>\$149,708,917</b>	<b>\$161,894,506</b>	<b>\$167,689,497</b>	<b>\$184,815,390</b>	<b>\$190,851,344</b>	<b>\$169,399,233</b>

**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

**Financial Trends  
Changes in Net Position  
2011 – 2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Operating Revenue</b>										
Passenger Fares	\$13,502,385	\$12,219,240	\$12,266,180	\$12,212,748	\$12,628,413	\$11,912,836	\$12,137,563	\$12,014,669	\$11,820,799	\$6,391,850
Advertising	738,817	658,345	932,540	710,527	782,601	669,885	528,090	334,330	468,865	515,512
Regional Transit Service	30,257,858	30,980,869	33,431,542	36,262,906	36,207,706	40,421,292	42,357,818	45,337,317	51,063,462	48,387,960
<b>Total Operating Revenue</b>	<b>44,499,060</b>	<b>43,858,454</b>	<b>46,630,262</b>	<b>49,186,181</b>	<b>49,618,720</b>	<b>53,004,013</b>	<b>55,023,471</b>	<b>60,686,336</b>	<b>63,353,126</b>	<b>55,295,322</b>
<b>Non-Operating Revenue</b>										
Sales Tax	64,512,697	65,190,106	63,407,486	66,612,814	72,076,026	76,947,406	81,799,746	87,679,018	90,647,576	91,744,911
Operating Grants	9,982,473	10,180,153	10,491,482	10,929,323	8,659,858	12,675,536	3,960,468	4,038,035	4,427,104	27,548,223
Investment Revenue	100,949	198,874	151,610	115,634	190,114	650,061	977,716	2,246,988	2,048,424	646,711
Miscellaneous Revenue	5,280,795	4,934,093	4,096,482	3,317,254	1,330,092	2,136,898	2,106,020	2,238,510	2,468,303	1,738,514
Gain(Loss) on Disposal of Assets	99,912	-183,396	-10,303	1,414,746	278,983	904,555	129,173	-1,420,030	763,500	165,607
<b>Total Non-Operating Revenue</b>	<b>79,976,826</b>	<b>80,319,830</b>	<b>78,136,757</b>	<b>82,389,771</b>	<b>82,535,073</b>	<b>93,314,456</b>	<b>88,973,123</b>	<b>94,802,521</b>	<b>100,354,907</b>	<b>121,843,966</b>
<b>Total Revenue</b>	<b>124,475,886</b>	<b>124,178,284</b>	<b>124,767,019</b>	<b>131,575,952</b>	<b>132,153,792</b>	<b>146,318,469</b>	<b>143,996,594</b>	<b>155,488,857</b>	<b>163,708,033</b>	<b>177,139,288</b>
<b>Operating Expense</b>										
Fixed Route	96,836,124	90,192,642	86,365,065	92,989,803	93,589,034	105,737,573	111,514,727	111,136,301	117,728,594	109,351,373
Demand Response	18,513,933	17,229,379	16,609,716	17,555,294	17,347,709	17,872,486	18,744,963	14,938,131	15,453,604	11,976,004
Vanpool	4,634,786	4,297,219	4,139,555	4,315,559	4,182,296	4,335,728	4,599,679	4,914,313	4,842,558	3,836,144
Depreciation & Amortization	14,524,411	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
<b>Total Operating Expense</b>	<b>136,509,254</b>	<b>125,151,137</b>	<b>121,860,478</b>	<b>129,543,849</b>	<b>131,411,446</b>	<b>145,235,461</b>	<b>153,551,928</b>	<b>150,187,236</b>	<b>157,105,056</b>	<b>142,438,989</b>
<b>Non-Operating Expense</b>										
Expense of Capital Items	909,998	126,620	224,061	20,380	9,995	365,535	84,873	5,447	127	-
Grant Exchange Funds	1,106,447	884,000	882,644	1,139,554	520,173	1,889,408	396,312	879,816	1,143,468	4,945,230
<b>Total Non-Operating Expense</b>	<b>2,016,445</b>	<b>1,010,620</b>	<b>1,106,705</b>	<b>1,159,934</b>	<b>530,168</b>	<b>2,254,943</b>	<b>481,185</b>	<b>885,263</b>	<b>1,143,595</b>	<b>4,945,230</b>
<b>Total Expense</b>	<b>138,525,699</b>	<b>126,162,377</b>	<b>122,967,183</b>	<b>130,703,783</b>	<b>131,941,614</b>	<b>147,490,404</b>	<b>154,033,113</b>	<b>151,072,499</b>	<b>158,248,651</b>	<b>147,384,219</b>
<b>Net Position before Contribution</b>	<b>-14,049,813</b>	<b>-1,984,093</b>	<b>1,819,836</b>	<b>872,169</b>	<b>212,178</b>	<b>-1,171,935</b>	<b>-10,036,519</b>	<b>4,416,358</b>	<b>5,459,382</b>	<b>29,755,069</b>
Capital Grants	3,668,952	2,516,365	5,855,179	7,782,173	2,397,798	728,571	1,053,300	12,989,844	15,558,803	12,256,028
<b>Change in Net Position</b>	<b>(\$10,380,861)</b>	<b>(\$532,272)</b>	<b>\$7,675,015</b>	<b>\$8,654,342</b>	<b>\$2,609,976</b>	<b>(\$443,364)</b>	<b>(\$8,983,219)</b>	<b>\$17,406,202</b>	<b>\$21,018,185</b>	<b>42,011,097</b>

