



Tri-County Metropolitan Transportation District of Oregon
Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2026 and 2025





Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2026 and 2025



www.TriMet.org

**Prepared by the Financial Services Department
101 SW Main Street, Suite 700
Portland, Oregon 97204**

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Introductory Section



October 16, 2026

TriMet Board of Directors and citizens of Multnomah, Clackamas, and Washington Counties

We are pleased to present the Annual Comprehensive Financial Report for Tri-County Metropolitan Transportation District of Oregon (TriMet or the District) for the fiscal years ended June 30, 2026, and June 30, 2025. This transmittal letter is a summary of the District's finances, services, achievements, and economic prospects. The Management's Discussion and Analysis (MD&A) of this report provides a more detailed discussion of the District's financial results.

Management is responsible for the accuracy of the District's financial statements and the completeness and fairness of their presentation. To the best of our knowledge, we believe this report to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect the District's assets from loss, to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not exceed the benefits, the District's internal control system is designed to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

The District's financial statements have been audited by Eide Bailly LLP, Certified Public Accountants which is licensed to perform municipal audits within the State of Oregon. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal years ended June 30, 2026, and June 30, 2025, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2026, are fairly presented in all material respects in conformity with GAAP. Financial statements and the auditor's opinion can be found in the Financial Section of this report.

The District is responsible for the preparation of the Annual Comprehensive Financial report as required by Oregon Revised Statutes (ORS 297.425). Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations of the Oregon Administrative Rules (OAR).

In addition, the District is required to undergo an annual single audit of its Federal Assistance Programs in conformity with the provisions of the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the provisions of Governmental Auditing Standards promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. The results of this audit can be found in a separately issued Single Audit Report.

Fiscal year 2026 reflects the implementation of GASB Statement No. 103, *Financial Reporting Model Improvements*, which revised the presentation and classification of certain revenues and expenses. Under the new reporting model, passenger revenues and auxiliary transportation and other revenues are classified as operating revenues, while payroll tax revenue, noncapital grant revenue, pass through activities and funding exchange activities are classified as noncapital subsidies. Other nonoperating revenues and expenses include capital grants, investment income, interest and other expenses. Implementation of GASB Statement No. 103 changed the presentation of financial statement line items on the Statement of Revenues, Expenses and Changes in Net Position, but did not affect the District's change in net position.

Profile of TriMet

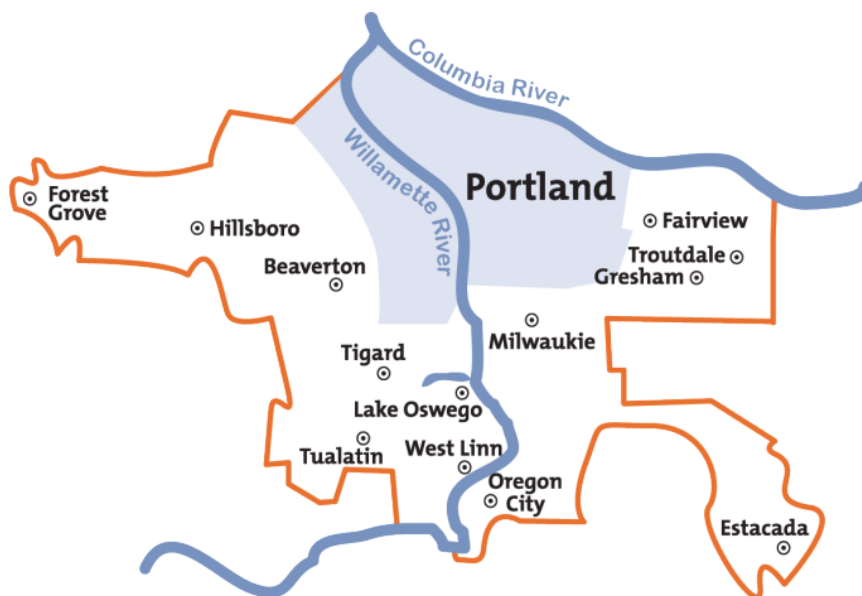
TriMet's mission is to provide safe, reliable, and sustainable public transportation that connects people with opportunities and strengthens the greater Portland region. The District plans, develops, finances, operates, and maintains an integrated multimodal transit system in accordance with applicable Federal Transit Administration (FTA) requirements and oversight. By improving mobility, reducing traffic congestion, and supporting environmental sustainability, TriMet helps make the region a better place to live, work, and visit.

TriMet is a public agency established in 1969 by the Oregon Legislature under the provisions of Oregon Revised Statutes (ORS) Chapter 267. Upon its creation, TriMet assumed responsibility for public transit operations from the Rose City Transit Company, establishing a unified regional transit system serving the most populous portions of Multnomah, Washington, and Clackamas counties.

For more than five decades, TriMet has played a central role in shaping the Portland metropolitan region. Through innovation in transit planning, system design, and technology, the District has helped establish the region as a national leader in public transportation and transit-oriented development. TriMet continues to invest in safe, reliable, and sustainable mobility while adapting to the changing transportation needs of the communities it serves. Additional information about the evolution of transit in the Portland region is available through [TriMet History & Interactive Timeline](#).

TriMet serves a diverse metropolitan region encompassing portions of Multnomah, Washington, and Clackamas counties. The Portland metropolitan area has a population of approximately 1.8 million residents across 533 square miles, while TriMet's service district spans 354 square miles and provides public transportation to more than 1.56 million people.

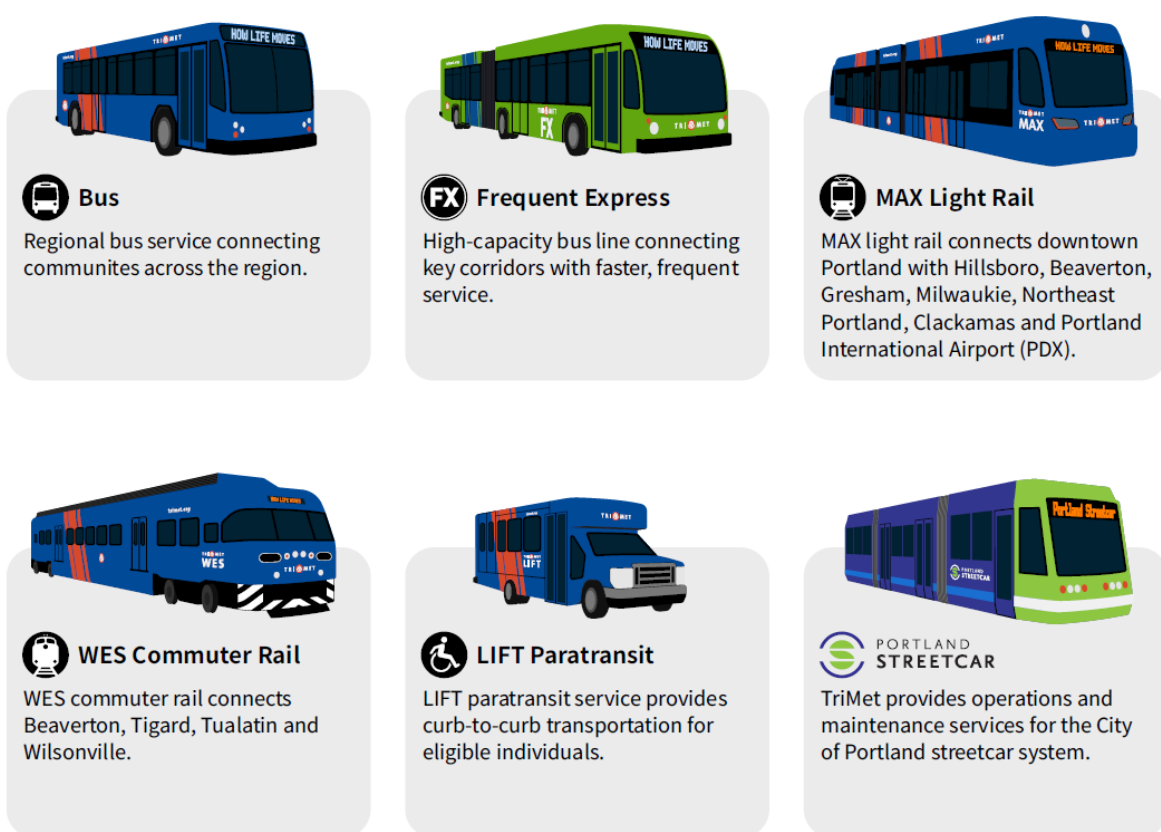
TriMet Service District Area



TriMet is governed by a seven-member Board of Directors appointed by the Governor of the State of Oregon to serve four-year terms. Each Board member represents a geographic district within the TriMet service area and must reside in the district they represent. The Board adopts the annual budget, approves major contracts and ordinances, and provides oversight of the General Manager. The General Manager leads the District's executive leadership team and is responsible for the day-to-day management of TriMet's operations, employees, and strategic initiatives.

TriMet operates an integrated multimodal transportation network that includes fixed-route bus service, MAX light rail, WES commuter rail, FX Frequent Express bus service, and LIFT paratransit service. Together, these services provide safe, reliable, and accessible transportation throughout the Portland metropolitan region while connecting residents with employment, education, healthcare, recreation, and other essential destinations.

In addition to operating its own transit system, TriMet provides operations and maintenance services for the City of Portland-owned Portland Streetcar system under an intergovernmental agreement. Additional information is available through the Portland Streetcar website [Streetcar History - Portland Streetcar](#).



Budget Governance

Established under Oregon Revised Statutes (ORS) Chapter 267, TriMet operates as a municipal corporation and, for financial reporting purposes, is accounted for as a governmental enterprise fund. The District is financed primarily through payroll tax revenues, passenger fares, federal and state grants, and other operating revenues. TriMet is authorized to levy taxes, charge fares to pay for operations, and to issue general obligation and revenue bonds to support capital investments.

Oregon law requires the District to adopt an annual budget by resolution of the Board of Directors. Consistent with ORS 294.456, TriMet appropriates resources at the organizational unit (divisions) and program levels, including Other Post Employment Benefits, Other Non-Operating Requirements, Debt Service, and Contingency. The legal level of budgetary control is at the organizational unit (division) level. TriMet maintains a single major budgetary fund that accounts for all District activities. The District's annual budget is developed within the framework of TriMet's Strategic Financial Plan, which establishes long-term financial policies and guides sustainable service delivery, capital investment, debt management, and financial stewardship.

The District prepares its annual budget on a modified accrual basis of accounting following Oregon's Municipal Corporations Local Budget Law, while the accompanying financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) using the full accrual basis of accounting. Differences between the budgetary basis and GAAP primarily result from the recognition of capital assets, debt financing transactions, pension and OPEB accounting (including related deferred inflows and outflows), claims liabilities, lease-leaseback transactions, and compensated absences. A reconciliation of budgetary basis results to GAAP is presented in the Supplementary Information section of this report.

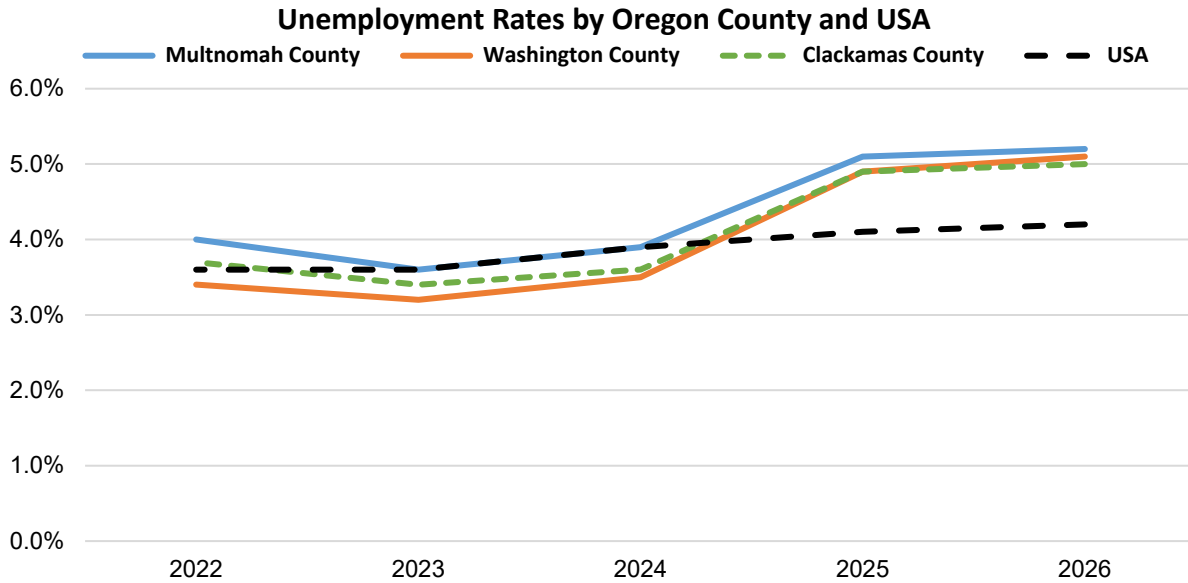
FINANCIAL AND ECONOMIC CONDITIONS

Local Economy

Economic conditions in the Portland metropolitan region continue to influence TriMet's operating environment. The pace of downtown Portland's economic recovery continues to lag, affecting employment locations, commuting patterns, and transit demand. Historically, downtown Portland has served the region's largest employment center, with a significant share of TriMet's ridership generated by commuters using transit to travel to and from work. Hybrid and remote work arrangements, coupled with downtown office vacancy rates that remain above 30 percent (approximately triple pre-pandemic levels) have reduced traditional weekday commuting and continue to affect transit ridership. Changing travel patterns, together with continued use of transportation network companies (TNC) such as Uber and Lyft, have created competition for transit by offering flexible, door-to-door transportation options. As commuting patterns have evolved, the District continues to adapt service levels and schedules to meet changing customer travel demand throughout the metropolitan region.

The District's largest revenue source, payroll tax program revenue, is directly impacted by the regional economic conditions. Slower wage growth, moderating employment levels, and employers relocating outside the District's boundaries can adversely affect payroll tax revenues.

The region's unemployment rate was mostly unchanged from the prior year. The chart below displays unemployment rates over the last five years for the three counties the District operates within compared to the USA. At June 2026, the area's local unemployment rates are just over 5.0 percent while the national rate is 4.2 percent.



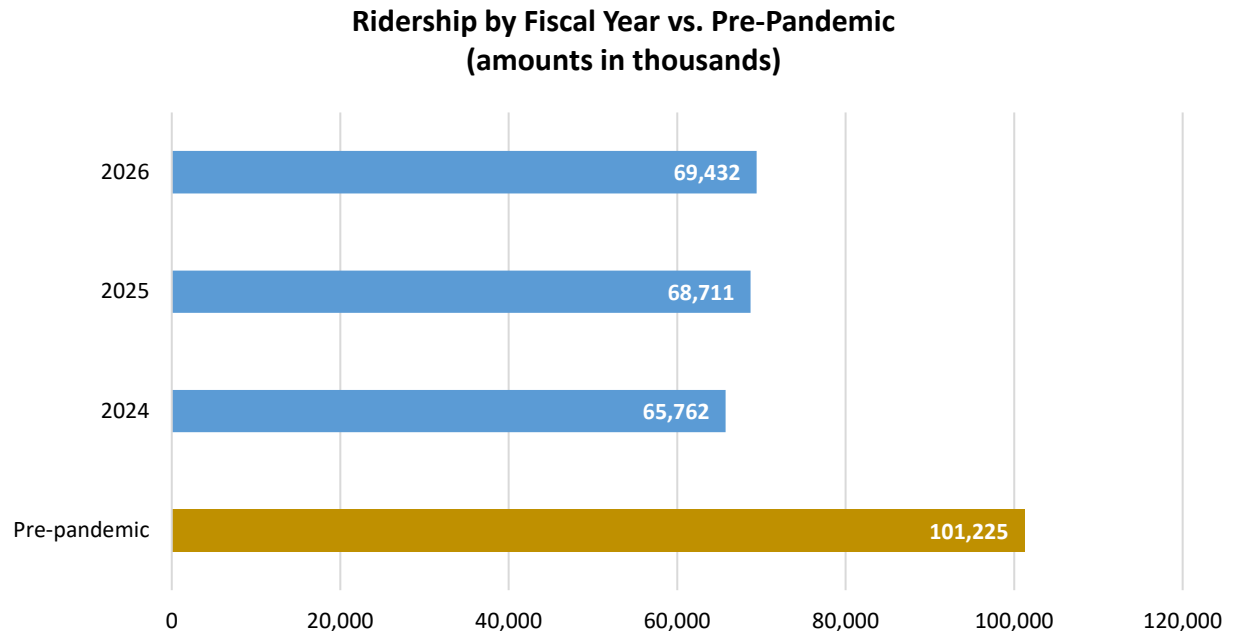
Of the District's total revenues, almost 90 percent comes from three sources: passenger revenues, payroll tax revenues, and grants from federal and state programs.

Operating Revenues

Passenger Revenues

The Portland metropolitan region continues to experience lasting changes in commuting behavior following the COVID-19 pandemic. Remote and hybrid work arrangements, together with elevated downtown office vacancy rates, have reduced traditional weekday commuting while increasing demand for more diverse travel throughout the region.

The chart below shows annual ridership numbers for the last three fiscal years compared to annual ridership before the pandemic. TriMet's LIFT paratransit program has experienced an increase in ridership, highlighting the area's demand for these services. Ridership is not expected to rebound to pre-pandemic levels and the District continues to adapt service levels to meet evolving customer travel patterns. Fare evasion adversely impacts passenger revenues.



Passenger revenues improved modestly during fiscal year 2026. The District's last fare increase was implemented on January 1, 2024 – the first fare increase in more than a decade. Actual passenger revenues for fiscal year 2026 totaled \$66.7 million, compared with a budget of \$76.3 million. Actual passenger revenues have trailed budget assumptions in recent fiscal years. The fiscal year 2027 budget reflects updated passenger revenue assumptions based on recent operating results and current ridership trends. The fiscal year 2027 budget for passenger revenues is projected to be \$69.3 million. TriMet does not have planned fare increases in fiscal year 2027. TriMet continues to monitor changing travel patterns while focusing on service reliability, customer experience, and affordable fare programs to support continued ridership growth. Passenger transportation programs also benefit from dedicated federal and state funding that supports LIFT paratransit services.

Hop Fastpass® continues to transform the customer experience by providing a convenient, contactless regional fare payment system for TriMet, C-TRAN, and Portland Streetcar services. More than 85 percent of TriMet's passenger revenue is now collected through the Hop system, reflecting widespread customer adoption of electronic fare payment.

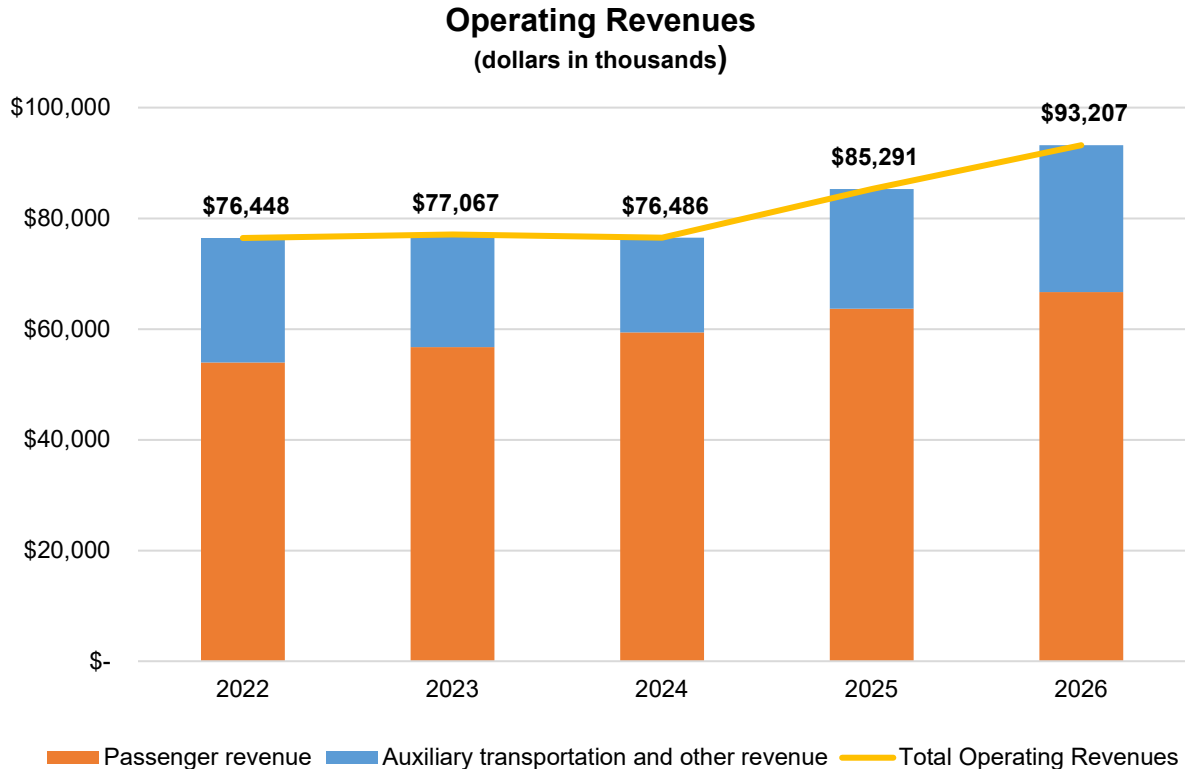
Payments for fare include virtual transit cards through Apple Wallet and Google Wallet, as well as contactless credit cards, debit cards, and mobile wallets including Apple Pay, Google Pay, and Samsung Pay. These technologies allow riders to pay quickly while automatically receiving the benefits of fare capping.

Fare capping and reduced-fare programs improve affordability by ensuring riders never pay more than the cost of a daily or monthly pass. Eligible Honored Citizen riders—including seniors, riders with disabilities, and qualifying low-income residents—receive discounted fares and monthly fare caps. Riders who prefer to use cash may also add value to Hop Fastpass® at hundreds of retail locations throughout the region.

Auxiliary Transportation and Other Revenue

Auxiliary revenues provide an important source of diversified operating funding. The District's accessible transportation program or LIFT paratransit services, energy tax credit sales, advertising revenue, rental income and the Portland Streetcar operations are all reported in auxiliary transportation and other revenue. The largest revenue source in auxiliary transportation revenue is the District's service contract revenue with the City of Portland Streetcar.

Transit advertising generated approximately \$2.0 million in revenue while providing local and regional businesses access to one of the largest transit advertising networks in the region. Transit advertising is projected to be \$2.1 million in fiscal year 2027. TriMet has an intergovernmental agreement with the City of Portland to provide operators and maintenance services for the Portland Streetcar system. During fiscal year 2026, the agreement generated approximately \$11.6 million of revenue to reimburse the District for transit operations and maintenance services. In fiscal year 2027, these revenues are projected to be \$11.0 million.



Noncapital subsidies

Payroll Tax Revenues

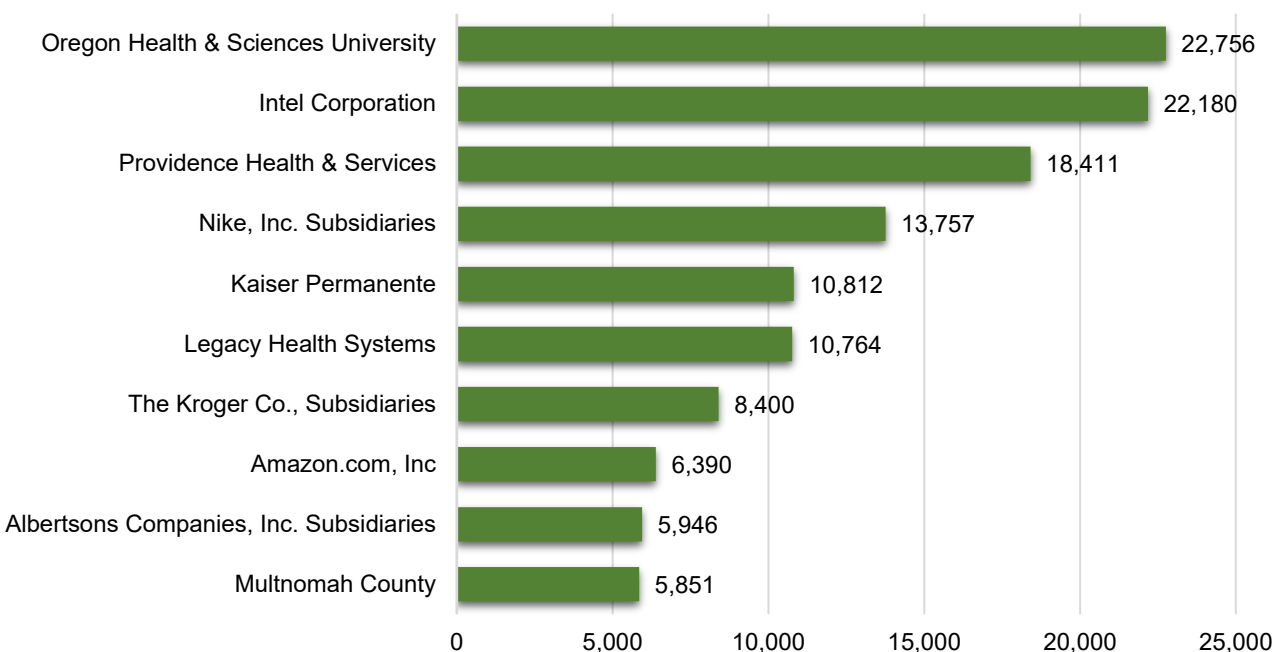
TriMet's payroll and self-employment tax is levied on wages and earnings within the District's boundaries and provides a significant source of funding for TriMet. The Oregon Legislature, under Oregon Revised Statutes Chapter 267, authorized the District to impose an excise tax on employers based on wages paid to employees. The same authority also permits the District to levy an equivalent tax on self-employed individuals. Over time, the allowable rate has been gradually increased through statutory amendments and by the authority of the District's Board of Directors.

The tax is administered and collected by the State of Oregon Department of Revenue (DOR). The transit payroll tax (PRT) is reported and paid quarterly through the Oregon Combined Payroll Tax Report (Form OQ), which includes total employer-paid wages, wages subject to PRT, and state income tax withholdings. The self-employment tax (SET) is reported and paid by self-employed individuals through filing the Oregon state personal income tax return (Form OR-40) on an annual basis. The PRT and SET is based on where the work is performed and whether that location is within the TriMet District boundary. The most recent rate increase took effect on January 1, 2025, bringing the payroll tax rate to 0.8237 percent of both employer-paid wages and net earnings from self-employment.

The fiscal year 2027 forecast assumes a modest growth rate of 3.5 percent for payroll tax revenues, indicating employment in the region may be softening. Payroll tax revenues have continued to demonstrate resiliency with year over year increases in revenues, even throughout the pandemic.

The table below notes the top ten largest employers based on the total employee count. This data is from the 2024 Quarterly Census of Employment Wages, the most recent available.

Largest Employers in TriMet Region by Employee Count



Noncapital Grant Revenue

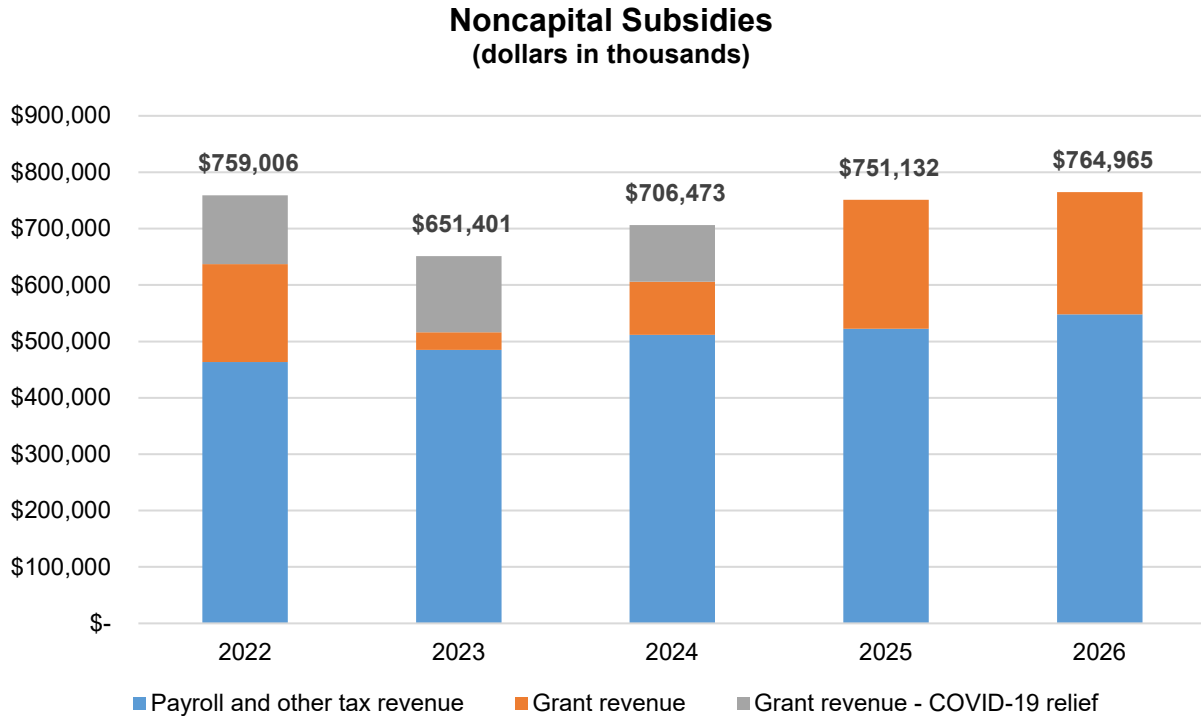
TriMet receives noncapital grants from federal, state and local sources to support specific services, programs and populations. These grants support activities such as fixed-route maintenance services, paratransit, mobility programs, fare subsidies, and safety and accessibility initiatives.

The fiscal year 2027 budget for noncapital grant revenues is approximately \$26.0 million, or 21 percent, lower than the fiscal year 2026 adopted budget. Budgeted federal noncapital grant revenues total \$121.8 million in fiscal year 2027 and represents approximately 14.6 percent of operating resources. Much of the year-over-year decrease reflects lower budgeted revenues from the Federal Transit Administration's Section 5307 Urbanized Area Formula and Section 5337 State of Good Repair programs. The fiscal year 2027 budget includes \$54.4 million of Section 5307 funding and \$41.2 million of Section 5337 funding, compared with \$63.2 million and \$56.7 million, respectively, in the fiscal year 2026 budget. The lower fiscal year 2027 estimates reflect a conservative budgeting approach in light of uncertainty surrounding the level and availability of federal transportation funding.

In 2017, Oregon established a statewide employee payroll tax of one-tenth of one percent (0.1%), which funds the Statewide Transportation Improvement Fund (HB2017 or STIF). STIF is intended to support improvements in public transportation in Oregon to help build vibrant economies with good jobs, increased quality of life, clean environment, and safe and healthy people. For fiscal year 2027, TriMet is budgeted to utilize \$46.0 million in STIF funding to support core fixed route service and reduced fare programs and meet regulatory requirements. TriMet administers several state-funded programs, including STIF Formula and Regional Coordination, whereby these resources are passed directly to local transit partner jurisdictions. In response to the pandemic, the federal government awarded the District approximately \$669.7 million in grants via the Coronavirus Aid, Relief, and Economic Security (CARES) Act and Coronavirus Response

and Relief Supplemental Appropriations Act (CRRSAA) funding and the American Rescue Plan Act (ARP). These federal funds were a one-time-only resource used to prevent, prepare for and respond to the pandemic and allowed TriMet to continue providing service that would otherwise need to be cut due to overall lost revenues resulting from the pandemic and orders to work-from-home.

Noncapital grant revenue (federal, state and other), COVID-19 relief grants, and total payroll tax revenues are reported within noncapital subsidies in accordance with GASB Statement No. 103. The chart below displays the last five fiscal years for these revenues.



Pass Through Revenue and Expense

Regional transit partnership programs administered by TriMet support transit services provided by regional partners throughout the metropolitan area. Many of these programs are funded through Oregon's Statewide Transportation Improvement Fund (STIF) and do not represent discretionary resources. In fiscal year 2026, pass through revenue and the related expense totaled \$18.6 million. The fiscal year 2027 budget includes \$21.5 million of program-specific funding to be passed through to subrecipients as local transit providers. These amounts are received and passed through in equal amounts and, under GASB Statement No. 103, are presented in the section for noncapital subsidies.

Other nonoperating revenues and expenses

Capital Grants

Capital grants are restricted to specific purposes in accordance with grant agreements, intergovernmental agreements, and other applicable funding requirements. The fiscal year 2027 budget includes restricted capital funding for transit center improvements; the SE 82nd Avenue and TV Highway transit and safety projects; and final project activities associated with the MAX Red Line Extension and Reliability Improvements Project (Better Red).

The fiscal year 2027 budget also includes \$24.3 million of federal highway program funds through the Surface Transportation Block Grant (STBG) and Congestion Mitigation and Air Quality (CMAQ) programs to support debt service on bonds issued for regional rail capital projects.

Budgeting and Financial Planning

The District is contending with an operating budget gap driven by pandemic-related passenger fare revenues, inflationary and rising costs for materials, maintenance, service costs and healthcare. Long-range financial projections identified an average annual operating budget gap of approximately \$300 million over a 15-year planning period.

For fiscal year 2027, the District has implemented service reductions and structural changes that have reduced the projected average annual gap to approximately \$158 million. The fiscal year 2027 budget reflects a focus on long-term financial sustainability while working toward balancing ongoing revenues and expenditures in the near term. TriMet will continue to evaluate service levels, organizational structure, operating efficiencies, and opportunities to increase revenue.

The fiscal year 2027 budget includes \$560.7 million in payroll taxes, \$69.3 million in passenger fares, \$121.7 million in federal noncapital grant revenue, and \$46.6 million in Statewide Transportation Improvement Fund (STIF) revenues from the Oregon Department of Transportation. The District also expects to receive a smaller portion of its funding from service contracts, transit advertising, and other miscellaneous revenues.

See also Note 16, Concentrations and Constraints.

FINANCIAL POLICIES

TriMet's Board-adopted financial policies guide day-to-day operations and support long-term financial sustainability. The Strategic Financial Plan, amended and restated in June 2025 ([Resolution 25-06-33 2025 Strategic Financial Plan.pdf](#)), establishes the financial and operational framework for navigating near-term challenges and achieving a sustainable future. A brief description of certain Board adopted financial policies that affect the District's financial position include:

- **Fare Policy** – Balances ridership growth with passenger revenue by requiring a fare review at least every two years. The Board strongly considers fare adjustments at least every four years to ensure pricing aligns with service costs.
- **Debt Management Policy** – Governs the issuance and administration of all debt and capital lease financings. The policy authorizes various debt types while limiting annual senior lien payroll tax debt service to 7.5 percent of continuing revenues.
- **Unrestricted Fund Balance and Contingency Policy** – Establishes guidelines to maintain adequate reserves for unanticipated costs or revenue shortfalls. The policy sets a minimum fund balance of two to two and a half months of operating expenses and appropriates annual contingency at no less than 3 percent of operating requirements. Corrective action is required if these thresholds are not met.
- **Reserves Policy** – Directs management to evaluate unrestricted revenues exceeding operating expenditures and, when available, set aside funds to address future economic downturns or capital needs.
- **Investment Policy** – Provides standards for managing cash and investment portfolios to ensure security, maintain liquidity, achieve market-based returns, and comply with Oregon statutes governing public funds.

