

2024

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

*Improving Lives
with Local Transit*



Year Ended December 31, 2024 | Pierce County, Washington

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Annual Comprehensive Financial Report

Year Ended December 31, 2024

Pierce County, Washington

Mike Griffus Chief Executive Officer

Prepared by The Finance Division

Christopher Schuler Chief Financial Officer

Danette Rogers Finance Manager

C E O M E S S A G E

Thank You for Reading

Welcome to Pierce Transit's **2024 Annual Comprehensive Financial Report**. Throughout, on each section divider, you'll learn more about the many ways our agency **served members of our community** over the past year.

In 2024, Pierce Transit spent a significant amount of time and effort **planning for the future**, including the development of a new 6-year Strategic Plan and a 20-year Long Range Plan.

We also **launched major service enhancements** and **attended hundreds of events** where we provided you with information about Pierce Transit's services and **gathered your ideas for improvements**.

Thank you for your continued support of Pierce Transit, your local public transportation provider. **We look forward to continuing to serve you** in the days and years ahead.

Mike Griffus

Pierce Transit CEO



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Pierce Transit
Annual Comprehensive Financial Report
Year Ended December 31, 2024

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Introducing the South Sound's First High Capacity Transit Line

In Spring 2024, Pierce Transit hosted **community leaders and elected officials** at a celebration to launch the South Sound's first high capacity transit line, called **Stream Community Line**. This new service, offered in partnership with MultiCare, travels between Spanaway and Tacoma, offering **frequent, rapid and convenient weekday morning and afternoon trips**.

Stream has fewer stops than Route 1, which runs along the same corridor, offering those who commute to and from downtown Tacoma a quicker and more direct ride. It also provides a **great way to connect to other local and regional transit services** at Tacoma Dome Station, the region's largest multi-modal transit hub.

Stream service **also offers upgraded amenities**, such as enhanced shelters with lighting, digital next bus information, and an accessibility "push-to-text" feature to hear when the next bus will arrive.

Peak Hours

*Operates during rush hours,
Monday through Friday*

Frequent

*Buses arrive about
every 20 minutes*

Fewer Stops

*Only serves major bus stops,
for 14 stops in each direction*

Same Price

*Fare is the same as
Pierce Transit local service
(free for 18 and younger)*



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June 26, 2025

Pierce County Public Transportation
Benefit Area Corporation

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

TRANSMITTAL OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

Pierce County Public Transportation Benefit Area Corporation (Pierce Transit) presents to you the Annual Comprehensive Financial Report (ACFR) for the year ending December 31, 2024. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. Because the cost of internal controls should not outweigh their benefits, Pierce Transit's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that its financial statements will be free from material misstatement. We believe the data, including management's discussion and analysis, the financial statements, supporting schedules and statistical tables, as presented, is accurate in all material aspects and that adequate internal controls are in place to ensure that it presents fairly the financial position and results of the operations of Pierce Transit. All disclosures necessary to enable the reader to gain the maximum understanding of Pierce Transit's business have been included.

The Washington State Auditor's Office has issued an unmodified ("clean") opinion on Pierce Transit's financial statements for the year ended December 31, 2024. The independent auditor's report is located at the front of the financial section of this report.

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

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

PROFILE OF THE AGENCY

The Pierce County Public Transportation Benefit Area Corporation, AKA "Pierce Transit," was formed in 1979 when voters passed a 0.3 % sales tax to fund public transportation. By authorizing this taxing authority, a municipal corporation was formed under Chapter 36.57A of the revised Code of Washington. In February 2002, Pierce County voters approved a ballot measure increasing local sales tax support from 0.3% to 0.6%. The current rate remains at 0.6%. The maximum sales tax percentage authorized to be levied is 0.9%.



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

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

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

Pierce Transit provides fixed route, specialized transportation (SHUTTLE), micro-transit (Runner), and rideshare (previously called vanpool) services.

Pierce Transit's fixed route bus service is provided along approximately 31 routes throughout Pierce County. This service is centered on a network of transit center hubs and park and ride lots. Pierce Transit supports regional express bus service in cooperation with Sound Transit, Puget Sound's Regional Transit Authority. Since 1999, the popular Seattle Express service from Lakewood to Seattle has been funded by Sound Transit and operated by Pierce Transit. Pierce Transit operates 11 routes for Sound Transit service. In 2024, Pierce Transit fixed route services carried 6.8 million passengers while Sound Transit services operated by Pierce Transit carried 2.6 million passengers for a combined total of 9.4 million passengers.

Specialized transportation services, known as SHUTTLE, is provided within $\frac{3}{4}$ of a mile of our bus routes for individuals in the community with a qualifying disability who are unable to use fixed route bus services. SHUTTLE is provided directly by Pierce Transit employees and through contracts with local transportation providers. In 2024, total ridership was 308,021.

Micro-transit service, known as Runner, allows riders to use a mobile app or call for on-demand trips within specific zones in the agency's service area. Runner covers six zones: Joint-Base Lewis McChord, Tide Flats, Ruston, Spanaway, Puyallup and new as of April 2024, Gig Harbor. In 2024, ridership was 52,379. The Runner service has been proven to be successful and continues to grow. There are more zones in the planning.

The Rideshare program, previously known as Vanpool, offers many ways to use the service. This new title reflects the many ways the service can be used. Instead of just vans, there are new options of vehicles such as SUVs and sedans that can accommodate smaller groups and there are different sizes of vans available as well. Many of the new vehicles are also fuel-efficient and eco-friendly. The Rideshare (vanpool) program was added to the mix of services in 1986. With 362,661 annual passenger boardings, the Rideshare program accounted for 4.8% of the Agency's total ridership in 2024 (excluding Sound Transit ridership). Rideshare matching services are provided to local and regional employers.



Pierce Transit saw an increase in overall ridership in 2024 by 4.7% over 2023.

Accomplishments

In addition to the information found throughout the dividers of this ACFR, the following highlights other accomplishments in 2024.

• Six-year Strategic Plan

In 2024, Pierce Transit completed a new six-year Strategic Plan incorporating four goals that focus on customers, community partnerships, agency employees and sustainability. This document will guide Pierce Transit's work in the years ahead and help continue improving service to riders. Metrics were set to measure the goals, and a Strategic Plan Dashboard was created to show how we are performing. The four goals and metrics of the Strategic Plan are:

Goal 1 Adopt a "Customer First" Mindset

Metrics:

- 6% ridership growth per year
- 20% increase of satisfied riders
- 25% walkable high-frequency bus routes
- 85% on-time performance

Goal 2 Engage With the Community Through Outreach, Partnerships, and Listening Opportunities

Metrics:

- 10% increase favorable opinion of Pierce Transit
- 25% increase in ORCA business accounts

Goal 3 Elevate the Employee Experience

Metrics:

- 85% retention rate
- 60% survey response rate

Goal 4 Assure Sustainability of Agency's Finances, Infrastructure, and Environment

Metrics:

- 40% reduction of CO2 emissions from 2017 levels
- 75% of facilities within useful life or good repair
- 95% of fleet within useful life or good repair

Long-range Plan

Pierce Transit began drafting a new long-range plan, called Destination 2045, to address and prepare for changes anticipated in the next 20 years in Pierce County. With an expected population growth of 275,668 and new job growth of 117,800 by 2044, there will be changes in how and why people travel creating a challenge in how Pierce Transit will fund and deliver robust transit service. Vigorous outreach was conducted in summer and fall in 2024, continuing into 2025, to receive significant input



from customers and community members about their vision for the future of Pierce Transit services. The final plan, which will be adopted in 2025, will require additional funding to be completed.

Service Improvements

Pierce Transit continued with improvements to enhance riders and the community experience. Additional Runner service was added, giving better access to health care, education, shopping and job opportunities.

In later summer 2024, Pierce Transit held a celebration to kick off bus shelter upgrades throughout the service area. There are more than 500 bus shelters throughout the 292-square-mile service area. Many are more than 20 years old and are showing signs of wear and tear; most also lack lighting. This project will be partially funded by a federal grant. The new shelters feature a bench seat and solar lighting for riders' comfort and are sized to use the former shelter's concrete pad, making for a simpler and cost-effective installation process. The installation is prioritized starting in low and very low equity designations. By the end of 2024, forty shelters around Pierce County had been upgraded. Remaining shelters will be upgraded in the years ahead, provided funding is available.

The first high-capacity transit line opened in Spring 2024, running along the same corridor as Route 1. Named Stream, the service offers fewer stops than the traditional route, making it quicker and more direct to and from downtown Tacoma and to connect with other local and regional transit services. Stream service also offers upgraded amenities.

Financial Planning and Major Initiatives

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

The 2025 budget emphasizes a renewed commitment to best serve our communities. This includes identifying efficiencies, conducting outreach to understand the most effective ways to deliver our services, and enhancing system infrastructure. The 2025 budgeted expenditures for all components are approximately \$367 million, balanced by expected revenues and reserves. Sales tax is expected to generate \$113 million in revenue, making up 81.1 percent of total budgeted operating revenues in 2025, excluding the revenue from our contract to provide Sound Transit regional service. Sales tax collections are projected to increase throughout our six-year plan, however at a much more modest rate. Operating expenditures are increasing by 13.3 percent over projected 2024 levels, due primarily to filling vacant positions, expanding contract with Pierce County Sheriff's Department, and adding minor service recovery. The budget includes 981 full-time equivalents (FTE) or 984 positions. Pierce Transit fixed-route service hours for 2025 are planned to be maintained at 482,000. Overall, the budget presented strives to balance providing service and maintaining infrastructure within the constraints of the available resources.

The top priorities for 2025 include: balancing service recovery with long-term sustainability, pursuing zero emission goals, elevating the customer experience, and enhancing facility and safety investments.



The 2025 Budget objectives are:

- **Additional personnel to keep transit facilities secure, clean, and in good repair:** We believe that our facilities are the front door to our service and in this mindset, we want to provide clean bus stops and transit centers that have minimal repairs needed. We are investing in two additional positions that will be tasked with cleaning and repairing facilities as well as one position dedicated to maintaining and repairing security devices such as cameras throughout our system.
- **Investment in a southern transit hub:** We are progressing with the construction of our newest transit center at the southern end of our system, situated between 204th & 208th on Mountain Highway/SR 7. This strategic investment will provide our customers with additional options, including dedicated parking spaces and enhanced access to our transit system.
- **More inclusive system:** Adding braille signage at bus stops and transit centers will offer numerous benefits, enhancing accessibility for individuals who are visually impaired. It allows individuals to independently navigate the transit system by providing essential information such as bus stop identification and routes. This promotes inclusivity and ensures that all community members can utilize public transportation with confidence and ease.
- **Wayfinding improvement at Tacoma Dome Station:** We are committed to enhancing the rider experience by improving wayfinding at the Tacoma Dome Station. Clear signage and information systems will make it easier for transit passengers to navigate the station, find their bus or train, and make seamless connections to their destinations.
- **Additional electric charging infrastructure to service more electric support vehicles:** As part of our commitment to sustainability and reducing our carbon footprint, we will seek funding to increase our electric charging infrastructure. This investment would support our growing fleet of electric vehicles, ensuring they remain operational and contribute to a cleaner environment.
- **Support for a modern Enterprise Resource Planning (ERP) system:** We recognize the importance of efficient business operations and data-driven decision-making. Investing in a modern ERP system will streamline our internal processes, improve data visibility and financial transparency, and empower us to make more informed choices to benefit our riders and the community.

These initiatives reflect our ongoing commitment to delivering safe, reliable, and accessible transportation services while addressing the evolving needs of our community. We also remain focused on creating a supportive work environment for our staff, being responsible stewards of public resources, and ensuring the sustainability of our agency's resources, infrastructure, and environmental impact.

III. ECONOMIC CONDITION AND FUTURE OUTLOOK

Local Economy*

The Pierce County Economic Index (PCEI) for 2024 in Pierce County looked more typical of years pre-pandemic, with an estimated rise of 2.8 percent for the year. The labor force grew .4 percent while the



number of employed fell .2 percent. As a result, the unemployment rate rose from 4.7 percent in 2023 to 5.3 percent in 2024.

Nonfarm employment averaged 1.6 percent more jobs in 2024 than 2023. The education and health services sector had the largest gains, with 4,240 jobs added, followed by the government sector, with 1,360 jobs added. An uptick in the construction of industrial spaces in 2024 offset the expected drop in construction employment from the residential housing sector.

Pierce County GDP is \$61.4 billion, of which government and government enterprises comprise the largest share at 21.8 percent due to the large contribution of Joint Base Lewis-McChord.

Total real personal income is estimated to have risen 3.0 percent in 2024, with real personal income per capita rising by 2.6 percent.

Total real taxable retail sales fell for the second year in a row, dropping 2.8 percent in the twelve months ending June 30, 2024. This reflects both the waning impact of the three COVID economic relief packages and high mortgage rates, which deter consumers from tapping into home equity. Changes in sales activity varied by sector. The broad retail trade sector, which comprises 48.2 percent of all sales, was down \$658 million, or 5.4 percent. Food and beverage stores were the only retail trade sector to have an increase, up \$18.1 million, or 2.9 percent.

High mortgage rates continue to put a dampener on the housing market. While new listings rose 12.4 percent in 2024, closed sales lagged with a more modest 2.7 percent increase. The Housing Activity Index, which started 2024 at 71.5, rose to 78.1 by the end of the year. Housing inventory stood at 6.5 of months supply. The high mortgage rates also continue to keep Pierce County's Housing Affordability Index below the benchmark level of 100. The index had ended 2023 at 83.3. Some easing of mortgage rates allowed the index to end 2024 at 86.8.

The PCEI report's key findings show a mix of growth and challenges for 2025.

- The PCEI is forecasted to rise 1.6% in 2025, with gains driven by increasing personal income and improved GDP contributions from key sectors like government and real estate. Total real personal income is expected to grow by 1.8%.
- Pierce County anticipates 2,750 new jobs in 2025, primarily in education, health services, and trade sectors. However, challenges remain for construction employment as high mortgage rates impact residential development. The labor force growth is predicted to be .8 percent.
- While mortgage rates eased slightly in 2024, housing affordability remains below historical averages. The Housing Affordability Index is forecasted to rise modestly, ending 2025 at 93.1. This is below the benchmark of 100, limiting housing accessibility for many families. Though new housing listings climbed 12.4 percent in 2024, closed sales lagged at 2.7 percent, reflecting continued hesitancy or obstacles among buyers
- Taxable retail sales are expected to rebound 2.3% in 2025, following a 2.8 percent decline in 2024. This reflects cautious optimism, especially in the food and beverage industry, in consumer spending despite national economic uncertainties.



*source: Pierce County Economic Index Report

The economic environment is showing a positive trend and Pierce Transit remains optimistic in our commitment to meet our strategic goals to better serve the community. Pierce Transit has successfully navigated the challenges of the past several years; however, it continues to face significant hurdles in the current economic landscape. Key challenges include revenue collection, staffing vacancies, and the high costs associated with replacing or improving our existing aging infrastructure.