**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

**Revenue Capacity  
Revenue and Subsidies Comparisons  
2011 – 2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Passenger Fares</b>	\$13,502,385	\$12,219,240	\$12,266,180	\$12,212,748	\$12,628,413	\$11,912,836	\$12,137,563	\$12,014,669	\$11,820,799	\$6,391,850
<b>Regional Transit Service</b>	30,257,858	30,980,869	33,431,542	36,262,906	36,207,706	40,421,292	42,357,818	48,337,317	51,063,462	48,387,960
<b>Advertising</b>	738,817	658,345	952,540	710,527	782,601	669,885	528,090	334,350	468,865	515,512
<b>Interest Income</b>	99,912	198,874	151,610	115,634	190,114	650,061	977,716	2,246,988	2,048,424	646,711
<b>Sales Tax</b>	64,512,697	65,190,106	63,407,486	66,612,814	72,076,026	76,947,406	81,799,746	87,679,018	90,647,576	91,744,911
<b>Operating Subsidies</b>	9,982,473	10,180,153	10,491,482	10,929,323	8,659,858	12,675,536	3,960,468	4,038,035	4,427,104	27,548,223
<b>Capital Grants</b>	3,668,952	2,516,365	5,855,179	7,782,173	2,397,798	728,571	1,053,300	12,989,844	15,558,803	12,256,028
<b>Gain on Disposal of Assets</b>	99,912	(183,396)	(10,303)	1,414,746	278,983	904,555	129,173	-	763,500	165,607
<b>Miscellaneous</b>	5,280,795	4,934,093	4,096,480	3,317,254	1,330,092	2,136,898	2,106,020	2,258,510	2,468,303	1,738,514
<b>Total</b>	\$128,144,838	\$126,694,649	\$130,642,196	\$139,358,125	\$134,551,591	\$147,047,040	\$145,049,894	\$169,898,731	\$179,266,836	\$189,395,316

**Revenue Capacity  
Fixed Route Farebox Recovery  
2011 – 2020**

	Year	Farebox Recovery
	2011	15%
	2012	16%
	2013	18%
	2014	17%
	2015	17%
	2016	13%
	2017	13%
	2018	13%
	2019	12%
	2020	7%

**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

**Revenue Capacity  
Fare History  
2011 - 2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Cash Fares</b>										
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	0.75	1.00	1.00	1.00	1.00	1.00
<b>Passes</b>										
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	27.00	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
Senior/Disabled Day Pass	-	-	-	-	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
Transfers	Free	Free	Free	Eliminated						