- **Pension and Other Post-Employment Benefits Funding (OPEB)** – Establishes a target funding level for the District's pension plans between 80 and 90 percent. If the funded status falls below 80 percent, the District will increase contributions until the plan is restored to that threshold. Conversely, if the funded status exceeds 90 percent, contributions may be reduced to avoid creating an unnecessary surplus. Retiree healthcare benefits (OPEB) are primarily funded on a pay-as-you-go basis, with supplemental contributions to the OPEB Trust once pension contributions are met. As the OPEB Trust grows, retiree health costs will be met through a balanced approach of pay-as-you-go funding and trust assets.

The amended and restated Strategic Financial Plan also includes fiscal guidelines for the District, including guidance to grow and maintain revenue, manage operations for cost efficiency, manage capital assets for long-term sustainability, and manage economic risk.

MAJOR INITIATIVES

Transit Service

TriMet's fiscal year 2027 budget is shaped by evolving community priorities and significant organizational challenges. These conditions define the environment in which our agency must operate and inform the difficult tradeoffs required to sustain safe, reliable, and accessible transit service for the region. TriMet's 2030 plan continues to guide strategic improvements aimed at "Connecting People for a Better Life."

As Oregon's largest public transportation provider, the fiscal year 2027 adopted budget focuses on addressing the operating deficit. The budget includes necessary expenditure reductions to better align ongoing costs with anticipated revenues. These efforts reduce the long-term structural deficit to approximately \$158 million.

For fiscal year 2027, total financial requirements of \$1.14 billion exceed total financial resources of \$953.3 million. As a result, the adopted budget uses \$187.4 million of reserves to balance the budget. The budget includes \$762.4 million for operations, \$217.1 million for capital investments, \$79.4 million for debt service, \$55.7 million for other post-employment benefits and \$26.2 million in contingency funds.

Climate Action Plan

TriMet continues to evaluate opportunities to reduce emissions from its bus fleet and other operations. The District currently uses renewable diesel (R99), which reduces emissions compared with conventional diesel fuel. TriMet also continues to evaluate emerging vehicle technologies and related infrastructure needs as part of its long-term fleet and capital planning, including initiatives supporting a transition toward zero-emission vehicles. Future investments will consider available technology, operational requirements, funding availability, and changes in federal and state programs and policies.

Safety & Security

The fiscal year 2027 adopted budget includes \$64.3 million for Safety & Security, a decrease of \$20.3 million, or approximately 24 percent, from the fiscal year 2026 final budget. The reduction reflects the District's broader efforts to align expenditures with available financial resources while maintaining a safe and secure transit system.

TriMet continues to maintain a multifaceted approach to system security that combines field personnel, law enforcement partnerships, technology, infrastructure, and community-based resources. Safety and security personnel provide a visible presence throughout the transit system, while the Safety Response Team connects riders and community members in need with social services and other resources.

In fiscal year 2027, TriMet is focusing resources on maintaining core security capabilities and using technology and data to support efficient deployment of security resources. The District continues to operate its Security Operations Center 24 hours a day, expand and upgrade public safety technology, and use Crime Prevention Through Environmental Design principles and data-driven analytics to prioritize security resources throughout the transit system. TriMet also continues to work with regional law enforcement partners through the Transit Police Division along with partnering with the Multnomah County District Attorney's Office for investigative support and elevated prosecution services of crimes committed on the transit system.

These efforts build upon significant investments made in recent years, including expanded camera coverage, security communications technology, and other infrastructure improvements. TriMet's safety and security programs have received national recognition, including three consecutive APTA Rail Security Gold Awards from 2023 through 2025 and an APTA Rail Safety Gold Award in 2023.

Capital Investment and State of Good Repair

TriMet is considered a mature transit agency operating multiple modes of transportation, with aging bus and rail facilities, almost 40 years old or older. Sections of the MAX light rail system have been in operation since 1986. Certain portions of the District's light rail track segments, substations, and light rail vehicles are in need of replacement or significant overhaul. In the 2027 budget, \$103.2 million or 47.6 percent of the total Capital Improvement Program (CIP) budget is dedicated to maintaining and modernizing existing assets.

TriMet's capital projects are focused on our commitment to investing in infrastructure through major corridor projects and ongoing system upgrades that support safe, reliable, and efficient transit service. This includes continued development of the 82nd Avenue transit project as TriMet's next FX bus line, improving access, speed and reliability through transit priority elements along this high-ridership route as well as transit access and safety enhancements on Tualatin Valley Highway.

TriMet 2030

TriMet has adopted a [Strategic Plan: TriMet 2030](#). This plan contains five goals and eighteen strategies, aimed at connecting people with valued mobility options that are safe, convenient, reliable, accessible and welcoming for all. This plan will chart TriMet's course over the upcoming years. The five goals are:

1. Elevate the Customer Experience – deliver clean, safe, accessible and reliable service that attracts ridership.
2. Ensure Financial Stability and Stewardship – drive organizational efficiencies, optimize decision-making processes, and safeguard our assets to ensure the long-term financial health of the organization. Explore and pursue potential new revenue streams.
3. Increase Investment in Safe and Reliable Infrastructure – strengthen and fund maintenance of our transit assets.
4. Advance TriMet's Value to the Region – leverage our role as a trusted regional leader and effectively tell our story about the benefits of public transit and the promise of our regional future.
5. Continue to Build an Adaptable, Safe and Thriving Workforce – emphasize collaboration, communication, streamlined processes and timely decision-making to foster a high-performing environment where employees feel motivated and valued. Establish a culture of continuous improvement.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting which is a prestigious national award that recognizes conformance with the highest standards for the preparation of a state or local government financial report. To be eligible for the award, a government must publish an easily readable and efficiently organized report along with adhering to both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. TriMet has received the GFOA Certificate of Achievement for Excellence in Financial Reporting since the first Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2024. We believe our current ACFR meets the Certificate of Achievement Program's requirements.

I would like to express my appreciation to all TriMet staff who assisted and contributed to the preparation of this report. The preparation of this report would not have been possible without the efficient and dedicated services of several departments, especially Financial Services. Special thanks are extended to Cara Fitzpatrick, Eric Mireiter, and Kingston Sprague of Financial Services. The preparation of the ACFR demonstrates the staff's dedication to improving the standard of reporting to the Board of Directors and TriMet's stakeholders. We express our appreciation to Eide Bailly, certified public accountants. We also wish to compliment the Board of Directors and TriMet's stakeholders for their interest and support in planning and conducting the District's financial operations responsibly.

Respectfully submitted,



Michael Dohn, MBA
Interim Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**TRIMET
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025

Christopher P. Morill

Executive Director/CEO

Board of Directors and District Service Area Map as of June 30, 2026



Thomas Kim
Vice-President
District 1: Washington County



JT Flowers
District 5: N and NE Portland



Erin Graham
District 2: NW & portions
of SW Portland



Dr. LaVerne Lewis
President
District 6: E Multnomah County



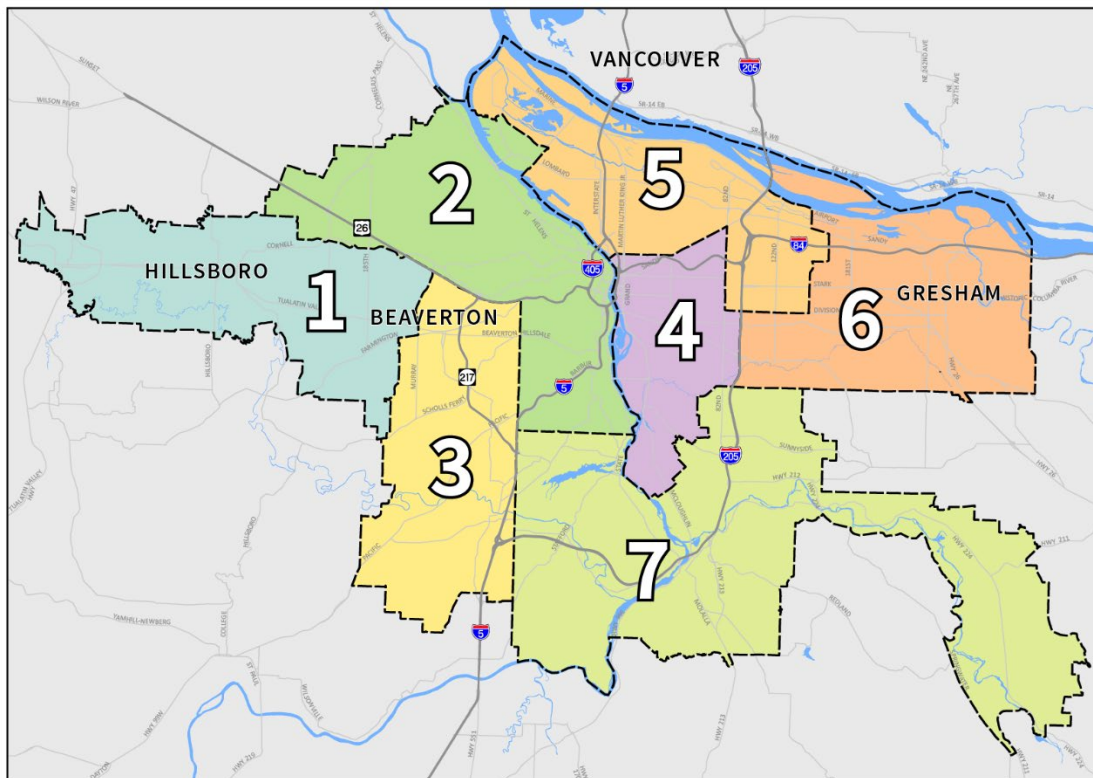
Robert Kellogg
District 3: SW Portland and
Washington County



Denyse McGriff
District 7: Clackamas County



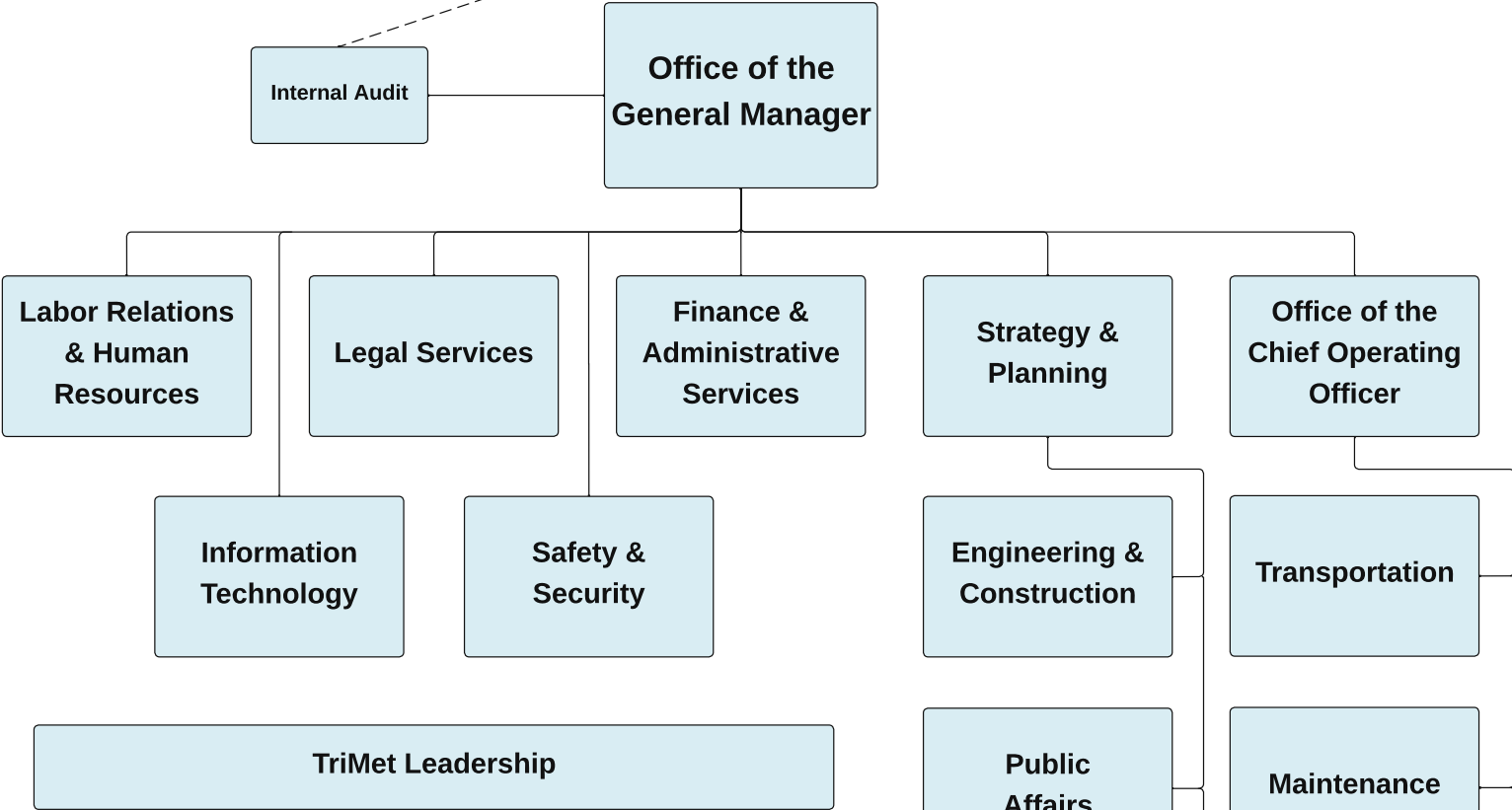
Tyler Frisbee
Secretary/Treasurer
District 4: SE Portland



TriMet Board of Director Districts



TriMet Board of Directors



TriMet Leadership

- General Manager Sam Desue	- Executive Director, Engineering & Construction Jamie Snook
- Chief Labor Relations & Human Resources Officer Kim Sewell	- Chief Public Affairs Officer JC Vannatta
- Chief Legal Services Officer & General Counsel Shelley Devine	- Executive Director, Public Access & Innovation John Gardner
- Interim Chief Financial Officer Michael Dohn	- Chief Operations Officer Inessa Vitko
- Chief Information Officer Ethan Benatan	- Executive Director, Transportation Mary Hill
- Chief Safety & Security Officer Andrew Wilson	- Executive Director, Maintenance John Weston
- Chief Strategy & Planning Officer Vacant	- Executive Director, Transit System & Asset Support Vacant



Financial Section





Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Tri-County Metropolitan Transportation District of Oregon (District), as of and for the years ended June 30, 2026 and June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the District as of June 30, 2026 and June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability and related ratios, schedules of pension contributions and investment returns, schedule of changes in the net other post-employment benefits (OPEB) liability, schedule of OPEB trust investment returns and OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 16, 2026, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Eide Bailly LLP

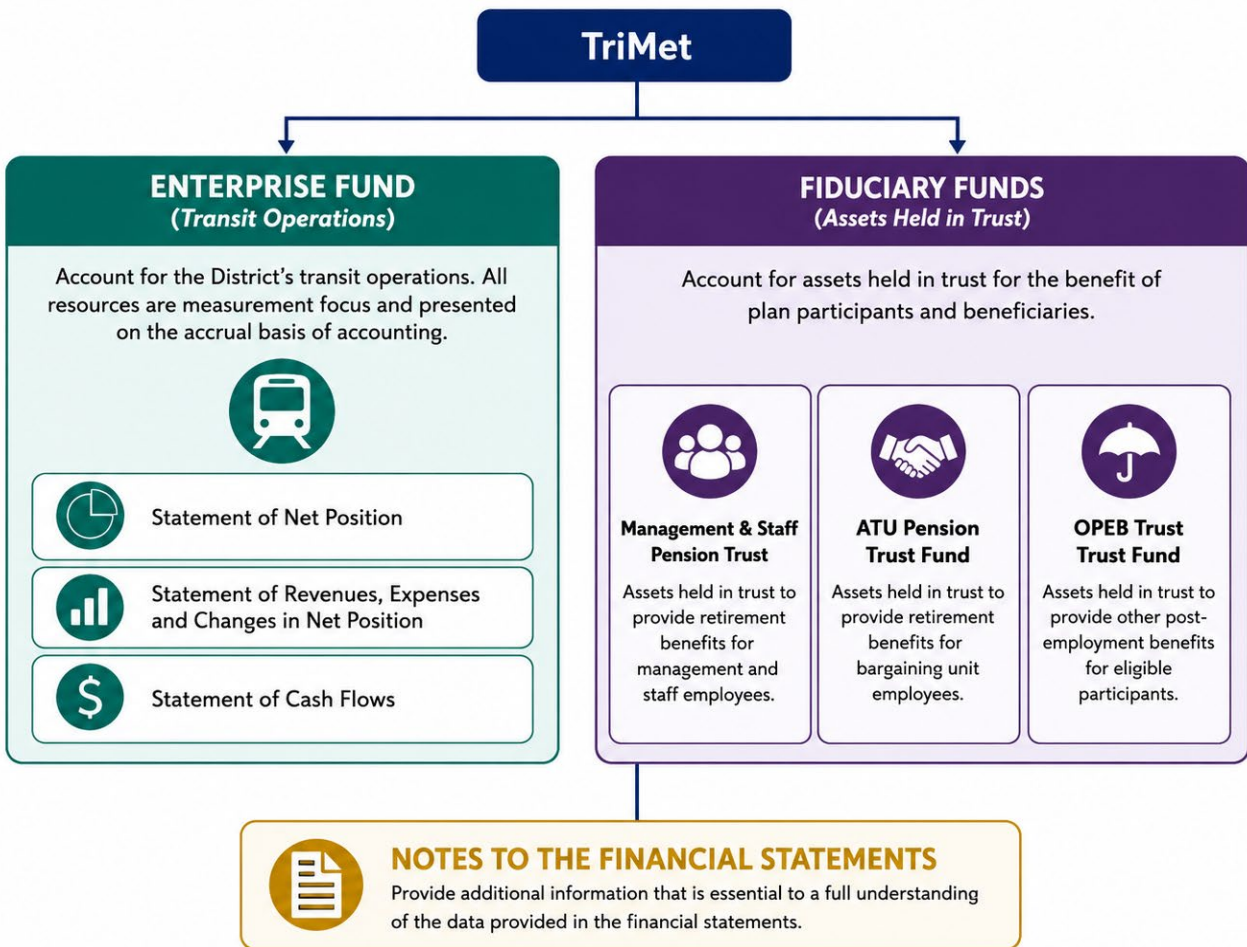
Ahmad Gharaibeh, Partner, for
Eide Bailly, LLP
Menlo Park, California
October 16, 2026

Management's Discussion and Analysis
(dollars in thousands)

Management's Discussion and Analysis (MD&A) provide management's perspective on the District's financial position, results of operations, cash flows, capital investments, debt obligations, and significant financial events for the fiscal years ended June 30, 2026 and 2025. The MD&A is intended to help readers understand the key factors that influenced the District's financial performance and should be read in conjunction with the accompanying financial statements and notes.

The MD&A also includes the financial activities of the TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund, the Pension Plan for Bargaining Unit Employees of TriMet Trust Fund, and the Trust Fund for Other Post-Employment Benefits (OPEB). The Enterprise Fund reports the District's transit operations. The fiduciary funds account for assets held in trust to provide pension and OPEB benefits for eligible plan participants.

BASIC FINANCIAL STATEMENTS



Overview of the Financial Statements

The District's financial statements are prepared using the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash is received or paid.

Management's Discussion and Analysis

continued

(dollars in thousands)

Implementation of GASB Statement No. 103, *Financial Reporting Model Improvements*

Fiscal year 2026 is the District's first reporting year after implementing Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. The new standard updates certain financial statement presentation and disclosure requirements intended to improve the usefulness and consistency of governmental financial reporting. Implementation changed the presentation and classification of certain revenues and expenses and related disclosures but did not affect the District's overall financial position, results of operations, or cash flows.

The District's basic financial statements are presented on a comparative basis for the years ended June 30, 2026 and 2025 and include:

- Statement of Net Position – Presents the District's financial position at fiscal year-end, including assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.
- Statement of Revenues, Expenses and Changes in Net Position – Reports how the District's financial position changed during the fiscal year by summarizing major revenue sources, operating costs, financing activities, and capital contributions.
- Statement of Cash Flows – Identifies the District's sources and uses of cash by operating, noncapital financing, capital and related financing, and investing activities.
- Statements of Fiduciary Net Position and Changes in Fiduciary Net Position – Present the financial position and activities of the District's pension and OPEB trust funds, including contributions, investment earnings, benefit payments, and administrative expenses.

In addition to the basic financial statements and accompanying notes, this report includes required supplementary information related to the District's pension and OPEB plans, other supplementary financial information, as well as statistical information over financial trends, revenue and debt capacity, demographic, economic, and operating information.

Statements of Net Position

The Statement of Net Position provides an important measure of the District's long-term financial condition, management also evaluates liquidity, compliance with Board-adopted financial policies, debt affordability, capital investment requirements, and long-term financial sustainability when assessing the District's overall financial health.

Following is a condensed summary of the District's financial position as of June 30, 2026, 2025 and 2024:

Management's Discussion and Analysis*continued*

(dollars in thousands)

Net Position**As of June 30**

(dollars in thousands)

	2026	2025	2024	Increase (decrease)			
				2026-2025		2025-2024	
				\$	%	\$	%
Assets							
Current and other assets	\$ 926,182	\$ 933,886	\$ 1,092,755	\$ (7,704)	(0.8)%	\$ (158,869)	(14.5)%
Capital assets, net	3,090,763	3,148,333	3,216,239	(57,570)	(1.8)%	(67,906)	(2.1)%
Total assets	4,016,945	4,082,219	4,308,994	(65,274)	(1.6)%	(226,775)	(5.3)%
Deferred outflows of resources	77,793	150,512	188,504	(72,719)	(48.3)%	(37,992)	(20.2)%
Total assets and deferred outflows of resources	<u>\$ 4,094,738</u>	<u>\$ 4,232,731</u>	<u>\$ 4,497,498</u>	<u>\$ (137,993)</u>	(3.3)%	<u>\$ (264,767)</u>	(5.9)%
Liabilities							
Current liabilities	\$ 180,596	\$ 237,418	\$ 291,840	\$ (56,822)	(23.9)%	\$ (54,422)	(18.6)%
Noncurrent liabilities	1,650,323	1,810,893	1,941,906	(160,570)	(8.9)%	(131,013)	(6.7)%
Total liabilities	1,830,919	2,048,311	2,233,746	(217,392)	(10.6)%	(185,435)	(8.3)%
Deferred inflows of resources	488,218	333,378	343,654	154,840	46.4 %	(10,276)	(3.0)%
Net position							
Net investment in capital assets	2,126,109	2,202,890	2,285,824	(76,781)	(3.5)%	(82,934)	(3.6)%
Restricted	63,061	62,909	60,840	152	0.2 %	2,069	3.4 %
Unrestricted deficit	(413,569)	(414,757)	(426,566)	1,188	(0.3)%	11,809	(2.8)%
Total net position	<u>1,775,601</u>	<u>1,851,042</u>	<u>1,920,098</u>	<u>(75,441)</u>	(4.1)%	<u>(69,056)</u>	(3.6)%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,094,738</u>	<u>\$ 4,232,731</u>	<u>\$ 4,497,498</u>	<u>\$ (137,993)</u>	(3.3)%	<u>\$ (264,767)</u>	(5.9)%

Analysis of Financial Position**Net Position**

Net position represents the difference between the District's assets and deferred outflows of resources and its liabilities and deferred inflows of resources. At June 30, 2026, total net position was \$1,775,601, a decrease of \$75,441, or 4.1 percent, from the prior year. The largest component of net position is the District's net investment in capital assets, which totaled \$2,126,109 and reflects the District's investment in transit infrastructure, fleet, facilities, and other long-term capital assets, net of related debt.

At June 30, 2026, \$63,061 of net position represents resources that are subject to external restrictions imposed by creditors (debt covenants), grantors, contributors, or laws or regulations of other governments that restrict the use of net position. Of this amount, \$22,075 was restricted for capital projects and \$40,986 is restricted for debt service. Unrestricted net position remained a deficit at \$413,569, relatively unchanged from the \$414,757 deficit reported at June 30, 2025. The unrestricted deficit continues to be driven primarily by the recognition of long-term pension and OPEB obligations and related deferred amounts. These long-term accounting obligations do not, by themselves, affect the District's current ability to meet its financial obligations or provide transit services.

In fiscal year 2025, total net position decreased \$69,056, or 3.6 percent, while unrestricted net position improved slightly by \$11,809. The improvement in unrestricted net position was primarily attributable to a reduction in the net OPEB liability resulting from an increase in the discount rate used in the December 31, 2024 actuarial valuation.

Management's Discussion and Analysis*continued*

(dollars in thousands)

Significant Capital Asset and Long-term Financing Activity

Total assets decreased \$65,274 during fiscal year 2026, primarily reflecting the planned use of cash and investments to support District operations and capital investment. Current cash and investments declined as resources were used during the year, while the composition of restricted assets increased significantly as a result of the 2026 bond financing and continued capital project activity. Grant receivables increased by \$21,018 from the prior year primarily due to outstanding amounts for fixed route operations under the HB2017 grant.

At June 30, 2026, the District had invested \$3,090,763, in total capital assets, net of accumulated depreciation and amortization (see Note 4).

Capital Assets**As of June 30**

(net of accumulated depreciation, dollars in thousands)

	2026	2025	2024	Increase (decrease)			
				2026-2025		2025-2024	
				\$	%	\$	%
Land and other	\$ 277,840	\$ 253,435	\$ 233,614	\$ 24,405	9.6 %	\$ 19,821	8.5 %
Rail right-of-way and stations	1,049,364	1,105,191	1,164,072	(55,827)	(5.1)%	(58,881)	(5.1)%
Buildings and structures	781,521	809,629	759,008	(28,108)	(3.5)%	50,621	6.7 %
Transportation equipment	352,190	301,375	315,312	50,815	16.9 %	(13,937)	(4.4)%
Furniture and other equipment	118,532	125,841	128,901	(7,309)	(5.8)%	(3,060)	(2.4)%
Construction in progress	458,766	506,778	570,375	(48,012)	(9.5)%	(63,597)	(11.2)%
Right to use assets	52,550	46,084	44,957	6,466	14.0 %	1,127	2.5 %
Total capital assets	<u>\$ 3,090,763</u>	<u>\$ 3,148,333</u>	<u>\$ 3,216,239</u>	<u>\$ (57,570)</u>	<u>(1.8)%</u>	<u>\$ (67,906)</u>	<u>(2.1)%</u>

Total capital assets net of depreciation and amortization decreased \$57,570 and \$67,906, during fiscal year 2026 and 2025 respectively. Significant changes in activity within capital assets includes:

- Land and other – Land and other increased by \$24,405 in fiscal year 2026 primarily due to the acquisition of the Council Creek Railroad Corridor. The corridor was acquired to preserve the right-of-way for potential future transit use.
- Rail right-of-way and stations – decreased in both fiscal year 2026 and 2025 due to an increase in depreciation expense.
- Buildings and structures – The decrease in fiscal year 2026 is mostly due to depreciation expense. The increase in fiscal year 2025 was primarily from the completion of the Materials Management Center for \$62 million and bus charging infrastructure at the Powell Maintenance Garage for \$15,980 being placed into service.
- Transportation equipment – Increased in fiscal year 2026 by \$50,815 for Type VI light rail vehicle acquisitions and various CCTV systems and transit priority equipment placed into service.
- Construction in progress – Decreased \$48,012 in fiscal year 2026 primarily as completed projects were transferred to their respective capital asset categories. Significant additions to construction in progress in fiscal year 2026 include additional Type VI light rail vehicles in assembly, development for SE 82nd Avenue corridor for high capacity bus service, substation replacement project development, and MAX Red Line improvements. Construction in progress decreased in fiscal year 2025 by \$63,597 primarily due to the Materials Management Center and Park Avenue garage improvements placed into service along with electric bus and Demand Response vehicles being placed into revenue service.

Management's Discussion and Analysis

continued

(dollars in thousands)

Liabilities

Total liabilities decreased \$217,392 and \$185,435 during fiscal year 2026 and 2025 respectively, driven primarily by reductions in the District's pension and OPEB obligations.

Current liabilities are expected to be paid within one year and consist primarily of accounts payable, accrued payroll, arbitrage liability, unearned revenue, unearned grant revenue, accrued interest, as well as current portions of bonds payable, leases, subscription liabilities, other long-term liabilities, compensated absences, and net other post-employment benefits liability. At June 30, 2026, current liabilities decreased by \$56,822 or 23.9 percent. The decrease is noted in accounts payable and unearned operating grant revenue, which includes unspent funds related to the Statewide Transportation Improvement Fund. In fiscal year 2026 the District utilized STIF funds for increased levels of service preservation, service expansion, and low income and student transit fare programs causing the balance in unearned revenue to decrease. Current liabilities at June 30, 2025 decreased by \$54,422 or 18.6 percent from fiscal year 2024. Accounts payable at fiscal year-end 2024 included significant milestone payments for Type VI Light rail vehicles (LRV) to replace the District's oldest LRV fleet and amounts owed to contractors for work on various capital programs and purchases for battery electric buses.

Net pension liability decreased by \$82,593 or 48 percent from \$171,035 to \$88,442 at June 30, 2026, demonstrating the District's priority to contribute to the pension trusts to achieve a fully funded status. Total District pension trust contributions for fiscal year 2026 were \$16,496. Current and noncurrent OPEB liability decreased by \$159,582 at June 30 2026 as the District contributed \$14,004 to the OPEB trust in fiscal year 2026. The decrease in these liabilities is also due favorable investment returns. The liability reductions reflect changes in the actuarial measurement of the obligations, including investment performance, employer contributions, updated actuarial assumptions, and changes in the discount rate used to measure the OPEB obligation. The decrease in these liabilities was partially offset by an increase of \$56,796 in current and long-term debt from the 2026 payroll tax revenue bond issuance.

Deferred outflows and inflows of resources

Deferred outflows of resources include long-term debt refunding related and other post-employment benefit (OPEB). Deferred outflows of resources decreased \$72,719 or 48.3 percent during fiscal year 2026, compared with a decrease of \$37,992 or 20.2 percent in fiscal year 2025. The fiscal year 2026 decrease was primarily attributable to a decrease in deferred outflows for OPEB resulting from changes in the actuarial valuation, including an increase in the discount rate used to measure OPEB at both December 31, 2025 and 2024. Annual actuarial valuations, investment performance, assumption changes, and amortization of prior-year balances influence the reported amounts for both deferred outflows and inflows of resources.

Deferred inflows of resources include unamortized gain on refunded debt, pension related, leases related, and OPEB related. The unamortized gain on refunded debt is due to the 2026 bond issuance. Other changes in deferred inflows for both pension and OPEB are due to amortization of actuarial experience gains and assumption changes from the prior year's valuation.

Long-Term Debt

Long-term debt includes revenue bonds guaranteed by payroll tax revenue and capital grant revenue. At June 30, 2026, the District had \$968,050 of revenue bonds outstanding, an increase of \$36,590, or 3.9 percent, from fiscal year 2025. Revenue bonds outstanding at June 30, 2025 were \$931,460, a decrease of \$33,025, or 3.4 percent, from fiscal year 2024 (see Note 7).

In fiscal year 2026, the District issued its 2026 Payroll Tax Revenue Bonds. The District issued approximately \$145,000 of new-money Payroll Tax Revenue Bonds to fund major capital investments, including light rail vehicle replacement, the SE 82nd Avenue Bus Rapid Transit project, the Tualatin Valley Highway Bus Rapid Transit project, Columbia Bus Base improvements, and Enterprise Resource Planning (ERP) modernization. The financing also refunded approximately \$324,000 of outstanding debt, generating approximately \$24,000 in gross debt service savings (approximately \$10,000 net present value savings).

Management's Discussion and Analysis*continued*

(dollars in thousands)

The District's outstanding debt and bond ratings as of June 30, 2026:

As of June 30

(dollars in thousands)

Revenue Bonds	Original issue amount	Balance at June 30, 2026	Moody's	Standard & Poor's	Kroll
<i>Payroll Tax Revenue Bonds:</i>					
2009 Series B Payroll Tax	\$ 12,530	\$ 12,530	Aaa	AAA	AAA
2015 Series A and B Payroll Tax	134,590	-	Aaa	AAA	AAA
2016 Series A Payroll Tax	74,800	30,220	Aaa	AAA	AAA
2017 Series A Payroll Tax	97,430	3,255	Aaa	AAA	AAA
2018 Series A Payroll Tax	148,245	34,305	Aaa	AAA	AAA
2019 Series A and B Payroll Tax	237,815	59,450	Aaa	AAA	AAA
2021 Series A and B Payroll Tax	409,640	295,525	Aaa	AAA	AAA
2026 Series A Payroll Tax	398,855	398,855	Aaa	AAA	AAA
Total Payroll Tax Revenue Bonds	<u>\$ 1,513,905</u>	<u>\$ 834,140</u>			
<i>Grant Receipt Revenue Bonds:</i>					
2017 Capital Grant Receipt Revenue Refunding, Series A	76,015	27,845	A3	A	Not Rated
2018 Capital Grant Receipt, Series A	113,900	106,065	A3	A	Not Rated
Total Capital Grant Receipt Revenue Bonds	<u>\$ 189,915</u>	<u>\$ 133,910</u>			
Total Revenue Bonds	<u>\$ 1,703,820</u>	<u>\$ 968,050</u>			

Lease-leaseback Transactions

In 2005 TriMet entered into a lease-leaseback and sale-leaseback transactions with investors. During fiscal year 2016, the District received a put option related to the remaining sale-leaseback. In fiscal year 2021, the District implemented GASB Statement No. 87, *Leases*. Further details on the impact of Statement No. 87 are disclosed in Note 10. The District is not aware of any default, event of default or event of loss under any of the operative lease documents at June 30, 2026.

Statements of Revenue, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position reports the District's financial performance for the fiscal year and illustrates how revenues, expenses, and other financing activities affected the District's overall financial position. Fiscal year 2026 reflects the implementation of GASB Statement No. 103, *Financial Reporting Model Improvements*, which updated certain financial statement presentation requirements. Condensed financial information below is presented for fiscal years 2026, 2025 and 2024.