- The growth of sales tax, our primary source of operating revenue, has significantly slowed and continues to lag inflation.
- The high vacancy rate in maintenance positions is impacting our ability to provide optimal service levels and keep pace with operational demands.
- Funding is required to retrofit the maintenance building to accommodate new vehicle types, such as Sound Transit's double-decker fleet, and to restore the building to state of good repair

The agency will continue to monitor economic conditions in 2025, ensuring resources are used effectively and efficiently, and adjusting where needed to remain financially sustainable.

IV. AWARDS AND ACKNOWLEDGEMENTS

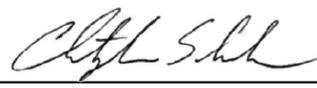
Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pierce Transit for its annual comprehensive financial report for the fiscal year ended December 31, 2023. This was the 40th year that Pierce Transit has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to conform to Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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



Michael Griffus
Chief Executive Officer



Christopher Schuler
Chief Financial Officer





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Pierce Transit
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morrill

Executive Director/CEO

Board of Commissioners (as of February 2025)

Pierce Transit is a separate municipal corporation, not part of the City of Tacoma or Pierce County. Pierce Transit is governed by a nine-member Board. The Board is comprised of elected officials representing Pierce County, Tacoma, Lakewood, Puyallup, University Place and the smaller cities and towns in Pierce County. The governance structure allows for a tenth, non-voting union representative.



**Commissioner
Kristina Walker, Chair
Tacoma City Council
Tacoma**



**Commissioner
Jason Whalen, Vice
Chair
Mayor of Lakewood
Lakewood**



**Commissioner
Shannon Reynolds
Fircrest City Council
Fircrest, Gig Harbor,
and University Place**



**Commissioner
Olgy Diaz
Tacoma City Council
Tacoma**



**Commissioner
John Hines
Tacoma City Council
Tacoma**



**Commissioner
Doug Fagundes
Fife City Council
Auburn, Edgewood,
Fife, Milton, Pacific,
Ruston, and Steilacoom**



**Commissioner
Jim Kastama
Mayor of Puyallup
Puyallup**



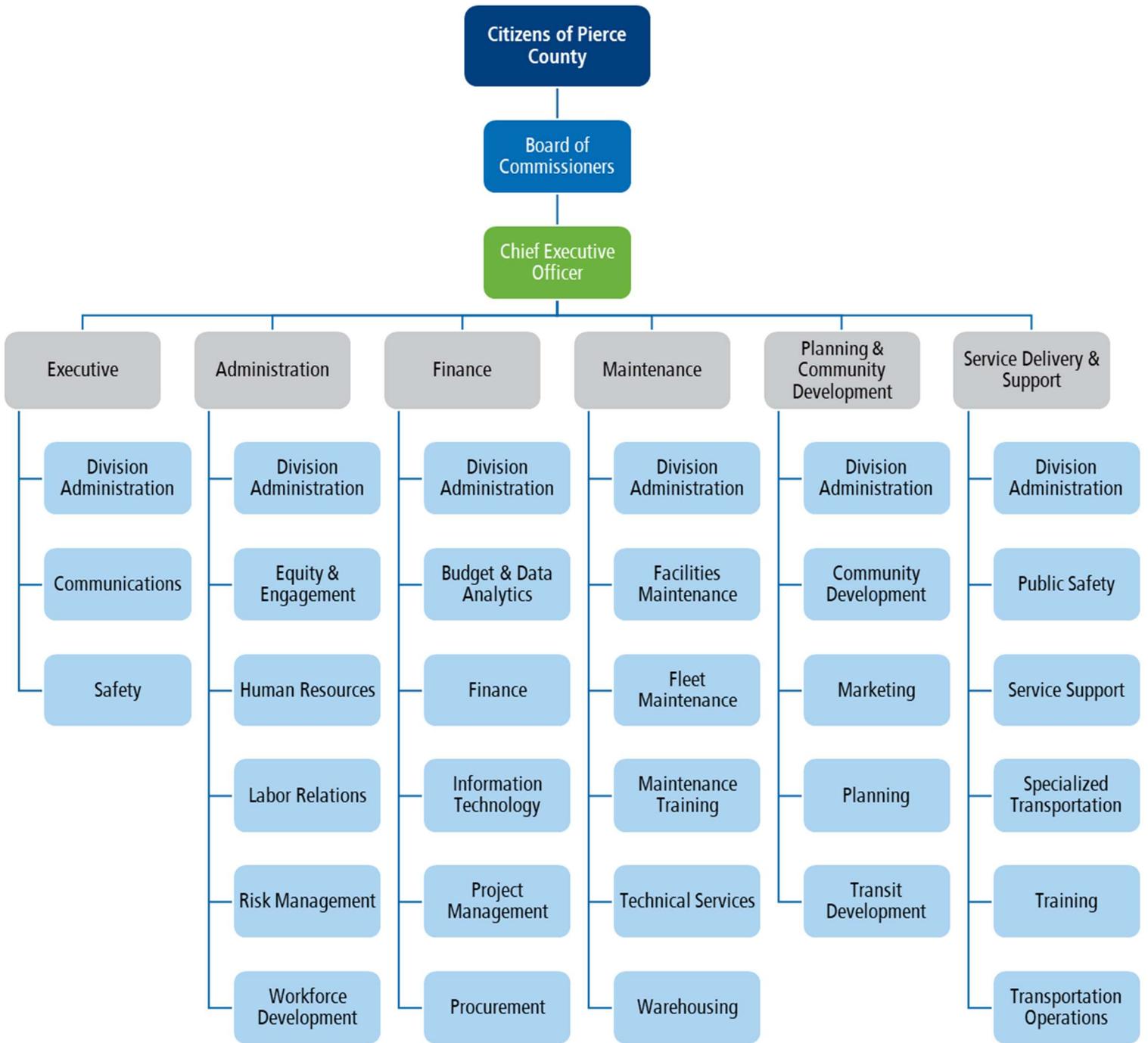
**Commissioner
Ryan Mello
Pierce County Executive
Pierce County**



**Commissioner
Rosie Ayala
Pierce County Council
Pierce County**



**John Hoheusle
Non-Voting Labor
Representative**



A New Transit Service for Gig Harbor

In early April 2024 Gig Harbor city leaders, along with representatives from the business community, health care industry, higher education and others gathered to celebrate the launch of the **Gig Harbor Runner**, an affordable, on-demand neighborhood transit service that provides service within a designated zone.

The Gig Harbor Runner improves transportation access, **facilitating travel to health care, education, shopping and job opportunities**, including new flexibility for workers on non-traditional shifts. It also **provides a connection to bus services available at the Purdy and Kimball Drive Park & Rides**.

Runner technology also pairs riders headed in the same direction, **reducing single occupancy trips, alleviating congestion and reducing emissions**.



Popular Destinations

- | | |
|---------------------------------|-----------------------------------|
| 1 Peninsula High School | 4 Gig Harbor High School |
| 2 St. Anthony Hospital | 5 Tacoma Community College |
| 3 Tom Taylor Family YMCA | 6 Harbor Plaza |



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

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

Board of Commissioners
Pierce Transit
Lakewood, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Pierce Transit as of and for the year then ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Pierce Transit, as of December 31, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Matters of Emphasis

As discussed in Note 2 to the financial statements, in 2024, the Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

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

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 will also issue our report dated June 26, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the Authority's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance

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

Sincerely,

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

Pat McCarthy, State Auditor

Olympia, WA

June 26, 2025

Helping When Times Get Tough

In 2024, Pierce Transit did something it often does – jump in to **help when there is an emergency or serious weather event.**

In August, West Pierce Fire and Rescue recognized Pierce Transit for providing **buses that served as temporary shelter** for individuals displaced following a fire at the Hidden Lakes Apartments.

We also **provided buses to transport search and rescue personnel** to Sea-Tac to assist with hurricanes in the Southeast. In addition, when we experienced severe weather, Pierce Transit **provided free rides to warming and cooling centers** to ensure the safety of our community members.



MD&A



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Pierce Transit
Management's Discussion and Analysis
Year Ended December 31, 2024

Following is Management's Discussion and Analysis (MD&A) of Pierce Transit's financial activities for the year ended December 31, 2024. This discussion should be reviewed in conjunction with the financial statements and the accompanying notes to the financial statements, which follow this report.

Introduction

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

- Local and commuter bus services
- Paratransit services for the elderly and disabled
- On-demand service (Runner)
- Rideshare program
- Regional express bus services funded through Sound Transit

Financial Highlights

- As of December 31, 2024, Pierce Transit's net position totaled \$519.7 million.
- The unrestricted portion of the net position represents the amount available to meet the primary goal of providing transit service to the public, fund self-insurance and for investment in capital improvements as discussed in Pierce Transit's six-year plan. The unrestricted net position equaled \$284.7 million at year-end.
- Pierce Transit's total net position increased by \$37.4 million.
- Assets exceeded liabilities by \$503.1 million.
- Capital contributions were \$18.3 million.
- The primary source of funding is from local sales taxes. Pierce Transit saw an increase of 1.9% in sales tax in 2024 over 2023.

Overview of the Financial Statements

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

The *Statement of Net Position* presents information on Pierce Transit's assets, liabilities, and deferred inflows and outflows with the difference between assets plus deferred outflows of resources and

Pierce Transit
Management's Discussion and Analysis
Year Ended December 31, 2024

liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether Pierce Transit's financial position is improving or deteriorating.

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

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

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

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

Financial Position

As noted earlier, net position serves as a useful indication of the Agency's financial strength. Pierce Transit's overall financial position improved in 2024. Primary indicators leading an improved net position included: Net investment in capital assets increased by 5.2% or \$10.9 million and unrestricted net position increased by 12.1% or \$31 million. Restricted net position decreased by \$4.2 million due to change in the net pension asset, but the overall result is an increase in total net position by 7.8% or \$37.4 million.

Pierce Transit relies heavily on sales tax revenue and in 2024, sales tax showed a slight increase from 2023 of 1.9%. In 2024, sales tax revenue was \$111,899,630 as compared to 2023 of \$109,798,330. The sales tax received was slightly below the budgeted amount by approximately \$1.1 million but Pierce Transit did not see a negative impact to revenue due to increased revenue in other areas such as investments and operational grants.

**Pierce Transit
Management's Discussion and Analysis
Year Ended December 31, 2024**

Cash and Cash equivalents and long-term investments available to meet current and future obligations increased to \$257.1 million, up from \$233.3 million in 2023. Primarily, the increase was a result of high return on investments.

As of December 31, 2024, Pierce Transit had no long-term debt.

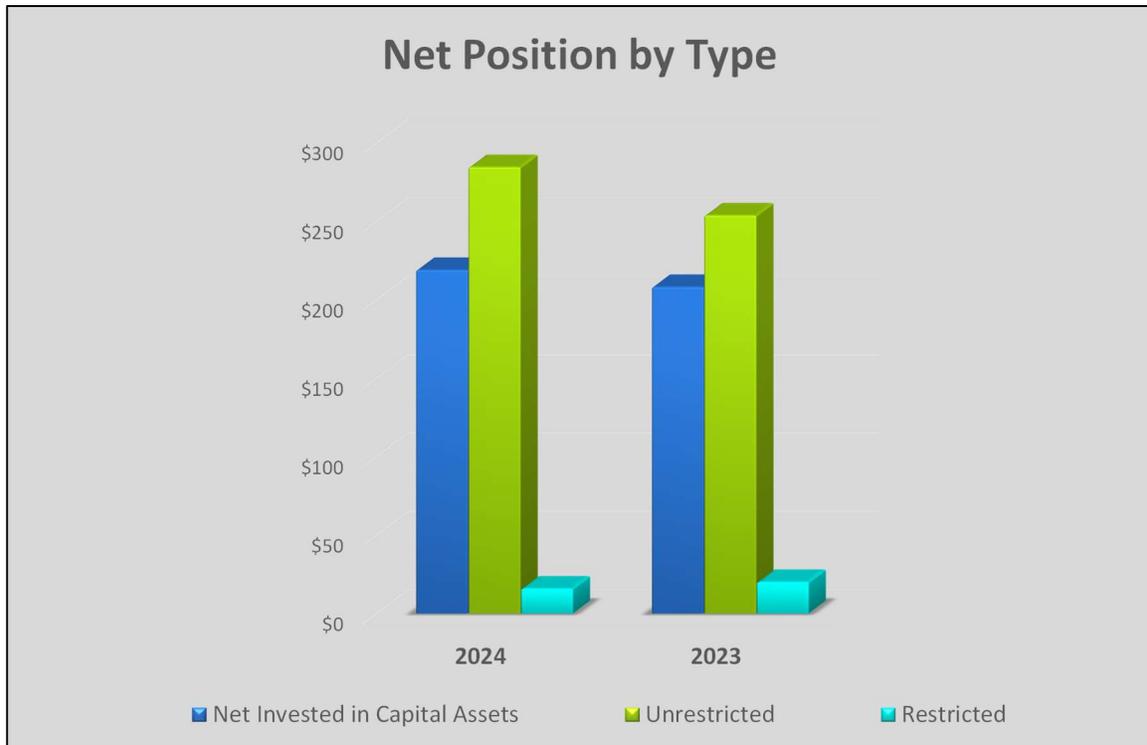
Financial Analysis

Pierce Transit's net position at the year-end was \$519.7 million as compared to \$482.3 million in 2023. A summary of net position follows.

Summary Statement for Net Position For the years ending December 31, 2024 and 2023		
	2024	2023
Assets:		
Current Assets	\$ 160,727,772	\$ 143,533,069
Non-current Assets	151,409,337	150,630,934
Capital Assets	224,842,797	214,397,758
Total Assets	536,979,906	508,561,761
Deferred Outflows of Resources:	23,797,399	18,304,037
Liabilities:		
Current Liabilities	\$ 20,267,539	\$ 16,921,106
Non-Current Liabilities	13,590,828	15,381,235
Total Liabilities	33,858,368	32,302,341
Deferred Inflows of Resources:	7,216,176	12,279,496
Net position:		
Net Investment in Capital Assets	219,127,300	208,262,839
Restricted Net Position, Net Pension Asset	15,889,614	20,129,411
Unrestricted Net Position	284,685,847	253,891,711
Total Net Position	\$ 519,702,761	\$ 482,283,962

**Pierce Transit
Management’s Discussion and Analysis
Year Ended December 31, 2024**

The improved net position was due mostly to increases in operating revenue, investments, and net investment in capital assets. Expenditures were under budget slightly which also contributed to the net position increase of 7.8%. For more information on Pierce Transit’s net position, see Note 11 in the *Notes to the Financial Statements*.



Transit is a capital-intensive enterprise. In 2024, net investment in capital assets increased by 5.2% to \$219.1 million. Pierce Transit’s capital assets reflect its investment in assets such as revenue vehicles, passenger facilities, base improvements, technology, shop equipment, and right-to-use assets that are used to provide transportation to the community. These are committed assets, and this portion of the net position balance is not available for future spending.

The restricted net position of \$15.9 million corresponds with the net pension asset. Restricted funds are not available for use.