**Revenue Capacity  
2011 & 2020 Taxable Sales Comparisons  
Pierce County**

	2011		2020	
	Taxable Sales	Sales Tax	Taxable Sales	Sales Tax
Retail Trade	\$5,494,604,735	\$33,692,474	\$9,563,751,868	\$46,243,304
Services	1,928,678,337	11,826,500	3,308,834,200	15,999,100
Contracting	1,416,164,834	8,683,809	3,421,171,198	16,542,280
Manufacturing	199,425,220	1,222,859	299,528,933	1,448,303
Transportation/Utilities	48,519,944	297,520	101,521,947	490,886
Wholesaling	602,965,574	3,697,336	1,003,825,835	4,853,767
Finance/Insurance/Real Estate	827,377,063	5,073,409	1,270,205,691	6,141,785
Other Business	3,064,138	18,790	5,270,964	25,487
<b>TOTAL</b>	<b>\$10,520,799,845</b>	<b>\$64,512,697</b>	<b>\$18,974,110,636</b>	<b>\$91,744,911</b>

Source: WA ST Department of Revenue Quarterly Business Review

**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

**Debt Capacity  
Legal Debt Margin  
2020**

	<b>Non-voted</b>	<b>Maximum Debt Capacity*</b>
Assessed Valuation	\$65,354,691,870	\$65,015,257,726
Debt Limitation (%)*	0.38%	1.25%
Debt Limitation (\$)	\$245,080,095	\$812,690,722
Less: Outstanding Debt	-	-
Debt Margin	\$245,080,095	\$812,690,722

\* 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  
2011 – 2020**

	Population	Assessed Value (In Thousands)	General Bonded Debt	% Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita
2011	802,150	41,959,937	-	-	-
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	-	-	-

**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

**Debt Capacity  
Computation of Direct and Overlapping Debt  
2020**

	Net Bonded Debt Outstanding	Percentage Applicable*	Authority Share
Pierce Transit	\$ -	100.00%	\$ -
City of Tacoma	184,300,000	30.54%	56,285,220
Pierce County	111,420,000	42.27%	47,097,234
			103,382,454
PTBA Population			575,963
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**

Year	Direct PTBA Sales Tax Rate	Other Local Sales Tax Rate	State Sales Tax Rate	Total PTBA Sales Tax Rate
2011	0.6%	2.3%	6.5%	9.4%
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%

\*Unincorporated PTBA  
Source: Department of Revenue

**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

**Demographic and Economic Information  
Pierce County Demographic and Economic Information  
2011 – 2020**

<b>Fiscal Year Dec 31</b>	<b>Pierce County Population</b>	<b>Median Household Income (1)</b>	<b>Personal Income (2) (In Thousands)</b>	<b>Per Capita Personal Income (2)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2011	802,150	56,114	33,117,849	40,992	132,480	9.8
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

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, 2020 and 2019**

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**Demographic and Economic Information  
Principal Employers  
Comparisons of Employees and Percent to Total Employment  
2020 and 2011**

**Top Ten Employers for 2020**

Employer	Employees	Percent of Total County Employment	Type
Joint Lewis McChord	54,000	6.00%	Military
MultiCare Health	8,264	0.92%	Health Care
Washington State	7,859	0.87%	Government
Franciscan Health	5,682	0.63%	Health Care
Tacoma Public Schools	3,649	0.41%	Education
City of Tacoma and Tacoma Public Utilities	3,623	0.40%	Government
Pierce County Government	3,304	0.37%	Government
Puyallup School District	2,711	0.30%	Education
Bethel School District	2,689	0.30%	Education
Safeway and Albertsons	2,153	0.24%	Retail
Total	93,934	10.43%	
2020 Pierce County Population*	<u>900,700</u>		