Management's Discussion and Analysis*continued*

(dollars in thousands)

**Changes in Net Position
For the Years Ended June 30**

(dollars in thousands)

	2026	2025	2024	Increase (decrease)			
				2026-2025		2025-2024	
				\$	%	\$	%
Operating revenues							
Passenger revenue	\$ 66,675	\$ 63,650	\$ 59,397	\$ 3,025	4.8 %	\$ 4,253	7.2 %
Auxiliary transportation and other	26,533	21,641	17,089	4,892	22.6 %	4,552	26.6 %
Total operating revenues	93,208	85,291	76,486	7,917	9.3 %	8,805	11.5 %
Operating expenses							
Salaries and wages	299,317	291,703	260,082	7,614	2.6 %	31,621	12.2 %
Fringe benefits	189,571	183,267	214,542	6,304	3.4 %	(31,275)	(14.6)%
Materials and services	216,651	211,024	210,280	5,627	2.7 %	744	0.4 %
Utilities	16,338	16,201	13,508	137	0.8 %	2,693	19.9 %
Purchased transportation	53,999	47,934	40,879	6,065	12.7 %	7,055	17.3 %
Depreciation and amortization expense	186,323	173,975	169,507	12,348	7.1 %	4,468	2.6 %
Other operating expense	15,585	20,212	22,986	(4,627)	(22.9)%	(2,774)	(12.1)%
Total operating expenses	977,784	944,316	931,784	33,468	3.5 %	12,532	1.3 %
Operating loss	(884,576)	(859,025)	(855,298)	(25,551)	3.0 %	(3,727)	0.4 %
Noncapital subsidies							
Payroll tax revenue	548,225	522,194	511,423	26,031	5.0 %	10,771	2.1 %
Noncapital grant revenue	212,920	225,230	89,832	(12,310)	(5.5)%	135,398	150.7 %
Noncapital grant revenue-CARES, CRRSAA, ARP	-	-	100,725	-	0.0 %	(100,725)	(100.0)%
Pass through revenue	18,573	20,737	16,407	(2,164)	(10.4)%	4,330	26.4 %
Pass through expense	(18,573)	(20,737)	(16,407)	2,164	(10.4)%	(4,330)	26.4 %
Funding exchange grant revenue	3,820	3,708	4,493	112	3.0 %	(785)	(17.5)%
Funding exchange expenses	(3,820)	(3,708)	(4,493)	(112)	3.0 %	785	(17.5)%
Total noncapital subsidies	761,145	747,424	701,980	13,721	1.8 %	45,444	6.5 %
Operating loss and noncapital subsidies	(123,431)	(111,601)	(153,318)	(11,830)	10.6 %	41,717	(27.2)%
Other nonoperating revenues (expenses)							
Investment income	19,299	24,401	36,310	(5,102)	(20.9)%	(11,909)	(32.8)%
Interest and other expense	(30,232)	(29,947)	(30,172)	(285)	1.0 %	225	(0.7)%
Capital grant revenue	36,220	56,636	73,154	(20,416)	(36.0)%	(16,518)	(22.6)%
Net leveraged lease income (loss)	(158)	1,512	(1,024)	(1,670)	(110.4)%	2,536	(247.7)%
Gain (loss) on disposal of capital assets	(1,048)	(170)	498	(878)	516.5 %	(668)	(134.1)%
Capital contributions - land	23,909	-	-	23,909	100.0 %	-	0.0 %
Capital contributions to other governments	-	(9,887)	-	9,887	0.0 %	(9,887)	0.0 %
Total other nonoperating revenues	47,990	42,545	78,766	5,445	12.8 %	(36,221)	(46.0)%
Decrease in net position	(75,441)	(69,056)	(74,552)	(6,385)	9.2 %	5,496	(7.4)%
Net position - beginning of year	1,851,042	1,920,098	1,994,650	(69,056)	(3.6)%	(74,552)	(3.7)%
Net position - end of year	<u>\$ 1,775,601</u>	<u>\$ 1,851,042</u>	<u>\$ 1,920,098</u>	<u>\$ (75,441)</u>	<u>(4.1)%</u>	<u>\$ (69,056)</u>	<u>(3.6)%</u>

Analysis of Results of Operations

Total net position decreased \$75,441, or 4.1 percent, during fiscal year 2026, compared with a decrease of \$69,056, or 3.6 percent, during fiscal year 2025. In fiscal year 2026, operating revenues, and noncapital subsidies increased; however, these increases were more than offset by growth in operating expenses. Significant expense increases included salaries and wages, fringe benefits, purchased transportation, materials and services, and depreciation and amortization.

Management's Discussion and Analysis*continued*

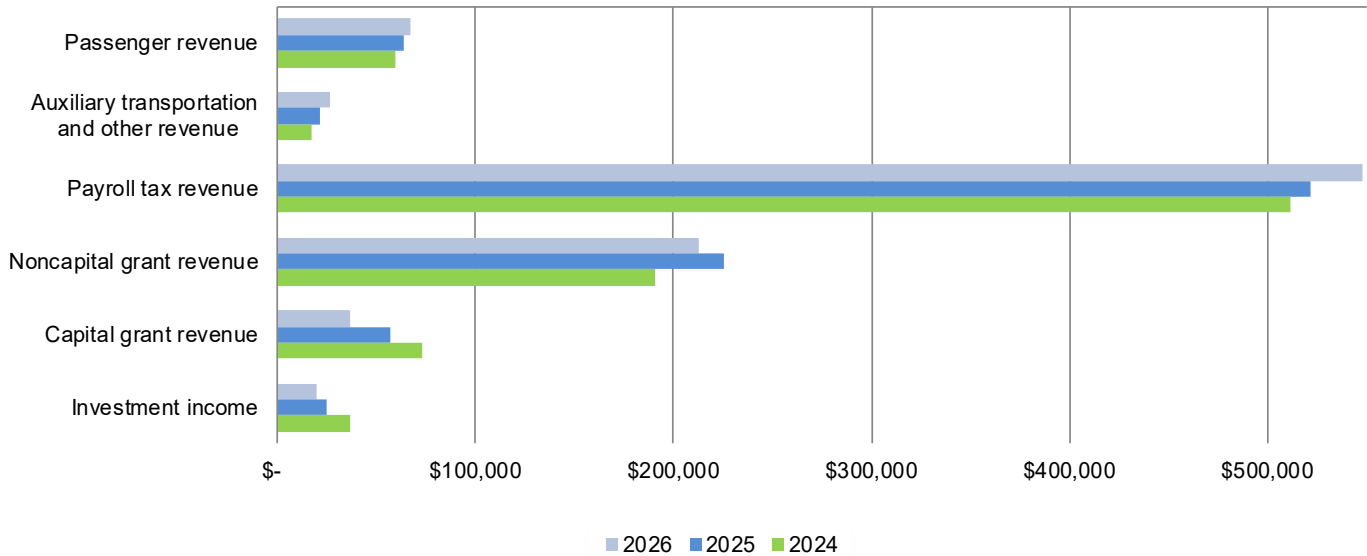
(dollars in thousands)

In fiscal year 2025, operating expenses also exceeded the growth in operating revenues and noncapital subsidies. Higher salaries and wages and purchased transportation costs were partially offset by lower fringe benefit expense resulting from changes in the District's OPEB actuarial valuation.

Payroll tax revenue and noncapital grant revenue continue to be the largest sources of revenues for the District.

Operating Revenues, Noncapital Subsidies, and Non Operating Revenues

(dollars in thousands)

**Operating Revenues**

Operating revenues include passenger fares and auxiliary transportation and other revenue related to operations.

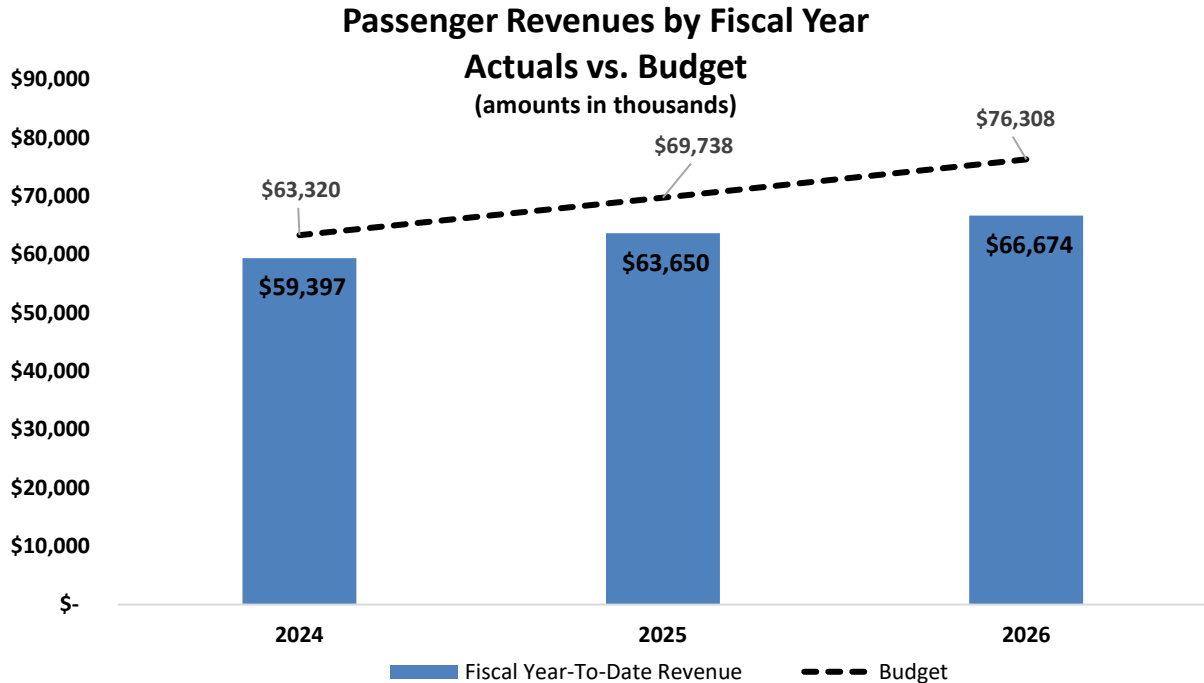
Passenger revenue

Passenger revenue includes fares earned from riders for the sale of tickets and passes, and employer paid other group fare revenue programs. Passenger revenue makes up approximately 7 percent of the District's total revenues. Since the pandemic, passenger revenue has experienced modest growth. In fiscal year 2026, passenger revenues increased 4.8 percent over the prior year and in fiscal year 2025, passenger revenues increased 7.2 percent over 2024.

Prior to the pandemic, monthly passenger revenues averaged \$9,500 per month. In fiscal year 2026, average monthly passenger revenues were \$5,556 and throughout fiscal year 2025, average monthly passenger revenues were \$5,304, a slight increase over the fiscal year 2024 average of \$4,950. Fixed route ridership (bus, rail and commuter rail; excluding paratransit services) for the past three fiscal years has mostly been unchanged and is roughly 30 percent below pre-pandemic data. The following chart shows actual monthly passenger revenues for fiscal years ending June 30, 2026, 2025, and 2024 compared with a dotted line for the adopted budget.

Management's Discussion and Analysis*continued*

(dollars in thousands)

**Auxiliary Transportation and Other Revenue**

Auxiliary Transportation and Other Revenue includes revenue from LIFT paratransit service, energy tax credit sales, Portland Streetcar operating revenues, and operating assistance from other local governments as well as advertising revenues. Auxiliary transportation and other revenues increased by \$4,892 and \$4,552 for fiscal years 2026 and 2025 respectively. Increases are due to increases in transit advertising revenue, revenue from energy tax credits sales and rental income related to fiber optic leases and other lease revenues.

Operating Expenses

Operating Expenses include direct costs in providing and operating multi-modal transportation services. Such expenses include transportation operations and maintenance costs including material and services, utilities expenses, purchased transportation costs associated with the LIFT program, depreciation of capital assets, and other operating expenses.

Total operating expenses increased \$33,468 and \$12,532 in fiscal years 2026 and 2025 respectively. Salaries and wages represent the largest operating expense, increasing \$7,614 and \$31,621 in fiscal years 2026 and 2025 respectively. The increase in salaries and wages reflects overall wage growth as well as scheduled pay increases in accordance with the union contract. In addition, the District implemented hiring incentives to recruit operators and mechanics. Fringe benefits increased \$6,304, or 3.4 percent, in fiscal year 2026, primarily due to increased insurance premiums and increases in paid time off used. In fiscal year 2025, fringe benefits decreased \$31,275, or 14.6 percent, primarily due to lower OPEB expense resulting from changes in actuarial assumptions used in the December 31, 2024 actuarial valuation.

Purchased transportation includes expenses for the District's paratransit (LIFT) provider as well as costs for supplemental providers and backup cab costs. Purchased transportation expenses increased \$6,065 and \$7,055 in fiscal years 2026 and 2025, respectively. The increase reflects both higher service hours for paratransit under the Accessible Transportation Programs (ATP) and an annual increase in the contracted hourly rate with the provider for operators, dispatch, and eligibility determination services. The increase in service hours or demand for paratransit services is due to the aging population in the Portland region.

Management's Discussion and Analysis

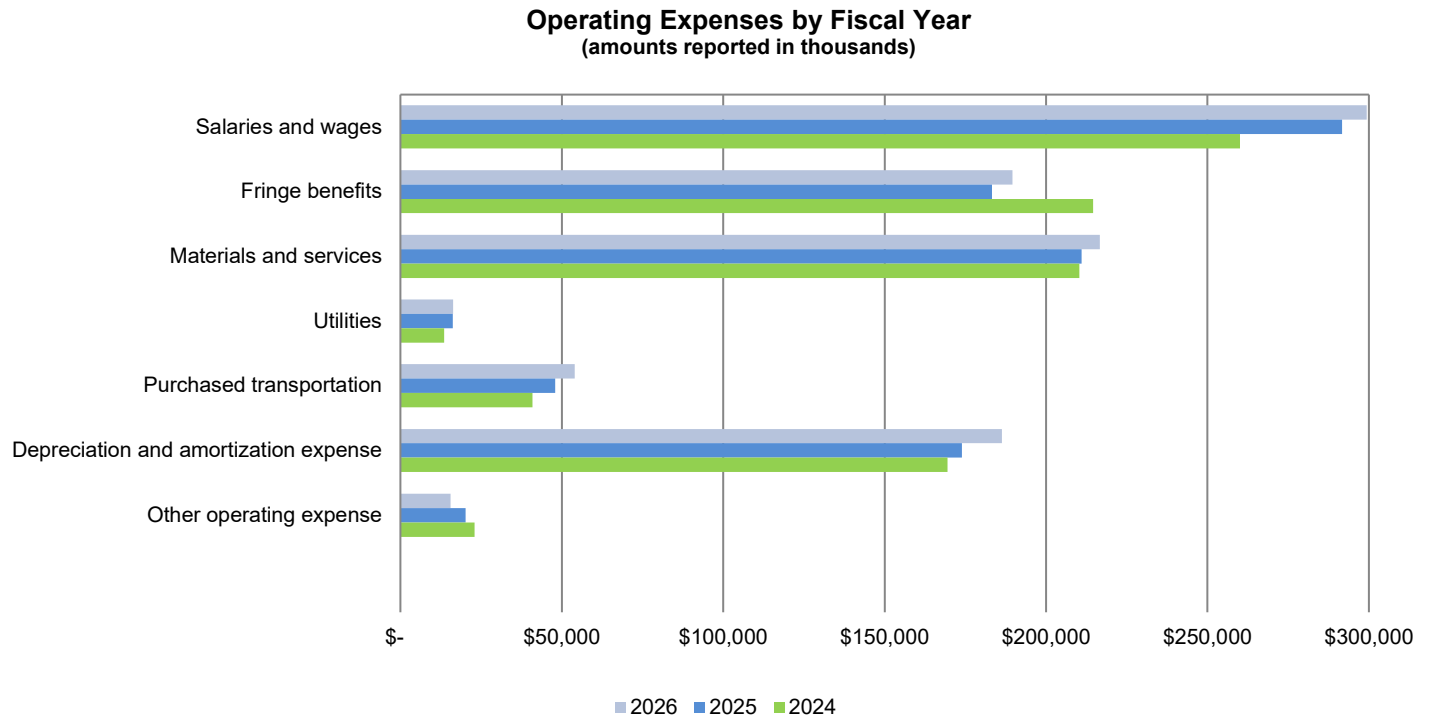
continued

(dollars in thousands)

Materials and services increases are directly related to maintenance of way projects for track rehabilitation, light rail vehicle overhaul, and increases in spending on security services and transit police. Materials and services expenses increased by \$5,627 and \$744 in fiscal years 2026 and 2025 respectively. The fiscal year 2026 increase was driven by a 36 percent increase in diesel fuel resulting from conflicts in the middle east, increased levels of contracted security and transit police services, and increases in paratransit demand response services.

Depreciation and amortization expense has increased by \$12,348 and \$4,468, in fiscal years 2026 and 2025 respectively, as large capital projects are placed into service and commence depreciation.

The following chart displays operating expenses for the last three fiscal years:



The operating loss increased from \$859,025 in fiscal year 2025 to \$884,576 in fiscal year 2026, as operating expenses continued to exceed operating revenues. The operating loss does not include payroll tax revenue or noncapital grants, which are reported as noncapital subsidies under GASB Statement No. 103.

Noncapital Subsidies

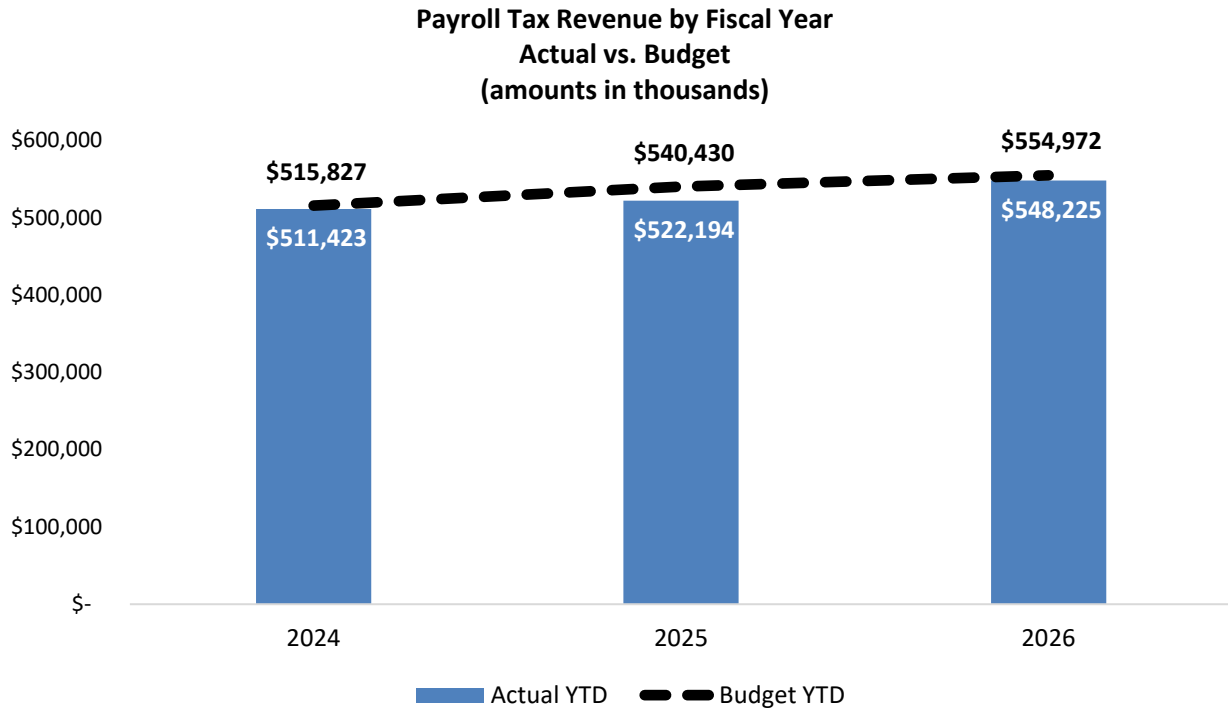
Noncapital subsidies includes payroll tax revenue, noncapital grant revenue and pass through activities and funding exchange arrangements.

Payroll Tax Revenue

Payroll tax revenue is the District's main source of revenue is approximately 60 percent of total revenues. The following chart displays total payroll tax revenue by fiscal year compared to the adopted budget:

Management's Discussion and Analysis*continued*

(dollars in thousands)



TriMet Board of Directors (Board) adopted Ordinance No. 279 increasing TriMet's local transit tax rate that taxes employer payroll and self-employment earnings. The increase went into effect January 1, 2005 and was phased in over a 10 year period by a 0.0001 rate increase each January 1st. In 2009, the Legislative Assembly gave the Board the authority to increase the local transit tax rate by an additional 0.001, in addition to any increases resulting from service area withdrawals. The 2009 legislation requires additional increases be phased in over ten years and prohibits any annual increase from exceeding 0.0002, and requires the TriMet Board to find, before implementing any additional increase, that the economy in the District has recovered to an extent sufficient to warrant the increase in tax. Effective January 1, 2016, the TriMet Board approved a 0.0001 increase as authorized by the 2009 legislation. The effective tax rate increased from 0.8137 percent in 2024 to 0.8237 percent on January 1, 2025, representing the final scheduled increase.

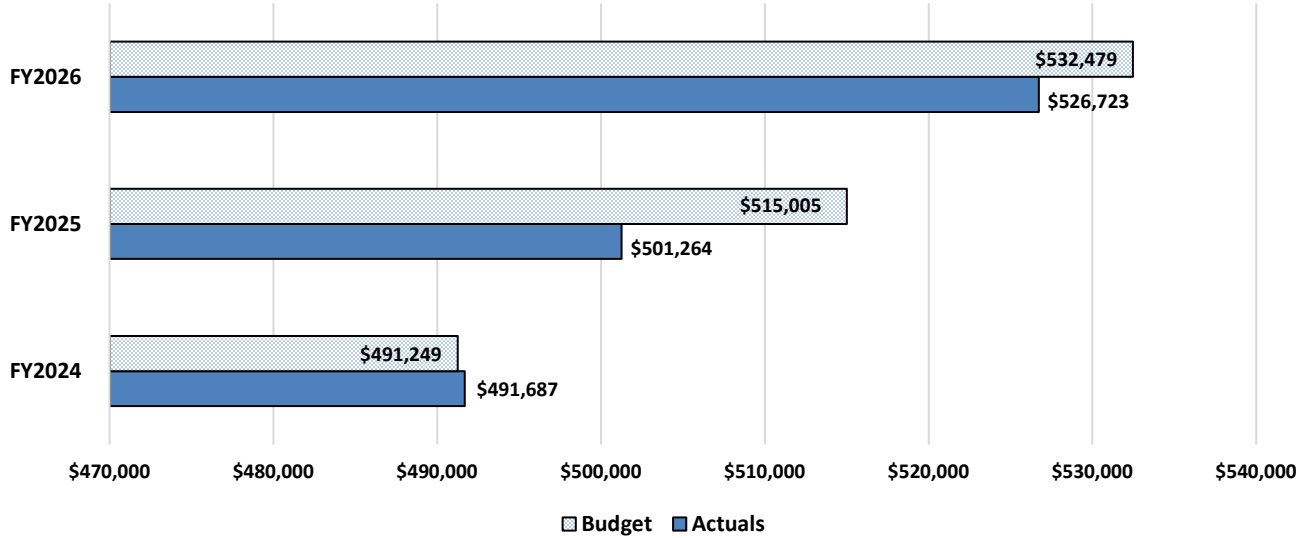
Payroll tax revenue increased \$26,031 and \$10,771 for fiscal years ending June 30, 2026 and 2025 respectively. Employer payroll tax revenue (PRT) is the largest tax source. The final scheduled payroll tax rate increase became effective January 1 2025. Fiscal year 2026 PRT revenue increased \$25,459 or 5.1 percent over the prior year. Fiscal year 2025 PRT revenue experienced a slight increase of \$9,577 or about 2 percent increase from fiscal year 2024. Because employer payroll tax revenues are closely tied to regional employment and wage growth, moderating revenue growth may reflect slowing economic conditions in the Portland metropolitan area. Self-employment and other tax revenues (SET) are also reported in this line item. The graph below shows employer payroll tax revenues for the last three fiscal years, compared to the budget.

Management's Discussion and Analysis

continued
(dollars in thousands)

Employer Payroll Tax Revenues by Fiscal Year

Actual vs. Budget
(dollars in thousands)



Additional information on TriMet's local transit tax is noted at: [Payroll and Self-Employment Tax Information \(trimet.org\)](https://www.trimet.org/Payroll-and-Self-Employment-Tax-Information)

Noncapital subsidies

Noncapital grant revenue include the Statewide Transportation Improvement Funds (STIF), FTA preventative maintenance funds and other FTA grants for operating support. These grant revenues decreased \$12,198, or 5.3 percent, in fiscal year 2026, primarily due to delay in executing the FTA Rail Preventative Maintenance grant award. Fiscal year 2025 noncapital grant revenues increased as STIF-funded service expansion and preservation activities accelerated near the end of the State's two-year funding biennium. Fiscal year 2024 also included \$100,725 of COVID-19 relief grant revenue; those one-time federal relief programs were fully utilized by the end of fiscal year 2024.

Pass-through revenues and expenses were \$18,573 in fiscal year 2026 and \$20,737 in fiscal year 2025. These amounts primarily represent STIF resources administered by TriMet on behalf of regional transit partners and are recognized in equal amounts as revenue and expense, resulting in no effect on the change in net position.

Noncapital subsidies also include other funding exchange activities resulting from a funding swap with another local government where federal non-capital grant revenues are received in exchange for general funds.

Other Non-operating Revenues and Expenses

Other nonoperating revenues and expenses include investment income, capital grants, interest expense, and gains or losses on disposal of capital assets. Capital grant revenue, the largest revenue source in this category, decreased \$20,416 in fiscal year 2026 and \$16,518 in fiscal year 2025, primarily reflecting the timing of these grants funding major capital projects, including the MAX Red Line Extension and Reliability Improvements Project.

Fiscal year 2026 includes a \$23,909 capital contribution associated with the acquisition of the Council Creek Railroad Corridor from the Oregon Department of Transportation (ODOT). TriMet paid \$506 for the property, which had an appraised value of \$24,415, resulting in recognition of the \$23,909 contributed value. The corridor was acquired to preserve the right-of-way for a potential future light rail extension.

Fiscal year 2025 includes \$9,887 for capital contributions to other governments related to the transfer of the Gideon Bridge, now known as the Bob Stacey Bridge, to the City of Portland.

Management's Discussion and Analysis*continued*

(dollars in thousands)

FIDUCIARY FUND STATEMENTS**Retirement Plan for Management and Staff Employees Trust Fund**

The TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. The plan covers most TriMet non-union employees hired before April 27, 2003. Covered employees who retire at or after age 62, with five years of service, are entitled to an annual retirement benefit, payable monthly for life, with annual cost of living increases. TriMet is required to maintain funds under the plan sufficient to pay benefits when due. Further details on the Retirement Plan for Management and Staff Employees are disclosed in Note 14.

Pension Plan for Bargaining Unit Employees of TriMet Trust Fund

The Pension Plan for Bargaining Unit Employees of TriMet Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. The plan covers all full-time and part-time employees represented by the Amalgamated Transit Union hired before August 1, 2012. Benefits under the plan are 100 percent vested after 10 years of service. Under the terms of the Bargaining Unit Pension Plan and Permanent Disability Agreement, covered members retiring at or after age 58 with 10 or more years of service will receive a monthly benefit for life with annual cost of living adjustments. TriMet is required to maintain funds under the plan sufficient to pay benefits when due. Further details on the Pension Plan for Bargaining Unit Employees are disclosed in Note 15.

Other Post-Employment Benefits Plan Trust Fund

The District's Other Post Employment Benefit Plan Trust Fund (OPEB) accounts for the assets for post-employment benefits held by TriMet in a trustee capacity. The OPEB plan is a single employer defined benefit plan providing healthcare and life insurance benefits for eligible employees and their qualified dependents. The OPEB plan covers most non-union employees hired before May 1, 2009 and union employees hired before October 24, 2014. Union employees hired after October 24, 2014 receive a monthly stipend to cover healthcare costs. In general, OPEB benefits under the plan are 100 percent vested after 10 years of service. Further details on the Other Post-Employment Benefits plan is disclosed in Note 13.

Fiduciary Schedule of Net Position and Schedules of Changes in Fiduciary Net Position

The following table displays assets, liabilities, and fiduciary net position for both pension trust funds and the OPEB trust as well as the funded status of the plan based on the respective actuarial valuation dates, as of June 30, 2026, 2025, and 2024 for the pension plans and December 31, 2025, 2024, and 2023 for the OPEB plan (reported with the respective subsequent June 30th period):

Statement of Fiduciary Net Position

As of June 30

(dollars in thousands)

	2026	2025	2024
Trust assets	\$ 1,050,907	\$ 930,875	\$ 896,491
Trust liabilities	3	-	13
Net position	<u>\$ 1,050,904</u>	<u>\$ 930,875</u>	<u>\$ 896,478</u>
Total pension and OPEB liabilities	\$ 1,625,151	\$ 1,747,298	\$ 1,807,207
Funded percentage	65%	53%	50%

Fiduciary net position increased by \$120,029 or 13 percent and \$34,397 or 3.8 percent as of June 30, 2026 and 2025, respectively, due to increases in District contributions for the respective year (see Note 15). In July 2014, TriMet's board adopted a Strategic Financial Plan (SFP) via resolution 14-07-37 to provide a strategy for funding both defined benefits pension plans and an OPEB trust. In December 2019, the board updated the SFP via resolution 19-12-89. In

Management's Discussion and Analysis*continued*

(dollars in thousands)

2023, the board adopted resolutions 23-06-24 and 23-09-41 to allow for a more flexible funding policy for the defined benefit pension plans and incorporating funding for the OPEB trust. In June 2025, the board adopted an amended and restated Strategic Financial Plan via resolution 25-06-33 [TriMet Strategic Financial Plan - Adopted by Board Resolution; Res 25-06-33 2025 Strategic Financial Plan.pdf](#)

The following displays changes in fiduciary net position for the years ended June 30, 2026, 2025, and 2024:

Changes in Fiduciary Net Position
For the years ended June 30

	2026	2025	2024
Employer contributions	\$ 77,253	\$ 44,024	\$ 48,708
Investment earnings	141,024	83,890	81,641
Total additions	<u>218,277</u>	<u>127,914</u>	<u>130,349</u>
Benefit payments	97,962	93,217	87,946
Administrative expenses	286	300	324
Total deductions	<u>98,248</u>	<u>93,517</u>	<u>88,270</u>
Change in net position	120,029	34,397	42,079
Net position, beginning	<u>930,875</u>	<u>896,478</u>	<u>854,399</u>
Net position, ending	<u>\$ 1,050,904</u>	<u>\$ 930,875</u>	<u>\$ 896,478</u>

Schedules for Combining Fiduciary Statements of Net Position and the Statements of Changes in Fiduciary Net Position for the pension trust funds for the Retirement Plan for Management and Staff Employees, the Pension Plan for Bargaining Unit Employees and the Other Post-Employment Benefit Plan are included in Note 15 to the financial statements.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The District's Board of Directors adopted the fiscal year 2027 budget on May 27, 2026. The adopted budget reflects significant actions to address the District's structural operating deficit as operating costs continue to grow faster than available revenues. The fiscal year 2027 budget is down 3.8 percent from the 2026 budget and includes \$1,140,643 in total appropriations for transit service, operations, capital and maintenance projects, and other requirements, while total financial resources are \$953,262. As a result, the adopted budget reflects a \$187,381 deficit before the use of reserves.

Maintaining adequate liquidity and reserves while addressing the structural imbalance remains an important component of the District's financial strategy. The fiscal year 2027 budget's planned use of reserves allows the District time to implement strategic expenditure reductions, evaluate service and organizational changes, and pursue sustainable revenue opportunities; however, continued use of reserves is not a long-term solution to the imbalance between ongoing revenues and expenditures.

The District's financial outlook continues to be influenced by changing regional travel patterns influenced by employer locations, passenger revenue below historical levels, moderating payroll tax revenue growth, inflationary pressures, and rising costs for labor, healthcare, contracted services, fuel and utilities, and maintaining an aging transit system.

Service reductions are also part of the District's strategy to address the structural deficit. Service reductions began during fiscal year 2026, with additional changes effective August 23, 2026, affecting 34 lines, including the elimination of two low-ridership bus lines, modifications to the MAX Green Line, and other route and schedule changes intended to improve network efficiency and concentrate service where customer demand is greatest. Additional service changes may be necessary as the District continues working toward a sustainable level of operations.

Management's Discussion and Analysis

continued

(dollars in thousands)

After actions taken through the fiscal year 2027 budget, the District estimates its current annual structural budget gap at approximately \$158,000. Management continues to evaluate expenditures, service levels, organizational structure, and opportunities for sustainable revenues with the goal of balancing ongoing revenues and expenditures over the next three fiscal years.

Fiscal Year 2027 Budget Priorities

The fiscal year 2027 adopted budget continues to prioritize safe and reliable transit service while addressing the District's financial challenges. Significant priorities and known conditions include:

- Core transit service and financial sustainability. The District is implementing administrative, workforce, and service reductions while seeking to preserve transit service where customer demand is greatest.
- Capital investment and state of good repair. Capital resources continue to support replacement and modernization of aging vehicles, track, substations, facilities, and other transit infrastructure, as well as major corridor investments.
- Safety and security. The fiscal year 2027 budget includes \$64,300 for the Safety & Security Division while focusing resources on core security capabilities, technology, regional law enforcement partnerships, and efficient deployment of security resources.
- Passenger revenue and ridership. The fiscal year 2027 budget incorporates updated passenger revenue assumptions reflecting recent ridership and revenue trends. Ridership continues to be affected by changing regional travel patterns.
- Long-term financial planning. The District continues to use its Board-adopted Strategic Financial Plan to guide reserve levels, debt affordability, pension and OPEB funding, capital investment, and actions necessary to restore structural balance.