Of the unrestricted net position balance, \$69 million has been designated by Board action (e.g., capital, workers’ compensation, and unemployment self-insurance programs). Pierce Transit also has designated a reserve equal to two months of operating expenses. In 2024, this amount was \$27.6 million. The remainder (\$188.1 million) of the unrestricted funds is available to support future obligations for transportation operations.

Following is a summary to key elements of the change in net position for 2024:

Pierce Transit
Management's Discussion and Analysis
Year Ended December 31, 2024

Summary Statement of Revenue, Expense and Change in Net Position
For the years ended December 31, 2024 and 2023

	2024	2023
Operating Revenue		
Passenger Fares	\$ 6,573,620	\$ 6,218,947
Advertising	511,555	433,688
Regional Transit Service	56,845,450	52,127,424
Non-Operating Revenue:		
Subsidies	132,960,093	128,455,391
Other Revenue	13,283,451	11,263,579
Total Revenue	210,174,169	198,499,029
Operating Expense	163,452,907	137,390,179
Non-Operating Expense	2,636,783	156,711
Depreciation/Amortization	22,523,428	21,077,840
Total Expense	188,613,117	158,624,730
Excess (Deficiency) before Contributions	21,561,052	39,874,298
Capital Grants	18,285,820	11,568,243
Change in Net Position	39,846,872	51,442,541
Net Position-Beginning	482,283,962	430,841,421
Restatement	(2,428,072)	
Net Position-Ending	\$ 519,702,761	\$ 482,283,962

A description of operating & non-operating revenue follows:

	2024	2023
Operating Revenue		
Passenger Fares	6,573,620	6,218,947
Advertising	511,555	433,688
Regional Transit Service	56,845,450	52,127,424
Total Operating Revenue	63,930,625	58,780,059
Non-Operating Revenue		
Operating Subsidies		
Sales Tax	111,899,630	109,798,330
Grants	21,060,464	18,657,061
Other Non-Operating Revenue		
Investment Revenue	11,030,044	10,747,423
Gain of Sale of Assets	705,624	94,431
Miscellaneous Revenue	1,547,783	421,725
Total Non-Operating Revenue	146,243,544	139,718,970
Total Revenue	\$ 210,174,169	\$ 198,499,029

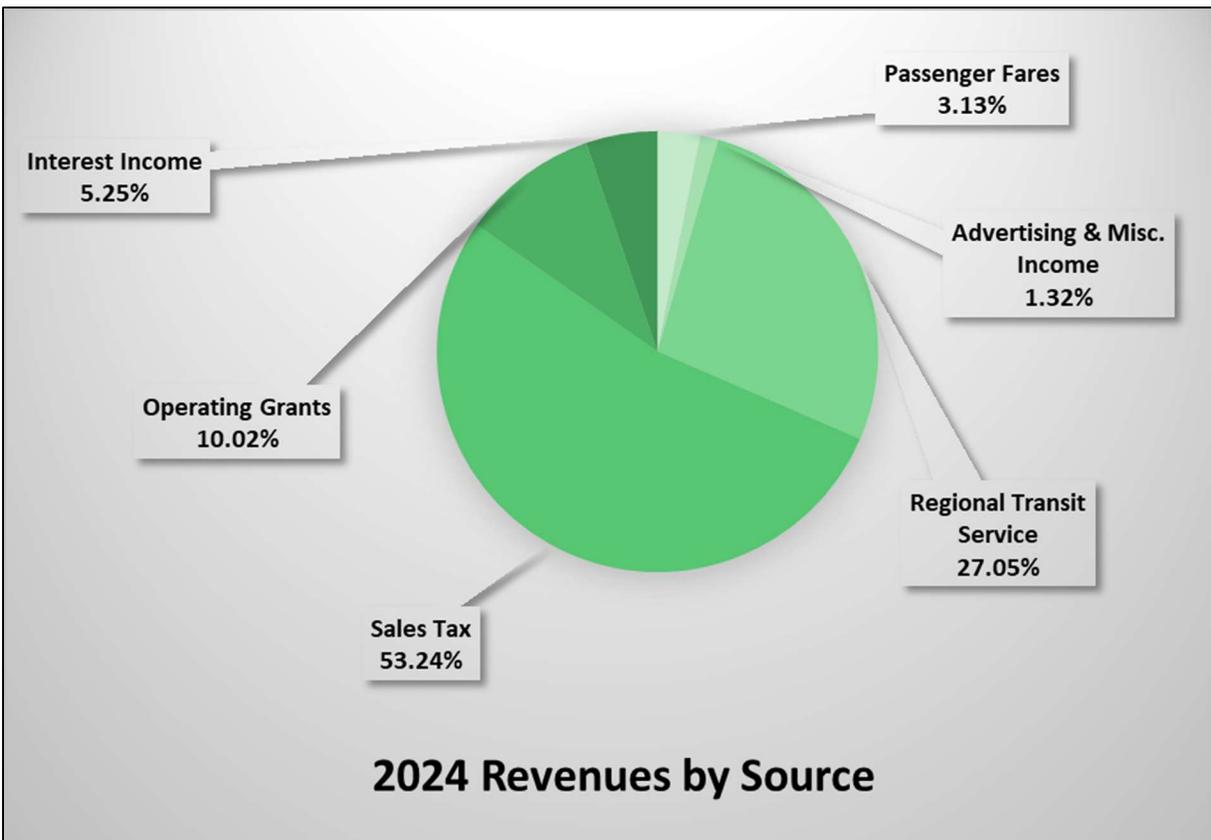
**Pierce Transit
Management's Discussion and Analysis
Year Ended December 31, 2024**

Revenue

Operating revenue increased in 2024 by \$5.1 million or 8.8% as compared to 2023. The increase is contributed to slight increases in fares collected and advertising along with an increase to regional transit service revenue as would be expected with an increase in ridership and service hours.

Non-operating revenue includes sales tax, grants, interest income, disposal of assets and other miscellaneous revenue such as income from event parking at the Tacoma Dome Station and the receipt of CNG alternative fuel credits. Non-operating revenue increased by \$6.5 million or 4.7%.

The below chart illustrates major revenue sources and the percentage of the contribution toward total revenue.



- Pierce Transit's passenger fares consist of revenues from the sale of passes and tickets as well as cash fares collected on-board revenue vehicles. Pierce Transit partners with six other Central Puget Sound transit agencies on a regional fare collection system (ORCA) using smart card technology. Customers can purchase fare media from any of the seven partners, regardless of where the media is used.

**Pierce Transit
Management’s Discussion and Analysis
Year Ended December 31, 2024**

- Fare revenues for 2024 were \$6.6 million, an increase of 5.7% over 2023. The rise in fare revenue is due to increased ridership in all modes of service. Ridership increased in 2024 by 4.7% or 446,843 more rides than in 2023.

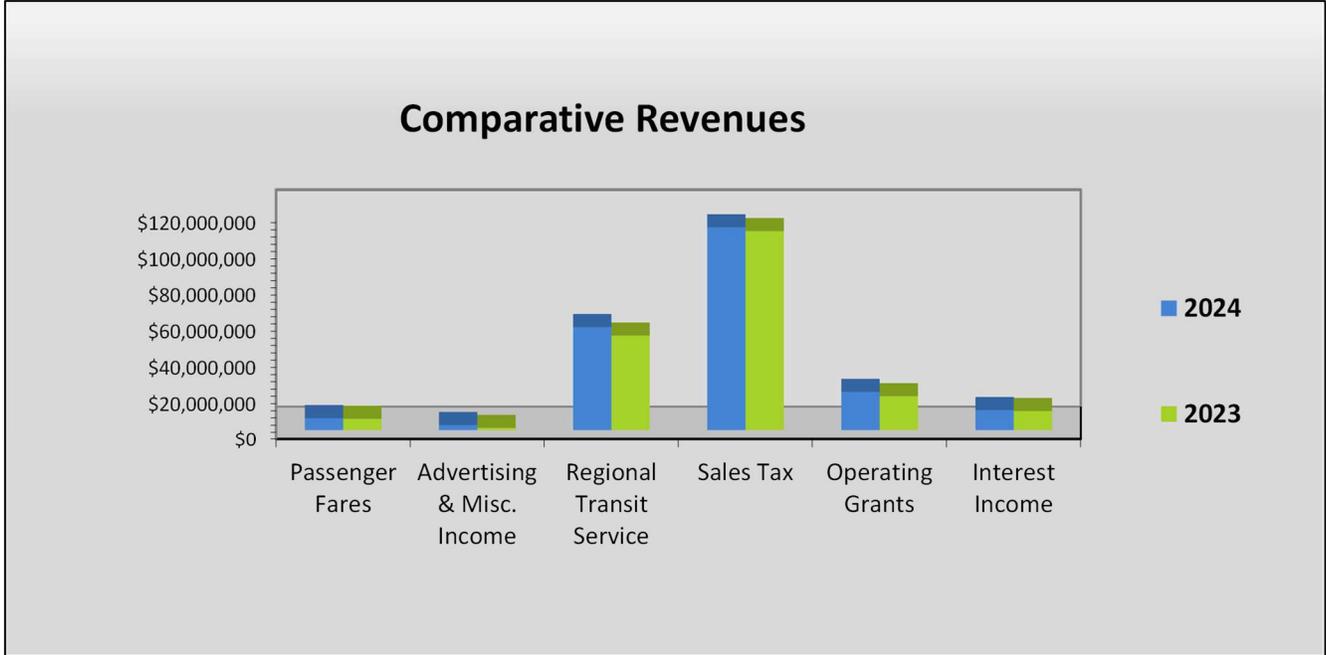
Following is a table representing ridership by type of service for 2024 and 2023:

Ridership	<u>2024</u>	<u>2023</u>
Fixed Route Pierce Transit	6,769,493	6,096,759
Fixed Route Sound Transit	2,562,879	2,821,392
Specialized Transportation	308,021	262,611
Runner Service	52,379	15,787
Rideshare (formerly Vanpool)	362,661	412,041
Total	10,055,433	9,608,590

- Regional transit service is the fixed route express service provided for Sound Transit, Puget Sound’s Regional Transit Authority. An inter-local agreement between Pierce Transit and Sound Transit establishes the operating parameters of this service. Included in the agreement is a method for determining and allocating Pierce Transit costs to provide this service. The current operating agreement is through December 31, 2025, with options for additional years. Regional transit service also includes service to Lakeland Hills in Auburn, funded by King County Metro and the city of Auburn. Revenues generated from the regional transit service were \$56.8 million in 2024, increasing 9.1%, as compared to \$52.1 million in 2023.
- Advertising revenues for 2024 increased by 18% compared to 2023 in part due to naming rights offered to local business for the Stream Service.
- Sales tax, accounting for 53.2% of Pierce Transit’s revenue, increased by \$2.1 million or 1.9% more than 2023. Sales tax revenue for 2024 was \$111.9 million as compared to \$109.8 million in 2023.
- In 2024, operating grant revenue totaled \$21.1 million as compared to \$18.7 million in 2023, an increase of 12.9%. In 2024, all COVID/ARPA related assistance ended. The increase was due to claiming Washington State Transit Support grant funding as expenses occurred.
- Investment earnings in 2024 were \$11.03 million, net of unrealized gain on investments from fair value adjustments on long-term investments, as compared to \$10.7 million in 2023.

**Pierce Transit
Management’s Discussion and Analysis
Year Ended December 31, 2024**

The below bar chart illustrates a comparison of revenue year over year. As noted, sales tax is the biggest contributor of revenue in 2024 and 2023.



Operating Expenses

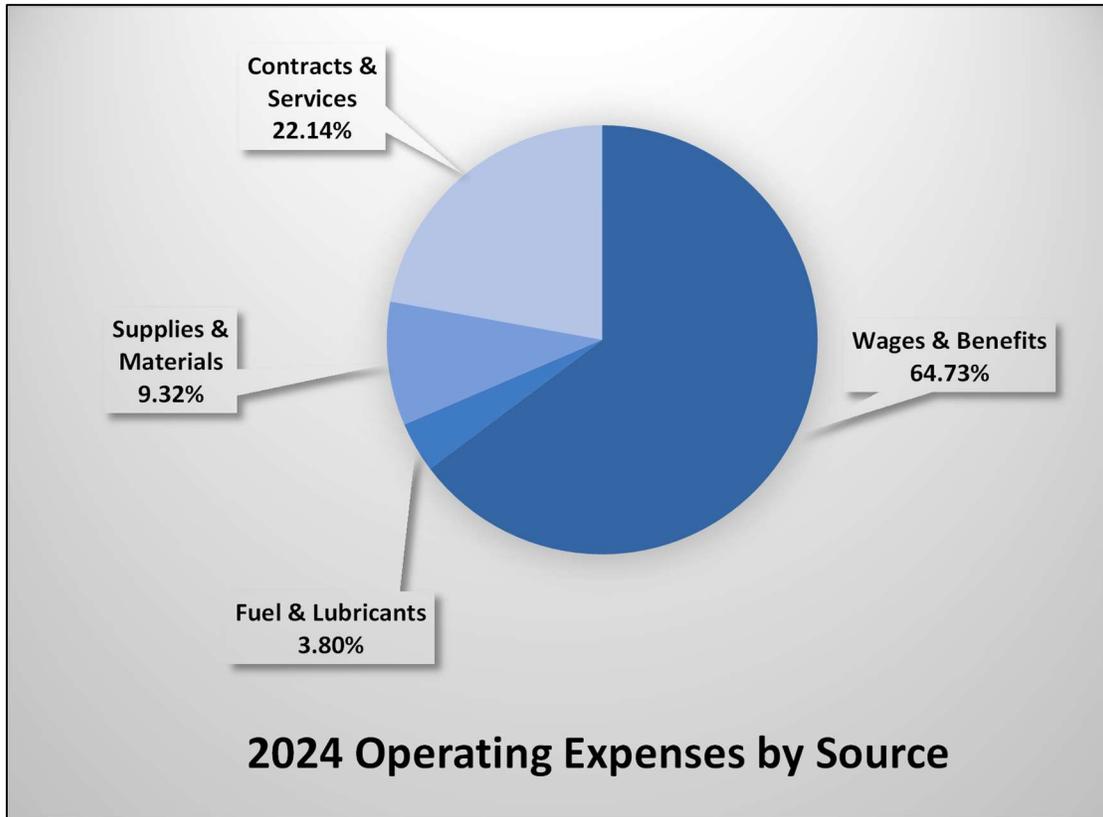
In 2024, operating expenses were \$186 million, an increase of 17.4% from the prior year. The increase correlates with increased wages and benefits and filling open vacant positions, mostly in the area of operators. Other contributors were an increase in the cost of supplies and additional assets being depreciated and amortized.