\*Estimated; Source: WA State ESD

**Top Ten Employers for 2011**

Employer	Employees	Percent of Total County Employment	Type
Federal Government	56,899	12.71%	Military
Local Government	33,744	7.55%	Government
MultiCare Health	6,756	1.51%	Health Care
Franciscan Health	5,507	1.23%	Health Care
Emerald Queen	2,230	0.50%	Entertainment
Boeing (Fredrickson)	1,450	0.32%	Business
Wal-Mart	1,447	0.32%	Retail
Fred Meyer	1,301	0.29%	Retail
Safeway Stores	1,123	0.25%	Retail
Costco	1,115	0.25%	Retail
Total	111,572	24.93%	
2011 Pierce County Population	<u>447,619</u>		

\*Source: Economic Development Board of Pierce County

**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

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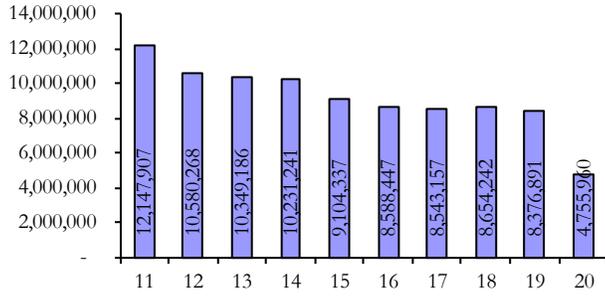
**Operating Information  
Pierce Transit Employee by Function  
2011 – 2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operations	598	575	572	601	631	659	692	675	676	623
Maintenance	144	132	127	136	142	149	155	152	154	163
Administration	139	109	94	99	97	110	113	111	113	112
	881	816	802	836	870	918	960	938	943	898

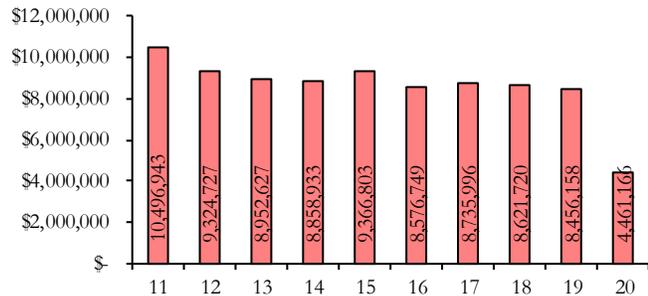
**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