The District continues to experience the long-term impact of the pandemic through reduced ridership while prioritizing the safety of riders and employees. Fiscal year 2027 focuses on fiscal responsibility while advancing mission-critical initiatives: maintaining critical infrastructure, reducing carbon emissions, replacing an aging fleet, improving accessibility and safety system wide, and enhancing reliability in major corridors. Safety and Security, operator and mechanic availability, and system cleanliness will remain paramount in fiscal year 2027.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

Enterprise Fund Statements of Net Position

June 30, 2026 and 2025
(dollars in thousands)

Assets	2026	2025
Current assets:		
Cash and cash equivalents	\$ 126,254	\$ 157,697
Cash and cash equivalents - restricted	7,101	3,459
Investments	252,267	330,083
Investments - restricted	44,727	77,170
Taxes and other receivables, net	161,994	150,928
Grants receivable	48,652	27,634
Leases receivable	586	554
Prepaid expenses	10,453	13,421
Materials and supplies	81,009	78,629
Total current assets	<u>733,043</u>	<u>839,575</u>
Noncurrent assets:		
Cash and cash equivalents	2,021	-
Investments	11,934	4,982
Leases receivable	14,222	14,708
Prepaid lease expenses	14	49
Restricted assets:		
Cash and cash equivalents	29,798	71,151
Investments	134,614	2,994
Interest receivables	536	427
Capital assets:		
Land and other, not being depreciated	277,840	253,435
Construction in process	458,766	506,778
Capital assets, net of accumulated depreciation	<u>2,354,157</u>	<u>2,388,120</u>
Net capital assets	<u>3,090,763</u>	<u>3,148,333</u>
Total noncurrent assets	<u>3,283,902</u>	<u>3,242,644</u>
Total assets	<u>4,016,945</u>	<u>4,082,219</u>
Deferred outflows of resources		
Debt refunding related	11,439	13,699
OPEB related	<u>66,354</u>	<u>136,813</u>
Total deferred outflows of resources	<u>77,793</u>	<u>150,512</u>
Total assets and deferred outflows of resources	<u>\$ 4,094,738</u>	<u>\$ 4,232,731</u>

See accompanying notes to basic financial statements

Enterprise Fund Statements of Net Position

June 30, 2026 and 2025
(dollars in thousands)
Continued

Liabilities	2026	2025
Current liabilities:		
Accounts payable	\$ 49,214	\$ 60,545
Accrued payroll	26,539	24,314
Arbitrage liability	4,336	-
Current portion of claims liabilities	9,805	10,530
Unearned revenue	19,853	21,348
Lease and subscription liabilities	6,388	4,831
Current portion of long-term debt	39,725	38,165
Unearned grant revenue	7,839	30,737
Accrued interest payable on long-term debt	7,045	9,994
Compensated absences	9,852	8,560
Net other post-employment benefits liability (OPEB)	-	28,394
Total current liabilities	<u>180,596</u>	<u>237,418</u>
Noncurrent liabilities:		
Claims liabilities	7,820	7,876
Lease and subscription liabilities	43,756	42,949
Arbitrage liability	-	4,037
Compensated absences	42,741	41,639
Long-term debt	979,160	923,924
Lease leaseback obligation, net	2,599	2,440
Net pension liability	88,442	171,035
Net other post-employment benefits liability (OPEB)	485,805	616,993
Total noncurrent liabilities	<u>1,650,323</u>	<u>1,810,893</u>
Total liabilities	<u>1,830,919</u>	<u>2,048,311</u>
Deferred inflows of resources		
Unamortized gain on refunded debt	46,104	-
Pension related	97,885	25,641
Leases related	15,753	16,538
OPEB related	328,476	291,199
Total deferred inflows of resources	<u>488,218</u>	<u>333,378</u>
Net position		
Net investment in capital assets	2,126,109	2,202,890
Restricted for debt service requirements	40,986	39,798
Restricted for capital projects	22,075	23,111
Unrestricted (deficit)	(413,569)	(414,757)
Total net position	<u>1,775,601</u>	<u>1,851,042</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,094,738</u>	<u>\$ 4,232,731</u>

See accompanying notes to basic financial statements

Enterprise Fund
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2026 and 2025
(dollars in thousands)

	2026	2025
Operating revenues		
Passenger revenue	\$ 66,675	\$ 63,650
Auxiliary transportation and other revenue	26,533	21,641
Total operating revenues	<u>93,208</u>	<u>85,291</u>
Operating expenses		
Salaries and wages	299,317	291,703
Fringe benefits	189,571	183,267
Materials and services	216,651	211,024
Utilities	16,338	16,201
Purchased transportation	53,999	47,934
Depreciation and amortization expense	186,323	173,975
Other operating expense	15,585	20,212
Total operating expenses	<u>977,784</u>	<u>944,316</u>
Operating loss	<u>(884,576)</u>	<u>(859,025)</u>
Noncapital subsidies		
Payroll tax revenue	548,225	522,194
Noncapital grant revenue	212,920	225,230
Pass through revenue	18,573	20,737
Pass through expense	(18,573)	(20,737)
Funding exchange grant revenue	3,820	3,708
Funding exchange expense	(3,820)	(3,708)
Total noncapital subsidies, net	<u>761,145</u>	<u>747,424</u>
Operating loss and noncapital subsidies	<u>(123,431)</u>	<u>(111,601)</u>
Other nonoperating revenues (expenses)		
Capital grant revenue	36,220	56,636
Investment income	19,299	24,401
Interest and other expense	(30,232)	(29,947)
Net leveraged lease income (loss)	(158)	1,512
Gain (loss) on disposal of capital assets	(1,048)	(170)
Capital contributions received - land	23,909	-
Capital asset transferred to other government	-	(9,887)
Total other nonoperating revenues, net	<u>47,990</u>	<u>42,545</u>
Decrease in net position	(75,441)	(69,056)
Net position - beginning of year	1,851,042	1,920,098
Net position - end of year	<u><u>\$ 1,775,601</u></u>	<u><u>\$ 1,851,042</u></u>

See accompanying notes to basic financial statements

Enterprise Fund Statements of Cash Flows

For the Years Ended June 30, 2026 and 2025
(dollars in thousands)

	2026	2025
Cash flows from operating activities		
Receipts from passengers	\$ 61,468	\$ 70,126
Receipts from other sources	22,706	20,730
Payments to employees	(546,489)	(529,595)
Payments to suppliers	(313,948)	(325,525)
Net cash used in operating activities	<u>(776,263)</u>	<u>(764,264)</u>
Cash flows from noncapital financing activities		
Receipts from payroll taxes	543,826	523,300
Receipts from operating grants	169,506	176,662
Funding exchange grant revenue	3,820	3,708
Pass through receipts	18,573	20,737
Funding exchange expense	(3,820)	(3,708)
Pass through payments	(18,573)	(20,737)
Net cash provided by noncapital financing activities	<u>713,332</u>	<u>699,962</u>
Cash flows from capital and related financing activities		
Receipts from capital grants	59,628	76,197
Proceeds from sales of capital assets	398	287
Acquisition and construction of capital assets	(114,932)	(109,083)
Proceeds from bond issuance	428,307	-
Deposit to refunding escrow account	(284,677)	-
Bond issuance costs	(1,486)	-
Principal payments on long-term debt	(38,165)	(33,025)
Interest payments on long-term debt	(30,856)	(32,540)
Receipts from leases	799	765
Payment on leases	(4,866)	(4,135)
Payment on subscription based IT arrangements (SBITAs)	(9,184)	(4,158)
Net cash used in capital and related financing activities	<u>4,966</u>	<u>(105,692)</u>
Cash flows from investing activities		
Purchases of investment securities	(490,558)	(853,906)
Proceeds from sales and maturities of investment securities	473,213	1,056,741
Interest received	8,177	5,620
Net cash (used in) provided by investing activities	<u>(9,168)</u>	<u>208,455</u>
Net (decrease) increase in cash and cash equivalents	(67,133)	38,461
Cash and cash equivalents, beginning of year	232,307	193,846
Cash and cash equivalents, end of year	<u>\$ 165,174</u>	<u>\$ 232,307</u>
Reconciliation of cash and cash equivalents		
Current		
Cash and cash equivalents	\$ 126,254	\$ 157,697
Cash and cash equivalents - restricted	7,101	3,459
Noncurrent		
Cash and cash equivalents	2,021	-
Cash and cash equivalents - restricted	29,798	71,151
Total cash and cash equivalents	<u>\$ 165,174</u>	<u>\$ 232,307</u>

See accompanying notes to basic financial statements

**Enterprise Fund
Statements of Cash Flows**

For the Years Ended June 30, 2026 and 2025
(dollars in thousands)
Continued

Reconciliation of operating loss to net cash used in operating activities

	2026	2025
Operating loss	<u>\$ (884,576)</u>	<u>\$ (859,025)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	186,324	173,975
Increase (decrease) in net pension liability and related deferrals	(10,349)	(18,940)
Decrease in OPEB and related deferrals	(51,845)	(49,745)
Decrease in deferred inflows on leases	(785)	(774)
(Increase) decrease in other receivables	(6,666)	4,591
(Increase) decrease in prepaid expenses and other assets	3,004	(3,840)
(Increase) decrease in materials, supplies and other	(2,380)	(2,128)
(Decrease) increase in accounts payable	(11,332)	(23,274)
(Decrease) increase in accrued payroll	2,225	2,851
(Decrease) increase in unearned revenue	(1,496)	1,739
(Decrease) increase in other liabilities	(781)	(795)
Increase in compensated absence liability	2,394	11,101
Total adjustments	<u>108,313</u>	<u>94,761</u>
Net cash used in operating activities	<u><u>\$ (776,263)</u></u>	<u><u>\$ (764,264)</u></u>

**Supplemental Disclosures of Non-Cash Investing,
Capital and Financing Activities**

(dollars in thousands)

	2026	2025
Right to use assets acquired through leases as lessee	\$ 3,753	\$ 3,105
Right to use assets acquired through subscription based IT arrangements	11,593	4,070
Capital asset - land contributed to the District from local government	23,909	-
Capital asset - bridge contributed from the District to local government	-	(9,887)

See accompanying notes to basic financial statements

Trust Fund
Statements of Fiduciary Net Position
 June 30, 2026 and 2025
 (dollars in thousands)

	2026	2025
Assets		
Cash and cash equivalents	\$ 16,374	\$ 8,377
Receivables - Accrued Income	36	28
Investments:		
Domestic large/mid cap equity	239,571	227,434
International equity	234,888	233,515
Principal protection	187,577	160,393
Real estate	76,237	77,202
Public Credit	73,411	-
Alternative risk premia	66,734	68,570
Systematic trend following	62,848	65,075
Long duration treasuries	57,232	55,649
Domestic small cap equity	19,503	14,980
Private equity	16,229	18,295
Private credit	267	1,357
Total investments	<u>1,034,497</u>	<u>922,470</u>
Total assets	<u>1,050,907</u>	<u>930,875</u>
Liabilities		
Accounts payable	<u>3</u>	<u>-</u>
Total liabilities	<u>3</u>	<u>-</u>
Net position		
Restricted for pension benefits	1,015,716	930,420
Restricted for other post-employment benefits	35,188	455
Total net position	<u>\$ 1,050,904</u>	<u>\$ 930,875</u>

See accompanying notes to basic financial statements

Trust Fund
Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2026 and 2025
(dollars in thousands)

	<u>2026</u>	<u>2025</u>
Additions		
Employer contributions	<u>\$ 77,253</u>	<u>\$ 44,024</u>
Investment income (loss):		
Interest	623	1,108
Dividends	13,182	10,853
Other income	7,084	3,692
Net change in fair value of investments	120,812	69,111
Less investment expense	<u>(677)</u>	<u>(874)</u>
Net investment income	<u>141,024</u>	<u>83,890</u>
Total additions	<u>218,277</u>	<u>127,914</u>
Deductions		
Benefits paid to plan members	97,962	93,217
Administrative expenses	<u>286</u>	<u>300</u>
Total deductions	<u>98,248</u>	<u>93,517</u>
Change in net position	120,029	34,397
Net position:		
Beginning of year	<u>930,875</u>	<u>896,478</u>
End of year	<u><u>\$ 1,050,904</u></u>	<u><u>\$ 930,875</u></u>

See accompanying notes to basic financial statements

1. Organization and Summary of Significant Accounting Policies

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

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

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

The fiduciary fund is used to account for assets held by the District as a trustee. These assets cannot be used to support the District's programs. TriMet's trust funds includes the Defined Benefit Plan for Management and Staff Employees Trust Fund, the Pension Plan for Bargaining Unit Employees of TriMet Trust Fund and the Other Post-Employment Benefits Trust Fund. The investments, funding and benefit payment activity of these funds, and the funds' net position are reported in the Trust Fund.

(a) Financial reporting entity

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

(b) Basis of accounting and presentation

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to proprietary and fiduciary funds of governments. Under GAAP, the District accounts for activity under the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The District has a fiduciary responsibility for the two defined benefit pension plans. The financial activities of the pension plans are included in the trust fund statements in the financial section of this report. In addition, the District has a fiduciary responsibility for the other post-employment benefit plan (OPEB).

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

(c) Classification of revenues and expenses

For purposes of the Statement of Revenues, Expenses, and Changes in Net Position, operating revenues and expenses consist of revenues and expenses other than those reported in nonoperating revenues and expenses or noncapital subsidies. The District's nonoperating revenues and expenses include: (1) payroll taxes, capital grants and contributions, (2) revenues and expenses related to financing, (3) resources from the disposal of capital assets and (4) investment income and expenses.

Noncapital subsidies represent resources received from another party or fund for which the District does not provide goods or services and that directly or indirectly keep current or future fares, fees, or charges lower than they otherwise would be. Noncapital subsidies also include transfers that are not restricted for capital purposes. Examples may include payroll tax revenues, intergovernmental grants, and other operating support received to

fund ongoing operations. Revenues and expenses that do not meet the definition of nonoperating revenues and expenses or noncapital subsidies are reported as operating revenues and expenses.

(d) Restricted assets

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

(e) Payroll tax revenues

Funding of day-to-day operations is primarily provided by the payroll tax imposed by TriMet pursuant to ORS 267.380 and the self-employment tax imposed by TriMet pursuant to ORS 267.385. The payroll tax is imposed on employers with respect to wages earned within the TriMet service district. An employer is not permitted to deduct any portion of the tax from the wages of an employee. The self-employment tax is imposed on self-employed individuals with respect to their net earnings generated within the TriMet service district. TriMet currently imposes these taxes at a rate of 0.8237 percent as of January 1, 2026 and January 1, 2025 of the wages paid to individuals (for the payroll tax) and the net earnings from self-employed individuals (for the self-employment tax). The State in Lieu rate is 0.6 percent assessed on wages paid to State employees within the District's tax boundaries. The taxes are collected on TriMet's behalf by the Department of Revenue of the State of Oregon under an agreement entered into pursuant to ORS 305.620. Imposed tax revenues are recorded as assets and revenues in the period that the obligation is incurred by the employers and the self-employed individuals. Amounts accrued are estimated based upon historical trends in payroll tax cash receipts. TriMet records an allowance for past due amounts that have not been collected by the state as of year-end.

(f) Use of estimates

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

(g) Cash and cash equivalents

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

(h) Investments

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

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

(i) Materials and supplies

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

(j) Prepaid expenses

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

(k) Receivables

Taxes and other receivables. Taxes and other receivables are shown net of an allowance for uncollectible accounts. Allowance estimates for the payroll tax and self-employment tax programs are based on historical write offs completed by the Department of Revenue of tax filers tax liabilities. Allowance estimates for trade receivables are based upon the District's experience of customer payments and historical write offs.

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

(l) Lease-leaseback

In the District's lease leaseback transaction, each party is a lessor and a lessee. Because of each portion of the transaction is with the same counterparty, a right of offset exists. The lease leaseback is presented net on the Statement of Net Position in accordance with GASB Statement No. 87, *Leases*. Additional note disclosure of the gross amounts of the lease and leaseback provide essential information about the magnitude of each portion of the transaction. See Note 10.

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

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

Depreciation of capital assets is recorded using the straight-line method over the following estimated useful lives for the respective asset type:

Rail right-of-way and stations	5-70 years
Buildings and structures	40 years
Transportation equipment	5-30 years
Furniture and other equipment	3-20 years
Right to use leased assets	1-80 years
Right to use subscription based IT assets	1-6 years

(n) Right to use assets – leases (Lessee and Lessor)

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

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

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

To measure the lease liability, the District generally uses its estimated incremental borrowing rate as the discount rate unless the lease contract contains an explicit rate. The District's incremental borrowing rate is based on the rate of interest it would need to pay if it issued bonds, or similar, to borrow an amount equal to

the payments under similar terms at the commencement or remeasurement date. The term includes the noncancellable period, plus any additional periods covered by an option to extend for which it is reasonably certain to be exercised, or by an option to terminate for which it is reasonably certain not to be exercised. Periods in which both the District and the lessor/vendor have a unilateral option to terminate (or if both parties must agree to extend) are excluded from the lease. The District evaluates payments to determine if they should be included in the measurement of the lease liabilities, including those payments that require a determination of whether they are reasonably certain to be made. The District monitors leases for possible changes that may require remeasurement if they could materially affect the amount of the liability and related asset that should be recognized.

Lease receivables and the related deferred inflows of resources are reported in the financial statements and further disclosed in Note 5.

(o) Right to use assets – subscription-based Information Technology (IT) arrangements

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

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

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

Subscription-based IT arrangements, right-to-use asset and the related accumulated amortization are disclosed in Note 6

(p) Deferred outflows and inflows of resources

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

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources for pension-related and other post-employment benefits (OPEB); depending on the plan,

deferred inflows of resources may include the: net difference between projected and actual earning on investments. Unamortized gains on refunded debt are also reported as deferred inflows of resources and are amortized over the shorter of the remaining life of the refunded debt or the life of the new debt. Deferred inflows related to leases is also reported in deferred inflows of resources where the District is the Lessor and recognizes the present value of lease payments to be received in the future. Deferred lease inflows are recognized as revenues over the lease term based on the payment provisions in the contracts.

(q) Self-insurance liabilities

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

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

(r) Compensated absences

The District provides sick and vacation leave to eligible employees, based on position classification and date of hire. Nonunion employees can carry over a maximum of 320 hours of unused vacation into their next anniversary year, plus their next annual vacation accrual. Union employees can carry over an unlimited amount of vacation leave. Upon termination, unused vacation leave is paid at the employee's then current hourly rate.

Sick leave accrues up to a maximum of 1700 hours for all employees. On an annual basis, TriMet will pay to an employee 50% of the value of any unused accumulated sick leave in excess of 1700 hours. For defined contribution pension plan participants, upon separation TriMet contributes 60 percent of unused sick leave to an employee's 401a plan account. If the amount of this payment would cause the employee to exceed the annual IRS limit for contributions to 401 plans, the difference is paid directly to the employee. Sick leave that factors into the calculation of employee's benefits for TriMet's defined benefit pension plans are included in the valuation of the respective net pension liabilities for each plan.

The District has recognized liabilities for compensated absences for leave which (1) is attributable to services already rendered, (2) accumulates, and (3) is more likely than not be used for time off or otherwise paid in cash or settled through noncash means. Details of the compensated absence liabilities recognized by the District can be found in Note 13.

(s) Bond discounts, premiums and refundings

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

(t) Funding exchanges and other payments

Funding exchanges are intergovernmental agreements between TriMet and another local government, where a local agency obligates Federal Transit Administration funds, such as federal Surface Transportation Program (STP) funds for transit purposes in exchange for the same amount of TriMet's unrestricted general fund. Also included in this line item are one-time payments under agreements with local governments to fund certain projects for which TriMet benefits.

(u) Capital grant revenue

Capital grants represent resources provided by federal, state, and local governments for the acquisition, construction, or improvement of capital assets. Capital grant revenue is recognized as eligible project costs are incurred and applicable grant requirements are satisfied.

(v) Net position

Net position is categorized as follows:

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

The District's policy on use of restricted assets states that restricted assets will be used strictly for their designated purpose, as required by external regulations, contracts or funding agreements. When both restricted and unrestricted resources are available for an expenditure, restricted funds will be used first.

(w) Stewardship, compliance and accountability

The annual budget is adopted on a basis consistent with generally accepted accounting principles (GAAP), with the exception of the accounting for defined benefit pension plans, other post-employment benefits, the depreciation of capital assets and long-term debt transactions that are budgeted on a cash basis. Differences from the budgetary basis to the GAAP basis are noted on the Reconciliation of Revenues and Expenses (Budget Basis) to Schedule of Revenues and Expenses (GAAP Basis). The District's legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the fund and divisional level and include expenses for operating, operating projects and capital projects. All annual appropriations lapse at fiscal year-end. The Board of Directors approved any budgetary modifications to the adopted fiscal year 2026 budget throughout the year. For fiscal year-end June 30, 2026, the District was in budget compliance at all division levels.

(x) Reclassification for Financial Presentation

Reclassifications of certain amounts from the prior year were necessary in order to conform to the current year presentation with the implementation of GASB Statement 103, Financial Reporting. Certain local grant revenues previously reported in auxiliary transportation and other have been reclassified to noncapital grant revenue to conform with current year presentation.

(y) Accounting Pronouncements Implemented

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The District implemented GASB 103 for fiscal year ending June 30, 2026 resulting in reclassification of certain revenues and expenses on the District's Statement of Revenues, Expenses, and Changes in Net Position.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. The District implemented GASB 104 for the fiscal year ending June 30, 2026. The Statement did not have a material effect on the District's financial statements.

Future Adoption of Accounting Pronouncements

The following pronouncements have been issued by the Governmental Accounting Standards Board (GASB), but are not effective as of June 30, 2026:

GASB Statement No. 105, *Subsequent Events*. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition

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modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. GASB 105 will be effective for the District's financial statements for the fiscal year ending June 30, 2027.

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

2. Cash and Investments

Cash and Investments at June 30, 2026 and 2025, consisted of the following:

	2026			2025		
	Fair value	% of portfolio	Weighted average maturity (years)	Fair value	% of portfolio	Weighted average maturity (years)
Cash and cash equivalents:						
Cash on hand	\$ 86	-	-	\$ 117	-	-
Demand deposits with financial institutions	66,444	10.9 %	-	111,742	17.3 %	-
Oregon local government investment pool (LGIP)	67,576	11.1 %	-	60,083	9.3 %	-
U.S. Treasuries	3,259	0.5 %	0.16	3,051	0.5 %	0.16
U.S. Treasuries - Demand Deposit SLGS	4,706	0.8 %	-	57,314	8.9 %	-
U.S. Treasuries - Time Deposit SLGS	3,004	0.5 %	0.13	-	-	-
Commercial paper	20,099	3.3 %	0.01	-	-	-
Total cash and cash equivalents	<u>165,174</u>			<u>232,307</u>		
Investments:						
U.S. Agencies - Federal Home Loan Bank	112,580	18.5 %	0.32	164,231	25.4 %	0.39
U.S. Agencies - Farm Credit	-	-	-	9,936	1.5 %	0.06
U.S. Agencies - Federal National Mortgage Assn.	4,991	0.8 %	1.40	-	-	-
U.S. Treasuries	69,114	11.4 %	0.19	185,272	28.6 %	0.28
U.S. Treasuries - Time Deposit SLGS	133,088	21.9 %	0.98	-	-	-
Commercial Paper	104,102	17.1 %	0.37	50,808	7.8 %	0.15
Municipal Bonds	3,477	0.6 %	0.84	-	-	-
Corporate Bonds	16,190	2.7 %	0.13	4,982	0.8 %	1.13
Total investments	<u>443,542</u>			<u>415,229</u>		
Total cash, cash equivalents and investments	<u>\$ 608,716</u>			<u>\$ 647,536</u>		

Cash and investments are reflected in the Statements of Net Position as follows:

Cash and cash equivalents		
Unrestricted - current	\$ 126,254	\$ 157,697
Unrestricted - noncurrent	2,021	-
Restricted - current	7,101	3,459
Restricted - noncurrent	29,798	71,151
Total cash and cash equivalents	<u>165,174</u>	<u>232,307</u>
Investments		
Unrestricted - current	\$ 252,267	\$ 330,083
Unrestricted - noncurrent	11,934	4,982
Restricted - current	44,727	77,170
Restricted - noncurrent	134,614	2,994
Total investments	<u>443,542</u>	<u>415,229</u>
Total cash, cash equivalents, and investments	<u>\$ 608,716</u>	<u>\$ 647,536</u>

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date (exit price). Observable inputs reflect market participants' assumptions in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset or liability. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. The fair value hierarchy prioritizes the inputs to

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valuation techniques used to measure fair value into three levels as noted in the tables below for June 30, 2026 and 2025. The categorization is based on pricing transparency of the investments, and not an indication of the risks associated with investing in the security. For Level 2 investments, the District uses matrix pricing to value its investments.

Fair Value Measurement Using					
Investment Type	Balance at June 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Measured At Fair Value
U.S. Treasuries	\$ 72,373	\$ 72,373	\$ -	\$ -	\$ -
U.S. Treasuries Demand Deposit SLGS	4,706	-	-	-	4,706
U.S. Treasuries Time Deposit SLGS	136,092	-	-	-	136,092
U.S. Agencies (FHLB)	112,580	-	112,580	-	-
U.S. Agencies (FNMA)	4,991	-	4,991	-	-
Commercial Paper	124,201	-	124,201	-	-
Corporate Bonds	16,190	-	16,190	-	-
Municipal Bonds	3,477	-	3,477	-	-
LGIP	67,576	-	-	-	67,576
Demand deposits	66,444	-	-	-	66,444
Cash on hand	86	-	-	-	86
Total	\$ 608,716	\$ 72,373	\$ 261,439	\$ -	\$ 274,904

Fair Value Measurement Using					
Investment Type	Balance at June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Measured At Fair Value
U.S. Treasuries	\$ 188,323	\$ 188,323	\$ -	\$ -	\$ -
U.S. Treasuries Demand Deposit SLGS	57,314	-	-	-	57,314
U.S. Agencies (FHLB)	164,231	-	164,231	-	-
U.S. Agencies (Farm Credit)	9,936	-	9,936	-	-
Commercial Paper	50,808	-	50,808	-	-
Corporate Bonds	4,982	-	4,982	-	-
LGIP	60,083	-	-	-	60,083
Demand deposits	111,742	-	-	-	111,742
Cash on hand	117	-	-	-	117
Total	\$ 647,536	\$ 188,323	\$ 229,957	\$ -	\$ 229,256

TriMet's demand deposits are covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held by the State of Oregon. Cash held in the State of Oregon Local Government Investment Pool (LGIP) is managed by the State of Oregon Treasurer's office. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. The Oregon State Treasurer is responsible for oversight of the Oregon Short-Term Fund Board. The Oregon Audits Division of the Secretary of State's Office audits the LGIP annually. The Division's most recent audit report on the LGIP was unmodified. The fair value of pool shares is equal to TriMet's proportionate position in the pool. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LGIP, which are recorded on a cost basis. The LGIP is not rated by any national rating service. The most recent audited financial statements are available at [Oregon Short Term Fund Audited Financial Statements June 30, 2024](#)

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, TriMet manages its exposure to declines in fair values by limiting the maximum maturity of its investment portfolio to 5 years, with a weighted average maturity of less than 2.5 years. The investment policy also states the District will not directly invest unrestricted funds in securities maturing more than 5 years from the date of purchase. Restricted investments will be invested to match the expected requirements. The District complied with policy at year-end June 30, 2026.

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

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

As of June 30, 2026 and 2025, TriMet's investments were rated as follows:

Investment Type	Moody's		Standard & Poor's		Fair Value at June 30, 2026	Fair Value at June 30, 2025
	Long-term	Short-term	Long-term	Short-term		
U.S. Treasuries	Aa1	P-1	AA+	A-1+	\$ 213,171	\$ 245,637
U.S. Agencies (FNMA)	Aa1	P-1	AA+	A-1+	4,991	-
U.S. Agencies (FHLB)	Aa1	P-1	AA+	A-1+	112,580	164,231
U.S. Agencies (Federal Farm Credit)	Aa1	P-1	AA+	A-1+	-	9,936
Commercial Paper	N/A	P-1	N/A	A-1	124,201	50,808
Municipal Bonds	Aa1	N/A	AA+	N/A	3,477	-
Corporate Bonds	Aa2/AA-	N/A	AA+/AA-	N/A	16,190	4,982
					<u>\$ 474,610</u>	<u>\$ 475,594</u>

Concentration of credit risk. Concentration of credit risk is the risk associated with the lack of diversification or having too much invested in a few individual issues. TriMet's investment policy sets forth the procedures, guidelines, and criteria for the operation of TriMet's investment program. This policy governs the investment of all TriMet funds, except funds held in trust for pensions and deferred compensation. The investment policy establishes maximum amounts, either as a percentage of total portfolio or fixed dollar amount, that may be invested in investment types and any single issuer.

Investment Type per Investment Policy	Maximum Maturity	Maximum Percent of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	100%	100%
U.S. Agency Obligations	5 years	90%	35%
Commercial Paper & Corporate Bonds	5 years	35%	5%
Bankers' Acceptance	5 years	10%	5%
Oregon Short Term Fund	5 years	Maximum per ORS 294.810	
Time Deposits, Certificates of Deposit, Savings	5 years	50%	25%
Municipal Debt Obligations	5 years	10%	5%

At June 30, 2026, the District had 35.0 percent invested in U.S. government securities, 19.3 percent in agency securities, 23.1 percent in commercial paper/corporate bonds, 10.9 percent in demand deposits, 11.1 percent in the Oregon local government investment pool and 0.6 percent in municipal bonds. As of June 30, 2026, there were no instances of investments in commercial paper exceeding the 5.0 percent per issuer.

At June 30, 2025, the District had 37.9% percent of its portfolio invested in U.S. government securities, 26.9 percent in agency securities, 8.6 percent in commercial paper/corporate bonds, 17.3 percent in demand deposits and 9.3 percent in the Oregon local government investment pool. As of June 30, 2025, there were no instances of investments in commercial paper exceeding the 5.0 percent per issuer.

Custodial credit risk - deposits and investments. There is a risk that, in the event of a bank failure, the District's deposits may not be returned. The District's deposit policy is in accordance with ORS 295. All deposits are collateralized with eligible securities in amounts determined by the Oregon State Treasury (OST). The OST's custodian, Federal Home Loan Bank of Des Moines, is the agent of the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the Depository Bank, Custodian Bank and OST and are held for the benefit of the OST on behalf of the public depositors. The District's deposit policy requires that all deposits are covered by the Federal Deposit Insurance Corporation (FDIC), and/or are collateralized as required by and in compliance with ORS 295. The FDIC's standard insurance amount is \$250 per depositor, per insured bank, for each account ownership category.

Tri-County Metropolitan Transportation District of Oregon
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All banks holding funds in TriMet's name, that are not held in trust for debt service, are included on the list of qualified depositories maintained by the Oregon State Treasurer. The carrying amount of the District's deposits (excluding amounts held in trust for debt service) was \$64,148 and \$111,127 and the bank balance was \$73,684 and \$113,810 for June 30, 2026 and 2025 respectively. Of this bank balance, \$500 and \$508 was covered by the federal depository insurance's general deposit rules and \$63,648 and \$113,310 was collateralized by the PFCP for June 30, 2026 and 2025 respectively.

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

3. Receivables

At June 30, 2026 and 2025, the District had the following receivables under various federal and state grant agreements:

<u>Balance at June 30, 2026</u>		
Other federal	\$	26,999
State and local grants		21,653
	\$	<u>48,652</u>
<u>Balance at June 30, 2025</u>		
Other federal	\$	23,179
State and local grants		4,455
	\$	<u>27,634</u>

Taxes and other receivables at June 30, 2026 and 2025, including the applicable allowances for uncollectible accounts, are as follows:

	Receivable	Allowance for uncollectible accounts	Net receivable
<u>Balance at June 30, 2026</u>			
Unrestricted:			
Employer payroll tax programs	\$ 144,350	\$ 6,160	\$ 138,190
Self-employment tax	10,763	1,130	9,633
Trade accounts	7,849	89	7,760
Paratransit contract receivable	5,960	-	5,960
Other	451	-	451
Total unrestricted	169,373	7,379	161,994
Restricted:			
Other	536	-	536
Total restricted	536	-	536
Total taxes and other receivables	<u>\$ 169,909</u>	<u>\$ 7,379</u>	<u>\$ 162,530</u>
	Receivable	Allowance for uncollectible accounts	Net receivable
<u>Balance at June 30, 2025</u>			
Unrestricted:			
Employer payroll tax programs	\$ 140,884	\$ 6,900	\$ 133,984
Self-employment tax	10,379	940	9,439
Trade accounts	3,055	10	3,045
Paratransit contract receivable	4,206	-	4,206
Other	254	-	254
Total unrestricted	158,778	7,850	150,928
Restricted:			
Other	427	-	427
Total taxes and other receivables	<u>\$ 159,205</u>	<u>\$ 7,850</u>	<u>\$ 151,355</u>

4. Capital Assets

Capital assets at June 30, 2026 and 2025 consisted of the following:

For Fiscal Year Ended June 30, 2026	Beginning balance	Additions	Deletions	Transfers	Ending balance
Capital assets, not being depreciated					
Land and other	\$ 253,435	\$ -	\$ -	\$ 24,405	\$ 277,840
Construction in process	506,778	115,219	-	(163,231)	458,766
Total capital assets not being depreciated	760,213	115,219	-	(138,826)	736,606
Capital assets being depreciated					
Rail right-of-way and stations	2,459,682	-	-	8,077	2,467,759
Buildings and structures	1,201,280	-	(290)	4,191	1,205,181
Transportation equipment	834,962	-	(45,523)	108,797	898,236
Furniture and other equipment	390,774	-	(2,851)	17,761	405,684
Total capital assets being depreciated	4,886,698	-	(48,664)	138,826	4,976,860
Less accumulated depreciation for					
Rail right-of-way and stations	(1,354,491)	(63,904)	-	-	(1,418,395)
Buildings and structures	(391,651)	(32,299)	290	-	(423,660)
Transportation equipment	(533,587)	(56,434)	43,975	-	(546,046)
Furniture and other equipment	(264,933)	(24,885)	2,666	-	(287,152)
Total accumulated depreciation and	(2,544,662)	(177,522)	46,931	-	(2,675,253)
Total capital assets being depreciated, net	2,342,036	(177,522)	(1,733)	138,826	2,301,607
Right to use assets being amortized					
Leased office space and other leases *	50,779	3,753	-	-	54,532
Subscription based IT arrangements	9,883	11,593	(2,043)	-	19,433
Total Right to use assets being amortized	60,662	15,346	(2,043)	-	73,965
Less accumulated amortization for					
Leased office space and other leases	(10,388)	(4,789)	-	-	(15,177)
Subscription based IT arrangements	(4,190)	(4,013)	1,965	-	(6,238)
Total accumulated amortization	(14,578)	(8,802)	1,965	-	(21,415)
Total Right to use assets being amortized, net	46,084	6,544	(78)	-	52,550
Assets, net of depreciation and amortization	\$ 3,148,333	\$ (55,759)	\$ (1,811)	\$ -	\$ 3,090,763

* Additional information regarding lease right-to-use assets and subscription-based information technology arrangement assets, including activity by major class of underlying asset is presented in Notes 5 and 6, respectively.

During fiscal year 2026, the District acquired the Council Creek Railroad Corridor from ODOT for approximately \$506. The property had an appraised value of \$24,415, resulting in recognition of a \$23,909 capital contribution. The property acquisition is reflected in land and other line item as a transfer in the table above.

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Capital assets (continued) consist of the following:

For Fiscal Year Ended June 30, 2025	Beginning balance	Additions	Deletions	Transfers	Ending balance
Capital assets, not being depreciated					
Land and other	\$ 233,614	\$ -	\$ (327)	\$ 20,148	\$ 253,435
Construction in process	570,375	109,083	-	(172,680)	506,778
Total capital assets, not being depreciated	<u>803,989</u>	<u>109,083</u>	<u>(327)</u>	<u>(152,532)</u>	<u>760,213</u>
Capital assets being depreciated					
Rail right-of-way and stations	2,457,480	-	-	2,202	2,459,682
Buildings and structures	1,120,406	-	(14,956)	95,830	1,201,280
Transportation equipment	814,865	-	(13,085)	33,182	834,962
Furniture and other equipment	372,512	-	(3,056)	21,318	390,774
Total capital assets being depreciated	<u>4,765,263</u>	<u>-</u>	<u>(31,097)</u>	<u>152,532</u>	<u>4,886,698</u>
Less accumulated depreciation for					
Rail right-of-way and stations	(1,293,408)	(61,083)	-	-	(1,354,491)
Buildings and structures	(361,398)	(35,323)	5,070	-	(391,651)
Transportation equipment	(499,553)	(47,067)	13,033	-	(533,587)
Furniture and other equipment	(243,611)	(24,300)	2,978	-	(264,933)
Total accumulated depreciation	<u>(2,397,970)</u>	<u>(167,773)</u>	<u>21,081</u>	<u>-</u>	<u>(2,544,662)</u>
Total capital assets being depreciated, net	<u>2,367,293</u>	<u>(167,773)</u>	<u>(10,016)</u>	<u>152,532</u>	<u>2,342,036</u>
Right to use assets being amortized					
Leased office space and other leases	48,451	3,259	(931)	-	50,779
Subscription based IT arrangements	5,813	4,070	-	-	9,883
Total Right to use assets being amortized	<u>54,264</u>	<u>7,329</u>	<u>(931)</u>	<u>-</u>	<u>60,662</u>
Less accumulated amortization for					
Leased office space and other leases	(7,121)	(4,198)	931	-	(10,388)
Subscription based IT arrangements	(2,186)	(2,004)	-	-	(4,190)
Total accumulated amortization	<u>(9,307)</u>	<u>(6,202)</u>	<u>931</u>	<u>-</u>	<u>(14,578)</u>
Total Right to use assets being amortized, net	<u>44,957</u>	<u>1,127</u>	<u>-</u>	<u>-</u>	<u>46,084</u>
Assets, net of depreciation and amortization	<u>\$ 3,216,239</u>	<u>\$ (57,563)</u>	<u>\$ (10,343)</u>	<u>\$ -</u>	<u>\$ 3,148,333</u>

Included in the line item for Depreciation and amortization expense on the Statement of Revenues, Expenses and Changes in Net Position is \$8,801 and \$6,203 for amortization related to leases and subscription-based information technology agreements for fiscal years ended June 30, 2026 and 2025, respectively.