Operating Expenses:	<u>2024</u>	<u>2023</u>
Wages & Benefits	\$105,918,049	\$89,489,510
Fuel & Lubricants	6,219,426	5,687,839
Supplies & Materials	15,256,660	12,406,095
Contracts & Services	36,058,773	29,806,735
Depreciation /Amortization	22,523,428	21,077,840
Total Operating Expenses	<u>185,976,336</u>	<u>158,468,019</u>
Non-Operating Expenses:		
Lease/SBITA Interest Expense	165,616	153,303
Grant Exchange Funds	2,471,166	-
Total NonOperating Expenses	<u>2,636,782</u>	<u>153,303</u>
Total Expenses	<u>\$188,613,118</u>	<u>\$158,621,322</u>

**Pierce Transit
Management's Discussion and Analysis
Year Ended December 31, 2024**

Wages and Benefits for 2024 were \$105.9 million and comprise 64.7% of the operating expenses (exclusive of depreciation and amortization). The results are an increase over 2023 of \$16.4 million or 18.4%.

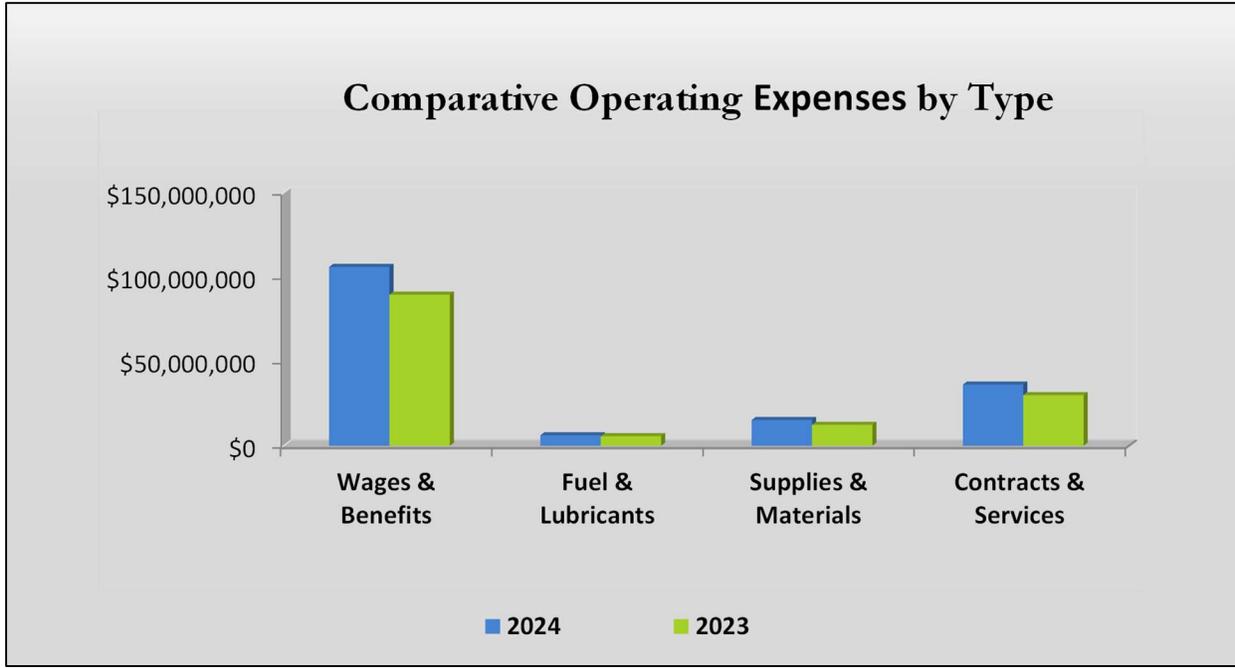
The chart below summarizes expenses by major function.



Depreciation and amortization increased by \$1.4 million or 6.9% due to completion of purchases or projects. Depreciable capital assets, net of depreciation and amortization, increased \$14.5 million in 2024 and \$48.1 million in 2023. In 2023, the large increase relates to completing the Fuel and Wash Building, whereas in 2024 the increase related largely to vehicle purchases.

**Pierce Transit
Management’s Discussion and Analysis
Year Ended December 31, 2024**

The following graph represents operating expenses for 2024 and 2023.



Total operating expenses, exclusive of depreciation/amortization and capital, were directly impacted most by the number of service hours Pierce Transit operates. Service hours include drive time while in service, deadhead, and layover. In 2024, service hours increased by 6.7% or 63,723 hours.

Following is a table representing the number of service hours by type of service for 2024 and 2023:

Service Hours:	2024	2023
Fixed Route Pierce Transit	447,690	424,009
Fixed Route Sound Transit	248,123	255,055
Specialized Transportation	193,314	169,032
Runner Service	37,381	7,035
Rideshare (formerly Vanpool)	95,009	102,663
Total	1,021,517	957,794

Capital Assets

Capital assets include revenue vehicles, support vehicles, work in progress, land, buildings, shop equipment, passenger facilities, right-to-use leases, subscription-based information technology

**Pierce Transit
Management's Discussion and Analysis
Year Ended December 31, 2024**

assets, and other assets having a life of more than one year with an acquisition value of more than \$10,000 (as of 10/1/24, from \$5,000) or an aggregated cost of \$50,000 for like-item purchases.

Pierce Transit's capital assets as of December 31, 2024, totaled \$224.8 million, net of accumulated depreciation and amortization. This compares to 2023 capital assets of \$214.4 million. 2024 capital assets increased by 4.9%, or \$10.4 million.

Capital contributions, mostly from grants provided by the Federal Transit Administration and the Washington State Department of Transportation, totaled \$18.3 million and accounted for 51.6% of Pierce Transit's capital acquisitions in 2024.

Capital acquisitions and construction in progress during 2024 totaled \$35.4 million and included the following major capital assets:

- \$9 million for Building & Site improvements
- \$4.2 million for Technology projects
- \$22.2 million for Equipment & Vehicles

For a more detailed discussion on capital assets, see Note 3 in the *Notes to the Financial Statements*.

Economic Factors

In 2024, Pierce Transit remained financially sound with a healthy funding reserve, no debt and a balanced budget. Most of the funding for Pierce Transit's services comes from local sales tax, which was slightly up from the previous year. Projections are showing sales tax will continue to trend positive in 2025 but with uncertainties at the federal and state level. Due to these factors, we have budgeted the transit sales tax conservatively at 1.18 percent, where traditionally on average we budget 3 percent over the previous year's projection. Early results of sales tax collected in 2025 were above 2024 actuals.

Economic conditions in Pierce County trended positively, even if only marginally, in 2024. Per the Pierce County Economic Index, personal income grew approximately 3 percent; the economic index is estimated to increase 2 percent; nonfarm jobs employment increased by 1.6 percent over 2023, though the unemployment rate ended at 5.2 percent at year end and was an increase from 2023. New home listings rose 12.4 percent, but closings only increased 2.7 percent. These upward projections make Pierce County more attractive and affordable than neighboring King County. Public transit provides a vital connection as fifty-one percent of Pierce County residents work outside of the county, mostly in King County, per the US Census Bureau. Positive trends on the federal level are reduced inflation, lower unemployment rates and the Federal Reserve's three rate cuts in 2024 with

**Pierce Transit
Management's Discussion and Analysis
Year Ended December 31, 2024**

an expected two rate cuts in 2025. Lower mortgage rates would have a positive impact in Pierce County with more affordable housing and more selling/buying in the housing market.

There is uncertainty on both the federal and state level regarding funding. While state funding sources remain stable for transit with the failure of I-2117 in November 2024, the state's operating budget has a large deficit to overcome. In 2025 this was addressed largely with tax increases, but also some spending reductions such as hiring freezes. Positive news from the state budget proposals; both indicate re-appropriation for all funds that Pierce Transit has been promised. There are proposed reductions in Green Transportation grants for transit and in the Rideshare program that may impact Pierce Transit. There are also potential fees imposed on transit agencies like tolls though these may be offset somewhat with lessening regulatory burdens when building a transit project. Even with the uncertainty, the 2025 Budget and the Six-Year Financial Plan are sustainable for operations. Capital projects may be delayed or abandoned if funding is not available for the designated project. Depending on decisions made at the federal and state level, Pierce Transit may see reserves decrease over the next six years as shown in the Six Year Plan if funding sources are impacted and reserves are used to supplement operations and capital infrastructure.

Pierce Transit remains committed to providing excellent service to the community and adjusting to the impacts of the economy as needed through sound financial practices while providing the highest level of service possible within its funding limitations.

Request for Information

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

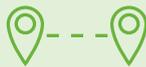
Danette Rogers
Finance Manager
Pierce Transit
3701 96th St SW
Lakewood, WA 98499

Offering You Fare Free Days

Every so often, Pierce Transit welcomes our community members to board without paying a fare, inviting them to try transit and celebrate with us.

In 2024, we provided “free ride” days on Transit Equity Day, Earth Day, the first day of June/Ride Transit Month, Black Friday (to encourage folks to shop local), and New Year’s Eve, to provide a safe transportation alternative.

Transit Equity Day



8,854

Fare Free Rides
on February 4

Earth Day



23,875

Fare Free Rides
on April 22

Ride Transit Month Kickoff



13,455

Fare Free Rides
on June 1

Black Friday



16,601

Fare Free Rides
on November 29

New Year's Eve



17,329

Fare Free Rides
on December 31



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**Pierce Transit
Financial Statements
Year Ended December 31, 2024**

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Pierce Transit
Statement of Net Position
December 31, 2024

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 56,399,100
Restricted Cash and Cash equivalents	65,175,343
Accounts Receivable	45,433
Sales Tax Receivable	19,539,292
Due From Other Governments	13,587,764
Prepaid Expenses	1,388,415
Inventories	4,592,425
TOTAL CURRENT ASSETS	<u>160,727,772</u>
NON-CURRENT ASSETS	
Long-term Investments	135,519,723
Net Pension Asset	15,889,614
Capital Assets Not Being Depreciated:	
Land	16,433,571
Work in Progress	62,720,620
Capital Assets Depreciable/Amortized	
Right-to-Use Lease Assets	4,095,806
Right-to-Use Subscription-based IT Agreement Assets	4,490,716
Structures & Improvements	114,568,473
Site Improvements	73,497,279
Machinery & Equipment	233,366,783
Less: Accumulated Depreciation and Amortization	<u>(284,330,450)</u>
Total Capital Assets Depreciable, Net of Depreciation and Amortization	<u>145,688,607</u>
TOTAL NON-CURRENT ASSETS	<u>376,252,134</u>
TOTAL ASSETS	\$ 536,979,906
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	<u>23,797,399</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	23,797,399
CURRENT LIABILITIES	
Checks Payable	\$ 425,660
Accounts Payable	4,683,223
Unearned Revenue	393,873
Retainage Payable	198,528
Wages and Benefits Payable	2,367,820
Compensated Absences	7,071,816
Lease Liability	347,464
Subscription-based IT Agreements liability	925,501
Due to Other Governments	1,740,217
Due to Others	4,133
Claims Liability	<u>2,109,306</u>
TOTAL CURRENT LIABILITIES	<u>20,267,539</u>

Pierce Transit
Statement of Net Position - Continued
December 31, 2024

NON CURRENT LIABILITIES	
Lease Liability - Long Term	2,801,402
Subscription-based IT Agreements liability - Long Term	773,894
Compensated Absences	2,585,725
Net Pension Liability	7,429,808
TOTAL NON-CURRENT LIABILITIES	<u>13,590,828</u>
TOTAL LIABILITIES	\$ 33,858,368
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pension	7,216,176
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,216,176</u>
NET POSITION	
Net Investment in Capital Assets	219,127,300
Restricted, Net Pension Asset	15,889,614
Unrestricted	284,685,847
TOTAL NET POSITION	<u>\$ 519,702,761</u>

See accompanying notes to the financial statements.

Pierce Transit
Statement of Revenues, Expenses and Changes in Net Position
Year ended December 31, 2024

OPERATING REVENUE	
Passenger Fares	\$ 6,573,620
Advertising	511,555
Regional Transit Service	56,845,450
TOTAL OPERATING REVENUE	<u>63,930,625</u>
OPERATING EXPENSES	
Operations	90,152,991
Maintenance	30,945,869
Non-Vehicle Maintenance	7,188,216
General & Administration	35,165,832
Depreciation and Amortization	22,523,428
TOTAL OPERATING EXPENSES	<u>185,976,335</u>
OPERATING INCOME (LOSS)	<u>(122,045,710)</u>
NON-OPERATING REVENUE (EXPENSE)	
Operating Subsidies:	
Sales Tax	111,899,630
Grants	21,060,464
Other:	
Interest Revenue	11,030,044
Grant Exchange Funds	(2,471,166)
Lease Interest Expense	(115,724)
Subscription-based IT Agreements Interest Expense	(49,892)
Gain (Loss) on Termination of Lease	7,819
Gain (Loss) on Disposal of Assets	705,624
Miscellaneous Non-Operating Revenue	1,539,964
NET NON-OPERATING REVENUE	<u>143,606,761</u>
EXCESS (DEFICIENCY) BEFORE CONTRIBUTIONS	21,561,052
Capital Grants	18,285,820
CHANGE IN NET POSITION	<u>39,846,872</u>
NET POSITION-BEGINNING	482,283,962
Restatement	(2,428,072)
NET POSITION-ENDING	<u>\$ 519,702,761</u>

See accompanying notes to financial statements

Pierce Transit
Statement of Cash Flows
Year Ended December 31, 2024

INCREASE(DECREASE)IN CASH AND CASH EQUIVALENTS:

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received From Customers	67,821,713
Cash Payments to Suppliers for Goods & Services	(55,918,442)
Cash Payments to Employees for Services	(113,362,094)
Other Receipts	1,539,964
Net Cash Used By Operating Activities	<u>(99,918,859)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Sales Tax Received	111,408,807
Operating Grants Received	25,281,194
Grant Exchange Funds	(2,471,166)
Net Cash Provided By Noncapital Financing Activities	<u>134,218,835</u>

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES:

Acquisition and Construction of Capital Assets	(33,204,266)
Capital Grants and Contributions	12,971,924
Principal Paid on Debt	(1,829,856)
Interest Paid on Debt	(165,616)
Proceeds From Sale of Equipment	705,624
Net Cash Used By Capital and Related Financing Activity	<u>(21,522,190)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Investment Securities	(5,018,200)
Proceeds from Maturities of Investment Securities	5,018,200
Net Interest on Investments	6,011,843
Net Cash Provided By Investing Activities	<u>6,011,843</u>

Net Increase (Decrease) in Cash and Cash Equivalents	18,789,628
Cash and Cash Equivalents at Beginning of Year	102,784,812
Cash and Cash Equivalents at End of Year	<u><u>121,574,441</u></u>

RECONCILIATION OF OPERATING LOSS TO NET CASH

USED BY OPERATING ACTIVITIES:

Operating Loss	<u>(122,045,710)</u>
----------------	----------------------

**ADJUSTMENTS TO RECONCILE OPERATING
TO NET CASH USED BY OPERATING ACTIVITIES:**

Depreciation and Amortization	22,523,428
Miscellaneous Non-Operating Income	1,539,964

Pierce Transit
Statement of Cash Flows - Continued
Year Ended December 31, 2024

CHANGE IN ASSETS AND LIABILITIES FROM OPERATIONS:

(Increase) Decrease in Receivables	64,683
(Increase) Decrease in Inventories	745,716
(Increase) Decrease in Prepaid Expenses/Deposits	(92,443)
(Increase) Decrease in Due from Other Governments	2,460,959
Increase (Decrease) in Checks Payable	112,804
Increase (Decrease) in Accounts Payable	852,595
Increase (Decrease) in Unearned Revenue	(100,668)
Increase (Decrease) in Retainage	5,896
Increase (Decrease) in Wages and Benefits Payable	334,085
Increase (Decrease) in Due to Other Governments	1,505,245
Increase (Decrease) in Compensated Absences	569,636
Increase (Decrease) Net Pension Asset, Liability Related Deferred Inflows and Outflow	(8,347,766)
Increase (Decrease) in Provision for Uninsured Claims	(47,282)
TOTAL ADJUSTMENTS	22,126,852
Net Cash Used By Operating Activities	\$ (99,918,859)

Non-cash Capital and Related Financing Activities

Acquisition of Capital Assets for Leases and SBITAs	2,106,793
(Increase) Decrease in Fair Market Value of Investments	729,010
Purchase of Capital Assets on Account	826,464

See accompanying notes to the financial statements.