**Operating Information  
Fixed Route Statistics  
2011 – 2020**

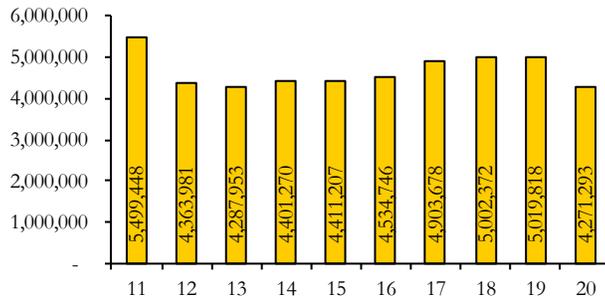
**Annual Boardings**



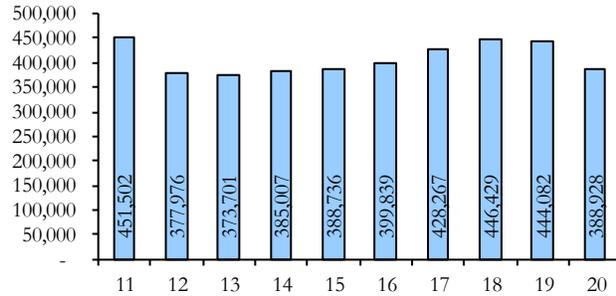
**Annual Passenger Fare Revenues**



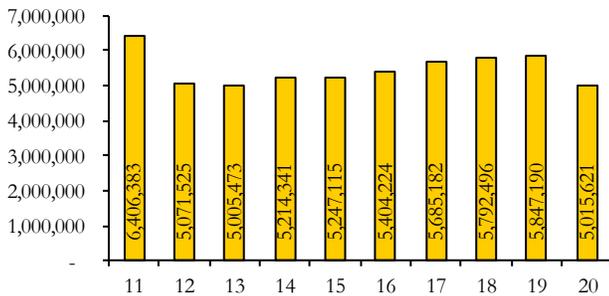
**Actual Revenue Miles**



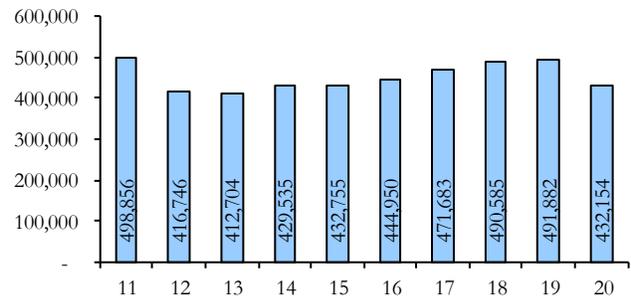
**Actual Revenue Hours**



**Service Miles**



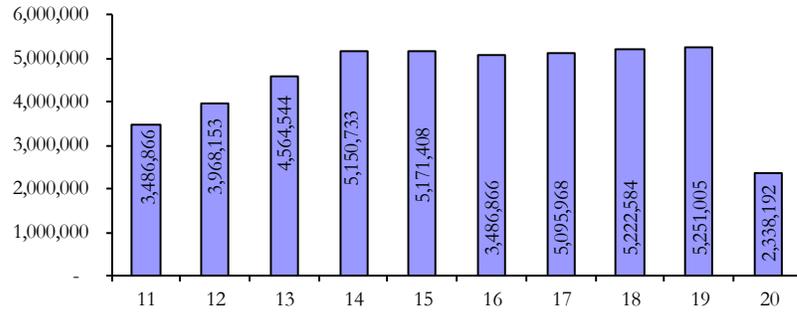
**Service Hours**



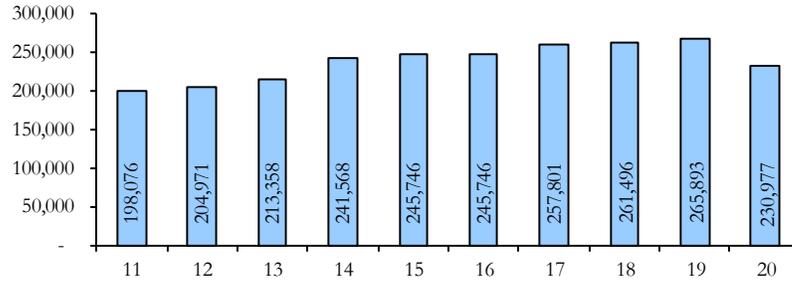
Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019