5. Leases

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

Lessee Activities

The District has accrued liabilities as a lessee for office space, parking spots, radio tower space, a land and a bridge (subleased). Below is a schedule of the changes in the right to use assets with the accumulated amortization for the fiscal years ended June 30, 2026 and June 30, 2025:

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

Right to use assets	Beginning			Ending
For Fiscal Year-End June 30, 2026	balance	Additions	Deletions	balance
Office space	\$ 43,475	\$ 3,620	\$ -	\$ 47,095
Parking	1,544	-	-	1,544
Radio towers	1,987	133	-	2,120
Bridge	3,121	-	-	3,121
Land	652	-	-	652
Total right to use assets	<u>\$ 50,779</u>	<u>\$ 3,753</u>	<u>\$ -</u>	<u>\$ 54,532</u>

Accumulated amortization	Beginning			Ending
For Fiscal Year-End June 30, 2026	balance	Additions	Deletions	balance
Office space	\$ (7,763)	\$ (4,359)	\$ -	\$ (12,122)
Parking	(470)	(76)	-	(546)
Radio towers	(735)	(141)	-	(876)
Bridge	(1,090)	(182)	-	(1,272)
Land	(330)	(31)	-	(361)
Total accumulated amortization	<u>\$ (10,388)</u>	<u>\$ (4,789)</u>	<u>\$ -</u>	<u>\$ (15,177)</u>
Total right to use assets, net	<u>\$ 40,391</u>	<u>\$ (1,036)</u>	<u>\$ -</u>	<u>\$ 39,355</u>

Right to use assets	Beginning			Ending
For Fiscal Year-End June 30, 2025	balance	Additions	Deletions	balance
Office space	\$ 41,301	\$ 3,105	\$ (931)	\$ 43,475
Parking	1,544	-	-	1,544
Radio towers	1,833	154	-	1,987
Bridge	3,121	-	-	3,121
Land	652	-	-	652
Total right to use assets	<u>\$ 48,451</u>	<u>\$ 3,259</u>	<u>\$ (931)</u>	<u>\$ 50,779</u>

Accumulated amortization	Beginning			Ending
For Fiscal Year-End June 30, 2025	balance	Additions	Deletions	balance
Office space	\$ (4,921)	\$ (3,773)	\$ 931	\$ (7,763)
Parking	(392)	(78)	-	(470)
Radio towers	(600)	(135)	-	(735)
Bridge	(909)	(181)	-	(1,090)
Land	(299)	(31)	-	(330)
Total accumulated amortization	<u>\$ (7,121)</u>	<u>\$ (4,198)</u>	<u>\$ 931</u>	<u>\$ (10,388)</u>
Total right to use assets, net	<u>\$ 41,330</u>	<u>\$ (939)</u>	<u>\$ -</u>	<u>\$ 40,391</u>

Below is a schedule of the changes in the lease obligations for the fiscal years ended June 30, 2026 and June 30, 2025. The District used its incremental borrowing rate of 2.17 percent to value its right to use assets and lease obligations.

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

Lease Obligations

For Fiscal Year-End June 30, 2026	Beginning balance	Additions	Repayments	Ending balance	Current Portion	Interest Expense
Office space	\$ 40,889	\$ 3,620	\$ (3,468)	\$ 41,041	\$ 3,858	\$ 933
Parking	1,162	-	(23)	1,139	30	31
Radio towers	1,440	133	(120)	1,453	273	40
Bridge	2,177	-	(173)	2,004	177	55
Land	20	-	(20)	-	-	-
Total Lease Obligations	<u>\$ 45,688</u>	<u>\$ 3,753</u>	<u>\$ (3,804)</u>	<u>\$ 45,637</u>	<u>\$ 4,338</u>	<u>\$ 1,059</u>

Lease Obligations

For Fiscal Year-End June 30, 2025	Beginning balance	Additions	Repayments	Ending balance	Current Portion	Interest Expense
Office space	\$ 40,564	\$ 3,105	\$ (2,780)	\$ 40,889	\$ 3,286	\$ 878
Parking	1,201	-	(39)	1,162	39	32
Radio towers	1,398	154	(112)	1,440	232	39
Bridge	2,345	-	(168)	2,177	173	60
Land	40	-	(20)	20	20	1
Total Lease Obligations	<u>\$ 45,548</u>	<u>\$ 3,259</u>	<u>\$ (3,119)</u>	<u>\$ 45,688</u>	<u>\$ 3,750</u>	<u>\$ 1,010</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2027	\$ 4,338	\$ 981	\$ 5,319
2028	4,598	882	5,480
2029	4,849	778	5,627
2030	5,099	668	5,767
2031	5,015	555	5,570
2032 - 2036	18,390	1,166	19,556
2037 - 2041	1,943	288	2,231
2042 - 2046	21	183	204
2047 - 2051	(80)	191	111
2052 - 2056	(73)	202	129
2057 - 2061	(62)	211	149
2062 - 2066	(45)	219	174
2067 - 2071	(23)	224	201
2072 - 2076	8	225	233
2077 - 2081	48	222	270
2082 - 2086	100	213	313
2087 - 2091	167	196	363
2092 - 2096	252	169	421
2097 - 2101	359	129	488
2102 - 2106	492	74	566
2107 - 2108	241	10	251
Totals	<u>\$ 45,637</u>	<u>\$ 7,786</u>	<u>\$ 53,423</u>

Lessor Activities

The District has accrued receivables for leases related office space, land, telecommunications (radio tower) space, and conduit space. Below is a schedule of the changes in the leases receivable for the fiscal years ended June 30, 2026 and June 30, 2025:

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

Leases receivable	Beginning			Ending	Due within
For Fiscal Year-End June 30, 2026	balance	Additions	Deletions	balance	One Year
Office space	\$ 409	\$ -	\$ (43)	\$ 366	\$ 46
Land	735	-	(59)	676	62
Radio towers	256	-	(59)	197	62
Conduit space	13,760	-	(291)	13,469	316
Total Lease Receivable	<u>\$ 15,160</u>	<u>\$ -</u>	<u>\$ (452)</u>	<u>\$ 14,708</u>	<u>\$ 486</u>
Less current portion				(486)	
Long-term leases receivable, net				<u>\$ 14,222</u>	

Leases receivable	Beginning			Ending	Due within
For Fiscal Year-End June 30, 2025	balance	Additions	Deletions	balance	One Year
Office space	\$ 449	\$ -	\$ (40)	\$ 409	\$ 43
Land	640	141	(46)	735	59
Radio towers	-	312	(56)	256	59
Conduit space	14,028	-	(268)	13,760	291
Total Lease Receivable	<u>\$ 15,117</u>	<u>\$ 453</u>	<u>\$ (410)</u>	<u>15,160</u>	<u>\$ 452</u>
Less Current Portion				(452)	
Long-term leases receivable, net				<u>\$ 14,708</u>	

Interest receivable of \$100 and \$102 is included in the current portion of leases receivable on the Statement of Net position for fiscal years ending June 30, 2026 and 2025 respectively.

Below is a schedule of the changes in the deferred inflows related to lessor activities for the fiscal years ended June 30, 2026 and June 30, 2025:

Deferred Inflows related to Leases

	Beginning		Amortization	Ending	Interest
For Fiscal Year-End June 30, 2026	balance	Additions	Revenue	balance	Revenue
Office space	\$ (345)	\$ -	\$ 45	\$ (300)	\$ 10
Land	(2,696)	-	88	(2,608)	22
Radio towers	(249)	-	62	(187)	6
Conduit space	(13,248)	-	589	(12,659)	306
Total	<u>\$ (16,538)</u>	<u>\$ -</u>	<u>\$ 784</u>	<u>\$ (15,754)</u>	<u>\$ 344</u>

Deferred Inflows related to Leases

	Beginning		Amortization	Ending	Interest
For Fiscal Year-End June 30, 2025	balance	Additions	Revenue	balance	Revenue
Office space	\$ (390)	\$ -	\$ 45	\$ (345)	\$ 11
Land	(2,632)	(141)	77	(2,696)	23
Radio towers	-	(311)	62	(249)	8
Conduit space	(13,837)	-	589	(13,248)	312
Total	<u>\$ (16,859)</u>	<u>\$ (452)</u>	<u>\$ 773</u>	<u>\$ (16,538)</u>	<u>\$ 354</u>

6. Subscription-Based Information Technology Arrangements

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

The District has accrued liabilities for eleven subscription based information technology (IT) arrangements as of June 30, 2026. Software subscriptions accrued provide TriMet with remote desktops capabilities, ride scheduling, vendor integration, voice calling, relational database systems, and enterprise application functionality. Below is a schedule of the changes in the right to use subscription IT assets with the accumulated amortization for the fiscal years ended June 30, 2026 and June 30, 2025:

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

	Beginning balance	Additions	Deletions	Ending balance
<u>For Fiscal Year-End June 30, 2026</u>				
Right to Use Subscription Software	\$ 9,883	11,593	(2,043)	\$ 19,433
Accumulated Amortization on Subscription Software	(4,190)	(4,013)	1,965	(6,238)
Right to use software, net	<u>\$ 5,693</u>	<u>\$ 7,580</u>	<u>\$ (78)</u>	<u>\$ 13,195</u>
	Beginning balance	Additions	Deletions	Ending balance
<u>For Fiscal Year-End June 30, 2025</u>				
Right to Use Subscription Software	\$ 5,813	4,070	-	\$ 9,883
Accumulated Amortization on Subscription Software	(2,186)	(2,004)	-	(4,190)
Right to use software, net	<u>\$ 3,627</u>	<u>\$ 2,066</u>	<u>\$ -</u>	<u>\$ 5,693</u>

Below is a schedule of the changes in subscription based IT obligations for the fiscal years ended June 30, 2026 and June 30, 2025. The District used its incremental borrowing rate of 2.17 percent to value its right to use assets and subscription based IT obligations.

	Beginning balance	Additions	Deletions	Ending balance	Current Portion	Interest Expense
<u>For Fiscal Year-End June 30, 2026</u>						
Subscription IT Obligations	<u>\$ 1,925</u>	<u>\$ 11,593</u>	<u>\$ (9,221)</u>	<u>\$ 4,297</u>	<u>\$ 1,841</u>	<u>\$ 86</u>
	Beginning balance	Additions	Deletions	Ending balance	Current Portion	Interest Expense
<u>For Fiscal Year-End June 30, 2025</u>						
Subscription IT Obligations	<u>\$ 1,967</u>	<u>\$ 4,070</u>	<u>\$ (4,112)</u>	<u>\$ 1,925</u>	<u>\$ 914</u>	<u>\$ 44</u>

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

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 1,841	\$ 93	\$ 1,934
2028	1,756	53	1,809
2029	583	14	597
2030	66	2	68
2031	51	1	52
Totals	<u>\$ 4,297</u>	<u>\$ 163</u>	<u>\$ 4,460</u>

The tables below summarize the amounts reported on the Statement of Net Position for lessee leases and subscription based information technology arrangements (SBITAs) as of June 30, 2026 and June 30, 2025, respectively.

	Right to Use Assets (net)	Current Lease and Subscription Liabilities	Noncurrent Lease and Subscription Liabilities
<u>For fiscal year-end June 30, 2026</u>			
Lessee leases	\$ 39,355	\$ 4,493	\$ 41,299
Subscription software	13,195	1,894	2,456
Total per Statement of Net Position	<u>\$ 52,550</u>	<u>\$ 6,387</u>	<u>\$ 43,755</u>
	Right to Use Assets (net)	Current Lease and Subscription Liabilities	Noncurrent Lease and Subscription Liabilities
<u>For fiscal year-end June 30, 2025</u>			
Lessee leases	\$ 40,391	\$ 3,908	\$ 41,938
Subscription software	5,693	923	1,011
Total per Statement of Net Position	<u>\$ 46,084</u>	<u>\$ 4,831</u>	<u>\$ 42,949</u>

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

The amount for lessee leases reported in the column for current lease and subscription liabilities includes \$155 and \$158 of interest payable as of June 30, 2026 and June 30, 2025, respectively. The amount for subscription software reported in the column for current lease and subscription liabilities includes \$53 and \$9 of interest payable as of June 30, 2026 and June 30, 2025, respectively.

7. Long-Term Debt

Long-Term Debt at June 30, 2026 and 2025 consists of the following:

For Fiscal Year End June 30, 2026	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<i>Payroll Tax Bonds:</i>					
2009 Senior Lien Payroll Tax Bonds, Series B	\$ 12,530	\$ -	\$ -	\$ 12,530	\$ -
2015 Senior Lien Revenue and Refunding Bonds, Series A and B	16,395	-	(16,395)	-	-
2016 Senior Lien Revenue Refunding Bonds, Series A	50,395	-	(20,175)	30,220	4,085
2017 Senior Lien Payroll Tax Bonds, Series A	29,080	-	(25,825)	3,255	3,255
2018 Senior Lien Payroll Tax Bonds, Series A	37,215	-	(2,910)	34,305	2,145
2019 Senior Lien Revenue and Refunding Bonds, Series A and B	234,115	-	(174,665)	59,450	800
2021 Senior Lien Revenue and Refunding Bonds, Series A and B	403,025	-	(107,500)	295,525	13,925
2026 Senior Lien Revenue and Refunding Bonds, Series A	-	398,855	-	398,855	-
<i>Subtotal Payroll Tax Bonds</i>	<u>782,755</u>	<u>398,855</u>	<u>(347,470)</u>	<u>834,140</u>	<u>24,210</u>
<i>Capital Grant Receipt Revenue Bonds:</i>					
2017 Capital Grant Receipt Revenue Refunding Bonds, Series A	40,785	-	(12,940)	27,845	13,585
2018 Capital Grant Receipt Revenue Bonds, Series A	107,920	-	(1,855)	106,065	1,930
<i>Subtotal Capital Grant Receipt Revenue Bonds</i>	<u>148,705</u>	<u>-</u>	<u>(14,795)</u>	<u>133,910</u>	<u>15,515</u>
Total	<u>\$ 931,460</u>	<u>\$ 398,855</u>	<u>\$ (362,265)</u>	<u>\$ 968,050</u>	<u>\$ 39,725</u>
Add (deduct):					
Unamortized bond premium	30,629	29,452	(9,246)	50,835	
Current portion of long-term debt	(38,165)			(39,725)	
Long-term debt, due in more than one year	<u>\$ 923,924</u>			<u>\$ 979,160</u>	
For Fiscal Year End June 30, 2025	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<i>Payroll Tax Bonds:</i>					
2009 Senior Lien Payroll Tax Bonds, Series B	\$ 12,530	\$ -	\$ -	\$ 12,530	\$ -
2015 Senior Lien Revenue and Refunding Bonds, Series A and B	22,520	-	(6,125)	16,395	6,430
2016 Senior Lien Revenue Refunding Bonds, Series A	54,095	-	(3,700)	50,395	3,890
2017 Senior Lien Payroll Tax Bonds, Series A	32,025	-	(2,945)	29,080	3,095
2018 Senior Lien Payroll Tax Bonds, Series A	39,205	-	(1,990)	37,215	2,100
2019 Senior Lien Revenue and Refunding Bonds, Series A and B	234,885	-	(770)	234,115	785
2021 Senior Lien Revenue and Refunding Bonds, Series A and B	406,415	-	(3,390)	403,025	7,070
<i>Subtotal Payroll Tax Bonds</i>	<u>801,675</u>	<u>-</u>	<u>(18,920)</u>	<u>782,755</u>	<u>23,370</u>
<i>Capital Grant Receipt Revenue Bonds:</i>					
2017 Capital Grant Receipt Revenue Refunding Bonds, Series A	53,105	-	(12,320)	40,785	12,940
2018 Capital Grant Receipt Revenue Bonds, Series A	109,705	-	(1,785)	107,920	1,855
<i>Subtotal Capital Grant Receipt Revenue Bonds</i>	<u>162,810</u>	<u>-</u>	<u>(14,105)</u>	<u>148,705</u>	<u>14,795</u>
Total	<u>\$ 964,485</u>	<u>\$ -</u>	<u>\$ (33,025)</u>	<u>\$ 931,460</u>	<u>\$ 38,165</u>
Add (deduct):					
Unamortized bond premium	36,678		(6,049)	30,629	
Current portion of long-term debt	(33,025)			(38,165)	
Long-term debt, due in more than one year	<u>\$ 968,138</u>			<u>\$ 923,924</u>	

Total interest cost on all outstanding bonds was \$27,141 and \$28,421 in fiscal years 2026 and 2025, respectively. The following table presents outstanding bonds at year-end with principal and interest paid during the fiscal year and the related pledged revenues on the debt.

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

June 30, 2026				
Description of Debt:	Principal and interest to maturity	Principal and interest paid in the year	Pledged revenue for the year	Annual debt service as a percentage of pledged revenues
<i>Payroll Tax Bonds - pledged: Employer payroll, self employment tax, and state in lieu revenue</i>				
2009 Revenue Bonds, Series B	\$ 16,889	\$ 718		
2015 Revenue Bonds, Series A and B	-	6,989		
2016 Revenue Bonds, Series A	37,601	5,533		
2017 Revenue Bonds, Series A	3,336	4,217		
2018 Revenue Bonds, Series A	54,355	3,617		
2019 Revenue Bonds, Series A and B	87,336	8,172		
2021 Revenue Bonds, Series A and B	403,700	18,364		
2026 Revenue Bonds, Series A	667,973	-		
	<u>\$ 1,271,190</u>	<u>\$ 47,610</u>	\$ 548,225	8.68%
<i>Capital Grant Receipt Revenue Bonds - pledged: Section 5307, STP, and CMAQ grant receipts</i>				
2017 Capital Grant Receipt Revenue Refunding Bonds, Series A	29,254	14,656		
2018 Capital Grant Receipt Revenue Bonds, Series A	131,621	6,754		
	<u>\$ 160,875</u>	<u>\$ 21,410</u>	\$ 81,348	26.32%

June 30, 2025				
Description of Debt:	Principal and interest to maturity	Principal and interest paid in the year	Pledged revenue for the year	Annual debt service as a percentage of pledged revenues
<i>Payroll Tax Bonds - pledged: Employer payroll, self employment tax, and state in lieu revenue</i>				
2009 Revenue Bonds, Series B	\$ 17,607	\$ 718		
2015 Revenue Bonds, Series A and B	21,951	6,996		
2016 Revenue Bonds, Series A	61,912	5,533		
2017 Revenue Bonds, Series A	36,585	4,218		
2018 Revenue Bonds, Series A	58,890	3,610		
2019 Revenue Bonds, Series A and B	352,029	8,173		
2021 Revenue Bonds, Series A and B	554,000	14,875		
	<u>\$ 1,102,974</u>	<u>\$ 44,123</u>	\$ 522,194	8.45%
<i>Capital Grant Receipt Revenue Bonds - pledged: Section 5307, STP, and CMAQ grant receipts</i>				
2017 Capital Grant Receipt Revenue Refunding Bonds, Series A	43,910	14,667		
2018 Capital Grant Receipt Revenue Bonds, Series A	138,375	6,775		
	<u>\$ 182,285</u>	<u>\$ 21,442</u>	\$ 85,177	25.17%

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

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the yield on earnings from the investment of tax-exempt bond proceeds, which exceeds the yield on related bonds, must be remitted to the Federal Government on every fifth anniversary of each bond issue. The District has evaluated each bond issue and has recognized a current liability for arbitrage in the amount of \$4,336 as of June 30, 2026. This amount relates to the 2021A payroll tax revenue bonds and will be paid in the fiscal year ending June 30, 2027.

Payroll Tax Bonds

TriMet has the following Revenue Bonds outstanding which are backed by Payroll Tax Revenues: 2009 Revenue Bonds Series B, 2016 Revenue Bonds Series A, 2017 Revenue Bonds Series A, 2018 Revenue Bonds Series A, 2019 Revenue Bonds Series A and B, 2021 Revenue Bonds, Series A and B, and 2026 Revenue Bonds Series A. The Revenue Bonds are payable from and secured by a pledge of the employer payroll and self-employment taxes levied by the District. The Payroll Tax Revenue Bonds are not general obligations of the District.

2009 Revenue Bonds, Series B

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

The 2009 Series B Revenue Bonds mature each September 1st from 2030 through 2033. Interest is payable semiannually on March 1 and September 1 and fixed coupon rates range from 3.0 percent to 5.73 percent on outstanding maturities. The 2009 Series B Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet at the higher of 100 percent of outstanding principal or the present value of the outstanding principal and interest payment remaining at redemption.

2015 Revenue and Refunding Bonds, Series A and B

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

On October 9, 2019, October 27, 2021, and June 17, 2026 TriMet defeased in substance all future principal and interest payments of its 2015 Senior Lien Payroll Tax Bonds, Series A and B. As of June 30, 2026, there were \$9,965, of defeased 2015A bonds in escrow which will be called on July 17, 2026.

2016 Revenue Refunding Bonds, Series A

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

The 2016 Revenue Bonds mature on September 1 from 2026 through 2037. Interest is payable semiannually on March 1 and September 1 and fixed coupon rates range from 2.0 percent to 5.0 percent on outstanding maturities. The 2016 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2026, at a price of par (100%) plus accrued interest thereon to the date of redemption.

On June 17, 2026 TriMet redeemed \$2,880 of outstanding 2016A bonds through a tender offer financed by the District's 2026A Senior Lien Payroll Tax Bonds. Additionally, on October 27, 2021 and again on June 17, 2026, TriMet defeased in substance future principal and interest payments on a portion of its 2016 Senior Lien Payroll Tax Bonds. As of June 30, 2026, there were \$28,315 of defeased 2016A bonds in escrow which will be called on September 1, 2026.

2017 Revenue Bonds, Series A

On February 22, 2017, TriMet issued \$97,430 in Senior Lien Payroll Tax Revenue Bonds to fund capital projects. The remaining outstanding 2017A bonds mature on September 1, 2026 with a coupon rate of 5.0%.

On October 27, 2021 and again on June 17, 2026, TriMet defeased in substance future principal and interest payments on a portion of its 2017 Senior Lien Payroll Tax Bonds. As of June 30, 2026, there were \$72,945 in of defeased 2017A bonds in escrow which will be called on September 1, 2026.

2018 Revenue Bonds, Series A

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

The 2018 Revenue Bonds mature on September 1 through 2048. Interest is payable semiannually on March 1 and September 1 and fixed coupon rates range from 3.25 percent to 5.0 percent on outstanding maturities. The 2018 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2028, at a price of par (100%) plus accrued interest thereon to the date of redemption.

On June 17, 2026 TriMet redeemed \$810 of outstanding 2018A bonds through a tender offer financed by the District's 2026A Senior Lien Payroll Tax Bonds. Additionally, on October 27, 2021 TriMet defeased in substance future principal and interest payments on a portion of its 2018 Senior Lien Payroll Tax Bonds. As of June 30, 2026, there were \$100,680 of defeased 2018A bonds in escrow which will be called on September 1, 2028.

2019 Revenue and Refunding Bonds, Series A and B

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

The 2019 Revenue Bonds mature on September 1 through 2049. Interest is payable semiannually on March 1 and September 1 and fixed coupon rates range from 2.5 percent to 5.0 percent on outstanding maturities. The 2019 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2029, at a price of par (100%) plus accrued interest thereon to the date of redemption.

On June 17, 2026 TriMet redeemed \$133,420 of outstanding 2019A bonds and \$6,290 of outstanding 2019B bonds through a tender offer financed by the District's 2026A Senior Lien Payroll Tax Bonds. Also on June 17, 2026 TriMet defeased in substance future principal and interest payments on a portion of its 2019B Senior Lien Payroll Tax Bonds. As of June 30, 2026, there were \$34,170 of defeased 2019B bonds in escrow which will be called on September 1, 2029.

2021 Revenue and Refunding Bonds, Series A and B

On October 27, 2021, TriMet issued \$180,610 in Senior Lien Payroll Tax Revenue Bonds, Series A to fund capital projects including replacement of light rail vehicles, the Red Line extension to the fair complex, and the Powell garage project. TriMet also issued \$229,030 in Senior Lien Payroll Tax Revenue Refunding Bonds, Series B (taxable) to refinance certain series of revenue bonds currently outstanding. T

The 2021 Revenue Bonds mature on September 1 through 2051. Interest is payable semiannually on March 1 and September 1 and fixed coupon rates range from 1.2 percent to 5.0 percent on outstanding maturities. The 2021 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2031, at a price of par (100%) plus accrued interest thereon to the date of redemption.

On June 17, 2026 TriMet redeemed \$47,675 of outstanding 2021A bonds and \$28,180 of outstanding 2021B bonds through a tender offer financed by the District's 2026A Senior Lien Payroll Tax Bonds.

Also on June 17, 2026 TriMet defeased in substance future principal and interest payments on a portion of its 2021B Senior Lien Payroll Tax Bonds. As of June 30, 2026, there were \$24,575 of defeased 2021B bonds in escrow which will be called on September 1, 2031.

2026 Revenue and Refunding Bonds, Series A

On June 17, 2026, TriMet issued \$398,855 in Senior Lien Payroll Tax Revenue Bonds, Series A to fund capital projects including replacement of light rail vehicles, SE 82nd Avenue Transit improvements, Tualatin Valley Highway transit improvements, the Columbia Bus Base, and modernization of the District's enterprise resource planning system.

This issuance also defeased \$104,845 of outstanding payroll tax bonds through funding an escrow used to purchase securities. Those securities and the related earnings are sufficient to pay principal and interest on the defeased bonds. Accordingly, the defeased bonds and the assets held in escrow are not reported in the District's financial statements. Another \$219,255 of outstanding bonds redeemed through a tender offer. The District completed this refinancing to reduce its total debt service payments over the next 23 years by \$20,926, and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$10,531.

The 2026 Revenue Bonds mature on September 1, beginning 2027 through 2051. Interest is payable semiannually on March 1 and September 1 and fixed coupon rates range from 4.0 percent to 5.0 percent on outstanding maturities. The 2026 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2036, at a price of par (100%) plus accrued interest thereon to the date of redemption.

Capital Grant Receipt Bonds

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

2017 Capital Grant Receipt Revenue Refunding Bonds, Series A

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

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

2018 Capital Grant Receipt Revenue Bonds, Series A

On February 6, 2018, TriMet issued \$113,900 in 2018 Capital Grant Receipt Revenue Bonds to pay for a portion of the costs of capital projects, including the Southwest Corridor, Division Transit, and Powell Garage projects among others.

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

Bond Debt Service Requirements to Maturity:

The District's various bonds outstanding and related interest requirements as of June 30, 2026, are as follows:

Fiscal Year ending June 30,	<u>Payroll Tax Bonds</u>			<u>Capital Grant Receipt Bonds</u>			<u>Total All Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 24,210	\$ 27,320	\$ 51,530	\$ 15,515	\$ 5,857	\$ 21,372	\$ 39,725	\$ 33,177	\$ 72,902
2028	23,955	32,088	56,043	16,270	5,062	21,332	40,225	37,150	77,375
2029	25,060	30,994	56,054	12,620	4,340	16,960	37,680	35,334	73,014
2030	26,200	29,846	56,046	13,235	3,694	16,929	39,435	33,540	72,975
2031	27,370	28,681	56,051	13,875	3,016	16,891	41,245	31,697	72,942
2032-2036	155,430	124,792	280,222	62,395	4,996	67,391	217,825	129,788	347,613
2037-2041	189,675	90,544	280,219	-	-	-	189,675	90,544	280,219
2042-2046	172,870	54,646	227,516	-	-	-	172,870	54,646	227,516
2047-2051	171,360	17,806	189,166	-	-	-	171,360	17,806	189,166
2052	18,010	333	18,343	-	-	-	18,010	333	18,343
Totals	\$ 834,140	\$ 437,050	\$ 1,271,190	\$ 133,910	\$ 26,965	\$ 160,875	\$ 968,050	\$ 464,015	\$ 1,432,065

8. Risk Management

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

The Oregon Tort Claims Act (the Act) is the common law sovereign immunity from suit for public bodies in Oregon, including TriMet. Prior to July 1, 2009, the Act capped the liability of public bodies, including TriMet, at \$200 for individual claims. In addition, the public body may be substituted as a defendant in lieu of individual employees of the public body, thereby limiting recovery for claims against individual employees to the limits applicable to public bodies. Under the Act, TriMet currently indemnifies its employees for any liability that they incur within the scope of their work. The limits are subject to per claims per occurrence based on changes to the consumer price index. At June 30, 2026, the single claimant limit was \$879 and the multiple claimants was \$1,758. Effective July 1, 2026 those limits raise to \$903 for single claimant and \$1,805 for multiple claimants.

The District is self-insured for all personal injury and property damage, also referred to as public liability claims, subject to the limits of the Oregon Tort Claims Act. For third party liability claims related to heavy rail or Portland-Milwaukie Light Rail (PMLR) operations, the District is self-insured to the extent of the first \$3,000 per occurrence, with excess insurance coverage up to \$323,000 inclusive of the self-insured retention. The \$323,000 coverage reflects the federal liability cap established by Congress, which sets the maximum aggregate amount of damages that may be awarded in connection with a rail accident, regardless of the number of claims.

For all other covered third party liability claims, the District has a \$5,000 self-insured retention per occurrence with excess insurance coverage up to \$25,000 inclusive of the self-insured retention. No settled claims have exceeded the coverage described during the past three fiscal years.

The District provides for the estimated losses on pending and potential claims resulting from industrial and public liability accidents occurring prior to year-end. The District's policy is to record claims incurred but not reported at the estimated amount of the undiscounted liability. These liabilities are based on the ultimate expected cost of settling the claims, including the effects of inflation and other legal and economic factors.

The District is also self-insured for workers' compensation claims, also referred to as industrial accident claims, with a retention of \$2,000 per claim and maintains excess insurance for the next \$1,000 per statutory requirements.

Changes in the District's public liability and industrial accident claims liabilities (reported in other accrued liabilities on the Statement of Net Position) are as follows as of and for the years ended June 30, 2026 and 2025 and 2024:

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

	For the Year Ended June 30, 2026		For the Year Ended June 30, 2025		For the Year Ended June 30, 2024	
	Industrial accident claims	Public liability	Industrial accident claims	Public liability	Industrial accident claims	Public liability
Liability at beginning of year	\$ 7,235	\$ 7,106	\$ 7,807	\$ 8,363	\$ 6,441	\$ 6,451
Current year claims	3,583	805	2,906	526	3,127	3,283
Changes in estimates for claims of prior periods	1,829	980	2,365	473	3,969	1,158
Payments of claims	(5,619)	(2,254)	(5,843)	(2,256)	(5,730)	(2,529)
Liability at end of year	<u>\$ 7,028</u>	<u>\$ 6,637</u>	<u>\$ 7,235</u>	<u>\$ 7,106</u>	<u>\$ 7,807</u>	<u>\$ 8,363</u>

Based on historical experience, the District has classified \$5,845 and \$6,457 of the industrial accident and public liability claims liabilities as current liabilities, at June 30, 2026 and 2025, respectively.

9. Other Long-term Liabilities

Other long-term liabilities include public liability, industrial accident claims liabilities and employee dental and health insurance as follows:

For Fiscal Year-End June 30, 2026	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Uninsured claims liability:					
Industrial accident claims	\$ 7,235	\$ 5,412	\$ (5,619)	\$ 7,028	\$ 2,491
Employee dental insurance	594	-	(255)	339	339
Employee health insurance	3,471	150	-	3,621	3,621
Public liability	7,106	1,785	(2,254)	6,637	3,354
Total claims liability	18,406	<u>\$ 7,347</u>	<u>\$ (8,128)</u>	17,625	<u>\$ 9,805</u>
Current portion	(10,530)			(9,805)	
Noncurrent portion of claims liabilities	<u>\$ 7,876</u>			<u>\$ 7,820</u>	

For Fiscal Year-End June 30, 2025	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Uninsured claims liability:					
Industrial accident claims	\$ 7,807	\$ 5,271	\$ (5,843)	\$ 7,235	\$ 2,643
Employee dental insurance	309	285	-	594	594
Employee Health Insurance	2,723	748	-	3,471	3,471
Public liability	8,363	999	(2,256)	7,106	3,822
Total claims liability	19,202	<u>\$ 7,303</u>	<u>\$ (8,099)</u>	18,406	<u>\$ 10,530</u>
Current portion	(11,485)			(10,530)	
Noncurrent portion of claims liabilities	<u>\$ 7,717</u>			<u>\$ 7,876</u>	

10. Lease-leaseback Transaction

2005 Lease transaction

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

TriMet used \$111,143 of the proceeds from the Head Lease transaction to fully fund three payment agreements (\$84,382 to Premier International Funding Co. for the Series A Payment Agreement and \$26,761 to MBIA Inc. for the Equity Payment Undertaking Agreement and the Debt Payment Undertaking Agreement). The obligations of Premier International Funding Co. are unconditionally and irrevocably guaranteed by Financial Security Assurance Inc. (FSA), which has subsequently been acquired by Assured Guaranty Ltd. In February 2009, TriMet terminated the MBIA Equity Payment Undertaking agreement and received \$28,033 and terminated the Debt Payment Undertaking Agreement and received \$14,528. Simultaneously, TriMet purchased and placed in trust US Treasury securities for \$28,399 to collateralize all future equity payment obligations. The debt payment obligations have not been collateralized and are general obligations of TriMet. Net of transaction expenses, the 2009 MBIA termination created \$13,954 in net benefit.

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

The 2005 leases include the following trigger events relating to TriMet: (1) outstanding General Obligation Bond ratings are downgraded by Standard & Poor's below "A+" or by Moody's below "A1", or if General Obligation Bonds are no longer rated, long-term senior payroll tax revenue bonds are downgraded by Standard & Poor's below "A+" or by Moody's below "A1", or (2) TriMet becomes eligible to be a debtor under Bankruptcy code, or (3) TriMet loses its taxing authority related to payroll and self-employment taxes. If a trigger event occurs, TriMet is required to provide equity strip collateral in amounts defined in the lease agreements. TriMet's long-term senior lien payroll tax revenue bonds are rated AAA by Standard & Poor's, Aaa by Moody's and AAA by Kroll at June 30, 2026. As of June 30, 2026, TriMet is not aware of any default, event of default or event of loss under any of the operative documents. The total outstanding future lease obligations under the 2005 leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>FSA uncollateralized</u>	<u>US Treasuries in trust</u>	<u>TriMet obligation</u>	<u>Total payment obligations</u>
2027	\$ -	\$ -	\$ -	\$ -
2028	-	27	-	27
2029	-	108	-	108
2030	-	-	-	-
2031	-	-	-	-
2032-2036	71,562	68,560	9,586	149,708
	<u>\$ 71,562</u>	<u>\$ 68,695</u>	<u>\$ 9,586</u>	<u>\$ 149,843</u>

Legislative and regulatory activities

Pursuant to the terms of the tax indemnity agreements of TriMet's 2005 and 2009 lease transactions, unless an indemnification event occurs, the District bears no liability for the related adverse U.S. federal income tax consequence to the domestic investors. As of June 30, 2026, no indemnity claims have been made against TriMet. With respect to TriMet's 2005 and 2009 lease transactions, the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), as codified in Section 4965 of the Internal Revenue Code of 1986 as amended (Code), the guidance provided by the Internal Revenue Service (IRS) in IRS Notice 2007-18 published on February 7, 2007 and the Proposed and Temporary Regulations released on July 6, 2007 subsequently thereto, TriMet does not have a TIPRA excise tax liability.

Financial Statement Summary

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

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Assets:	2026	2025
Restricted Cash and Investments - Lease Collateral	\$ 54,049	\$ 52,568
Prepaid lease expense	41,899	39,295
Total assets	<u>\$ 95,948</u>	<u>\$ 91,863</u>
 Liabilities and unamortized gain:		
Long-term lease liability	\$ 90,134	\$ 84,977
Total liabilities	<u>\$ 90,134</u>	<u>\$ 84,977</u>
 Unamortized gain on leases	\$ 8,413	\$ 9,326
Total liabilities and deferred inflows	<u>\$ 98,547</u>	<u>\$ 94,303</u>
 Net long-term restricted lease-leaseback	<u>\$ (2,599)</u>	<u>\$ (2,440)</u>
 Net leveraged lease revenue (expense)	\$ (158)	\$ 1,512

11. Commitments and Contingencies

As of June 30, 2026 and 2025, the District had authorized but unexpended commitments of \$1,069,645 and \$800,739, respectively, representing amounts associated with contracts and other commitments for which expenditures are expected to be incurred in future periods. Significant commitments include purchases for light rail vehicles, contracts for security services, contracted demand response operations, administrative office space, fuel purchases, capital projects, and other funding commitments. Resources available to fund these commitments include grants, debt proceeds, and unrestricted resources.

In fiscal year 2024, the District terminated a contract for services related to the overhaul of certain light rail vehicles and both parties dispute the amounts owed upon termination. The matter remains unresolved and both parties expect to participate in mediation during fiscal year 2027. The outcome of the mediation cannot be determined at this time.

The District is a defendant in various legal actions arising in the ordinary course of transit operations. Although the ultimate outcome of these matters cannot presently be determined, management and legal counsel believe that their resolution will not have a material adverse effect on the District's financial position, results of operations, or cash flows.