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Pierce Transit is governed by an appointed Board of Commissioners whose members are elected by the jurisdictions they represent, is legally separate from other entities, and is fiscally independent of other state and local government entities. Pierce Transit is a primary government for reporting purposes and that there are no additional entities or funds for which the Agency has reporting responsibilities.

The Pierce Transit Board is comprised of nine voting members and one non-voting member from the Amalgamated Transit Union. As required by RCW 36.57A.055, transit agencies are required to organize a meeting every four years wherein meeting participants review the agency's board allocation. The board composition and allocation were reviewed June 26, 2024 and changes were recommended to the allocation of board seats. On August 12, 2024, the Board of Commissioners voted to formally adopt the recommended changes and amend its bylaws accordingly. The composition is as follows: City of Tacoma retained three members, Pierce County retained two members, the City of Lakewood retained one member, Puyallup now has one full seat (previously shared with Edgewood), the cities of Fircrest, Gig Harbor and University Place have one member (shared agreement), and the cities/towns of Auburn, Edgewood, Fife, Milton, Pacific, Ruston, and Steilacoom are represented by one member that is elected amongst the member jurisdictions.

Pierce Transit has an undivided interest in a non-equity joint venture, jointly governed with six other agencies for the provision of regional fare collection (ORCA) services.

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

B. Measurement Focus and Basis of Accounting

Pierce Transit is a single proprietary fund prepared in conformity with generally accepted accounting principles. Proprietary funds are accounted for on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded as soon as they result in liabilities for benefits received, regardless of the timing of related cash flows.

Revenues and expenses are categorized as operating or non-operating. Operating revenues and expenses are those directly associated with the provision of transportation service. Non-operating revenues and expenses are those secondary to the provision of transportation service.

C. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents (See Note 7 – Deposits and Investments)

Cash and cash equivalents include cash on hand, demand deposits and short-term investments purchased with a remaining maturity of three months or less. Long-term investments are those with a maturity date of longer than three months. Pierce Transit invests all temporary cash surpluses in the Local Government Investment Pool (LGIP).

2. Investments (See Note 7 – Deposits and Investments)

Pierce Transit's investment policies are governed by regulations established for public funds by Washington State. Investments other than the LGIP are carried at Fair Value. Pierce Transit invests cash in a Separately Managed Account at the Office of the State Treasurer.

3. Receivables (See Note 10 – Receivables)

Accounts receivable are amounts owed from organizations and customers for various services. Sales tax receivable consists of sales tax and related interest. Receivables due from other governments are largely comprised of outstanding balances owed from regional transit services and grants.

4. Inventories

Inventories in propriety funds consist of fuel, lube and oil, antifreeze, transmission fluid, and repair parts held for consumption. Purchases are recorded as increases to inventory. Expenses are recorded as the materials are used. All inventory is valued on the moving weighted average cost method, with the exception of fuel which is valued on First in/First Out (FIFO). Inventories at December 31, 2024 were \$4,592,425.

5. Restricted Cash and Cash Equivalents

As of December 31, 2024, Pierce Transit has restricted cash and cash equivalent assets in the amount of \$65,175,343 for the purpose of self-insurance liabilities and capital projects and purchases.

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

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

Capital assets, which include property, plant, and equipment, are reported in the financial statements. Capital assets are defined by Pierce Transit as assets with an initial, individual cost of more than \$10,000 (effective 10/1/24. Previously \$5,000) and an estimated useful life in excess of one year. Like items purchased together are capitalized if the value of the transaction is at least \$50,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

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

7. Leases and SBITAs (See Note 8 – Leases; See Note 13 Subscription-Based IT Arrangements)

Lessee/SBITA: Pierce Transit recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the proprietary fund financial statements. Pierce Transit recognizes lease/SBITA liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, Pierce Transit initially 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, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

The lease/SBITA asset is amortized using the straight-line basis over its useful life.

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

Pierce Transit uses the interest rate charged by the lessor/vendor as the discount rate. When the interest rate charged by the lessor/vendor is not provided, Pierce Transit generally uses its incremental borrowing rate as the discount rate.

Pierce Transit monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

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

Pierce Transit recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settle upon separation of employment. Based on the criteria listed, vacation and sick leave qualify for liability recognition for compensated absences. A liability for compensated absences is reported as incurred in the proprietary financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

9. Pensions (See Note 9 – Pension Plans)

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

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

10. Unearned Revenue

Amounts are recognized as receivables but not revenues on the Statement of Net Position because revenue recognition criteria have not been met. Unearned revenue is made up of prepaid fare revenue and prepaid advertising. It amounted to \$393,873 in 2024.

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

11. Due to Other Governments

Pierce Transit's Due to Other Governments liability was \$1,740,217 at the end of 2024. It consisted of:

Federal Transit Administration (FTA)	\$ 60,311
Sound Transit	1,679,906
	<hr/> \$ 1,740,217

Funds owed to the FTA are for the proportionate share from proceeds of federal interest in sold assets. Funds owed to Sound Transit comprise of funds owed after reconciling service hours provided by Pierce Transit on behalf of Sound Transit, insurance proceeds, and their portion of the CNG credit received from the IRS.

12. Grant Exchange Funds

Pierce Transit and Pierce County have a long-standing agreement to exchange Federal Transit Administration (FTA) earned share funds allocated to Pierce County through the Puget Sound Regional Council (PRSC) for the Pierce County Ferry System. The County receives both 5307 and 5309 funds due to owning and operating ferry service within Pierce County. Pierce Transit receives Pierce County's FTA funds in exchange for non-federal funds. Pierce Transit is eligible to receive FTA funds by virtue of its charter to own and operate a transit system. Annually, the PRSC reviews the earned share allocation and provides the amount eligible for grant exchange to both parties. Pierce County receives 80% of their portion of FTA funding from Pierce Transit in the form of non-federal funds. The remaining 20% is held by Pierce Transit as an administrative fee.

13. Net Position

The difference between assets and deferred outflows or resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components as described:

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- **Restricted net position** consists of restricted assets reduced by certain liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

- **Unrestricted net position** is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of the two preceding categories.

The restricted net position in the amount of \$15,889,614 is equal to the amount of Net Pension Asset.

It is Pierce Transit’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 2: ACCOUNTING CHANGES AND ERROR CORRECTIONS

In 2024, Pierce Transit implemented Governmental Accounting Standards Board (GASB) Statement 100, *Accounting Changes and Error Corrections*. GASB 100 was effective for fiscal years beginning after June 15, 2023. The primary objective of the Statement is to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Change in accounting principle:

In 2024, Pierce Transit implemented GASB Statement No. 101, *Compensated Absences*. GASB 101 was effective for fiscal years beginning after December 15, 2023. In addition to the value of unused vacation and sick time to be used or owed to employees upon separation of employment, Pierce Transit now recognizes salary-related benefits as part of the liability for compensated absences. With the implementation of GASB 101 *Compensated Absences*, the beginning net position decreased by \$2,428,072. The effect of the change in accounting principle is shown in column B of the table below.

	Net Position as previously reported (A)	Change in accounting principle (B)	Net Position as restated/adjusted (C)
Business-type Activities	\$ 482,283,962	\$ (2,428,072)	\$ 479,855,890

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

NOTE 3: CAPITAL ASSETS

Capital Assets activity for the year ended December 31, 2024 was as follows:

2024 Capital Assets				
Description	Balance 1/1/2024	Increases	Decreases	Balance 12/31/2024
Capital Assets, Not Being Depreciated				
Land	\$ 16,417,573	\$ 15,999		\$ 16,433,571
Work in Progress	66,778,458	35,416,306	(39,474,144)	62,720,620
Subtotal	83,196,030	35,432,305	(39,474,144) *	79,154,191
Capital Assets Being Depreciated or Amortized:				
Structures	109,976,458	6,386,271	(1,794,255)	114,568,473
Site Improvements	67,818,985	5,678,295		73,497,279
Machinery & Equipment	217,458,393	23,243,722	(7,335,332)	233,366,783
Right-to-Use Lease Asset	4,312,755		(216,949)	4,095,806
Subscription-Based IT Assets	2,704,783	2,106,793	(320,861)	4,490,716
Subtotal	402,271,373	37,415,081 *	(9,667,398)	430,019,057
Less Accumulated Depreciation and Amortization For:				
Structures	(78,542,233)	(3,216,480)	1,684,684	(80,074,030)
Site Improvements	(47,857,011)	(2,591,030)		(50,448,041)
Machinery & Equipment	(142,707,147)	(14,884,283)	7,155,164	(150,436,266)
Right-to-Use Lease Asset	(843,230)	(411,128)	101,915	(1,152,443)
Subscription-Based IT Assets	(1,120,024)	(1,420,506)	320,861	(2,219,669)
Subtotal	(271,069,645)	(22,523,428)	9,262,624	(284,330,449)
Total Capital Assets, Net of Accumulated Depreciation and Amortization	\$ 214,397,759	\$ 50,323,958	\$ (39,878,918)	\$ 224,842,798

*The Work in Progress (WIP) decreased by \$39.5 million while capital assets being depreciated or amortized increased by \$37.3 million. The main difference is due to some items held in WIP were expensed when the Bus Rapid Transit (BRT) project was placed on hold. Items expensed related to wages and benefits for the project manager and miscellaneous expenses for advertising and open houses. Additionally, some purchases for IT were expensed after placing in WIP because of not meeting the capital asset criteria.

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

NOTE 4: CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

Note	Business Type Activities	Beginning Balance 1/1/2024	Additions	Reductions	Ending Balance 12/31/2024	Due Within One Year
4A	Compensated Absences * ^	\$ 9,087,905	569,636		\$ 9,657,541	7,071,816
4B	Net Pension Liability ^	\$ 9,460,689		2,030,881	\$ 7,429,808	
4C	Lease Liability	\$ 3,603,609	521,393	976,136	\$ 3,148,866	347,464
4D	SBITA Liability	\$ 1,102,898	3,113,166	2,516,669	\$ 1,699,395	925,501
	Total Change in Long Term Liabilities	<u>\$ 23,255,101</u>	<u>4,204,195</u>	<u>5,523,686</u>	<u>\$ 21,935,610</u>	<u>8,344,781</u>

^ Additions and reductions are reported as a net change

*Beginning balance of Compensated Absences changed by \$2,428,072 due to the implementation of GASB 101 restatement.

A. Compensated Absences

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

As of December 31, 2024, total vacation and PTO accruals are listed as follows:

PTO/Vacation-Current	\$	3,924,747
PTO/Vacation-Non-Current		1,606,960
Total Vacation Leave Liability	\$	5,531,707

Sick leave is recorded as an expense at the time of payment, which occurs upon usage or termination. Fifty percent of the value is paid upon retirement or death of the employee, 20% is paid upon termination for any other reason. There is no cap on the accrual for sick leave; however, the maximum payout is 960 hours or 1040 hours for union represented employees, no maximum of hours for non-represented employees that leave due to death, disability separation or retirement, and maximum payout of 960 hours for non-represented employees that leave of any other reason and who have passed probation.

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

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

Current Liability based on usage or terminations	\$	3,147,069
Non-current Liability based on expected future payoffs		978,765
Total Sick Leave Liability	\$	4,125,834

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

Balance beginning *	\$	5,626,925
Net Change		1,444,891
Compensated Absences-Current	\$	7,071,816
* Beginning balance changed due to 2023 remeasurement for GASB 101.		
Balance beginning *	\$	3,460,980
Net Change		(875,255)
Employee leave paid		-
Compensated Absences-Noncurrent	\$	2,585,725
* Beginning balance changed due to 2023 remeasurement for GASB 101.		

B. Certain Asset Retirement Obligations

Pierce Transit has identified certain assets which may have external retirement obligations, including 14 underground storage tanks (UST), 13 of which have now been decommissioned and replaced with above ground storage tanks. The one remaining UST useful life and retirement costs are not considered material.

NOTE 5. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

A. Constructions Commitments

Commitments on active construction and capital projects as of December 31, 2024 are itemized as follows:

Project Type	WIP	Remaining Commitment
Buildings and Site Improvements	745,991	2,458,813
Maintenance and Operations Base Improvements	10,121,672	3,781,639
Bus Rapid Transit/Enhanced Bus Service	34,138,178	482,972
Vehicles and Equipment	9,452,965	3,241,645
Technology	8,261,813	2,900,281
Total	62,720,619	12,865,350

Pierce Transit
Notes to Financial Statements
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Projects underway as of December 31, 2024, included base facility improvements, Spanaway Transit Center, transit center improvements, enhanced bus service, CAD/AVL and various technology upgrades or replacements, vehicle replacement, and equipment.

B. Other Commitments

1. Regional Fare Collection System (ORCA)

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

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

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

Pierce Transit's financial statements reflect its portion of ORCA fare revenues and expenses. ORCA fare revenue as of December 31, 2024 was \$2,496,875 with operating expenses of \$466,622.

2. Combined Communications Network

In January 2015, Pierce Transit entered into an agreement with Pierce County to provide the maintenance, operation, and governance of a county wide radio system to be called the Pierce Transit – Pierce County Combined Communications Network (CCN) of shared radio and microwave systems to carry voice and data traffic. Pierce Transit has discontinued participation in CCN after the Board of Commissioners approved ending the contract at the November 8, 2021 Board meeting, effective December 31, 2021. The leases for two towers were transferred in early 2023 to Pierce County. The Top Hat radio tower lease was

**Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024**

transferred to Pierce County in February 2024, at which time Pierce Transit no longer has contractual obligations.

NOTE 6: CONTINGENCIES AND LITIGATIONS

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

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

NOTE 7: DEPOSITS AND INVESTMENTS

As of December 31, 2024, Pierce Transit had the following cash, cash equivalents, and investments:

Demand Deposits	\$	3,769,210
Local Government Investment Pool		117,805,233
Separately Managed Account		135,519,723
Total Cash, Equivalents, and Investments	\$	257,094,166

A. Deposits

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

B. Local Government Investment Pool

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

The LGIP is a qualified, unrated, external investment pool that is not registered with the Securities and Exchange Commission (SEC). All investments are subject to written policies and procedures adopted by the State Treasurer's office. The LGIP is considered extremely low risk.