Operating Information  
Sound Transit  
Fixed Route Statistics  
2011 – 2020

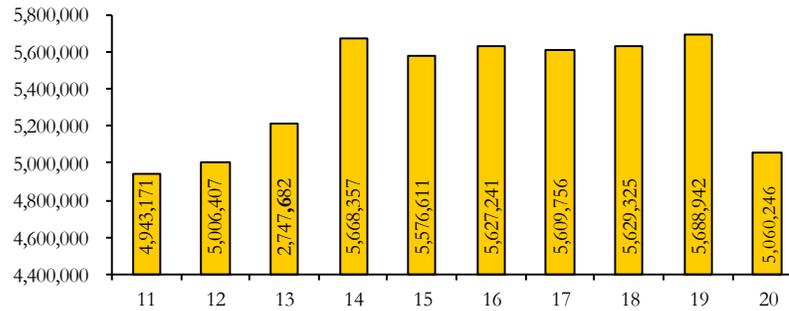
Annual Boardings



Revenue Hours



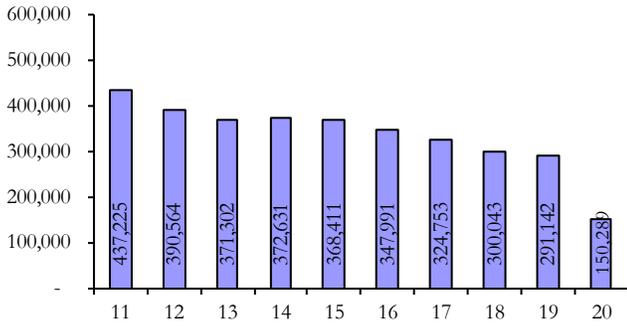
Revenue Miles



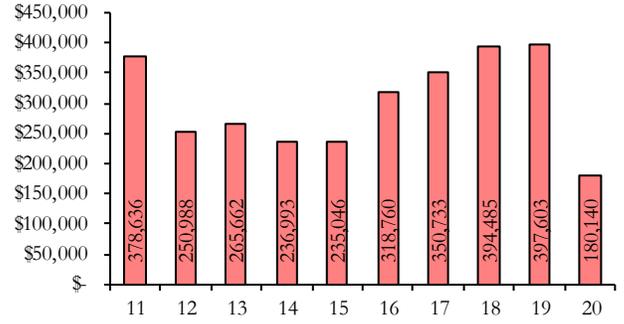
**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