12. Pension Benefits

Union Defined Contribution Plan

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

Plan description

Effective July 13, 2012, the District adopted the Union DC Plan in accordance with Internal Revenue Code (IRC) Section 401(a). Participation in the Union DC Plan is mandatory for all union employees hired on or after August 1, 2012. Under the Union DC Plan, the District will contribute 9.0 percent of considered compensation each pay period. Considered compensation is taxable compensation plus employee elected pre-tax deferrals, less overtime pay, bonuses, commissions, or other extraordinary pay and cash-out of unused vacation. Within sixty days of becoming eligible for the Union DC Plan, employees make a one-time irrevocable election to contribute between zero and 15 percent of their compensation to the Plan on a pretax basis. Due to tax laws, the pre-tax election must be made within 30 days after an employee becomes eligible to participate in the DC Plan and the election cannot be changed for as long as the employee is eligible. In addition, the employee can elect to make voluntary, after-tax, contributions, up to 15 percent of compensation. The employee may adjust the after-tax contribution election

at any time. Plan participants fully vest in the District's contributions after three years of service with the District. Upon severance from employment, TriMet will contribute sixty percent of the employee's unused sick leave (up to a maximum of 1,700 hours) to the employee's account. The TriMet Board has authority over amendments to plan benefit and contribution provisions, in conjunction with the Working and Wage Agreement.

Method used to value investments

As of June 30, 2026 and 2025, there were 2,227 and 2,385 active employees, respectively, covered by the Union DC Plan. The District contributed 100 percent of the required contributions to the Union DC Plan. District contributions were \$15,550 and \$13,855 for the years ended June 30, 2026 and 2025, respectively. Employee contributions to the Union DC Plan were \$10,825 and \$9,496 for the years ended June 30, 2026 and 2025, respectively.

Management Defined Contribution Plan

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

Plan description

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

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

As of June 30, 2026 and 2025 there were 628 and 686 active employees, respectively, covered by the Management DC Plan. The District contributed 100 percent of the required contributions to the Management DC Plan. District contributions were \$9,203 and \$8,840 for the years ended June 30, 2026 and 2025, respectively. Employee contributions to the Management DC Plan were \$4,628 and \$4,271 for the years ended June 30, 2026 and 2025, respectively.

13. Other Employee Benefits

Deferred compensation plan

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

Compensated absences

Union employees receive paid vacation benefits and sick leave in accordance with the Working and Wage Agreement. Employees are eligible for one to six weeks of vacation depending on their years of service with the District. Non-union employees receive similar vacation and sick leave benefits as prescribed by TriMet's personnel policies. Compensated absences for the years ending June 30, 2026 and 2025 were as follows:

For Fiscal Year-End June 30, 2026	Beginning balance	Net change	Ending balance	Due within one year
Sick leave	\$ 20,203	\$ 1,398	\$ 21,601	\$ 7,380
Vacation	29,996	996	30,992	2,472
Total compensated absences	50,199	\$ 2,394	52,593	\$ 9,852
Current portion	(8,560)		(9,852)	
Noncurrent portion of compensated absences	\$ 41,639		\$ 42,741	

For Fiscal Year-End June 30, 2025	Beginning balance	Net change	Ending balance	Due within one year
Sick leave	\$ 14,330	\$ 5,873	\$ 20,203	\$ 6,562
Vacation	24,768	5,228	29,996	1,998
Total compensated absences	39,098	\$ 11,101	50,199	\$ 8,560
Current portion	(5,532)		(8,560)	
Noncurrent portion of compensated absences	\$ 33,566		\$ 41,639	

General Information about the Other Post-Employment Benefits (OPEB) Plan

Plan description. The District's defined benefit OPEB plan provides healthcare and life insurance benefits for eligible employees and their qualified dependents. The District's plan is a single employer defined benefit OPEB plan administered by the TriMet Board. The authority to establish and amend the benefit terms and financing is accomplished through contractual agreement with union employees and through board adopted personnel policies for non-union employees.

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

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

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<u>Union Benefits Offered</u>		
Relevant Dates	Prior to Medicare Eligibility	Medicare Eligible
Retired prior to 02/01/1992	Medical, prescription drug, and dental provided to all retirees, spouses, and domestic partners.	Medical, prescription drug, and dental provided to all retirees, spouses, and domestic partners. Some retirees are reimbursed for Medicare Part B premiums.
Retired after 02/01/1992 and hired before 10/24/2014	Medical, prescription drug, and dental are provided to all retirees. The retirees contribute a portion of the premium depending on the plan selected.	Employees receive coverage through a Medicare Advantage Plan (for which they contribute, in part) or a monthly stipend (HRA VEBA). Retirees are reimbursed for Medicare Part B if they enroll Medicare Advantage plan or the HRA VEBA (a stipend).
Hired after 10/24/2014	Employees receive a monthly stipend to be used for healthcare purposes.	No benefits through TriMet.
<u>Non-Union Benefits Offered</u>		
Relevant Dates	Prior to Medicare Eligibility	Medicare Eligible
Hired Prior to 05/01/2009	Full time employees contribute a portion of the premium cost of medical, dental, and vision benefits.	Employee must enroll in a Medicare Advantage plan (employees contribute a portion of the premiums).
Hired after 05/01/2009	Employee can contribute 100% of the premium amount paid by TriMet and receive healthcare coverage.	No benefits through TriMet.

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

Employees covered by benefit terms. At December 31, 2025 and 2024, the following employees (union and non-union) were covered by the benefit terms:

<u>As of December 31,</u>	<u>2025</u>	<u>2024</u>
Inactive employees or beneficiaries currently receiving benefit payments	2,203	2,172
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	3,566	3,577
Total	<u>5,769</u>	<u>5,749</u>

Summary of accounting policies

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

OPEB Trust Investments

TriMet currently pays for post-employment benefits other than pensions on a pay as you go basis. TriMet also contributes to a OPEB trust which meets the criteria of paragraph 4 of GASB Statement 75.

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OPEB plan investments are reported at fair value. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Below are the amounts of TriMet's OPEB Trust investments as of December 31, 2025 and December 31, 2024, respectively. For Level 2 investments, the District uses matrix pricing to value its investments.

	Balance at December 31, 2025	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured at Fair Value Level				
Principal protection	\$ 24,516	\$ -	\$ 24,516	\$ -
International Equity	10,673	-	10,673	-
	<u>\$ 35,189</u>	<u>\$ -</u>	<u>\$ 35,189</u>	<u>\$ -</u>

	Balance at December 31, 2024	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured at Fair Value Level				
Cash	\$ 455	\$ 455	\$ -	\$ -
	<u>\$ 455</u>	<u>\$ 455</u>	<u>\$ -</u>	<u>\$ -</u>

Rate of Return

For the years ended December 31, 2025 and December 31, 2024, respectively, the annual money-weighted rate of return on OPEB plan investments, net of plan investment expense, was 6.42 percent and 4.36 percent. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Policy

The OPEB Plan investment policy allows the plan to utilize multiple professional investment management firms to implement the investment program. The long-term performance objective of the plan is to achieve a compound rate of return on invested assets consistent with the forward looking return assumptions adopted annually by the trustees of the plan. Current eligible investments classifications include Principal Protection and International Equity.

Investments – concentration of credit risk

The plan trustees have adopted an Investment Policy, which defines target allocations in each class of investment. The following are the trustee adopted asset allocation policies as of December 31, 2025.

OPEB Plan Allocation Policy

<u>Investment Class</u>	<u>2025</u>
International equity	30%
Principal protection	70%
Total	<u>100%</u>

As of December 31, 2025 and December 31, 2024, the plan had investments of more than 5% of the total Plan fiduciary net position, as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Vanguard Short Term Treasury Index	70%	0%
Vanguard Total World Stock Index	30%	0%

Funding policy and Net OPEB liability

The District funds post-retirement healthcare benefits on a pay-as-you-go basis while also making annual contributions to the OPEB Trust. The District does not expect fiduciary net position to be insufficient to pay future benefits and thus there is no crossover date used by the actuary. The defined benefit pension plans are funded in accordance with actuarial recommendations. To the extent additional budgeted funding capacity remains after pension contributions are made, the District contributes those amounts to the OPEB Trust.

As assets in the OPEB Trust grow, the District intends to transition from exclusively funding post-retirement healthcare benefits on a pay-as-you-go basis to using a combination of current resources and OPEB Trust assets to fund benefits.

The components of the net OPEB liability were as follows:

Net OPEB liability	As of December 31,	
	2025	2024
Total OPEB liability	\$ 520,993	\$ 645,842
Plan fiduciary net position	35,188	455
Net OPEB liability	<u>\$ 485,805</u>	<u>\$ 645,387</u>
Plan fiduciary net position as a percent of total OPEB liability	6.75%	0.07%
Covered employee payroll	\$ 349,748	\$ 331,426
Net OPEB liability as a percentage of covered employee payroll	138.9%	194.7%

Net OPEB Liability

The District's net OPEB liability of \$485,805 was measured as of December 31, 2025, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability for the December 31, 2025 and 2024 actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Inflation:	2.75%	2.75%
Salary Increases:	3.0 - 3.25%	3.0 - 3.25%
Discount Rate:	5.75%	4.08%

The discount rate used to measure the Total OPEB Liability was 5.75 percent as of December 31, 2025 and 4.08 percent as of December 31, 2024. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the District's funding policy. Projected investment earnings were calculated using the expected long-term rate of return on OPEB trust assets, and projections assumed that contributions, benefit payments, and administrative expenses occur throughout the year. Based on these assumptions, the OPEB Trust's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, a crossover date was not applied and the discount rate was determined using the projected investment earnings assumption for all periods of projected benefit payments.

Healthcare cost trend rates:

Union Plans			Non Union Plans	
Pre-Medicare	Medicare	Medicare Part B	Pre-Medicare	Medicare
8% in 2026 trending down to 4.03% in 2046 and thereafter.	7% in 2026 trending down to 4.03% in 2046 and thereafter.	7.74% in 2026 and 5.81% in 2027 then trending down to 4.03% in 2046 and thereafter.	10% in 2026 trending down to 4.03% in 2046 and thereafter.	7% in 2026 trending down to 4.03% in 2046 and thereafter.

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Retirees' share of benefit related costs:

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

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

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

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

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

Mortality rates were based on the tables as detailed below:

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

Changes in the Net OPEB Liability

	For the Years Ended December 31,	
	2025	2024
<i>Total OPEB liability</i>		
Service cost	\$ 14,899	\$ 18,399
Interest cost	26,106	23,093
Differences between actual and expected experience	(41,727)	(23,783)
Changes in assumptions or other inputs	(97,124)	(58,816)
Benefit Payments	<u>(27,003)</u>	<u>(24,398)</u>
Net Change in Total OPEB Liability	(124,849)	(65,505)
 Total OPEB liability, beginning	 <u>645,842</u>	 <u>711,347</u>
Total OPEB liability, ending	<u>520,993</u>	<u>645,842</u>
 <i>Plan fiduciary net position</i>		
Contributions	60,757	24,398
Net Investment Income	979	19
Benefit payments	<u>(27,003)</u>	<u>(24,398)</u>
Net change in plan fiduciary net position	34,733	19
 Plan fiduciary net position, beginning	 <u>455</u>	 <u>436</u>
Plan fiduciary net position, ending	<u>35,188</u>	<u>455</u>
 Net OPEB liability, ending	 <u>\$ 485,805</u>	 <u>\$ 645,387</u>
 Plan fiduciary net position as a percent of total OPEB liability	 6.75%	 0.07%
 Covered employee payroll	 \$ 349,748	 \$ 331,426
 Net OPEB liability as a percent of covered payroll	 138.90%	 194.73%

In the current fiscal year, the differences between expected and actual experience noted a large decrease of \$41,727 due to population and claims experience as well as an increase in contributions to the trust. In the prior fiscal year, the differences between expected and actual experience noted a large decrease of \$23,783 due to population and claims experience.

There were no changes to benefit terms during either measurement period. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent as of December 31, 2023 to 4.08 percent as of December 31, 2024, and to 5.75 percent as of December 31, 2025. Benefit payments in the measurement period included amounts for the purchase of allocated insurance contracts of \$14,978 during the measurement period ending December 31, 2025 and \$13,613 during the measurement period ended December 31, 2024. Such benefits included employee medical, dental, and life insurance. The obligation for the payment of benefits covered by allocated insurance contracts has been transferred from the District to one or more insurance companies.

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>as of December 31, 2025</u>	4.75%	5.75%	6.75%
Net OPEB Liability	\$ 544,462	\$ 485,805	\$ 436,139

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>as of December 31, 2024</u>	3.08%	4.08%	5.08%
Net OPEB Liability	\$ 728,547	\$ 645,387	\$ 576,106

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

<u>as of December 31, 2025</u>	<u>1% Decrease</u>	<u>Healthcare Trend</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 433,869	\$ 485,805	\$ 547,631

<u>as of December 31, 2024</u>	<u>1% Decrease</u>	<u>Healthcare Trend</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 572,553	\$ 645,387	\$ 733,763

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

For the years ended June 30, 2026 and 2025, the District recognized an OPEB credit of (\$11,324) and (\$4,138), respectively. At June 30, 2026 and 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	
	<u>2026</u>	<u>2025</u>
Changes of assumptions or other inputs	\$ 53,044	\$ 103,267
Contributions subsequent to the measurement date	13,310	33,546
Total	<u>\$ 66,354</u>	<u>\$ 136,813</u>

	<u>Deferred Inflows of Resources</u>	
	<u>2026</u>	<u>2025</u>
Differences between actual and expected experience	\$ 144,544	\$ 162,553
Changes of assumptions or other inputs	183,918	128,624
Net difference between projected and actual earnings on OPEB plan investments	14	22
Total	<u>\$ 328,476</u>	<u>\$ 291,199</u>

At June 30, 2026, \$13,310 is reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in expense as follows:

<u>Fiscal Year Ending</u>	<u>Amortization</u>
<u>June 30,</u>	
2027	\$ 71,811
2028	72,928
2029	47,588
2030	31,635
2031	31,636
Thereafter	19,836
	<u>\$ 275,434</u>

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

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

TriMet recorded \$2,576 in pension expense and (\$185) in pension credit for the Management DB Plan in the years ended June 30, 2026 and 2025, respectively.

Plan description

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

The following is a summary of plan participants at June 30, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Active employees	43	49
Retirees and beneficiaries		
Receiving benefits	374	365
Deferred Retirement benefits		
Terminated employees	<u>26</u>	<u>37</u>
Total Participants	<u>443</u>	<u>451</u>

Summary of accounting policies

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

Investment policy and method to value investments

The Management DB Plan investment policy allows the plan to utilize multiple professional investment management firms to implement the investment program. The long-term performance objective of the plan is to achieve a compound rate of return on invested assets consistent with the forward looking return assumptions adopted annually by the trustees of the plan. Eligible investments include the following: Principal protection, US equity, international equity, long duration treasuries, systematic trend following, alternative risk premia, private real estate, private equity, private credit, and inflation protection

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

The following presents a summary of the Plan's investments by type as of June 30, 2026, at fair value:

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Balance at June 30, 2026			
Measured at Fair Value Level				
Principal protection	\$ 37,897	\$ -	\$ 37,897	\$ -
U.S. large-mid cap equities	28,848	-	28,848	-
U.S. small cap equities	1,561	-	1,561	-
International equity	20,781	-	20,781	-
	<u>\$ 89,087</u>	<u>\$ -</u>	<u>\$ 89,087</u>	<u>\$ -</u>
Measured at Net Asset Value				
Long duration treasuries	10,089			
Systematic trend following	12,366			
Alternative risk premia	16,103			
Private real estate	9,866			
Public Credit	9,608			
Private equity	3,122			
Private credit	45			
	<u>61,199</u>			
Total	<u><u>\$ 150,286</u></u>			

The following presents a summary of the Plan's investments by type as of June 30, 2025, at fair value:

		Fair Value Measurement Using		
	Balance at June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured at Fair Value Level				
Principal protection	\$ 37,420	\$ -	\$ 37,420	\$ -
U.S. large-mid cap equities	28,349	-	28,349	-
U.S. small cap equities	1,487	-	1,487	-
International equity	22,011	-	22,011	-
	<u>\$ 89,267</u>	<u>\$ -</u>	<u>\$ 89,267</u>	<u>\$ -</u>
Measured at Net Asset Value				
Long duration treasuries	9,810			
Systematic trend following	12,253			
Alternative risk premia	16,942			
Private real estate	12,449			
Private equity	3,458			
Private credit	656			
	<u>55,568</u>			
Total	\$ 144,835			

For Level 2 investments, the District uses matrix pricing to value its investments.

Investments measured at Net Asset Value ("NAV")

International Equity includes assets in commingled investments or mutual funds investing in marketable common stocks and other rights to acquire or receive stock of foreign (non-US) corporate issuers. Exposure may be achieved through a combination of both actively and passively managed portfolios. Fair values are determined using the NAV per share of the Plan's ownership interest.

US Equity includes assets in commingled investments or mutual funds investing in marketable common stocks and other rights to acquire or receive stock of domestic corporate issuers or American Depositary Receipts (ADR) traded on established US and Canadian exchanges. Exposure may be achieved through a combination of both actively and passively managed portfolios. Fair values are determined using the NAV per share of the Plan's ownership interest.

Long Duration Treasuries are longer dated (long-term) US Government bonds invested through a passive commingled vehicle tracking the Bloomberg US Long Treasury Index. It is expected to provide material exposure to interest rate risk and provide meaningful diversification during deflationary risk-off market scenarios. Fair values are determined using the NAV per share of the Plan's ownership interest.

Systematic Trend Following includes investments in private offering funds (typically structured as limited partnerships) with exposure to time series momentum utilizing both cash and derivatives-based instruments provide meaningful diversification during broad market drawdowns. Fair values are determined in a monthly basis as the Plan's ownership interest in the NAV of the partnership or the NAV per share of the Plan's ownership interest.

Alternative Risk Premia includes investments in private offering funds (typically structured as limited partnerships) with the goal of generation of consistent positive returns with lower levels of volatility and low levels of correlation to traditional stocks and bonds. Fair values are determined in a monthly basis as the Plan's ownership interest in the NAV of the partnership or the NAV per share of the Plan's ownership interest.

Private Real Estate includes investments in commingled investment vehicles (typically structured as limited partnerships) with a goal of generating consistent, low volatility returns. It is implemented through core real estate equity and real estate-related debt strategies. Core real estate equity investments are in high quality, well-leased properties, with a focus on income generation. Fair values are determined in a quarterly basis using the NAV per unit of the Plan's ownership interest in the partnership. Real estate-related debt security investments focus on debt instruments with significant coverage ratios that have exposures to global public and private residential and commercial real estate markets.

Private Equity includes investments in private offering, funds-of-funds (typically structured as limited partnerships). Fair values are determined quarterly as the Plan's ownership interest in the NAV of the partnerships. Current investments in Private Equity are in liquidation or exit phase; distributions will be received as the underlying investments are liquidated. Fair values are determined using the NAV per share of the Plan's ownership interest.

Public Credit includes assets in commingled or mutual funds investing in liquid credit market instruments such as high yield bonds, bank loans / leveraged loans, structured products, emerging markets debt and other related securities such as preferred equity and convertibles. Exposure is generally achieved through actively managed portfolios. Fair values are determined using the NAV per share of the Plan's ownership interest.

Private Credit includes investments in private offering funds (typically structured as limited partnerships), which invest globally utilizing less liquid or illiquid credit market instruments. Fair values are determined quarterly as the Plan's ownership interest in the NAV of the partnership. Current investments in Private Credit are in liquidation phase; distributions will be received as the underlying investments are liquidated.

Outstanding commitments and redemption limitations for each applicable investment class as of June 30, 2026 and 2025 are as follows:

Measured at Net Asset Value	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
As of June 30, 2026:				
Private real estate	\$ 9,866	\$ -	Quarterly	45 days
Private equity	\$ 3,122	\$ 29	N/A	N/A
Private credit	\$ 45	\$ -	N/A	N/A
As of June 30, 2025:				
Private real estate	\$ 12,449	\$ -	Quarterly	45 days
Private equity	\$ 3,458	\$ 29	N/A	N/A
Private credit	\$ 656	\$ 2,936	N/A	N/A

Rate of Return

For the years ended June 30, 2026 and 2025, respectively, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.60 percent and 7.20 percent. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investments – concentration of credit risk

The plan trustees have adopted an Investment Policy, which defines target allocations in each class of investment. The target allocations are based upon asset liability studies, which are performed every five years. The following are the trustee adopted asset allocation policies as of June 30, 2026 and 2025.

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Management DB Plan	Allocation Policy	
<u>Investment Class</u>	<u>2026</u>	<u>2025</u>
US Large cap equity	19.0%	19.0%
US Small cap equity	1.0%	1.0%
International equity	14.0%	14.0%
Public credit	8.0%	8.0%
Private real estate	5.0%	5.0%
Principal protection	25.0%	25.0%
Alternative risk premia	10.0%	10.0%
Systematic trend following	8.0%	8.0%
Long duration treasuries	10.0%	10.0%
Total	<u>100.0%</u>	<u>100.0%</u>

As of June 30, 2026 and 2025, the plan had investments of more than 5% of the total Plan fiduciary net position, as follows:

<u>Pension Fund Manager</u>	<u>2026</u>	<u>2025</u>
Baird Core Bond Fund	24.4%	25.4%
Vanguard Russell 1000 Index Fund	18.6%	19.3%
Vanguard Total International Stock Fund	13.4%	15.0%
Graham Tactical Trend	8.0%	8.3%
State Street Long U.S. Treasury Index Trust Fund	6.5%	6.7%
HPS Institutional Credit Onshore Fund	6.3%	0.0%
RREEF America REIT II	4.7%	6.7%
AQR Enhanced Style Premia Fund, L.P.	3.6%	6.0%
Two Sigma Absolute Return Cayman Fund	3.9%	6.6%

Funding policy and net pension liability

The funding policy's objective is to maintain a well-funded pension plan while avoiding the accumulation of surplus assets that may not be available for other purposes until all plan benefits have been paid. The District targets a funded ratio between 80 percent and 90 percent. If a plan's funded ratio falls below 80 percent, contributions increase to restore the plan to a minimum 80 percent funded level. If the funded ratio exceeds 90 percent, contributions are reduced to avoid the accumulation of surplus assets that could become trapped within the plan.

Consistent with this policy, the actuarially recommended contribution is designed to target and maintain an 80 percent funded ratio. If the funded ratio falls below 80 percent, the recommended contribution increases as necessary to restore the funded ratio to 80 percent within 10 years. If the funded ratio exceeds 80 percent, the recommended contribution is reduced to allow the funded ratio to gradually return to 80 percent over several years. At an 80 percent funded ratio, the recommended contribution is the amount necessary to maintain that funded level.

As the actuarial liability of the closed plan declines over time, the contribution methodology also reduces the unfunded actuarial liability by including an amount equal to the following year's projected unfunded benefit payments.

The components of the net pension liability of the Management DB Plan were as follows:

<u>Net Pension Liability as of June 30,</u>	<u>2026</u>	<u>2025</u>
Total pension liability	\$ 170,000	\$ 170,643
Plan fiduciary net position	<u>155,186</u>	<u>147,237</u>
Net pension liability	<u>14,814</u>	<u>23,406</u>
Plan fiduciary net position as a percent of total pension liability	91.3%	86.3%
Annual covered payroll	\$ 6,161	\$ 7,278
Net pension liability as a percentage of covered payroll	240.4%	321.6%

Actuarial methods and assumptions

Significant actuarial assumptions used in the June 30, 2026 valuation include a rate of return on the investment of present and future assets of 6.0 percent, price inflation of 2.75 percent, annual salary increases of 3.0 percent, and an annual post-retirement benefit increase of 2.475 percent. Mortality rates were based on the PubG-2010(A) with generational projection using MP-2019. All participants are assumed to retire by the age of 67, with a certain percentage of active participants assumed to elect retirement beginning at age 55. Net pension liability has been measured and reported as of June 30, 2026.

Significant actuarial assumptions used in the June 30, 2025 valuation include a rate of return on the investment of present and future assets of 6.0 percent, price inflation 2.75 percent, annual salary increases of 3.0 percent and an annual post-retirement benefit increase of 2.48 percent. Mortality rates were based on the PubG-2010(A) with generational projection using MP-2019. All participants are assumed to retire by the age of 67, with a certain percentage of active participants assumed to elect retirement beginning at age 55. The net pension liability has been measured and reported as of June 30, 2025.

The 2026 and 2025 long-term expected rate of return on pension plan investments of 6.0 percent was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are then combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

Estimated real rates of return by asset class were as follows at June 30, 2026 and June 30, 2025:

Long-Term Expected Real Rate of Return

	2026	2025
	Expected	Expected
<u>Risk Based Class/Components</u>	<u>Return</u>	<u>Return</u>
US large cap equity	8.0%	8.4%
US small cap equity	8.6%	9.2%
International equity	8.1%	8.7%
Public credit	6.5%	7.1%
Principal protection	4.9%	5.3%
Real estate	8.3%	8.5%
Alternative risk premia	5.8%	5.8%
Systematic trend following	4.9%	4.9%
Long duration treasuries	5.1%	5.7%
Cash equivalents	3.1%	3.1%

The discount rate used to measure the total pension liability was 6.0 percent for both the 2026 and 2025 valuations. The projection of cash flows used to determine the discount rate assumed that District contributions will be made consistent with the current funding plan. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

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

Retirement Plan for Management and Staff Employees

For the Years Ended June 30,

	<u>2026</u>	<u>2025</u>
<i>Total pension liability</i>		
Service cost	\$ 450	\$ 503
Interest cost	9,906	9,958
Benefit payments	(12,152)	(11,499)
Experience (gain) loss	1,153	548
Net change in total pension liability	<u>(643)</u>	<u>(490)</u>
Total pension liability, beginning	<u>170,643</u>	<u>171,133</u>
Total pension liability, ending	<u>170,000</u>	<u>170,643</u>
<i>Plan fiduciary net position</i>		
Contributions	753	727
Net Investment Income	19,420	10,274
Benefit payments	(12,152)	(11,499)
Administrative Expense	<u>(72)</u>	<u>(79)</u>
Net change in plan fiduciary net position	<u>7,949</u>	<u>(577)</u>
Plan fiduciary net position, beginning	<u>147,237</u>	<u>147,814</u>
Plan fiduciary net position, ending	<u>155,186</u>	<u>147,237</u>
Net pension liability, ending	<u>\$ 14,814</u>	<u>\$ 23,406</u>
Plan fiduciary net position as a percent of total pension liability	91%	86%
Covered payroll	\$ 6,161	\$ 7,278
Net pension liability as a percent of covered payroll	240%	322%

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

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

<u>Discount rate as of June 30, 2026</u>	<u>Net pension liability</u>
1% decrease (5.0%)	\$ 33,089
Current discount rate (6.0%)	\$ 14,814
1% increase (7.0%)	\$ (664)

<u>Discount rate as of June 30, 2025</u>	<u>Net pension liability</u>
1% decrease (5.0%)	\$ 42,299
Current discount rate (6.0%)	\$ 23,406
1% increase (7.0%)	\$ 7,457

Deferred Inflows and Outflows of Resources

The following table presents the components of deferred outflows of resources for the Management DB Plan for the years ended June 30, 2026 and 2025:

<u>Deferred outflows of Resources:</u>	<u>2026</u>	<u>2025</u>
Differences between projected and actual earnings on pension investments	\$ -	\$ -
Changes in assumptions	-	-
Differences between expected and actual experience in the measurement of total pension liability	-	-
Total deferred outflows	<u>\$ -</u>	<u>\$ -</u>

<u>Deferred Inflows of Resources:</u>		
Differences between projected and actual earnings on pension investments	\$ 10,833	\$ 419
Total deferred inflows	<u>\$ 10,833</u>	<u>\$ 419</u>

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

<u>For the Year Ended June 30,</u>	<u>Deferred outflows of resources</u>
2027	\$ 2,794
2028	3,324
2029	2,530
2030	2,185
	<u>\$ 10,833</u>

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

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

TriMet recorded \$3,572 and \$871 in pension expense for the Bargaining Unit DB Plan in the years ended June 30, 2026 and 2025, respectively.

Plan description

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

The following is a summary of plan participants at June 30, 2026 and 2025:

	2026	2025
Active employees	595	656
Retirees and beneficiaries		
Receiving benefits	2,265	2,259
Deferred Retirement benefits	127	133
Total Participants	<u>2,987</u>	<u>3,048</u>

Summary of accounting policies

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

Investment policy and method to value investments

The Bargaining Unit DB Plan investment policy allows the plan to utilize multiple professional investment management firms to implement the investment program. The long-term performance objective of the plan is to achieve a compound rate of return on invested assets consistent with the forward-looking return assumptions adopted annually by the trustees of the plan. Eligible investments include the following: US equity, international equity, principal protection, systematic trend following, alternative risk premia, long duration treasuries, private real estate, private equity, private credit, and inflation protection.

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

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

The following table presents a summary of the Plan's investments by type as of June 30, 2026, at fair value.

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured at Fair Value Level	Balance at June 30, 2026			
U.S. large-mid cap equities	\$ 210,723	\$ -	\$ 210,723	\$ -
International equity	203,436		203,436	
Principal protection	42,788	-	42,788	-
U.S. small cap equities	17,942	-	17,942	-
	<u>\$ 474,889</u>	<u>\$ -</u>	<u>\$ 474,889</u>	<u>\$ -</u>
 Measured at Net Asset Value				
Principal protection	82,378			
Private real estate	66,371			
Public Credit	63,803			
Systematic trend following	50,482			
Alternative risk premia	50,631			
Long duration treasuries	47,143			
Private equity	13,106			
Private credit	222			
	<u>\$ 374,136</u>			
Total	<u><u>\$ 849,025</u></u>			

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

The following table presents a summary of the Plan's investments by type as of June 30, 2025, at fair value.

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured at Fair Value Level	Balance at June 30, 2025			
International Equity	\$ 211,504	\$ -	\$ 211,504	\$ -
U.S. large-mid cap equities	199,085	-	199,085	-
Principal protection	41,157	-	41,157	-
U.S. small cap equities	13,493	-	13,493	-
	<u>\$ 465,239</u>	<u>\$ -</u>	<u>\$ 465,239</u>	<u>\$ -</u>
 Measured at Net Asset Value				
Principal protection	81,815			
Private real estate	64,754			
Systematic trend following	52,822			
Alternative risk premia	51,628			
Long duration treasuries	45,839			
Private equity	14,837			
Private credit	701			
	<u>\$ 312,396</u>			
 Total	 <u><u>\$ 777,635</u></u>			

For Level 2 investments, the District uses matrix pricing to value its investments.

Investments measured at Net Asset Value ("NAV")

Principal Protection includes assets in commingled investments or mutual funds investing in marketable investment grade bonds, preferred stock, and other fixed income obligations of corporations, treasuries and obligations of US Government and its agencies, and investment grade fixed income synthetics—such as mortgage-backed securities (MBS), commercial mortgage-backed securities (CMBS), or asset-backed securities (ABS). Fair values are determined using the NAV per share of the Plan's ownership interest.

International Equity includes assets in commingled investments or mutual funds investing in marketable common stocks and other rights to acquire or receive stock of foreign (non-US) corporate issuers. Exposure may be achieved through a combination of both actively and passively managed portfolios. Fair values are determined using the NAV per share of the Plan's ownership interest.

US Equity includes assets in commingled investments or mutual funds investing in marketable common stocks and other rights to acquire or receive stock of domestic corporate issuers or American Depositary Receipts (ADR) traded on established US and Canadian exchanges. Exposure may be achieved through a combination of both actively and passively managed portfolios. Fair values are determined using the NAV per share of the Plan's ownership interest.

Systematic Trend Following includes investments in private offering funds (typically structured as limited partnerships) with exposure to time series momentum utilizing both cash and derivatives-based instruments provide meaningful diversification during broad market drawdowns. Fair values are determined in a monthly basis as the Plan's ownership interest in the NAV of the partnership or the NAV per share of the Plan's ownership interest.

Alternative Risk Premia includes investments in private offering funds (typically structured as limited partnerships) with the goal of generation of consistent positive returns with lower levels of volatility and low levels of correlation

to traditional stocks and bonds. Fair values are determined in a monthly basis as the Plan's ownership interest in the NAV of the partnership or the NAV per share of the Plan's ownership interest.

Long Duration Treasuries are longer dated (long-term) US Government bonds invested through a passive commingled vehicle tracking the Bloomberg US Long Treasury Index. It is expected to provide material exposure to interest rate risk and provide meaningful diversification during deflationary risk-off market scenarios. Fair values are determined using the NAV per share of the Plan's ownership interest.

Private Real Estate includes investments in commingled investment vehicles (typically structured as limited partnerships) with a goal of generating consistent, low volatility returns. It is implemented through core real estate equity and real estate-related debt strategies. Core real estate equity investments are in high quality, well-leased properties, with a focus on income generation. Fair values are determined in a quarterly basis using the NAV per unit of the Plan's ownership interest in the partnership. Real estate-related debt security investments focus on debt instruments with significant coverage ratios that have exposures to global public and private residential and commercial real estate markets.

Private Equity includes investments in private offering, funds-of-funds (typically structured as limited partnerships). Fair values are determined quarterly as the Plan's ownership interest in the NAV of the partnerships. Current investments in Private Equity are in liquidation or exit phase; distributions will be received as the underlying investments are liquidated. Fair values are determined using the NAV per share of the Plan's ownership interest.

Public Credit includes assets in commingled or mutual funds investing in liquid credit market instruments such as high yield bonds, bank loans / leveraged loans, structured products, emerging markets debt and other related securities such as preferred equity and convertibles. Exposure is generally achieved through actively managed portfolios. Fair values are determined using the NAV per share of the Plan's ownership interest.

Private Credit includes investments in private offering funds (typically structured as limited partnerships), which invest globally utilizing less liquid or illiquid credit market instruments. Fair values are determined quarterly as the Plan's ownership interest in the NAV of the partnership. Current investments in Private Credit are in liquidation phase; distributions will be received as the underlying investments are liquidated.

Outstanding commitments and redemption limitations for each investment class as of June 30, 2026 and 2025 are as follows:

Measured at Net Asset Value	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
As of June 30, 2026:				
Private real estate	\$ 66,371	\$ -	Quarterly	45 days
Private equity	13,106	536	N/A	N/A
Private credit	\$ 222	\$ -	N/A	N/A
As of June 30, 2025:				
Private real estate	\$ 64,754	\$ -	Quarterly	45 days
Private equity	14,837	536	N/A	N/A
Private credit	\$ 701	\$ 2,245	N/A	N/A

Rate of Return

For the years ended June 30, 2026 and 2025, respectively, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.70 percent and 10.02 percent. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investments – concentration of credit risk

The plan trustees have adopted an Investment Policy, which defines target allocations in each class of investment. The target allocations are based upon asset liability studies, which are performed every five years. The following is the trustee adopted asset allocation policy as of June 30, 2026 and 2025:

Bargaining Unit DB Plan	Allocation Policy	
	2026	2025
US Large cap equity	25.0%	25.0%
US Small cap equity	2.0%	2.0%
International equity	24.0%	24.0%
Public credit	8.0%	8.0%
Private real estate	8.0%	8.0%
Principal protection	15.0%	15.0%
Alternative risk premia	6.0%	6.0%
Systematic trend following	6.0%	6.0%
Long duration treasuries	6.0%	6.0%
Total	<u>100.0%</u>	<u>100.0%</u>

As of June 30, 2026 and 2025, the plan had the following investments of more than 5% of the total Plan fiduciary net position:

	2026	2025
Vanguard Russell 1000 Index Fund	24.5%	25.4%
Vanguard Total International Stock Index Fund	23.6%	27.0%
AFL/CIO Housing Trust	9.6%	10.5%
HPS Institutional Credit Onshore Fund	7.4%	0.0%
State Street Long U.S. Treasury Index Trust Fund	5.5%	5.9%
Baird Core Bond Fund	5.0%	5.3%
RREEF America REIT II	4.9%	5.3%

Funding Policy and Annual Pension Cost

Pursuant to the terms of the Working Wage Agreement for union employees, the District is required to fund the Bargaining Unit Defined Benefit Pension Plan in accordance with actuarial principles, with past service liabilities amortized over a period of 40 years or less. The objective of the funding policy is to protect benefit security while managing intergenerational equity and avoiding the accumulation of surplus assets that may not be available for other purposes until all plan benefits have been paid. The District targets a funded ratio between 80 percent and 90 percent. If the plan's funded ratio falls below 80 percent, contributions increase to restore the plan to a minimum 80 percent funded level. If the funded ratio exceeds 90 percent, contributions are reduced to avoid the accumulation of surplus assets that could become trapped within the plan.