Pierce Transit
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The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. Investments in the LGIP are reported at amortized cost which is the same as the value per share. The LGIP does not have any legally binding guarantees of share value. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals and functions as a demand deposit account where the Transit receives an allocation of its proportionate share of pooled earnings using an amortized cost methodology. Contributions or withdrawals can be made on a daily basis. Unrealized gains and losses due to changes in the fair values are not distributed to Pierce Transit.

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

C. Investments

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

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

Separately Managed Account – Pierce Transit entered into an Interagency Agreement with the State of Washington's Office of the State Treasurer in June 2022 to authorize the State Treasurer's Office to invest funds in a Separately Managed Account. An initial deposit of \$100 million was made. An additional deposit of \$25 million was made in 2023. No additional funds were deposited in 2024. The State Treasurer invests these funds in accordance with the State's investment policies and procedures. Pierce Transit receives monthly reports of investment activity and records interest earned. At year end, Pierce Transit reported the investments at fair

Pierce Transit
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value in accordance with GASB 72 and made adjusting entries to balance the portfolio. Changes in fair value are included as a change in revenue in the financial statements.

Interest Rate Risk - Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity, the greater the sensitivity of its fair value to changes in market interest rates. Pierce Transit's investment policy is designed to manage the exposure to interest rate risk through diversification and by purchasing a combination of short and long-term investments that mature evenly over time.

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

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

Custodial Credit Risk – All investments purchased by Pierce Transit are held and registered in the Transit's name in the trust or safekeeping department of a financial institution as established by a written third-party safekeeping agreement between the Transit and financial institution. Investments in the Separately Managed Account are purchased by the state of Washington's Office of the State Treasurer and are held and registered in the State's name in the trust or safekeeping department of a financial institution as established by a written third-party agreement between the State and financial institution.

Fair Value – Pierce Transit reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. GASB 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities on the date of measurement.

Level 2: Directly or indirectly observable inputs available in active markets as of measurement date.

Pierce Transit
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Level 3: Unobservable inputs used in cases where financial instruments are considered illiquid, with no significant market activity and little or no pricing information on the date of measurement.

Pricing for the Separately Managed Account portfolio comes from Northern Trust using independent industry recognized pricing sources.

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasuries	\$ 67,965,273		\$ 67,965,273	
Fixed Rate Bonds	10,984,237		10,984,237	
U.S. Agencies Floating Rate Notes	5,003,067		5,003,067	
Callable Securites	17,339,321		17,339,321	
Supra-Bullet	33,215,799		33,215,799	
Total Investments by Fair Value Level		-	\$ 134,507,697	-
Total Investments Measured at Fair Value	<u>\$ 134,507,697</u>			
Other Securities Not Measured at Fair Value				
State LGIP	<u>1,012,026</u>			
	<u>\$ 135,519,723</u>			

NOTE 8: LEASES

A. Right-to-Use Lease Assets and Liabilities

1. Real Estate Leases

Pierce Transit entered into three real estate lease agreements for the purpose of operating Park and Rides at Tacoma Community College (TCC), Tacoma Mall and Kimball Drive. All leases were in before January 1, 2022, but all leases are recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation. For accounting purposes, the right-to-use lease asset and lease liability are reported at the present value of the future minimum lease payments using 3.5 percent interest rate. The initial rent of \$389,765 (TCC) \$517,583(Tacoma Mall), and \$1,928,919 (Kimball Drive) was used to calculate the present value of these leases.

Pierce Transit entered into the agreement with TCC originally on November 1, 1983. The agreement allows for an annual rent adjustment on November 1 of each year based on the Consumer Price Index for All Urban Consumers in the Seattle-Tacoma-Bremerton area. Annual

Pierce Transit
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sum shall never be adjusted downward nor increase more than 5%. The lease does not convey ownership, and the term is through October 31, 2029.

The original date of the Tacoma Mall agreement was November 15, 1984. The current amendment beginning in 2016 allows the annual rent to be increased 3% annually through the termination date of December 31, 2030. The lease does not convey ownership.

Pierce Transit entered into the agreement with Tacoma Public Utilities for Kimball Drive Park and Ride on August 15, 1997. Every five years, TPU may evaluate the value of the property and adjust the rent. The lease does not convey any right, title, or interest in the property.

For all real estate leases, future adjustments and changes to rents will be accounted for and recalculated for additional interest related to lease liability when incurred.

2. Building Lease

Pierce Transit entered into a building lease agreement for the purpose of operating our service provided by our contract with First Transit. The lease began before January 1, 2022, but the lease is recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation using present value and an interest rate of 2.5%. The lease does not convey ownership at the end of the lease or provide a purchase option.

The original lease was effective July 10, 1999. The amendment at implementation expired June 30, 2023. The amendment has an option to renew for up to two (2) additional consecutive periods of five (5) years. It is likely Pierce Transit will exercise the option for the additional periods. In June 2023, this lease was extended for an additional 5 years. The new expiration date is June 30, 2028. The right-to use lease asset and lease liability were remeasured using the 2.5 percent interest rate. Future adjustments to rent will be accounted for and recalculated for additional interest related to lease liability when incurred.

3. Tower Leases

When GASB 87 was implemented, Pierce Transit held three leases relating to the CCN. (See Note 5B.2) These leases were measured in the same method as the real estate and building leases at the beginning of the implementation period of January 1, 2022. Two of the tower leases were terminated in 2023 and the right-to-use lease asset and lease liability were reduced for those. The Indian Hill tower lease ended on March 31, 2023. A gain on termination of \$3,535 was recorded for this lease. The Hemlock tower lease ended on May 30, 2023. A loss on termination of \$6,943 was recorded for this lease. In February 2024, the Top Hat tower lease transferred to Pierce County. A gain on termination of \$7,819 was recorded for this lease.

The table below is the summary of the lease assets and the related accumulated amortization:

Pierce Transit
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	Beginning Balance			Ending Balance
	1/1/24	Increases	Decreases	
Leased Real Estate	\$ 4,095,806	\$0	\$ -	\$4,095,806
Leased Tower	216,949	-	(216,949)	0
Total Right -to-Use Lease Assets	4,312,755	-	(216,949)	4,095,806
Accumulated Amort - Leased Real Estate	(747,891)	(404,553)	-	(1,152,444)
Accumulated Amort - Leased Tower	(95,340)	(6,575)	101,915	0
Total Amortization	(843,231)	(411,128)	101,915	(1,152,444)

As of December 31, 2024, the principal and interest requirements to maturity are as follows:

Year Ended December 31	Principal	Interest	Total
2025	\$347,464	\$103,555	\$451,019
2026	371,925	90,969	462,894
2027	397,103	77,523	474,626
2028	301,814	64,408	366,222
2029	188,317	56,903	245,220
2030-2034	536,295	219,951	756,246
2035-2039	668,255	120,765	789,020
2040-2044	337,693	12,048	349,741
Total	\$3,148,866	\$746,122	\$3,894,988

NOTE 9: PENSION – SPONSORED PLANS

A. PERS/TERS

The following table represents the aggregate pension amounts for all plans for the year 2024:

Aggregate Pension Amounts - All Plans	
Pension liabilities	(7,429,808)
Pension assets	15,889,614
Deferred outflows of resources	23,797,399
Deferred inflows of resources	(7,216,176)
Pension expense/expenditures	(846,754)

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

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in TERS. There are currently 15 employees covered under TERS, with the remaining employees covered by the Public Employees Retirement Systems (PERS).

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

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

The Tacoma Employees' Retirement System (TERS), a pension trust fund of the City of Tacoma, Washington, issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information.

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

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding

Pierce Transit
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Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January – June		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
TOTAL	9.53%	6.00%
July - August		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.47%	
Administrative Fee	0.20%	
TOTAL	9.03%	6.00%
September - December		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
TOTAL	9.11%	6.00%

Pierce Transit’s actual contributions to Plan 1 were \$2,196,830 for the year ended December 31, 2024.

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member’s AFC times the member’s years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase

Pierce Transit
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of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 2/3			
Actual Contribution Rates	Employer 2/3	Employee 2	Employee 3
January – June			
PERS Plan 2/3	6.36%	6.36%	Varies 5% - 15%
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
TOTAL	9.53%	6.36%	
July - August			
PERS Plan 2/3	6.36%	6.36%	Varies 5% - 15%
PERS Plan 1 UAAL	2.47%		
Administrative Fee	0.20%		
TOTAL	9.03%	6.36%	
September - December			
PERS Plan 2/3	6.36%	6.36%	Varies 5% - 15%
PERS Plan 1 UAAL	2.55%		
Administrative Fee	0.20%		
TOTAL	9.11%	6.36%	

Pierce Transit’s actual PERS Plan 2/3 contributions were \$5,071,074 for the year ended December 31, 2024.

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Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2023 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- **Investment rate of return:** 7.00%

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

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS1.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0%.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

Pierce Transit
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Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024. The inflation component used to create the table is 2.5% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	19%	2.10%
Tangible Assets	8%	4.50%
Real Estate	18%	4.80%
Global Equity	30%	5.60%
Private Equity	25%	8.60%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents Pierce Transit's net pension liability calculated using the discount rate of 7%, as well as what Pierce Transit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
2024 PERS 1	\$9,775,544	\$6,645,623	\$3,900,607
2024 PERS 2/3	\$28,644,061	(\$15,889,614)	(\$52,464,193)

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Tacoma Employees' Retirement System

The Tacoma Employees' Retirement System (TERS) is a cost-sharing, multiple-employer defined benefit public employee pension plan, covering most of the employees of the City of Tacoma. Other members include certain employees of Pierce Transit, South Sound 911 and the Tacoma Pierce County Health Department who established membership in TERS when these agencies were still City of Tacoma departments. TERS provides retirement, disability, and death benefits.

The measurement date for TERS is December 31, 2023, which is up to one year prior to the reporting date of this report and allowable per GASB Statement 68.

There are two formulas to calculate the retirement benefits. The benefit paid will be issued on the formula which provides the higher benefit. The most commonly applied formula, "service retirement", is a product of the member's average monthly salary for the highest, consecutive 24-month period, the number of years of membership credit, and a percentage factor (2% maximum) that is based on the member's age and years of service. The other formula is an annuity based on member contributions. There are several options available for the retiree to provide for their beneficiaries. TERS also provides death, disability, and deferred retirement. Additionally, TERS provides cost of living adjustment (COLA) increases up to 2.125% as of July 1st of each year; the actual COLA granted is dependent on the Consumer Price Index (Seattle Area – all items) over the preceding calendar year.

The TERS member contribution rate is established the Tacoma City Council. The TERS required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

TERS Contribution Rate	Employer	Employee
2024	11.34%	9.66%

Pierce Transit's actual contributions to TERS plan were \$233,106 for the year ended December 31, 2024.

Long-Term Expected Rate of Return

The long-term expected rate of return on the TERS pension plan investments is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the System's investment advisors as of December 31, 2023. The target asset allocation is based on the TERS Investment Policy Statement dated November 2023. Rates of return for each major asset class included in the pensions plan's target asset allocation are summarized in the table below.

Pierce Transit
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Asset Class	Target Allocation	Long-Term Expected Geometric Rate of Return (30 year period)
Global Equity	19.0%	4.35%
Low Volatility Global Equity	9.5%	4.47%
Investment Grade Fixed Income	21.5%	2.28%
High Yield Bonds	5.0%	3.93%
US Long Gvt Bonds	3.00%	2.43%
Emerging Market Debt	5.00%	2.80%
Private Equity	15.0%	7.15%
Private Real Estate	10.0%	3.53%
Private Credit	3.0%	5.90%
US Bank / Leveraged loans	2.00%	4.12%
Infrastructure	7.00%	5.28%
Assumed Inflation - Mean		2.50%
Assumed Inflation - Standard Deviation		1.44%
Portfolio 10 year Geometric Rate of Return		7.89%
Portfolio Standard Deviation		11.55%
Long-Term Expected Rate of Return, net of investment expenses		6.75%

Sensitivity Analysis of Net Pension Liability (Asset)

The table below presents Pierce Transit’s net pension liability as of the December 31, 2023 measurement date calculated using the discount rate of 6.75 percent, as well as what Pierce Transit’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percent point lower (5.75 percent) or 1-percent higher (7.75 percent) than the current rate.

TERS	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	\$2,337,287	\$784,185	(\$509,923)

Pension Plan Fiduciary Net Position

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

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

Pierce Transit reported its proportionate share of the net pension liabilities and assets as follows:

Pierce Transit
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Plan	Liability (or Asset)
PERS 1*	6,645,623
PERS 2/3*	(15,889,614)
TERS**	784,185

*As of June 30, 2024 ** As of December 31, 2023

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

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportionate Share
PERS 1	0.381872%	0.374014%	-0.007858%
PERS 2/3	0.491119%	0.482004%	-0.009115%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

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

	Proportionate Share 12/31/22	Proportionate Share 12/31/23	Change in Proportionate Share
TERS	0.49511%	0.53023%	0.03512%

The employer contributions to TERS were used in determining each employer's proportionate share of the collective pension amounts for the calendar year ended December 31, 2023.

Pension Expense

For the year ended December 31, 2024, Pierce Transit recognized pension expense as follows:

Pension Expense	2024
PERS 1	\$ (295,345)
PERS 2/3	(806,673)
TERS	255,263
TOTAL	\$ (846,754)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, Pierce Transit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

Pierce Transit
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PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		(531,765)
Changes of assumptions	0	0
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	1,023,799	
TOTAL	1,023,799	(531,765)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	9,028,818	(36,789)
Net difference between projected and actual investment earnings on pension plan investments	0	(4,553,510)
Changes of assumptions	8,774,275	(1,006,763)
Changes in proportion and differences between contributions and proportionate share of contributions	1,414,117	(1,050,462)
Contributions subsequent to the measurement date	2,561,295	
TOTAL	21,778,504	(6,647,524)

Pierce Transit
Notes to Financial Statements
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TERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	166,463	(11,047)
Net difference between projected and actual investment earnings on pension plan investments	489,489	
Changes of assumptions	96,310	
Changes in proportion and differences between contributions and proportionate share of contributions	9,730	(25,842)
Contributions subsequent to the measurement date	233,106	
TOTAL	995,098	(36,889)

*TERS Measurement date 12/31/2023

Deferred outflows of resources related to pensions resulting from Pierce Transit's contributions to DRS and TERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	PERS 1
2025	(880,033)
2026	452,118
2027	(47,871)
2028	(55,980)
2029	0
Thereafter	0

Year ending December 31:	PERS 2/3
2025	(3,495,018)
2026	6,799,638
2027	3,078,460
2028	3,211,510
2029	1,678,878
Thereafter	1,296,219

**Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024**

Year ending December 31:	TERS
2024	230,856
2025	144,051
2026	342,707
2027	(4,932)
2028	12,423
Thereafter	0

B. Deferred Compensation Plan

Pierce Transit offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Plans are offered and administered through Empower Retirement Company and MissionSquare. In January 2025, all 457 Plans changed to MissionSquare. Pierce Transit contributes up to 4.25% of annual salary for employees with fewer than 10 years of service, up to 5.25% for employees with 10 – 14 years of service, and up to 6% for employees with 15 years of service or more. In 2024, Pierce Transit contributed \$2,586,859 and employees contributed \$4,109,930. The employer match contribution changed to bi-weekly earnings instead of annual salary beginning in January 2025. The plan is available to all employees on a voluntary basis and permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Beginning in fiscal year 1998, existing assets in the plan are held in a qualified custodial account. The custodian holds the Plan's assets for the exclusive benefit of participants and beneficiaries. The Plan's assets are not the legal property of Pierce Transit and are not subject to claims of the Agency's creditors. Therefore, deferred compensation funds are not shown on the balance sheet.