**Operating Information  
Specialized Transportation (SHUTTLE)  
2011 – 2020**

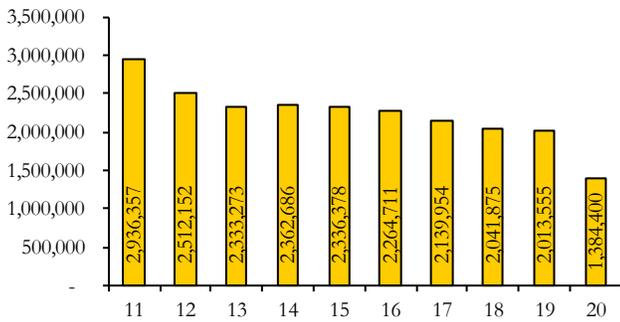
**Annual Boardings**



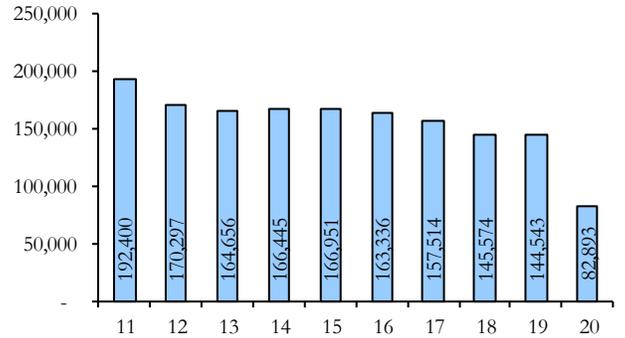
**Annual Passenger Fare Revenues**



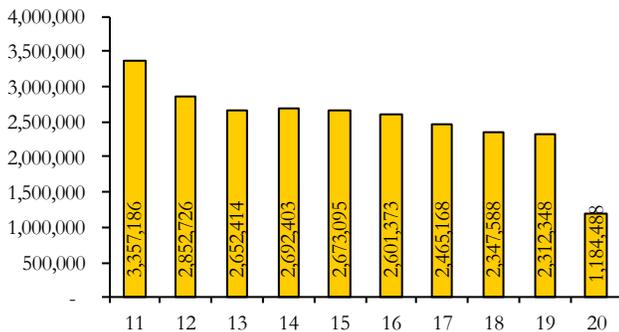
**Actual Revenue Miles**



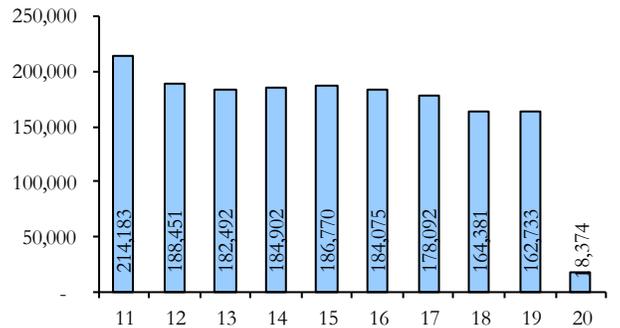
**Actual Revenue Hours**



**Service Miles**



**Service Hours**

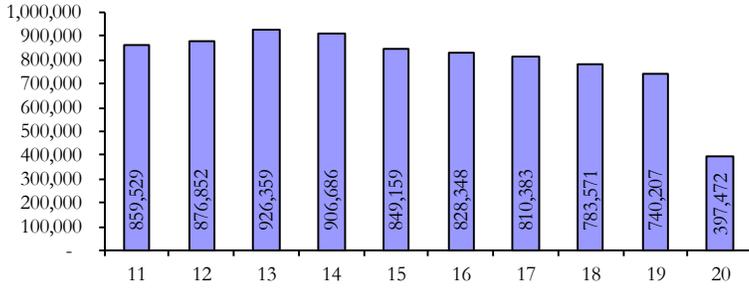


Directly operated and purchased transportation services.  
Source: National Transit Database (NTD)

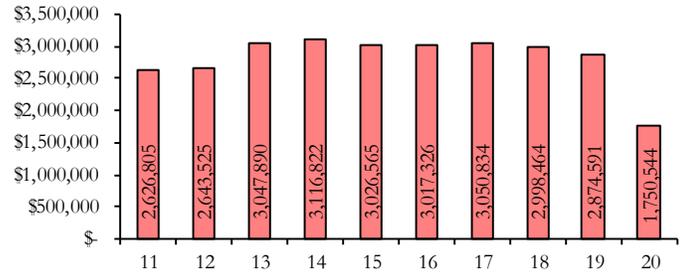
**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