Consistent with this policy, the actuarially recommended contribution is designed to target and maintain an 80 percent funded ratio. If the funded ratio falls below 80 percent, the recommended contribution increases as necessary to restore the funded ratio to 80 percent within 10 years. If the funded ratio exceeds 80 percent, the recommended contribution is reduced to allow the funded ratio to gradually return to 80 percent over several years. At an 80 percent funded ratio, the recommended contribution is the amount necessary to maintain that funded level.

As the actuarial liability of the closed plan declines over time, the contribution methodology also reduces the unfunded actuarial liability by including an amount equal to the following year's projected unfunded benefit payments.

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

Net pension liability as of June 30,	2026	2025
Total pension liability	\$ 934,158	\$ 930,812
Plan fiduciary net position	860,530	783,183
Net pension liability	<u>\$ 73,628</u>	<u>\$ 147,629</u>
Plan fiduciary net position as a percent of total pension liability	92.1%	84.1%
Annual covered payroll	\$ 62,428	\$ 66,216
Net Pension Liability as a percentage of covered payroll	117.9%	223.0%

Actuarial methods and assumptions

Significant actuarial assumptions used in the 2026 valuation were based on an experience study as of June 30, 2019. From the experience study, the long-term rate of return on the investment of present and future assets is at 6.25 percent, price inflation of 2.75 percent and annual salary increases of 3.25 percent. The benefit cost of living increase is 2.75 percent annually for participants who retired prior to August 1, 2012 and 2.48 percent annually for participants who retire after August 1, 2012. Mortality rates were based on the 2016 Cheiron ATU mortality tables. The net pension liability has been measured and reported as of June 30, 2026.

Significant actuarial assumptions used in the 2025 valuation were based on an experience study as of June 30, 2019. From the experience study, the long-term rate of return on the investment of present and future assets is at 6.25 percent, price inflation of 2.75 percent and annual salary increases of 3.25 percent. The benefit cost of living increase is 2.75 percent annually for participants who retired prior to August 1, 2012 and 2.48 percent annually for participants who retire after August 1, 2012. Mortality rates were based on the 2016 Cheiron ATU mortality tables. The net pension liability has been measured and reported as of June 30, 2025.

The 2026 long-term expected rate of return on pension plan investments of 6.25 percent was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are then combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation:

Long-Term Expected Real Rate of Return

<u>Risk Based Class/Components</u>	<u>2026</u>	<u>2025</u>
US large cap equity	8.0%	8.4%
US small cap equity	8.6%	9.2%
International equity	8.1%	8.7%
Public credit	6.5%	7.1%
Private real estate	8.3%	8.5%
Principal protection	4.9%	5.3%
Alternative risk premia	5.8%	5.8%
Systematic trend following	4.9%	4.9%
Long duration treasuries	5.1%	5.7%
Cash equivalents	3.1%	3.1%

The discount rate used to measure the total pension liability was 6.25 percent for both the 2026 valuation and the 2025 valuation. The projection of cash flows used to determine the discount rate assumed that District contributions will be made consistent with the current funding plan. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

Changes in net pension liability

The following table presents the changes in the net pension liability for the years ended June 30, 2026 and 2025:

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

	<u>2026</u>	<u>2025</u>
<i>Total pension liability</i>		
Service cost	\$ 7,048	\$ 7,234
Interest cost	56,807	56,483
Effect of economic/demographic gains	(1,702)	(313)
Benefit payments	<u>(58,807)</u>	<u>(57,320)</u>
Net change in total pension liability	3,346	6,084
 Total pension liability, beginning	 <u>930,812</u>	 <u>924,728</u>
Total pension liability, ending	<u>934,158</u>	<u>930,812</u>
 <i>Plan fiduciary net position</i>		
Contributions	15,743	18,899
Net investment income	120,624	73,597
Benefit payments	(58,807)	(57,320)
Administrative expense	<u>(213)</u>	<u>(221)</u>
Net change in plan fiduciary net position	77,347	34,955
 Plan fiduciary net position, beginning	 <u>783,183</u>	 <u>748,228</u>
Plan fiduciary net position, ending	<u>860,530</u>	<u>783,183</u>
 Net pension liability, ending	 <u><u>\$ 73,628</u></u>	 <u><u>\$ 147,629</u></u>
 Plan fiduciary net position as a percent of total pension liability	 92%	 84%
 Covered payroll	 62,428	 66,216
 Net pension liability as a percent of covered payroll	 118%	 223%

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

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

<u>Discount rate as of June 30, 2026</u>	<u>Net pension liability</u>
1% decrease (5.25%)	\$ 175,447
Current discount rate (6.25%)	\$ 73,628
1% increase (7.25%)	\$ (12,559)
 <u>Discount rate as of June 30, 2025</u>	 <u>Net pension liability</u>
1% decrease (5.25%)	\$ 250,599
Current discount rate (6.25%)	\$ 147,629
1% increase (7.25%)	\$ 60,587

Deferred Inflows and Outflows of Resources

The following table presents the components of deferred inflows and outflows of resources for the Bargaining Unit DB Plan at June 30, 2026 and 2025:

<u>Deferred outflows of resources</u>	2026	2025
Changes in assumptions	\$ -	\$ -
Differences between expected and actual experience	-	-
Total deferred outflows	<u>\$ -</u>	<u>\$ -</u>
 <u>Deferred inflows of resources</u>		
Differences between projected and actual earnings	\$ 86,414	\$ 25,093
Differences between expected and actual experience	638	129
Total deferred inflows	<u>\$ 87,052</u>	<u>\$ 25,222</u>

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

<u>For the Year Ended</u>	<u>Deferred Outflows and Inflows of Resources</u>
2027	\$ 26,870
2028	25,375
2029	20,206
2030	14,601
	<u>\$ 87,052</u>

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

	Fiscal Year 2026			
	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Management & Staff Employees	\$ 14,814	\$ -	\$ 10,833	\$ 2,576
Bargaining Unit Employees	73,628	-	87,052	3,572
Total pension plans	\$ 88,442	\$ -	\$ 97,885	\$ 6,148

	Fiscal Year 2025			
	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Management & Staff Employees	\$ 23,406	\$ -	\$ 419	\$ (185)
Bargaining Unit Employees	147,629	-	25,222	871
Total pension plans	\$ 171,035	\$ -	\$ 25,641	\$ 686

The following schedules present the combining Fiduciary Statement of Net Position and the Statement of Changes in Fiduciary Net Position for fiscal years ending June 30, 2026 and 2025 for the Retirement Plan for Management and Staff Employees, the Pension Plan for Bargaining Unit Employees and the Other Post-Employment Benefits Trust.

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

Schedules of Fiduciary Net Position:

	As of June 30, 2026		As of December 31, 2025	
	Pension Trust: Management and Staff Employees	Pension Trust: Bargaining Unit Employees	Other Post- Employment Benefits Trust	Total
Assets				
Cash and cash equivalents	\$ 4,888	\$ 11,483	\$ 2	\$ 16,373
Receivables Accrued Income	13	23	-	36
Investments:				
Domestic large/mid cap equity	28,848	210,723	-	239,571
International equity	20,781	203,436	10,672	234,889
Principal protection	37,897	125,166	24,514	187,577
Real estate	9,866	66,371	-	76,237
Public Credit	9,608	63,803	-	73,411
Alternative risk premia	16,103	50,631	-	66,734
Systematic trend following	12,366	50,482	-	62,848
Long duration treasuries	10,089	47,143	-	57,232
Domestic small cap equity	1,561	17,942	-	19,503
Private equity	3,122	13,106	-	16,228
Private credit	45	223	-	268
Total investments	150,286	849,026	35,186	1,034,498
Total assets	155,187	860,532	35,188	1,050,907
Liabilities				
Accounts payable	1	2	-	3
Total liabilities	1	2	-	3
Net position				
Restricted for pension benefits	155,186	860,530	-	1,015,716
Restricted for other post-employment benefits	-	-	35,188	35,188
Total net position	\$ 155,186	\$ 860,530	\$ 35,188	\$ 1,050,904

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

Schedules of Fiduciary Net Position (continued):

	As of June 30, 2025		As of December 31, 2024	
	Pension Trust: Management and Staff Employees	Pension Trust: Bargaining Unit Employees	Other Post- Employment Benefits Trust	Total
Assets				
Cash and cash equivalents	\$ 2,397	\$ 5,525	\$ 455	\$ 8,377
Receivables Accrued Income	5	23	-	28
Investments:				
Domestic large/mid cap equity	28,349	199,085	-	227,434
International equity	22,011	211,504	-	233,515
Principal protection	37,421	122,972	-	160,393
Systematic trend following	12,253	52,822	-	65,075
Real estate	12,448	64,754	-	77,202
Alternative risk premia	16,942	51,628	-	68,570
Long duration treasuries	9,810	45,839	-	55,649
Domestic small cap equity	1,487	13,493	-	14,980
Private equity	3,458	14,837	-	18,295
Private credit	656	701	-	1,357
Total investments	144,835	777,635	-	922,470
Total assets	147,237	783,183	455	930,875
Liabilities				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
Net position				
Restricted for pension benefits	147,237	783,183	-	930,420
Restricted for other post-employment benefits	-	-	455	455
Total net position	\$ 147,237	\$ 783,183	\$ 455	\$ 930,875

Tri-County Metropolitan Transportation District of Oregon
Dollars in thousands

Schedules of Changes in Fiduciary Net Position:

	<u>Fiscal Year Ended June 30, 2026</u>		<u>Fiscal Year Ended December 31, 2025</u>	
	<u>Pension Trust: Management and Staff Employees</u>	<u>Pension Trust: Bargaining Unit Employees</u>	<u>Other Post- Employment Benefits Trust</u>	<u>Total</u>
Additions				
Employer contributions	\$ 753	\$ 15,743	\$ 60,757	\$ 77,253
Investment income (loss):				
Interest	130	486	7	623
Dividends	2,510	10,012	659	13,181
Other income	1,937	5,147	-	7,084
Net increase in fair value of investments	14,959	105,540	313	120,812
Less investment expense	(116)	(560)	-	(676)
Net investment income	19,420	120,625	979	141,024
Total additions	20,173	136,368	61,736	218,277
Deductions				
Benefit expenses	12,152	58,807	27,003	97,962
Administrative expenses	72	214	-	286
Total deductions	12,224	59,021	27,003	98,248
Change in net position	7,949	77,347	34,733	120,029
Net position:				
Beginning of year	147,237	783,183	455	930,875
End of year	\$ 155,186	\$ 860,530	\$ 35,188	\$ 1,050,904

Schedules of Changes in Fiduciary Net Position (continued):

	Fiscal Year Ended June 30, 2025		Fiscal Year Ended December 31, 2024	
	Pension Trust: Management and Staff Employees	Pension Trust: Bargaining Unit Employees	Other Post- Employment Benefits Trust	Total
Additions				
Employer contributions	\$ 727	\$ 18,899	\$ 24,398	\$ 44,024
Investment income (loss):				
Interest	87	1,021	-	1,108
Dividends	2,457	8,396	-	10,853
Other income	295	3,397	-	3,692
Net increase (decrease) in fair value of investments	7,574	61,518	19	69,111
Less investment expense	(139)	(735)	-	(874)
Net investment income (loss)	10,274	73,597	19	83,890
Total additions	11,001	92,496	24,417	127,914
Deductions				
Benefit expenses	11,499	57,320	24,398	93,217
Administrative expenses	79	221	-	300
Total deductions	11,578	57,541	24,398	93,517
Change in net position	(577)	34,955	19	34,397
Net position:				
Beginning of year	147,814	748,228	436	896,478
End of year	\$ 147,237	\$ 783,183	\$ 455	\$ 930,875

16. Concentrations and constraints

Concentration

The District's primary operating revenue source is payroll tax revenue. Oregon state law establishes a maximum payroll tax rate that limits the District's ability to generate additional operating revenue through payroll tax increases. As a result, the District is vulnerable to changes in regional employment growth, payroll activity, passenger revenues, and federal operating assistance.

Financial constraints

The District is subject to financial constraints associated with its ability to align ongoing operating revenues and expenditures while maintaining service levels. Long-range financial projections initially identified an average annual operating budget gap of approximately \$300,000 over a 15-year planning period. The projected gap reflects, among other factors, changes in passenger revenues following the pandemic, a statutory ceiling on the District's payroll tax rate, changes in federal operating grant funding, and increases in operating and capital-related costs, including employee wages, healthcare benefits, vehicles, maintenance, and construction.

The District has taken actions to address the structural operating deficit, including reductions in service and expenditures and changes to its organizational structure. After incorporating these actions into the fiscal year 2027 budget, the District estimates its current average annual structural budget gap at approximately \$158,000.

The District's Board of Directors adopted the fiscal year 2027 budget on May 27, 2026. The adopted budget includes total appropriations of \$1,140,643 and total financial resources of \$953,262, resulting in a \$187,381 deficit before the use of reserves. Accordingly, available reserves are budgeted to support operations while the District continues to address the structural imbalance.

Management continues to evaluate expenditures, service levels, organizational structure, operating efficiencies, and opportunities for sustainable revenues. Additional service and expenditure reductions may be necessary. The District's goal is to align ongoing revenues and expenditures over the next three fiscal years.

17. Subsequent Events – Debt Service Payments

On September 1, 2026, scheduled principal and interest payments were due on certain previously refunded District bonds. Due to an administrative oversight by the bond trustee, certain scheduled debt payments were not made on September 1, 2026. Most of the affected payments were made on September 2, 2026, with the remaining payments made on September 3, 2026.

The accounts contained sufficient funds to satisfy the applicable debt service obligations, and no additional funding was required from the District.



Required Supplementary Information



Schedule of Changes in Net Pension Liability and Related Ratios
(dollars in thousands)

Management and Staff Employees Defined Benefit Pension Plan										
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability										
Service cost	\$ 450	\$ 503	\$ 514	\$ 554	\$ 548	\$ 633	\$ 650	\$ 685	\$ 919	\$ 1,162
Interest cost	9,906	9,958	9,783	9,402	8,531	8,604	8,939	8,784	8,621	8,309
Benefit payments	(12,152)	(11,499)	(10,352)	(8,969)	(8,750)	(8,513)	(7,563)	(7,197)	(6,211)	(5,286)
Changes of benefit terms	-	-	-	-	-	(32)	-	-	-	-
Change in assumptions	-	-	-	-	7,170	-	(959)	-	-	-
Experience (gain) loss	1,153	548	3,547	6,096	7,111	(1,697)	928	397	(29)	1,441
Net change in total pension liability	(643)	(490)	3,492	7,083	14,610	(1,005)	1,995	2,669	3,300	5,626
Total pension liability, beginning	170,643	171,133	167,641	160,558	145,948	146,953	144,958	142,289	138,988	133,362
Total pension liability, ending	170,000	170,643	171,133	167,641	160,558	145,948	146,953	144,958	142,288	138,988
Plan fiduciary net position										
Contributions	753	727	700	-	522	6,250	2,327	6,240	6,497	6,330
Net Investment Income	19,420	10,274	12,390	5,978	(2,137)	29,802	1,727	3,787	8,108	7,990
Benefit payments	(12,152)	(11,499)	(10,352)	(8,969)	(8,750)	(8,513)	(7,563)	(7,197)	(6,211)	(5,286)
Administrative Expense	(72)	(79)	(86)	(108)	(95)	(110)	(145)	(137)	(97)	(76)
Net change in plan fiduciary net position	7,949	(577)	2,652	(3,099)	(10,460)	27,429	(3,654)	2,693	8,297	8,958
Plan fiduciary net position, beginning	147,237	147,814	145,162	148,261	158,721	131,292	134,946	132,253	123,956	114,998
Plan fiduciary net position, ending	155,186	147,237	147,814	145,162	148,261	158,721	131,292	134,946	132,253	123,956
Net pension liability, ending	\$ 14,814	\$ 23,406	\$ 23,319	\$ 22,479	\$ 12,297	\$ (12,773)	\$ 15,661	\$ 10,012	\$ 10,035	\$ 15,032
Plan fiduciary net position as a percent of total pension liability	91%	86%	86%	87%	92%	109%	89%	93%	93%	89%
Covered payroll	\$ 6,161	\$ 7,278	\$ 7,404	\$ 7,641	\$ 7,463	\$ 7,965	\$ 8,105	\$ 8,280	\$ 9,446	\$ 10,593
Net pension liability as a percent of covered payroll	240%	322%	315%	294%	165%	-160%	193%	121%	106%	142%
Measurement Date	6/30/2026	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

Schedule of Changes in Net Pension Liability and Related Ratios
(dollars in thousands)

Bargaining Unit Employees Defined Benefit Pension Plan										
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability										
Service cost	\$ 7,048	\$ 7,234	\$ 7,859	\$ 7,943	\$ 7,796	\$ 8,150	\$ 8,675	\$ 9,643	\$ 9,875	\$ 10,851
Interest cost	56,807	56,483	55,588	53,091	49,410	48,272	47,372	46,537	43,494	43,889
Effect of plan changes	-	-	-	-	900	-	-	-	3,286	-
Changes of assumptions	-	-	-	-	68,817	3,945	34,129	-	-	-
Effect of economic/demographic (gains) losses	(1,702)	(313)	7,438	33,434	12,727	3,365	(5,375)	(2,453)	21,274	(19,615)
Benefit payments	(58,807)	(57,320)	(54,570)	(54,309)	(46,782)	(44,963)	(41,940)	(38,905)	(36,394)	(34,163)
Net change in total pension liability	3,346	6,084	16,315	40,159	92,868	18,769	42,861	14,822	41,535	962
Total pension liability, beginning	930,812	924,728	908,413	868,254	775,386	756,617	713,756	698,934	657,399	656,437
Total pension liability, ending	934,158	930,812	924,728	908,413	868,254	775,386	756,617	713,756	698,934	657,399
Plan fiduciary net position										
Contributions	15,743	18,899	24,984	51,268	6,041	33,929	37,755	34,718	35,228	35,862
Net investment income	120,624	73,597	69,230	45,828	(26,352)	170,880	3,683	18,329	41,479	46,645
Benefit payments	(58,807)	(57,320)	(54,570)	(54,309)	(46,782)	(44,963)	(41,940)	(38,905)	(36,394)	(34,163)
Administrative expense	(213)	(221)	(238)	(281)	(203)	(289)	(363)	(104)	(357)	(246)
Net change in plan fiduciary net position	77,347	34,955	39,406	42,506	(67,296)	159,557	(865)	14,038	39,955	48,098
Plan fiduciary net position, beginning	783,183	748,228	708,822	666,316	733,612	574,055	574,920	560,882	520,927	472,829
Plan fiduciary net position, ending	860,530	783,183	748,228	708,822	666,316	733,612	574,055	574,920	560,882	520,927
Net pension liability, ending	\$ 73,628	\$ 147,629	\$ 176,500	\$ 199,591	\$ 201,938	\$ 41,774	\$ 182,562	\$ 138,836	\$ 138,052	\$ 136,472
Plan fiduciary net position as a percent of total pension liability	92%	84%	81%	78%	77%	95%	76%	81%	80%	79%
Covered payroll	\$ 62,428	\$ 66,216	\$ 69,741	\$ 74,468	\$ 78,431	\$ 83,542	\$ 90,089	\$ 97,406	\$ 109,924	\$ 106,596
Net pension liability as a percent of covered payroll	118%	223%	253%	268%	257%	50%	203%	143%	126%	128%
Measurement Date	6/30/2026	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

Schedules of Pension Contributions

(dollars in thousands)

Management & Staff Employees Defined Benefit Pension Plan

Fiscal Year	Actuarially determined contribution	Contributions	Contribution excess	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2026	\$ 753	\$ 753	\$ -	\$ 6,161	12%
June 30, 2025	727	727	-	7,278	10%
June 30, 2024	664	700	36	7,404	9%
June 30, 2023	-	-	-	7,641	0%
June 30, 2022	197	522	325	7,463	7%
June 30, 2021	3,570	6,250	2,680	7,965	78%
June 30, 2020	2,327	2,327	-	8,105	29%
June 30, 2019	2,443	6,240	3,797	8,280	75%
June 30, 2018	3,253	6,497	3,244	9,446	69%
June 30, 2017	3,735	6,330	2,595	10,593	60%

Bargaining Unit Employees Defined Benefit Pension Plan

Fiscal Year	Actuarially determined contribution	Contributions	Contribution excess	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2026	\$ 15,743	\$ 15,743	\$ -	\$ 62,428	25%
June 30, 2025	18,560	18,899	339	66,216	29%
June 30, 2024	25,000	24,983	(17)	69,741	36%
June 30, 2023	40,658	51,268	10,610	74,468	69%
June 30, 2022	26,460	6,041	(20,419)	78,431	8%
June 30, 2021	28,790	33,929	5,139	83,542	41%
June 30, 2020	25,173	37,755	12,582	90,089	42%
June 30, 2019	26,040	34,718	8,678	97,406	36%
June 30, 2018	24,566	35,228	10,662	109,924	32%
June 30, 2017	28,498	35,862	7,364	106,596	34%

Schedules of Pension Trust Investment Returns**Annual Money-Weighted Rate of Return, Net of Investment Expense**

Year ended June 30:	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Management DB Plan	13.60%	7.20%	8.78%	4.15%	-1.31%	22.95%	1.41%	2.97%	6.62%	6.92%
Bargaining Unit DB Plan	15.70%	10.02%	9.88%	6.94%	-3.64%	30.07%	0.71%	3.40%	8.04%	9.85%

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

	2025	2024	2023	2022	2021	2020	2019	2018
<i>Total OPEB Liability</i>								
Service cost	\$ 14,899	\$ 18,399	\$ 16,459	\$ 26,073	\$ 37,111	\$ 34,524	\$ 27,059	\$ 33,512
Interest cost	26,106	23,093	23,064	16,489	20,149	24,849	29,811	27,236
Change in assumptions	(97,124)	(58,816)	77,446	(136,869)	4,557	91,128	165,525	(66,328)
Experience (gain) loss	(41,727)	(23,783)	(5,842)	(58,317)	(181,903)	(83,329)	(22,272)	(32,503)
Benefit Payments	(27,003)	(24,398)	(23,024)	(23,132)	(25,618)	(24,312)	(23,715)	(23,022)
Net change in total OPEB liability	(124,849)	(65,505)	88,103	(175,756)	(145,704)	42,860	176,408	(61,105)
Total OPEB liability, beginning	645,842	711,347	623,244	799,000	944,704	901,844	725,436	786,541
Total OPEB liability, ending	\$ 520,993	\$ 645,842	\$ 711,347	\$ 623,244	\$ 799,000	\$ 944,704	\$ 901,844	\$ 725,436
<i>Plan fiduciary net position</i>								
Contributions	\$ 60,757	\$ 24,398	\$ 23,024	\$ 23,132	\$ 25,618	\$ 24,312	\$ 23,715	\$ 23,022
Investment Income	979	19	21	(13)	(3)	7	13	8
Benefit payments	(27,003)	(24,398)	(23,024)	(23,132)	(25,618)	(24,312)	(23,715)	(23,022)
Net change in plan fiduciary net position	34,733	19	21	(13)	(3)	7	13	8
Plan fiduciary net position, beginning	455	436	415	428	431	424	411	403
Plan fiduciary net position, ending	\$ 35,188	\$ 455	\$ 436	\$ 415	\$ 428	\$ 431	\$ 424	\$ 411
Net OPEB liability, ending	\$ 485,805	\$ 645,387	\$ 710,911	\$ 622,829	\$ 798,572	\$ 944,273	\$ 901,420	\$ 725,025
Plan fiduciary net position as a percent of the total OPEB liability	6.75%	0.07%	0.06%	0.07%	0.05%	0.05%	0.05%	0.06%
Covered-employee payroll	\$ 349,748	\$ 331,426	\$ 282,313	\$ 251,643	\$ 242,737	\$ 234,230	\$ 236,032	\$ 219,240
Net OPEB liability as a % of covered employee payroll	138.90%	194.73%	251.82%	247.50%	328.99%	403.14%	381.91%	330.70%
Measurement date	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Discount rate	5.75%	4.08%	3.26%	3.72%	2.06%	2.12%	2.74%	4.10%

Schedule of OPEB Trust Investment Returns**Annual Money-Weighted Rate of Return, Net of Investment Expense**

Year ended December 31:	2025	2024	2023	2022	2021	2020	2019	2018
OPEB Plan	6.42%	4.36%	5.08%	-3.08%	-0.72%	1.53%	3.28%	1.98%

Other Postemployment Benefits Plan - Schedule of OPEB Contributions

Fiscal Year Ending	Contractually Required Contribution	Contributions	Contribution excess	Covered employee payroll	Contributions as a percentage of covered employee payroll
June 30, 2026	\$ 40,521	\$ 40,521	\$ -	\$ 361,089	11%
June 30, 2025	45,606	45,606	-	347,727	13%
June 30, 2024	23,724	23,724	-	299,284	8%
June 30, 2023	23,017	23,017	-	265,774	9%
June 30, 2022	24,318	24,318	-	247,365	10%
June 30, 2021	25,206	25,206	-	235,977	11%
June 30, 2020	24,328	24,328	-	244,859	10%
June 30, 2019	22,543	22,543	-	230,339	10%
June 30, 2018	23,962	23,962	-	224,474	11%

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



Supplementary Information



**Reconciliation of Revenues and Expenses (Budget Basis) to
Schedule of Revenues and Expenses (GAAP Basis)**
For The Year Ended June 30, 2026
(dollars in thousands)

Budget basis

Revenues	\$ 1,360,939
Expenses	<u>1,334,585</u>
Revenues over expenses	<u>26,354</u>

Add budget activity not qualifying as revenues/
expenses under GAAP:

Par value of debt retired	(36,590)
Capital asset additions	91,023

Add (subtract) GAAP activity not qualifying as
revenues/expenses under Budgetary Basis of
Accounting:

Pension costs accounted for under GASB No. 68	10,348
Contributed land	23,909
Depreciation expense	(177,522)
Net leveraged lease revenue (loss)	(158)
SBITAs and leases (GASB No. 87 and 96)	4,434
Change in compensated absences	(2,394)
Change in interest payable	2,949
Claims liability changes	676
Net book value of assets retired	(1,446)
Arbitrage rebate costs	(299)
OPEB Costs accounted for under GASB No. 75	51,845
Differences due to bond premiums	(20,206)
Differences due to deferred amounts on refunding	<u>(48,364)</u>

GAAP basis income presented in statement of revenues, expenses and changes in net position	<u>\$ (75,441)</u>
---	--------------------

**Reconciliation of fund balance
(Budget Basis) to
Net position (GAAP Basis)**
June 30, 2026 (dollars in thousands)

Budget basis ending fund balance	\$ 803,970
Reconciliation to GAAP basis:	
Net capital assets	3,038,213
Leases and SBITAs (GASBs No. 87 and 96)	1,462
Bonds payable and related amounts	(1,060,595)
Other postemployment benefits and deferred amounts	(747,928)
Net pension liability and deferred amounts	(186,328)
Claims liability	(13,665)
Arbitrage liability	(4,336)
Compensated absences	(52,593)
Lease leaseback and deferred amounts	(2,599)
GAAP basis net position	<u>\$ 1,775,601</u>

Schedule of Revenues and Expenses
Budget (Budget Basis) and Actual
For The Year Ended June 30, 2026
(dollars in thousands)

General Fund

	Original budget	Final budget	Variance with Original Budget over (under) Final Budget	Actual	Variance from final budget Positive (Negative)
Revenues					
Passenger revenue	\$ 76,308	\$ 76,308	\$ -	\$ 66,674	\$ (9,634)
Tax revenue	554,972	554,972	-	548,225	(6,747)
Operating grant and other revenue	232,940	232,940	-	217,109	(15,831)
Capital program resources	55,265	55,265	-	36,220	(19,045)
Debt proceeds	150,000	150,000	-	428,307 *	278,307
Gain on disposal of capital assets	-	-	-	398	398
Interest income (expense)	25,000	25,000	-	19,254	(5,746)
Other revenue	20,030	20,030	-	26,179	6,149
Pass through revenue	20,493	20,493	-	18,573	(1,920)
Total revenues	<u>1,135,008</u>	<u>1,135,008</u>	<u>-</u>	<u>1,360,939</u>	<u>225,931</u>
Expenses					
Office of the general manager	2,278	2,278	-	1,964	314
Public affairs	19,431	19,431	-	18,575	856
Safety and security	83,692	84,563	(871)	80,196	4,367
Information technology	49,575	51,147	(1,572)	42,784	8,363
Finance and administration	45,549	43,749	1,800	39,490	4,259
Labor relations and human resources	14,030	13,530	500	11,976	1,554
Public Access and Innovation	4,630	4,630	-	2,249	2,381
Strategy and Planning	6,173	6,173	-	4,987	1,186
Legal services	11,699	11,699	-	10,058	1,641
Transportation	365,002	357,002	8,000	350,634	6,368
Maintenance	258,369	287,869	(29,500)	278,426	9,443
Engineering and construction	67,334	51,463	15,871	41,650	9,813
Transit Systems and Asset Support	26,641	24,869	1,772	21,551	3,318
Retiree benefits	54,463	54,463	-	54,172	291
Debt service *	74,521	74,521	-	355,183 *	(280,662)
Other Non-Operating Requirements	24,313	24,313	-	20,690	3,623
Contingency **	77,542	73,542	4,000 **	-	73,542
Total expenses	<u>1,185,242</u>	<u>1,185,242</u>	<u>-</u>	<u>1,334,585</u>	<u>(149,343)</u>
Revenues over (under) expenses	<u>(50,234)</u>	<u>(50,234)</u>	<u>-</u>	<u>26,354</u>	<u>76,588</u>
Beginning fund balance	821,614	821,614		777,616	(43,998)
Ending fund balance	<u>\$ 771,380</u>	<u>\$ 771,380</u>	<u>\$ -</u>	<u>\$ 803,970</u>	<u>\$ 32,590</u>

* Debt proceeds and debt service: The fiscal year 2026 budget included \$150,000 of anticipated new-money bond proceeds for capital projects and \$74,521 of budgeted debt service. Actual bond proceeds totaled \$428,307 from the Series 2026A financing, consisting of new-money bonds, refunding bonds, and related bond premiums. The refunding portion of the financing and related bond premiums were not included in the adopted budget, resulting in actual proceeds exceeding budget.

Fiscal year 2026 debt service was budgeted at \$74,521, compared with actual debt service of \$355,183. Actual debt service includes amounts associated with the refunding transaction, including payments related to refunded debt, as well as scheduled principal and interest payments. These amounts do not constitute a budget violation under Oregon Budget Law.

** Contingency was used in a current year budget transfer, Board resolution 26-03-12, to support several key Maintenance division projects, including exercising an option to purchase up to 56 additional Type VI light rail vehicles and increases in fuel costs.

Schedule of Bonds Payable Obligation

June 30, 2026

(dollars in thousands)

Payroll Tax Revenue (PRT) Bonds								
Fiscal	2009 Bonds		2016 Bonds		2017 Bonds		2018 Bonds	
Year	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2027	\$ -	\$ 718	\$ 4,085	\$ 799	\$ 3,255	\$ 81	\$ 2,145	\$ 1,371
2028	-	718	-	759	-	-	2,325	1,259
2029	-	718	-	759	-	-	1,760	1,157
2030	-	718	-	759	-	-	2,455	1,052
2031	2,870	636	-	759	-	-	-	990
2032	3,040	466	-	759	-	-	-	990
2033	3,215	287	-	759	-	-	-	990
2034	3,405	98	5,020	689	-	-	-	990
2035	-	-	5,110	550	-	-	-	990
2036	-	-	3,880	422	-	-	-	990
2037	-	-	5,970	274	-	-	-	990
2038	-	-	6,155	93	-	-	-	990
2039	-	-	-	-	-	-	4,620	915
2040	-	-	-	-	-	-	-	840
2041	-	-	-	-	-	-	-	840
2042	-	-	-	-	-	-	-	840
2043	-	-	-	-	-	-	-	840
2044	-	-	-	-	-	-	-	840
2045	-	-	-	-	-	-	3,835	763
2046	-	-	-	-	-	-	4,005	607
2047	-	-	-	-	-	-	4,190	443
2048	-	-	-	-	-	-	4,385	271
2049	-	-	-	-	-	-	4,585	92
2050	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-
Totals	\$ 12,530	\$ 4,358	\$ 30,220	\$ 7,381	\$ 3,255	\$ 81	\$ 34,305	\$ 20,051

Schedule of Bonds Payable Obligation (continued)

June 30, 2026

(dollars in thousands)

<i>Payroll Tax Revenue (PRT) Bonds (continued)</i>							
<u>2019 Bonds</u>		<u>2021 Bonds</u>		<u>2026 Bonds</u>		<u>Total PRT Bonds</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 800	\$ 2,194	\$ 13,925	\$ 8,728	-	\$ 13,429	\$ 24,210	\$ 27,320
-	2,185	9,605	8,435	12,025	18,732	23,955	32,088
-	2,185	5,860	8,180	17,440	17,995	25,060	30,994
-	2,185	10,640	7,900	13,105	17,232	26,200	29,846
-	2,185	9,730	7,576	14,770	16,535	27,370	28,681
-	2,185	13,695	7,208	11,830	15,870	28,565	27,478
-	2,185	14,715	6,773	11,840	15,278	29,770	26,272
-	2,185	12,185	6,335	10,420	14,722	31,030	25,019
5,745	2,042	10,550	5,927	10,945	14,188	32,350	23,697
7,120	1,791	9,720	5,534	12,995	13,589	33,715	22,326
7,605	1,570	6,465	5,250	15,040	12,888	35,080	20,972
6,700	1,298	8,140	5,041	15,505	12,124	36,500	19,546
6,130	996	18,270	4,655	8,940	11,513	37,960	18,079
9,985	657	23,570	4,048	5,795	11,145	39,350	16,690
885	448	27,980	3,267	11,920	10,702	40,785	15,257
-	434	16,010	2,558	15,645	10,013	31,655	13,845
-	434	5,430	2,209	27,665	8,932	33,095	12,415
-	434	9,325	1,991	25,310	7,606	34,635	10,871
13,970	225	8,610	1,735	9,635	6,732	36,050	9,455
-	15	13,945	1,434	19,485	6,004	37,435	8,060
-	15	14,295	1,064	20,490	5,005	38,975	6,527
-	15	6,265	785	29,890	3,895	40,540	4,966
-	15	6,430	599	31,105	2,675	42,120	3,381
510	8	1,840	481	30,015	1,453	32,365	1,942
-	-	9,050	345	8,310	645	17,360	990
-	-	9,275	115	8,735	218	18,010	333
\$ 59,450	\$ 27,886	\$ 295,525	\$ 108,173	\$ 398,855	\$ 269,120	\$ 834,140	\$ 437,050

Schedule of Bonds Payable Obligation (concluded)

June 30, 2026

(dollars in thousands)

	Capital Grant Receipt (CGR) Revenue Bonds							
Fiscal	2017 Bonds		2018 Bonds		Total CGR Bonds		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2027	\$ 13,585	\$ 1,053	\$ 1,930	\$ 4,804	\$ 15,515	\$ 5,857	\$ 39,725	\$ 33,177
2028	14,260	356	2,010	4,706	16,270	5,062	40,225	37,150
2029	-	-	12,620	4,340	12,620	4,340	37,680	35,334
2030	-	-	13,235	3,694	13,235	3,694	39,435	33,540
2031	-	-	13,875	3,016	13,875	3,016	41,245	31,697
2032	-	-	14,550	2,305	14,550	2,305	43,115	29,783
2033	-	-	15,245	1,561	15,245	1,561	45,015	27,833
2034	-	-	15,990	860	15,990	860	47,020	25,879
2035	-	-	16,610	270	16,610	270	48,960	23,967
2036	-	-	-	-	-	-	33,715	22,326
2037	-	-	-	-	-	-	35,080	20,972
2038	-	-	-	-	-	-	36,500	19,546
2039	-	-	-	-	-	-	37,960	18,079
2040	-	-	-	-	-	-	39,350	16,690
2041	-	-	-	-	-	-	40,785	15,257
2042	-	-	-	-	-	-	31,655	13,845
2043	-	-	-	-	-	-	33,095	12,415
2044	-	-	-	-	-	-	34,635	10,871
2045	-	-	-	-	-	-	36,050	9,455
2046	-	-	-	-	-	-	37,435	8,060
2047	-	-	-	-	-	-	38,975	6,527
2048	-	-	-	-	-	-	40,540	4,966
2049	-	-	-	-	-	-	42,120	3,381
2050	-	-	-	-	-	-	32,365	1,942
2051	-	-	-	-	-	-	17,360	990
2052	-	-	-	-	-	-	18,010	333
Totals	\$ 27,845	\$ 1,409	\$ 106,065	\$ 25,556	\$ 133,910	\$ 26,965	\$ 968,050	\$ 464,015



Statistical Section



Tri-County Metropolitan Transportation District of Oregon

Statistical Section
Financial Trends
Statement of Net Position, Last Ten Years
(dollars in thousands)

	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets				
Current assets and other assets	\$ 926,182	\$ 933,886	\$ 1,092,755	\$ 1,154,750
Capital assets, net of depreciation	<u>3,090,763</u>	<u>3,148,333</u>	<u>3,216,239</u>	<u>3,193,617</u>
Total Assets	<u>4,016,945</u>	<u>4,082,219</u>	<u>4,308,994</u>	<u>4,348,367</u>
Deferred Outflows of Resources	<u>77,793</u>	<u>150,512</u>	<u>188,504</u>	<u>192,945</u>
Liabilities				
Current liabilities	180,596	237,418	277,497	218,595
Noncurrent liabilities	<u>1,650,323</u>	<u>1,810,893</u>	<u>1,956,249</u>	<u>1,921,463</u>
Total Liabilities	<u>1,830,919</u>	<u>2,048,311</u>	<u>2,233,746</u>	<u>2,140,058</u>
Deferred Inflows of Resources	<u>488,218</u>	<u>333,378</u>	<u>343,654</u>	<u>406,604</u>
Net Position				
Net investment in capital assets	2,126,109	2,202,890	2,285,824	2,314,337
Restricted	63,061	62,909	60,840	45,220
Unrestricted (deficit)	<u>(413,569)</u>	<u>(414,757)</u>	<u>(426,566)</u>	<u>(364,907)</u>
Total Net Position	<u><u>\$ 1,775,601</u></u>	<u><u>\$ 1,851,042</u></u>	<u><u>\$ 1,920,098</u></u>	<u><u>\$ 1,994,650</u></u>

Source: The information presented in this section is obtained from the District's audited financial statements for the years presented.