NOTE 10: RECEIVABLES

Receivables due to Pierce Transit for year ending December 31, 2024 are detailed as follows:

Due From Other Governments	\$	1,943,347
Due from Others		45,433
Fuel Tax Refund		142,353
Regional Transit Service Revenues		5,506,151
Capital Grants		5,995,913
	\$	13,633,197

Pierce Transit
Notes to Financial Statements
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NOTE 11: NET POSITION

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

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

Net Investment in Capital Assets	\$ 219,127,300
Total Restricted Net Position	15,889,614
Unrestricted Net Position	
Operating	215,708,771
Self-Insurance	3,708,302
Capital Replacement/Expansion	65,268,774
Total Unrestricted Net Position	<u>284,685,847</u>
Net Position	<u><u>\$ 519,702,761</u></u>

Net Investment in Capital Assets is calculated as follows:

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Total Capital Assets	\$ 509,173,247
Less: Accumulated Depreciation/Amortization	284,330,450
Net Capital Assets	224,842,797
Less:	
Outstanding Debt Principal (leases & SBITAs)	(4,848,260)
Capital-related Payables	(680,885)
Capital-related Retainage Payables	(186,352)
Net Investment in Capital Assets	<u>\$ 219,127,300</u>

NOTE 12: RISK POOL AND INSURANCE

A. Risk Management

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

At the end of 2024, Pierce Transit retained a \$25,000 for its all-risk property coverage which includes auto physical damage. Pierce Transit has a \$5,000 deductible for public official’s liability coverage and has no deductible for general and auto liability risks covered by WSTIP.

WSTIP was formed by Interlocal Agreement on January 1, 1989, pursuant to Chapters 48.61 and 39.34 RCW. WSTIP helps member transit agencies by enabling them to:

- Pool resources for self-insurance
- Jointly purchase insurance
- Hire or contract for personnel to provide risk management, claims handling, and administrative services.

Transit agencies joining WSTIP must remain members for a minimum of 36 months. Members may withdraw after that time by giving six-month’s written notice and at the end of the fiscal year. Any member who withdraws will not be allowed to rejoin for a period of 36 months. The Pool is governed by a Board of Directors which is comprised of designated representatives from every Member. An Executive Committee is elected at the Annual Meeting and is responsible for conducting WSTIP’s business affairs.

Pierce Transit
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Transit agencies may apply for WSTIP membership, which is granted upon approval by a simple majority vote of the WSTIP Board of Directors. WSTIP's underwriting and rate-setting policies are established based on actuarial consultation. WSTIP members may be subject to supplemental assessments in the event of funding deficiencies. If WSTIP's assets were to be exhausted, Members would be responsible for WSTIP's liabilities. WSTIP is regulated by the Washington State Risk Manager and audited annually by the Washington State Auditor.

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

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

Here is a summary of coverage provided in 2024:

RISK / EXPOSURE		COVERAGE	DEDUCTIBLE
GENERAL LIABILITY:			
Bodily Injury & Property Damage	\$25 million	Per occurrence	\$0
Personal Injury and Advertising Injury	\$25 million	Per offense	\$0
Contractual liability	\$25 million	Per occurrence	\$0
Vanpool Driver Medical Expense Protection	\$35,000	Per occurrence	\$0
Underinsured Motorist Coverage (by mode)	\$60,000	Per occurrence	\$0
Permissive Use of a Member-Owned Motor Vehicle	\$100,000 for property damage and \$300,000 for bodily injury	Per occurrence	\$0
Agency, rental, and personal/private vehicle occupants not covered by workers compensation or transit passengers	\$100,000 for property damage and \$300,000 for bodily injury	Per occurrence	\$0
		Per occurrence	\$0
Endorsement 1: COMMUNICABLE DISEASE LIABILITY:	\$500,000	Per occurrence	\$0
Annual aggregate for all Members or Additional Covered Parties	\$2 million		

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PUBLIC OFFICIALS LIABILITY	\$25 million	Per occurrence and aggregate	\$5,000
Endorsement 1: VIOLATIONS OF WAGE & HOUR LAWS	\$250,000	Per occurrence	\$25,000
Annual aggregate per Member	\$250,000		
PROPERTY COVERAGE All perils subject to the following sublimits:	\$500 million	Per occurrence, all perils and insureds/members combined	\$25,000
Flood zones A & V – annual aggregate	\$10 million	Per occurrence, annual aggregate	\$500,000
All flood zones except A & V – annual aggregate	\$50 million	Per occurrence, annual aggregate	\$500,000
Earthquake, volcanic eruption, landslide, and mine subsidence --	\$35 million	Per occurrence, annual aggregate	5% subject to \$500,000 minimum per occurrence per unit
AUTO PHYSICAL DAMAGE Auto Physical Damage (below \$250,000 in value)	Fair market value		\$25,000
Auto Physical Damage for all vehicles valued over \$250,000 and less than 10 years old	Replacement Cost	Limited to \$1.6 million any one vehicle	\$25,000
BOILER AND MACHINERY	\$100 million		\$250,000 or \$350,000 depending on size of boiler
CRIME / PUBLIC EMPLOYEE DISHONESTY including faithful performance. Also includes:	\$2 million	Per occurrence	\$10,000
Employee theft	\$2 million	Per occurrence	\$10,000
Forgery or alteration	\$2 million	Per occurrence	\$10,000
Inside the premises – theft of money and securities	\$2 million	Per occurrence	\$10,000
Inside the premises – robbery or safe burglary of other property	\$2 million	Per occurrence	\$10,000
Outside premises	\$2 million	Per occurrence	\$10,000
Computer fraud	\$2 million	Per occurrence	\$10,000
Funds Transfer Fraud	\$2 million	Per occurrence	\$10,000
Money orders and counterfeit money	\$2 million	Per occurrence	\$10,000

CYBER LIABILITY INSURANCE		Coverage	Deductible
Annual Policy and Program Aggregate Limit of Liability for all policy holders (not just WSTIP members)	\$75 million		
Insured/Member Annual Aggregate Limit of Liability	\$2 million		\$5,000

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

BREACH RESPONSE COSTS	\$500,000	Aggregate for each insured/member (limit is increased to \$1 million if Beazley Nominated Service Providers are used)	
FIRST PARTY LOSS			
Business Interruption			
<i>Resulting from Security Breach</i>	\$750,000	Aggregate limit	
<i>Resulting from System Failure</i>	\$500,000	Aggregate limit	
Dependent Business Loss			
<i>Resulting from Security Breach</i>	\$750,000	Aggregate limit	
<i>Resulting from System Failure</i>	\$100,000	Aggregate limit	
Cyber Extortion Loss	\$750,000	Aggregate limit	
Data Recovery Costs	\$750,000	Aggregate limit	
LIABILITY			
Data & Network Liability	\$2 million	Aggregate limit	
Regulatory defense and penalties	\$2 million	Aggregate limit	
Payment Card Liabilities & Costs	\$2 million	Aggregate limit	
Media Liability	\$2 million	Aggregate limit	
eCRIME			
Fraudulent Instruction	\$75,000	Aggregate limit	
Funds Transfer Fraud	\$75,000	Aggregate limit	
Telephone Fraud	\$75,000	Aggregate limit	
CRIMINAL REWARD	\$25,000	Limit	
COVERAGE ENDORSEMENTS			
Reputation Loss	\$200,000	Limit of Liability	
Claims Preparation Costs for Reputation Loss Claims Only	\$50,000	Limit of Liability	
Computer Hardware Replacement Costs	\$200,000	Limit of Liability	
Invoice Manipulation	\$100,000	Limit of Liability	
Cryptojacking	\$50,000	Limit of Liability	

Extra Cyber Limits

In addition to the coverage detailed in the basic Cyber Liability insurance description, Pierce Transit has chosen to purchase additional limits. This limit will be in excess to any limit of the basic cyber liability policy and increases the availability of insurance and/or drop down if the basic policy limits, which are shared with all policy holders, are exhausted. The extra limit is not

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

shared with any other policy holder or WSTIP member. Pierce Transit elected to purchase \$2 million (in excess of \$2 million). The carrier is Palomar Excess & Surplus Insurance Company.

Extra Auto Physical Damage Limits

In addition to the coverage detailed in the basic Auto Physical Damage insurance description, Pierce Transit has chosen to purchase additional limits. This limit will be in excess to any limit of the basic auto physical damage policy and increases the availability of insurance. The policy term is July 1 and renews annually. Pierce Transit elected to purchase \$10 million (in excess of \$2 million). The carrier is The Burlington Insurance Company.

Underground Storage Tank – Pollution Liability Insurance Policy

Pierce Transit purchases an Underground Storage Tank – Pollution Liability insurance policy. The policy term is October 1 and renews annually. The carrier is Mid-Continent Casualty Company. Insurance provisions on each policy were essentially the same. The insuring agreement has coverage parts for bodily injury and property damage liability, government mandated cleanup costs liability, and defense and claims handling expenses. The limit of coverage is \$1 million per environmental incident with a \$1 million aggregate and a \$500,000 limit on defense per environmental incident. Pierce Transit has a \$10,000 deductible per environmental incident. Tanks must be listed to be covered.

Covered Locations Pollution Liability Insurance Policy

Pierce Transit purchases a Covered Locations Pollution Liability insurance policy. The policy term is from April 4, 2024 to April 4, 2027. The carrier is Beazley Eclipse. The insuring agreement has coverage parts for covered location pollution liability coverage – new pollution conditions, covered location pollution liability coverage – existing pollution conditions, transportation pollution liability, and non-owned disposal site pollution liability. The policy covers cleanup costs, damages, and claims expenses. The limit of coverage is \$5 million each pollution condition – includes claims expenses with a \$5 million aggregate including claims expenses. Pierce Transit has a \$100,000 deductible per pollution condition. Locations must be listed to be covered.

Terrorism Policy

Pierce Transit purchases a stand-alone terrorism policy. The policy is underwritten by Price Forbes and has a \$25,000 deductible.

Coverage Limits:

- Section 1 (Terrorism & Sabotage): \$20,000,000 per occurrence and in the annual aggregate.
- Section 2 (Terrorism Liability): \$10,000,000 per occurrence and in the annual aggregate.

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

Definitions:

- Act of Terrorism means an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.
- Act of Sabotage means a subversive act or series of such acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

Coverage Details:

- Section 1: covers all real and personal property of every description belonging to Pierce Transit or for which Pierce Transit is responsible to insure including property of others in their care, custody or control and loss rent.
- Section 2: provides coverage for Pierce Transit’s legal liability arising from acts of terrorism (see policy for complete details).

B. Additional Coverage

Pierce Transit purchases additional coverage in 2024 outside the Washington State Transit Insurance Pool for the following risks:

Type	Company	Limits	Deductible
Unmanned Aircraft	United States Aviation Underwriters Inc	\$1,000,000, per occurrence	\$0
Fuel Tank Storage	Mid Continent Casualty	\$1,000,000, per occurrence & aggregate	\$10,000
Deadly Weapon	Alliant Deadly Weapon Response Program: Beazley	\$1,000,000, per occurrence & aggregate	\$10,000
Excess Workers’ Compensation	Arch Insurance Company	Statutory, per occurrence	\$1,000,000

C. Unemployment and Workers Compensation Insurance

Pierce Transit continues to be self-insured for unemployment compensation and self-insured for \$1 million for workers’ compensation (industrial insurance), with excess workers’ compensation (EWC) retained consistent with statutory requirements. Self-insurance assets have been set aside for these workers’ compensation claims, which are administered by a third-party administrator.

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

On December 31, 2024, the self-insurance assets totaled \$5,902,482 of which a liability of \$2,109,306 is recorded for workers' compensation and unemployment compensation claims for which it may be ultimately liable, including a provision for claims incurred but not yet reported.

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

	2024	2023	2022
Balance beginning of year	\$ 2,156,587	\$ 2,301,855	\$ 2,606,065
Provision for incurred claims	1,302,725	1,271,757	1,000,513
Payments made for claims	<u>(1,350,006)</u>	<u>(1,417,024)</u>	<u>(1,304,723)</u>
Claims liabilities end of year	<u>\$ 2,109,306</u>	<u>\$ 2,156,587</u>	<u>\$ 2,301,855</u>

D. Health and Welfare

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

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

As of December 31, 2024, 268 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

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

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

individual member experience. The pool is actuarially rated each year with the assumption of projected claims run out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-city entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2024, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

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

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

Pierce Transit
Notes to Financial Statements
Year Ended December 31, 2024

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

NOTE 13: SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

Pierce Transit has a variety of noncancellable subscription-based information technology arrangements (SBITAs) for the right to use information technology hardware and software. The table below is the summary of the subscription-based IT arrangements and the related accumulated amortization:

	Beginning Balance 1/1/24	Increases	Decreases	Ending Balance 12/31/24
IT Software Subscriptions	\$ 2,704,783	\$2,106,793	\$ (320,861)	\$4,490,715
Total Right -to-Use Lease Assets	2,704,783	2,106,793	(320,861)	4,490,715
Accumulated Amort - IT Software Subscriptions	(1,120,024)	(1,420,506)	320,861	(2,219,669)
Total Amortization	(1,120,024)	(1,420,506)	320,861	(2,219,669)

As of December 31, 2024, the principal and interest requirements to maturity are as follows:

Year Ended December 31	Principal	Interest	Total
2025	\$925,501	\$34,504	\$960,005
2026	732,585	7,433	740,018
2027	24,849	605	25,454
2028	16,460	-	16,460
2029	-	-	-
Total	\$1,699,395	\$42,542	\$1,741,937

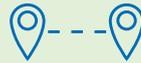
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There For You, One Ride at a Time

BUS



6,769,493
Boardings



4,515,074
Revenue Miles



402,845
Revenue Hours

SHUTTLE



308,021
Boardings



2,280,461
Revenue Miles



168,333
Revenue Hours

RIDESHARE



362,661
Boardings



3,206,018
Revenue Miles



95,009
Revenue Hours

RUNNER



52,379
Boardings



402,026
Revenue Miles



26,885
Revenue Hours



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REQUIRED SUPPLEMENTARY INFORMATION