**Operating Information  
Vanpool Statistics  
2011 – 2020**

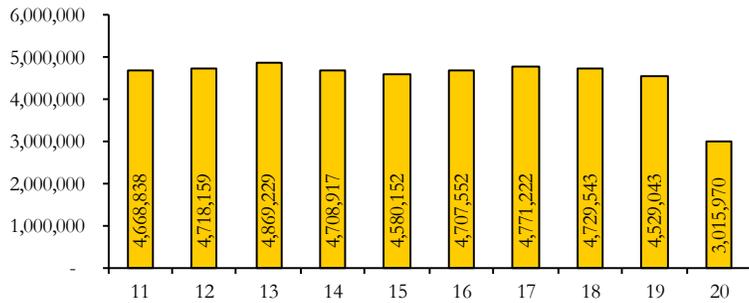
**Annual Boardings**



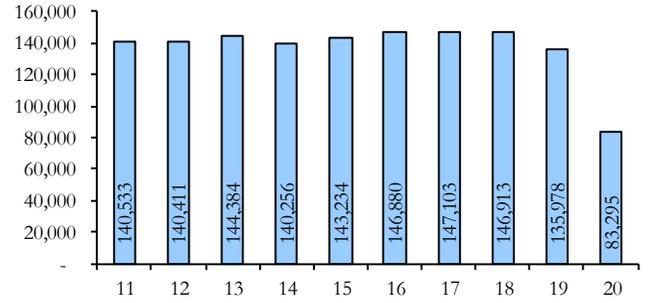
**Annual Passenger Fare Revenues**



**Revenue/Service Miles**



**Revenue /Service Hours**



**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

**Operating Information  
Key Performance Measures  
2011 – 2020**

<b>FIXED ROUTE:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Annual Boardings	12,147,907	10,580,268	10,349,186	10,231,241	9,104,337	8,588,447	8,543,157	8,654,242	8,376,891	4,755,556
Cost per Service Hour	\$ 134.82	\$ 136.99	\$ 119.13	\$ 124.71	\$ 130.55	\$ 143.34	\$ 144.54	\$ 141.15	\$ 144.00	\$ 156.72
Farebox Recovery	16%	16%	18%	17%	17%	13%	13%	13%	12%	7%
Passengers per Service Hour	24.4	25.4	25.1	23.8	21	19.3	18.1	17.6	17	11
Cost per Passenger	\$ 5.54	\$ 5.40	\$ 4.75	\$ 5.24	\$ 6.21	\$ 7.43	\$ 7.98	\$ 8.00	\$ 8.46	\$ 14.24
<b>SHUTTLE:</b>										
Annual Boardings	437,225	390,564	371,302	372,631	368,411	347,991	324,753	300,043	291,142	150,289
Cost per Service Hour	\$ 86.44	\$ 91.43	\$ 91.02	\$ 94.94	\$ 92.88	\$ 98.07	\$ 105.25	\$ 90.88	\$ 94.96	\$ 126.24
Farebox Recovery	2%	2%	2%	1%	1%	2%	2%	3%	3%	2%
Passengers per Service Hour	2	2.1	2	2	2	1.9	1.8	1.8	1.8	1.6
Cost per Passenger	\$ 42.34	\$ 44.11	\$ 44.73	\$ 47.11	\$ 47.09	\$ 51.88	\$ 57.72	\$ 49.79	\$ 53.08	\$ 79.69
<b>VANPOOL:</b>										
Annual Boardings	859,529	876,852	926,359	906,686	849,159	828,348	810,383	783,571	740,207	397,472
Cost per Service Hour	\$ 32.98	\$ 30.60	\$ 28.67	\$ 30.77	\$ 29.20	\$ 29.66	\$ 31.27	\$ 33.45	\$ 35.61	\$ 44.42
Farebox Recovery	63%	62%	74%	72%	72%	69%	66%	61%	59%	46%
Passengers per Service Hour	6.1	6.2	6.4	6.5	5.9	5.6	5.5	5.3	5.4	4.6
Cost per Passenger	\$ 5.39	\$ 4.90	\$ 4.47	\$ 4.76	\$ 4.93	\$ 5.26	\$ 5.68	\$ 6.27	\$ 6.54	\$ 9.65

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  
2011 – 2020**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Pierce Transit Buses	182	173	177	175	176	195	200	211	197	179
SHUTTLE Vans	167	100	100	97	97	97	100	99	122	101
Vanpool Vans	326	347	371	381	405	439	456	483	412	377
	675	620	648	653	678	731	756	756	731	657

**Pierce Transit  
Statistical Section  
Year ended December 31, 2020 and 2019**

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**Grant Information  
Capital Grant History  
2011 - 2020**

<b>FTA</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Section 3	\$ -	\$ 27,944	\$ 62,692	\$ 1,183,372	\$ 329,438	\$ 823	\$ -	\$ 2,661,287	\$ 223,348	\$ -
Section 4	-	20,808	3,339,533	1,460,896	535,952	246,507	47,016	1,683,887	55,454	
Section 9	1,886,861	1,931,405	915,379	4,461,195	579,872	392,673	679,887	7,191,511	9,087,443	
Other	383,078	17,256	1,394,913	-	-	88,568	326,397	111,605	810,240	463,051
<b><u>WA STATE</u></b>										
Misc Grants	1,125,916	473,901	142,662	676,710	952,536	-	-	525,077	2,518,313	3,506,650
<b><u>LOCAL</u></b>										
Partnerships	(26,903)	45,050	-	-	-	-	-	816,477	2,864,005	8,286,327
<b>Totals</b>	<b>\$3,368,952</b>	<b>\$2,516,364</b>	<b>\$5,855,179</b>	<b>\$7,782,173</b>	<b>\$2,397,798</b>	<b>\$728,571</b>	<b>\$1,053,300</b>	<b>\$12,989,844</b>	<b>\$15,558,803</b>	<b>\$12,256,028</b>

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## MISSION

Your preferred transportation choice for today and tomorrow.

## VISION

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