Statistical Section
Financial Trends
Statement of Net Position, Last Ten Years (Continued)
(dollars in thousands)

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 1,261,869	\$ 923,316	\$ 876,770	\$ 754,383	\$ 923,625	\$ 658,856
<u>3,155,024</u>	<u>3,064,806</u>	<u>3,086,878</u>	<u>3,014,250</u>	<u>2,981,825</u>	<u>2,997,401</u>
<u>4,416,893</u>	<u>3,988,122</u>	<u>3,963,648</u>	<u>3,768,633</u>	<u>3,905,450</u>	<u>3,656,257</u>
<u>248,131</u>	<u>234,207</u>	<u>235,293</u>	<u>54,296</u>	<u>58,882</u>	<u>61,502</u>
260,992	221,411	214,523	195,800	197,720	193,557
<u>2,089,831</u>	<u>1,869,831</u>	<u>2,029,100</u>	<u>1,684,283</u>	<u>1,829,665</u>	<u>1,428,745</u>
<u>2,350,823</u>	<u>2,091,242</u>	<u>2,243,623</u>	<u>1,880,083</u>	<u>2,027,385</u>	<u>1,622,302</u>
<u>280,745</u>	<u>242,410</u>	<u>102,422</u>	<u>111,088</u>	<u>36,527</u>	<u>70,953</u>
2,355,020	2,332,282	2,459,273	2,495,838	2,586,479	2,509,481
69,205	66,022	42,124	63,209	17,777	35,892
<u>(390,769)</u>	<u>(509,627)</u>	<u>(648,501)</u>	<u>(727,289)</u>	<u>(703,836)</u>	<u>(520,869)</u>
<u>\$ 2,033,456</u>	<u>\$ 1,888,677</u>	<u>\$ 1,852,896</u>	<u>\$ 1,831,758</u>	<u>\$ 1,900,420</u>	<u>\$ 2,024,504</u>

Tri-County Metropolitan Transportation District of Oregon

Statistical Section
Financial Trends
Net Position and Changes in Net Position, Last Ten Years
(dollars in thousands)

	2026	2025	2024	2023
Operating revenues				
Passenger revenue	\$ 66,675	\$ 63,650	\$ 59,397	\$ 56,752
Auxiliary transportation and other revenue	26,533	21,641	17,089	20,315
Total operating revenues	93,208	85,291	76,486	77,067
Operating expenses				
Salaries and wages	299,317	291,703	260,082	228,576
Fringe benefits	189,571	183,267	214,542	213,150
Materials and services	216,651	211,024	210,280	163,207
Utilities	16,338	16,201	13,508	12,815
Purchased transportation	53,999	47,934	40,879	30,200
Depreciation and amortization expense	186,323	173,975	169,507	151,730
Other operating expense	15,585	20,212	22,986	21,968
Total operating expenses	977,784	944,316	931,784	821,646
Operating loss	(884,576)	(859,025)	(855,298)	(744,579)
Noncapital subsidies				
Payroll tax revenue	548,225	522,194	511,423	485,182
Noncapital grant revenue	212,920	225,230	89,832	28,958
COVID Relief grant revenue	-	-	100,725	135,100
Pass through revenue	18,573	20,737	16,407	14,137
Pass through expense	(18,573)	(20,737)	(16,407)	(14,137)
Funding exchange grant revenue	3,820	3,708	4,493	2,161
Funding exchange and other payments	(3,820)	(3,708)	(4,493)	(2,161)
Total noncapital subsidies	761,145	747,424	701,980	649,240
Operating loss and noncapital subsidies	(123,431)	(111,601)	(153,318)	(95,339)
Other nonoperating revenues (expenses)				
Capital grant revenue	36,220	56,636	73,154	62,369
Investment income (loss)	19,299	24,401	36,310	26,392
Interest and other expense	(30,232)	(29,947)	(30,172)	(30,286)
Net leveraged lease income (loss)	(158)	1,512	(1,024)	(3,243)
Gain (loss) on disposal of capital assets	(1,048)	(170)	498	1,301
Capital contributions - land	23,909	-	-	-
Capital asset transferred to other government	-	(9,887)	-	-
Total other nonoperating revenues	47,990	42,545	78,766	56,533
(Loss) income before unusual or infrequent items	(75,441)	(69,056)	(74,552)	(38,806)
Unusual or infrequent items				
Impairment of capital assets	-	-	-	-
Total unusual or infrequent items	-	-	-	-
Increase (decrease) in net position	(75,441)	(69,056)	(74,552)	(38,806)
Change in accounting principle	-	-	-	-
Change in net position	(75,441)	(69,056)	(74,552)	(38,806)
Net position - beginning of year	1,851,042	1,920,098	1,994,650	2,033,456
Net position - end of year	\$ 1,775,601	\$ 1,851,042	\$ 1,920,098	\$ 1,994,650

Source and Notes:

The information presented in this section is obtained from the District's audited financial statements for the years presented.

⁽¹⁾ 2018 restatement due to implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

⁽²⁾ 2020 restatement due to implementation of GASB 87, *Leases*.

⁽³⁾ 2021 includes the impairment of capital assets related to the SW Corridor Light Rail Extension after the regional funding measure was not approved by voters.

Statistical Section
Financial Trends
Net Position and Changes in Net Position, Last Ten Years (Continued)
(dollars in thousands)

2022	2021 ⁽³⁾	2020 ⁽²⁾	2019	2018 ⁽¹⁾	2017
\$ 53,941	\$ 39,528	\$ 93,558	\$ 114,894	\$ 113,836	\$ 118,639
22,507	19,290	21,169	20,296	26,151	24,478
76,448	58,818	114,727	135,190	139,987	143,117
208,233	209,425	199,933	194,641	182,834	166,117
238,057	205,137	225,604	190,732	191,097	181,795
117,035	116,974	120,193	124,317	115,423	99,904
11,150	10,928	10,886	10,412	9,986	10,647
24,047	14,981	26,497	30,577	30,950	30,301
145,216	142,919	137,472	132,943	131,914	129,750
16,762	14,887	17,931	17,632	13,454	10,597
760,500	715,251	738,516	701,254	675,658	629,111
(684,052)	(656,433)	(623,789)	(566,064)	(535,671)	(485,994)
463,534	415,529	398,353	372,751	359,470	337,206
173,563	117,931	110,178	100,300	119,301	94,230
121,909	203,503	118,200	-	-	-
6,686	10,701	13,258	4,563	-	-
(6,686)	(10,701)	(13,258)	(4,563)	-	-
-	-	-	-	-	-
(18,253)	(1,900)	(14,189)	(11,882)	-	-
740,753	735,063	612,542	461,169	478,771	431,436
56,701	78,630	(11,247)	(104,895)	(56,900)	(54,558)
128,013	48,664	35,581	40,077	113,870	104,161
(749)	937	9,446	14,490	5,972	1,388
(31,242)	(28,707)	(28,792)	(25,384)	(19,454)	(18,830)
(8,076)	(5,627)	9,373	906	741	1,119
132	463	4,599	6,144	-	-
-	-	-	-	-	-
-	-	-	-	-	-
88,078	15,730	30,207	36,233	101,129	87,838
144,779	94,360	18,960	(68,662)	44,229	33,280
-	(58,579)	-	-	-	-
-	(58,579)	-	-	-	-
144,779	35,781	18,960	(68,662)	44,229	33,280
-	-	2,178	-	(168,313)	-
144,779	35,781	21,138	(68,662)	(124,084)	33,280
1,888,677	1,852,896	1,831,758	1,900,420	2,024,504	1,991,224
<u>\$ 2,033,456</u>	<u>\$ 1,888,677</u>	<u>\$ 1,852,896</u>	<u>\$ 1,831,758</u>	<u>\$ 1,900,420</u>	<u>\$ 2,024,504</u>

Tri-County Metropolitan Transportation District of Oregon

Statistical Section
Revenue Capacity
Revenue Base: Payroll Tax Revenues, Last Ten Years
(dollars in thousands, except where noted)

Fiscal Year-End June 30,	Wages subject to TriMet Payroll Tax Programs ⁽¹⁾	Payroll Tax Revenue	Tri-County Population ⁽²⁾	Tax Boundary Employed Individuals ⁽³⁾	Average Wage Within Tax Boundaries (Not rounded) ⁽⁴⁾
2026	66,741,479	548,225	1,848,357	893,346	74,710
2025	64,500,047	522,194	1,840,673	893,346	72,201
2024	62,100,004	511,423	1,833,026	899,117	69,068
2023	60,691,339	485,182	1,823,498	898,212	67,569
2022	58,165,629	463,534	1,819,406	892,775	65,151
2021	53,272,643	415,529	1,831,182	884,535	60,227
2020	50,461,386	398,353	1,839,878	863,798	58,418
2019	50,012,808	372,751	1,829,564	922,107	54,238
2018	47,155,734	359,043	1,820,274	917,517	51,395
2017	45,491,037	336,131	1,811,569	890,226	51,101

Calendar Year	Payroll Tax Rate	State-in-Lieu Rate
2026	0.8237%	0.6000%
2025	0.8237%	0.6000%
2024	0.8137%	0.6000%
2023	0.8037%	0.6000%
2022	0.7937%	0.6000%
2021	0.7837%	0.6000%
2020	0.7737%	0.6000%
2019	0.7637%	0.6000%
2018	0.7537%	0.6000%
2017	0.7437%	0.6000%

Sources:

⁽¹⁾ Employer wages subject to the TriMet employer tax program provided by the State of Oregon Department of Revenue; self-employed and state-in-lieu wages are calculated based on the revenues received for the related tax programs

⁽²⁾ Information from US Bureau of Economic Analysis (agency of US Department of Commerce) for the respective county presented on a calendar year basis except for years 2026 and 2025 which are estimated.

⁽³⁾ Tax boundary employed individuals are estimated amounts based on the most recent data through 2023 from the Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Fiscal years 2025 and 2024 are estimates based on regional employment growth since 2023.

⁽⁴⁾ Average wage figures calculated based on the wages subject to TriMet payroll tax programs and estimated number of employees within TriMet tax boundaries.

Tri-County Metropolitan Transportation District of Oregon

**Statistical Section
Revenue Capacity
Principal revenues; Passenger Revenues and Grant Revenues, Last Ten Years**
(dollars in thousands)

Passenger Revenues:

Fiscal Year-End June 30,	Cash Fares	Tickets and Passes	Employer Programs	ATP Program Revenues	Special Events Programs	Total Fare Revenues
2026	\$ 5,399	\$ 40,916	\$ 8,684	\$ 10,899	\$ 777	\$ 66,675
2025	7,052	39,319	8,637	7,926	716	63,650
2024	7,585	35,404	8,387	7,575	445	59,396
2023	7,499	33,028	9,020	6,904	301	56,752
2022	6,786	29,835	12,300	4,773	247	53,941
2021	3,360	25,730	10,156	191	91	39,528
2020	10,708	51,117	23,739	7,539	455	93,558
2019	22,361	59,945	23,907	8,243	438	114,894
2018	30,048	57,405	25,755	7,788	447	121,443
2017	34,187	56,227	25,844	7,934	478	124,670

Grant Revenues and Capital Contributions by Funding Source

Fiscal Year-End June 30,	Federal	Federal Grants: COVID	State and Local	State: HB 2017	Total Grants and Capital Contributions
2026	145,482	-	37,324	95,765	278,571
2025	178,712	-	5,062	101,800	285,574
2024	97,700	103,107	7,501	59,897	268,205
2023	45,908	135,100	5,366	42,214	228,588
2022	221,018	121,909	20,466	60,092	423,485
2021	133,496	203,503	6,859	26,240	370,098
2020	125,509	118,200	1,735	18,515	263,959
2019	135,633	-	1,068	3,677	140,378
2018	228,086	-	5,085	-	233,171
2017	194,716	-	4,674	-	199,390

Sources: TriMet Financial Services Department

Statistical Section
Debt Capacity
Outstanding Debt Per Capita and As a Percent of Personal Income, Last Ten Years
(dollars in thousands)

Fiscal Year	Outstanding Revenue Bonds ⁽¹⁾	Outstanding Lease Obligations ⁽²⁾	Outstanding SBITA Obligations ⁽²⁾	Total TriMet Debt	Total Population ⁽³⁾	Cumulative Personal Income for Multnomah, Washington, and Clackamas Counties ⁽³⁾	Per Capita Debt Outstanding	As a Percent of Personal Income
2026	\$ 1,018,885	\$ 45,638	\$ 4,297	\$ 1,068,820	1,848,357	\$ 157,402,656	\$ 578	0.679%
2025	962,089	45,688	1,925	1,009,702	1,840,673	152,818,113	561	0.674%
2024	1,001,163	45,548	1,967	1,048,678	1,833,026	148,367,100	572	0.707%
2023	1,039,626	37,992	1,353	1,078,971	1,823,498	141,198,283	592	0.764%
2022	1,074,349	9,244	1,768	1,085,361	1,819,406	134,256,072	597	0.808%
2021	893,355	11,145	2,158	906,658	1,831,182	131,694,699	495	0.688%
2020	925,491	13,155	-	938,646	1,839,878	119,809,398	510	0.783%
2019	777,968	15,557	-	793,525	1,829,564	110,949,837	434	0.715%
2018	911,943	-	-	911,943	1,820,274	106,438,997	501	0.857%
2017	740,715	-	-	740,715	1,811,569	99,627,250	409	0.743%

Source and Notes:

⁽¹⁾ Amounts for outstanding bonds include unamortized premiums and discounts, figures sourced from the District's prior years audited financial statements.

⁽²⁾ GASB No. 87 *Leases* was implemented on 07/01/2018. GASB 96 SBITAs was implemented on 07/01/2020.

⁽³⁾ Information from US Bureau of Economic Analysis (agency of US Department of Commerce) for the respective county presented on a calendar year basis except for years 2026 and 2025 which are estimated.

This table presents the relationship between the revenue bonds and the total personal income of the residents

Tri-County Metropolitan Transportation District of Oregon

Statistical Section
Debt Capacity
Pledged Revenue Coverage, Last Ten Years
(dollars in thousands)

Payroll Tax Bonds and Related Secured Revenues

Fiscal Year	Specified Payroll Tax Revenue	Principal	Interest	Total Debt Service	Debt Service Coverage
2026	\$ 548,225	\$ 23,370	\$ 24,240	\$ 47,610	11.51
2025	522,194	18,920	25,203	44,123	11.83
2024	511,423	18,080	26,041	44,121	11.59
2023	485,182	14,225	26,754	40,979	11.84
2022	463,534	13,575	24,364	37,939	12.22
2021	415,529	13,000	25,552	38,552	10.78
2020	398,354	11,815	23,069	34,884	11.42
2019	372,751	14,380	21,548	35,928	10.37
2018	359,043	11,590	21,163	32,753	10.96
2017	336,131	11,000	19,461	30,461	11.03

Capital Grant Bonds and Related Secured Revenues

Fiscal Year	Capital Grant Revenue ⁽¹⁾	Principal	Interest	Total Debt Service	Debt Service Coverage
2026	\$ 81,348	\$ 14,795	\$ 6,615	\$ 21,410	3.80
2025	85,177	14,105	7,337	21,442	3.97
2024	122,555	13,465	8,027	21,492	5.70
2023	125,570	12,835	8,684	21,519	5.84
2022	195,219	11,800	9,296	21,096	9.25
2021	265,419	11,245	9,866	21,111	12.57
2020	180,128	10,380	10,380	20,760	8.68
2019	61,727	9,900	10,854	20,754	2.97
2018	56,113	9,450	6,977	16,427	3.42
2017	54,268	11,900	6,686	18,586	2.92

Source and Notes:

TriMet Financial Services Department, Continuing Disclosures on Revenue Bonds

⁽¹⁾ FY2020 through FY2024 Section 5307 receipts include Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) funds, and American Rescue Plan (ARP) funds as these are also 5307 receipts

Tri-County Metropolitan Transportation District of Oregon

Statistical Section
Demographic and Economic Information
Principle Employers within Operating Boundaries

Fiscal Year	2024 ^{(1) (2)}			2017 ⁽²⁾		
	Rank	Employees	% of Total Employees Within Tax Boundary	Rank	Employees	% of Total Employees Within Tax Boundary
Intel Corporation	1	22,180	2.64%	1	18,410	2.07%
Oregon Health & Sciences University	2	21,071	2.51%	2	17,402	1.95%
Providence Health & Services	3	18,411	2.19%	3	16,170	1.82%
Nike, Inc. Subsidiaries	4	13,757	1.64%	4	13,303	1.49%
Kaiser Permanente	5	11,423	1.36%	5	10,406	1.17%
Legacy Health Systems	6	10,759	1.28%	6	9,140	1.03%
The Kroger Co., Subsidiaries	7	7,641	0.91%	7	9,751	1.10%
Amazon.com, Inc.	8	7,424	0.88%	n/a	n/a	n/a
Multnomah County	9	5,851	0.70%	9	5,617	0.63%
Albertsons Companies, Inc. Subsidiaries	10	5,421	0.65%	10	5,568	0.63%
City of Portland	11	4,412	0.53%	8	7,178	0.81%
Veteran Affairs Medical Center	12	4,072	0.49%	16	3,187	0.36%
Portland State University	13	3,600	0.43%	14	3,501	0.39%
FedEx Corporation	14	3,446	0.41%	n/a	n/a	n/a
United Parcel Service, Inc.	15	3,343	0.40%	18	3,083	0.35%
United States Postal Service	16	3,215	0.38%	15	3,444	0.39%
Portland Community College	17	2,901	0.35%	12	3,765	0.42%
TriMet	18	2,872	0.34%	21	2,673	0.30%
Oregon Department of Human Services	19	2,689	0.32%	n/a	n/a	n/a
Precision Castparts Corp/PCC Structurals, Inc.	20	2,644	0.32%	19	3,026	0.34%
Daimler Trucks North America, LLC	21	2,341	0.28%	20	2,701	0.30%
New Seasons Market, Inc.	22	2,323	0.28%	17	3,139	0.35%
Washington County	23	2,275	0.27%	n/a	n/a	n/a
The Home Depot	24	2,251	0.27%	23	2,506	0.28%
Portland General Electric	25	2,244	0.27%	25	2,347	0.26%
US Bank National Association	n/a	n/a	n/a	11	3,857	0.43%
Wells Fargo Bank, National Association	n/a	n/a	n/a	13	3,544	0.40%
Clackamas County	n/a	n/a	n/a	22	2,655	0.30%
Wal-Mart Associates, Inc.	n/a	n/a	n/a	24	2,430	0.27%
Total		<u>168,566</u>			<u>158,803</u>	
Estimated Total Employees within TriMet's Payroll Tax Boundaries ⁽²⁾		839,248			890,226	
Estimated Total Population within Payroll Tax Boundary		1,646,683			1,570,303	

Sources and Notes:

⁽¹⁾ Largest employer data supplied from the Oregon Employment Division in Mid-October of each year for the proceeding calendar year. At time of the release of the Annual Consolidated Financial Report, 2024 was the latest year where data is available.

⁽²⁾ Reported number of employees might not live within the TriMet district or Tri-County boundaries.

n/a - Employer is not within top 25 largest employers for reporting year.

Tri-County Metropolitan Transportation District of Oregon

Statistical Section
Demographic and Economic Information
Population, Personal Income, Per Capita Income, and
Unemployment Rate by Operating County

Fiscal Year	2026	2025	2024	2023
Population ⁽¹⁾				
Multnomah County	800,342	798,116	795,897	794,271
Washington County	619,312	615,279	611,272	604,831
Clackamas County	428,703	427,278	425,857	424,396
Total	<u>1,848,357</u>	<u>1,840,673</u>	<u>1,833,026</u>	<u>1,823,498</u>
Cumulative Personal Income (in thousands) ⁽²⁾				
Multnomah County	\$ 66,681,903	\$ 64,739,712	\$ 62,854,089	\$ 59,837,123
Washington County	52,754,407	51,217,871	49,726,088	47,393,333
Clackamas County	37,966,347	36,860,531	35,786,923	33,967,827
Total	<u>\$ 157,402,656</u>	<u>\$ 152,818,113</u>	<u>\$ 148,367,100</u>	<u>\$ 141,198,283</u>
Per Capita Income ⁽³⁾				
Multnomah County	\$ 83,317	\$ 81,116	\$ 78,973	\$ 75,336
Washington County	85,182	83,243	81,349	78,358
Clackamas County	88,561	86,268	84,035	80,038
Weighted Average	<u>\$ 85,158</u>	<u>\$ 83,023</u>	<u>\$ 80,941</u>	<u>\$ 77,433</u>
Unemployment Rate ⁽⁴⁾				
Multnomah County	5.2%	5.1%	3.9%	3.6%
Washington County	5.1%	4.9%	3.5%	3.2%
Clackamas County	<u>5.0%</u>	<u>4.9%</u>	<u>3.6%</u>	<u>3.4%</u>
Weighted Average	<u>5.1%</u>	<u>5.0%</u>	<u>3.7%</u>	<u>3.4%</u>

Sources and Notes:

⁽¹⁾ TriMet's operating boundaries are within the Multnomah County and portions of the most populous areas of Washington and Clackamas counties with a few exceptions. As a result, demographics and economic statistics are presented for each respective county.

⁽²⁾ Information from US Bureau of Economic Analysis (agency of US Department of Commerce) for the respective county presented on a calendar year basis except for years 2026 and 2025 which are estimated.

⁽³⁾ Calculated from Cumulative Personal Income and Population figures above.

⁽⁴⁾ Unemployment information is from the Federal Reserve Economic Data, Federal Reserve Bank of St. Louis for the respective county presented at fiscal year end. Rates prior to 2025 are from Bureau of Labor Statistics (agency of US Department of Labor).

Statistical Section
Demographic and Economic Information
Population, Personal Income, Per Capita Income, and
Unemployment Rate by Operating County (Continued)

2022	2021	2020	2019	2018	2017
795,960	804,934	816,321	812,660	809,645	808,365
600,229	602,356	601,045	598,316	594,696	589,917
423,217	423,892	422,512	418,588	415,933	413,287
<u>1,819,406</u>	<u>1,831,182</u>	<u>1,839,878</u>	<u>1,829,564</u>	<u>1,820,274</u>	<u>1,811,569</u>
\$ 57,089,807	\$ 56,326,074	\$ 52,053,380	\$ 48,296,666	\$ 45,948,844	\$ 43,285,444
45,084,175	45,012,261	40,453,056	36,989,651	36,151,811	33,729,045
32,082,090	30,356,364	27,302,962	25,663,520	24,338,342	22,612,761
<u>\$ 134,256,072</u>	<u>\$ 131,694,699</u>	<u>\$ 119,809,398</u>	<u>\$ 110,949,837</u>	<u>\$ 106,438,997</u>	<u>\$ 99,627,250</u>
\$ 69,954	\$ 69,829	\$ 62,954	\$ 59,426	\$ 56,756	\$ 53,551
73,380	71,530	67,693	61,816	60,785	57,171
73,129	71,666	64,848	61,282	58,504	54,707
<u>\$ 73,791</u>	<u>\$ 71,918</u>	<u>\$ 65,118</u>	<u>\$ 60,643</u>	<u>\$ 58,474</u>	<u>\$ 54,995</u>
4.0%	7.6%	5.8%	3.6%	3.6%	3.8%
3.4%	5.8%	4.7%	3.3%	3.4%	3.6%
<u>3.7%</u>	<u>6.4%</u>	<u>5.2%</u>	<u>3.7%</u>	<u>3.7%</u>	<u>3.9%</u>
3.7%	6.7%	5.3%	3.5%	3.6%	3.8%

Tri-County Metropolitan Transportation District of Oregon

Statistical Section
Demographic and Economic Information
Operating Information: Number of Employees, Service Information, and Ridership, Last Ten Years

	2026	2025	2024	2023
Active Employees by Mode of Transportation ⁽¹⁾				
Light Rail Operations and Maintenance	649	717	655	634
Bus Operations and Maintenance	1,850	1,991	1,817	1,727
Commuter Rail Admin Maintenance	15	16	16	16
Demand Response	8	9	8	5
Streetcar Operators and Maintenance	72	72	72	74
Facilities Maintenance	164	157	135	117
Other and Administrative ⁽²⁾	714	775	732	600
Total	<u>3,472</u>	<u>3,737</u>	<u>3,435</u>	<u>3,173</u>
Service Information ^{(2) (3)}				
Service Area Population	1,646,683	1,648,360	1,512,100	1,526,171
Service Area Square Miles	354	354	354	378
Originating Rides ⁽⁴⁾				
Bus	36,783,165	35,745,600	34,457,158	30,079,200
Light Rail (MAX)	19,610,048	19,942,942	18,826,648	18,998,064
Commuter Rail (WES)	76,717	72,939	68,196	69,360
Demand Response (LIFT)	835,416	747,303	639,570	539,530
Total	<u>57,305,346</u>	<u>56,508,784</u>	<u>53,991,572</u>	<u>49,686,154</u>
Boarding Rides ⁽⁴⁾				
Bus	43,694,302	42,180,389	40,659,708	35,495,212
Light Rail (MAX)	21,950,414	22,760,132	21,487,021	21,682,316
Commuter Rail (WES)	128,150	123,468	115,935	117,926
Demand Response (LIFT)	835,416	747,303	639,570	539,530
Total	<u>66,608,282</u>	<u>65,811,292</u>	<u>62,902,234</u>	<u>57,834,984</u>

Sources:

⁽¹⁾ Employee figures are represented on the fiscal year end date (June 30th) for the respective year and may vary slightly from the figures on principle employers schedule. Source is TriMet payroll department within Financial Services.

⁽²⁾ Operating and service information is from Federal Transportation Authority through the National Transit Database at:
<https://www.transit.dot.gov/htd/transit-agency-profiles/tri-county-metropolitan-transportation-district-oregon>

⁽³⁾ Estimated data for 2026 until the NTD submission is completed.

⁽⁴⁾ Ridership Data is from TriMet Service and Ridership Information webpage at:
<https://trimet.org/about/pdf/trimetridership.pdf>

Statistical Section
Demographic and Economic Information
Operating Information: Number of Employees, Service Information, and Ridership, Last Ten Years (Continued)

2022	2021	2020	2019	2018	2017
576	617	616	634	659	614
1,663	1,877	1,957	1,957	1,834	1,788
13	16	15	15	14	12
11	12	12	14	14	14
72	74	69	75	73	71
136	104	105	97	94	87
507	506	525	500	431	464
<u>2,978</u>	<u>3,206</u>	<u>3,299</u>	<u>3,292</u>	<u>3,119</u>	<u>3,050</u>
1,558,315	1,577,164	1,570,254	1,565,010	1,551,531	1,536,207
383	383	382	383	382	378
26,065,200	21,164,400	39,598,800	43,515,600	43,704,000	44,538,000
16,339,200	12,967,200	26,974,800	30,963,600	31,035,600	31,668,000
60,696	49,620	160,272	244,812	265,668	287,520
437,916	268,152	722,568	962,220	1,009,080	1,017,648
<u>42,903,012</u>	<u>34,449,372</u>	<u>67,456,440</u>	<u>75,686,232</u>	<u>76,014,348</u>	<u>77,511,168</u>
30,758,660	24,974,990	46,729,260	56,492,524	56,737,466	57,820,520
18,647,585	14,798,155	30,780,230	38,817,600	38,906,694	39,699,760
103,177	84,345	272,455	377,700	414,432	448,530
437,916	268,152	722,568	962,220	1,009,080	1,017,647
<u>49,947,338</u>	<u>40,125,642</u>	<u>78,504,513</u>	<u>96,650,044</u>	<u>97,067,672</u>	<u>98,986,457</u>

Tri-County Metropolitan Transportation District of Oregon

Statistical Section
Demographic and Economic Information
Operating Information: Ridership, Vehicles, and Certain Capital Asset Information, Last Ten Years

	2026	2025	2024	2023
Annual Passenger Miles Traveled ^{(1) (3)}				
Bus	146,812,855	142,612,166	110,945,620	113,234,575
Light Rail (MAX)	109,093,558	114,238,671	107,467,324	112,827,685
Commuter Rail (WES)	1,044,977	985,355	914,603	912,166
Demand Response (LIFT)	7,333,337	6,418,472	5,348,152	3,847,851
Total	264,284,727	264,254,664	224,675,700	230,822,277
Annual Vehicle Revenue Miles ^{(1) (3)}				
Bus	21,817,432	21,238,785	20,688,446	19,427,427
Light Rail (MAX)	8,301,436	8,314,590	7,395,676	8,053,659
Commuter Rail (WES)	75,000	82,691	73,967	93,759
Demand Response (LIFT)	6,964,298	6,324,720	5,571,182	4,034,878
Total	37,158,166	35,960,786	33,729,271	31,609,723
Vehicles ^{(1) (3)}				
Bus	663	668	685	685
Light Rail (MAX)	148	152	142	141
Commuter Rail (WES)	6	6	6	6
Demand Response (LIFT)	290	289	343	262
Total	1,107	1,115	1,176	1,094
Stations, Stops, and Facilities ⁽⁴⁾				
Bus Stops	6,095	6,128	6,046	6,207
Light Rail (MAX) stations	94	95	95	94
Commuter Rail (WES) Stations	5	5	5	5
Transit Centers ⁽²⁾	15	15	16	16
Park and Rides ⁽²⁾	47	53	54	56
Commuter Rail Maintenance Garage	1	1	1	1
Demand Response Maintenance Garages	1	1	1	1
Light Rail Maintenance Garages	2	2	2	2
Bus Maintenance Garages	3	3	3	3

Sources:

⁽¹⁾ Operating and service information is from Federal Transportation Authority through the National Transit Database at:
<https://www.transit.dot.gov/ntd/transit-agency-profiles/tri-county-metropolitan-transportation-district-oregon>

⁽²⁾ Transit Centers are major transit hubs served by several bus or rail lines that offer transfers between routes. Park and Rides are parking lots/garages that are leased or owned and offer free parking for 24 hours for customers using the transit system. Due to the nature and use of each type of facility, some facilities maybe counted in both Transit Centers and Park and Rides.

⁽³⁾ Estimated data for 2026 until the NTD submission is completed.

⁽⁴⁾ Data from TriMet's Facilities, Maintenance, and Service systems.

Statistical Section
Demographic and Economic Information
Operating Information: Ridership, Vehicles, and Certain Capital Asset Information, Last Ten Years (Continued)

2022	2021	2020	2019	2018	2017
96,334,242	98,687,208	160,875,204	200,008,788	203,723,813	282,061,298
100,621,469	77,157,997	159,458,488	207,967,836	210,180,550	215,622,682
836,725	375,964	2,231,666	3,173,984	3,534,689	3,801,325
3,631,550	2,091,286	6,636,810	9,166,907	9,667,055	9,602,378
<u>201,423,986</u>	<u>178,312,455</u>	<u>329,202,168</u>	<u>420,317,515</u>	<u>427,106,107</u>	<u>511,087,683</u>
20,225,984	20,633,760	21,965,871	22,096,462	21,327,681	20,948,228
8,232,882	8,172,915	8,864,217	9,047,431	8,932,446	8,881,841
103,837	112,881	141,871	159,891	161,503	161,886
3,873,288	2,654,080	5,522,110	6,836,830	7,147,038	7,468,164
<u>32,435,991</u>	<u>31,573,636</u>	<u>36,494,069</u>	<u>38,140,614</u>	<u>37,568,668</u>	<u>37,460,119</u>
696	674	644	684	670	658
141	142	142	143	145	143
6	6	6	6	6	6
281	280	323	318	322	336
<u>1,124</u>	<u>1,102</u>	<u>1,115</u>	<u>1,151</u>	<u>1,143</u>	<u>1,143</u>
6,425	6,482	6,529	6,608	6,628	6,584
94	94	94	97	97	97
5	5	5	5	5	5
16	16	16	16	16	16
59	61	61	63	62	63
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
3	3	3	3	3	3



Compliance Section





Independent Auditor's Report Required by Oregon State Regulations

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

We have audited the basic financial statements of the Tri-County Metropolitan Transportation District of Oregon (District) as of and for the year ended June 30, 2026 and have issued our report thereon dated October 16, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

OAR	Section	Instance of Non-Compliance Identified
162-010-0000	Preface	Not Applicable
162-010-0010	Definitions	Not Applicable
162-010-0020	General Requirements	None Noted
162-010-0030	Contracts	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Financial Information (RSI)	None Noted
162-010-0120	Supplementary Financial Information (SI)	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances / Net Assets / Net Position, Budget and Actual (Each Fund)	None Noted

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OAR	Section	Instance of Non-Compliance Identified
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not Applicable
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Independent Auditor's Review of Fiscal Affairs	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	None Noted
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	None Noted
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not Applicable
162-010-0316	Public charter Schools	Not Applicable
162-010-0320	Other Comments and Disclosures	Not Applicable
162-010-0330	Extensions of Time to Deliver Audit Reports	Not Applicable

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

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

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

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

Report on Compliance and Other Matters

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ahmad Gharaibeh, Partner, for
Eide Bailly, LLP
Menlo Park, California
October 16, 2026