Pierce Transit
 Schedule of Proportionate Share of the Net Pension Liability (Asset)
Public Employees Retirement System (PERS) 1
 As of June 30
 Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Employer's proportion of the net pension liability (asset)	0.374014%	0.381872%	0.406604%	0.406819%	0.443014%
Employer's proportionate share of the net pension liability (asset)	\$ 6,645,623	\$ 8,717,114	\$ 11,321,348	\$ 4,968,212	\$ 15,640,786
Covered payroll	\$ 75,064,662	\$ 68,077,239	\$ 65,900,772	\$ 62,252,274	\$ 69,168,194
Employer's proportionate share of the net pension liability as a percentage of covered payroll	8.85%	12.80%	17.18%	7.98%	22.61%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%
	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.500234%	0.470955%	0.489281%	0.482721%	0.479064%
Employer's proportionate share of the net pension liability (asset)	\$ 19,235,773	\$ 21,033,010	\$ 23,216,765	\$ 25,924,391	\$ 25,059,502
Covered payroll	\$ 67,342,562	\$ 64,592,987	\$ 60,959,719	\$ 57,083,737	\$ 52,159,102
Employer's proportionate share of the net pension liability as a percentage of covered payroll	28.56%	32.56%	38.09%	45.41%	48.04%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	63.22%	61.24%	57.03%	59.10%

REQUIRED SUPPLEMENTARY INFORMATION

Pierce Transit

Schedule of Proportionate Share of the Net Pension Liability (Asset)

Public Employees Retirement System (PERS) 2/3

As of June 30

Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Employer's proportion of the net pension liability (asset)	0.482004%	0.491119%	0.525714%	0.518743%	0.572846%
Employer's proportionate share of the net pension liability (asset)	\$ (15,889,614)	\$ (20,129,411)	\$ (19,497,581)	\$ (51,675,149)	\$ 7,326,374
Covered payroll	\$ 75,043,212	\$ 68,002,749	\$ 65,712,856	\$ 62,074,686	\$ 68,982,010
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-21.17%	-29.60%	-29.67%	-83.25%	10.62%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%
	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.639412%	0.594352%	0.617009%	0.605330%	0.603019%
Employer's proportionate share of the net pension liability (asset)	\$ 6,210,865	\$ 10,148,031	\$ 21,438,113	\$ 30,477,887	\$ 21,546,213
Covered payroll	\$ 67,064,474	\$ 64,157,443	\$ 60,435,521	\$ 56,544,917	\$ 51,566,025
Employer's proportionate share of the net pension liability as a percentage of covered payroll	9.26%	15.82%	35.47%	53.90%	41.78%
Plan fiduciary net position as a percentage of the total pension liability	97.77%	95.77%	90.97%	85.82%	89.20%

Pierce Transit
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Tacoma Employees Retirement System (TERS)
As of December 31 (measurement date)
Last 10 Fiscal Years

	2023	2022	2021	2020	2019
Employer's proportion of the net pension liability (asset)	0.53023%	0.49511%	0.36725%	0.32046%	0.26538%
Employer's proportionate share of the net pension liability (asset)	\$ 784,185	\$ 743,575	(587,117)	240,999	(53,437)
Covered payroll	\$ 1,736,164	\$ 1,484,109	1,047,205	877,390	707,672
Employer's proportionate share of the net pension liability as a percentage of covered payroll	45.17%	50.10%	-56.07%	27.47%	-7.55%
Plan fiduciary net position as a percentage of the total pension liability	93.49%	93.02%	107.74%	96.22%	101.08%
	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.23239%	0.28145%	0.27297%	0.22088%	0.20435%
Employer's proportionate share of the net pension liability (asset)	294,290	(119,702)	274,143	206,402	(21,186)
Covered payroll	588,467	679,954	645,417	502,074	452,287
Employer's proportionate share of the net pension liability as a percentage of covered payroll	50.01%	-17.60%	42.48%	41.11%	-4.68%
Plan fiduciary net position as a percentage of the total pension liability	92.81%	102.53%	93.91%	93.94%	100.71%

Notes to Schedule:

The measurement date for TERS in one year behind the district's reporting date.

REQUIRED SUPPLEMENTARY INFORMATION

Pierce Transit
 Schedule of Employer Contributions
Public Employees Retirement System (PERS) 1
 For the year ended December 31
 Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Statutorily or contractually required contributions	\$ 2,196,830	\$ 2,384,077	\$ 2,573,078	\$ 2,730,240	\$ 3,179,192
Contributions in relation to the statutorily or contractually required contributions	<u>2,196,830</u>	<u>2,384,077</u>	<u>2,573,078</u>	<u>2,730,240</u>	<u>3,179,192</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 79,757,405	\$ 70,099,571	\$ 68,007,795	\$ 63,100,514	\$ 66,023,720
Contributions as a percentage of covered payroll	2.75%	3.40%	3.78%	4.33%	4.82%
	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 3,368,552	\$ 3,393,572	\$ 3,095,083	\$ 2,775,078	\$ 2,407,649
Contributions in relation to the statutorily or contractually required contributions	<u>3,368,552</u>	<u>3,393,572</u>	<u>3,095,083</u>	<u>2,775,078</u>	<u>2,407,649</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 67,662,518	\$ 66,326,248	\$ 62,554,076	\$ 59,829,190	\$ 53,375,452
Contributions as a percentage of covered payroll	4.98%	5.12%	4.95%	4.64%	4.51%

REQUIRED SUPPLEMENTARY INFORMATION

Pierce Transit
 Schedule of Employer Contributions
Public Employees Retirement System (PERS) 2/3
 For the year ended December 31
 Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Statutorily or contractually required contributions	\$ 5,071,074	\$ 4,456,737	\$ 4,326,488	\$ 4,507,343	\$ 5,214,950
Contributions in relation to the statutorily or contractually required contributions	<u>5,071,074</u>	<u>4,456,737</u>	<u>4,326,488</u>	<u>4,507,343</u>	<u>5,214,950</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 79,735,001	\$ 70,074,351	\$ 67,835,309	\$ 62,927,990	\$ 65,845,330
Contributions as a percentage of covered payroll	6.36%	6.36%	6.38%	7.16%	7.92%
	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 5,155,760	\$ 4,959,391	\$ 4,223,914	\$ 3,542,370	\$ 3,025,923
Contributions in relation to the statutorily or contractually required contributions	<u>5,155,760</u>	<u>4,959,391</u>	<u>4,223,914</u>	<u>3,542,370</u>	<u>3,025,923</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 67,465,766	\$ 65,959,038	\$ 62,059,236	\$ 59,266,162	\$ 52,817,995
Contributions as a percentage of covered payroll	7.64%	7.52%	6.81%	5.98%	5.73%

REQUIRED SUPPLEMENTARY INFORMATION

Pierce Transit

Schedule of Employer Contributions

Tacoma Employees Retirement System (TERS)

For the year ended December 31

Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Statutorily or contractually required contributions	\$ 233,106	\$ 196,881	\$ 168,298	\$ 118,753	\$ 99,496
Contributions in relation to the statutorily or contractually required contributions	<u>233,106</u>	<u>196,881</u>	<u>168,298</u>	<u>118,753</u>	<u>99,496</u>
Contribution deficiency (excess)	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
Covered payroll	\$ 1,988,060	\$ 1,736,164	\$ 1,484,109	\$ 1,047,205	\$ 877,390
Contributions as a percentage of covered payroll	11.73%	11.34%	11.34%	11.34%	11.34%

	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 80,250	\$ 66,435	\$ 73,435	\$ 69,705	\$ 54,224
Contributions in relation to the statutorily or contractually required contributions	<u>80,250</u>	<u>66,435</u>	<u>73,435</u>	<u>69,705</u>	<u>54,224</u>
Contribution deficiency (excess)	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
Covered payroll	\$ 707,672	\$ 588,467	\$ 679,954	\$ 645,417	\$ 502,074
Contributions as a percentage of covered payroll	11.34%	11.29%	10.80%	10.80%	10.80%

Who Benefits? Everyone.

Thanks again for taking the time to read the tabs throughout the 2024 Annual Comprehensive Financial Report. In them you've seen how a **wide variety of people benefit from local transit**. Here are a few more ways we improve lives in our community:



High Need Areas

Looking at key socioeconomic data, we provide service in areas with high minorities and/or low incomes, helping to establish greater equity.



Local Business

Increased service means an increase in accessibility to businesses. This attracts more development, helping to strengthen our area's economy.



Youth and Seniors

By educating students and senior adults on how they can use public transit to access all our area has to offer, we help them become and stay mobile.



Local Residents

A strong public transit system creates a healthier community by increasing access and opportunity for everyone.



Non-Profits

We help those that help others by providing non-profits with tools like retired vans and discounted transit passes.



Commuters

Reliable, consistent local transit provides a viable commuting solution, taking vehicles off the road and reducing congestion.



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**Pierce Transit
Statistical Section
Year ended December 31, 2024**

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

Contents	Tables
Financial Trends Schedules contain trend information to help reader understand Pierce Transit’s financial performance has changed over time. <i>Net Position, Changes in Net Position, Expenses Comparison by Type</i>	1-3
Revenue Capacity Schedules contain information to assist the reader assess Pierce Transit’s revenue sources. <i>Revenue and Subsidies Comparison, Fixed Route Farebox Recovery, Fare History, Taxable Sales Comparisons for Pierce County</i>	4-7
Debt Capacity Schedules help the reader assess Pierce Transit’s ability to issue debt. <i>Legal Debit Margin, Ratio of General Bonded Debt to Assessed Value, Computation of Direct and Overlapping Debt, Direct and Overlapping Sales Tax Rates</i>	8-11
Demographic and Economic Information Schedules present demographic and economic indicators to help reader understand the environment in which Pierce Transit financial activities take place. <i>Pierce County Demographic and Economic Information, Principal Employers</i>	12-13
Operating Information Schedules contain service and operating data to help reader understand how the financial report relates to the service and activities provided by Pierce Transit. <i>Pierce Transit Employees by Function, Statistics by Modes, Key Performance Measures, Vehicles Available for Maximum Service</i>	14-21
Grant Information Schedule shows reader Pierce Transit’s capital grant history <i>Capital Grant History</i>	22

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

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**FINANCIAL TRENDS
Net Position
Table 1
Ten-Year Comparison**

Year	Net Invested in Capital Assets	Restricted	Unrestricted	Total
2015	\$110,277,027		\$80,587,979	\$190,865,006
2016	\$103,796,164		\$86,625,478	\$190,421,642
2017	\$98,503,799		\$82,934,624	\$181,438,423
2018	\$109,854,158		\$88,990,467	\$198,844,625
2019	\$122,739,121		\$97,123,689	\$219,862,810
2020*	\$127,478,667	\$53,437	\$134,341,803	\$261,873,907
2021**	\$169,957,739	\$51,675,149	\$137,643,774	\$359,276,662
2022	\$191,441,293	\$20,084,698	\$219,315,430	\$430,841,421
2023	\$208,262,839	\$20,129,411	\$253,891,711	\$482,283,961
2024	\$219,127,300	\$15,889,614	\$284,685,847	\$519,702,761

NOTES:

* Unrestricted and restricted net position for 2020 were restated as described in the 2021 Annual Comprehensive Financial Report.

** Ending net position for 2021 was restated by (\$973,192) as described in the 2022 Annual Comprehensive Financial Report

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**FINANCIAL TRENDS
Changes in Net Position
Table 2
Ten-Year Comparison**

Operating Revenue	2015	2016	2017	2018	2019
Passenger Fares	\$12,628,413	\$11,912,836	\$12,137,563	\$12,014,669	\$11,820,799
Advertising	782,601	669,885	528,090	334,350	468,865
Regional Transit Service	36,207,706	40,421,292	42,357,818	48,337,317	51,063,462
Total Operating Revenue	49,618,720	53,004,013	55,023,471	60,686,336	63,353,126
Non-Operating Revenue					
Sales Tax	72,076,026	76,947,406	81,799,746	87,679,018	90,647,576
Operating Grants	8,659,858	12,675,536	3,960,468	4,038,035	4,427,104
Investment Revenue	190,114	650,061	977,716	2,246,988	2,048,424
Miscellaneous Revenue	1,330,092	2,136,898	2,106,020	2,258,510	2,468,303
Gain(Loss)on Disposal of Assets	278,983	904,555	129,173	-1,420,030	763,500
Total Non-Operating Revenue	82,535,073	93,314,456	88,973,123	94,802,521	100,354,907
Total Revenue	132,153,792	146,318,469	143,996,594	155,488,857	163,708,033
Operating Expense					
Fixed Route	93,589,034	105,737,573	111,514,727	111,136,301	117,728,594
Demand Response	17,347,709	17,872,486	18,744,963	14,938,131	15,453,604
Rideshare (Vanpool)	4,182,296	4,335,728	4,599,679	4,914,313	4,842,558
Depreciation & Amortization	16,292,407	17,289,674	18,692,559	19,198,491	19,080,300
Total Operating Expense	131,411,446	145,235,461	153,551,928	150,187,236	157,105,056
Non-Operating Expense					
Expense of Capital Items	9,995	365,535	84,873	5,447	127
Grant Exchange Funds	520,173	1,889,408	396,312	879,816	1,143,468
Total Non-Operating Expense	530,168	2,254,943	481,185	885,263	1,143,595
Total Expense	131,941,614	147,490,404	154,033,113	151,072,499	158,248,651
Net Position before Contribution	212,178	(1,171,935)	(10,036,519)	4,416,358	5,459,382
Capital Grants	2,397,798	728,571	1,053,300	12,989,844	15,558,803
Change in Net Position	\$2,609,976	(\$443,364)	(\$8,983,219)	\$17,406,202	\$21,018,185

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**FINANCIAL TRENDS
Changes in Net Position
Table 2 - Continued
Ten-Year Comparison (Continued)**

Operating Revenue	2020	2021 (Restated)	2022	2023	2024
Passenger Fares	\$6,391,850	\$5,987,961	\$6,133,859	\$6,218,947	\$6,573,620
Advertising	515,512	493,154	504,028	433,688	511,555
Regional Transit Service	48,387,960	47,683,047	49,377,052	52,127,424	56,845,450
Total Operating Revenue	55,295,322	54,164,161	56,014,939	58,780,059	63,930,625
Non-Operating Revenue					
Sales Tax	91,744,911	107,084,956	112,048,012	109,798,330	111,899,630
Operating Grants	27,548,223	34,231,597	41,587,406	18,657,061	21,060,464
Investment Revenue	646,711	205,859	2,169,767	10,747,423	11,030,044
Miscellaneous Revenue	1,738,514	10,720,891	1,278,338	421,725	1,547,783
Gain(Loss)on Disposal of Assets	165,607	624,430	1,016,508	94,431	705,624
Total Non-Operating Revenue	121,843,966	152,867,732	158,100,031	139,718,970	146,243,544
Total Revenue	177,139,288	207,031,893	214,114,970	198,499,029	210,174,169
Operating Expense					
Fixed Route	109,351,373	95,797,563	111,470,206	114,351,878	135,743,006
Demand Response	11,976,004	13,517,249	16,669,076	18,645,180	22,873,910
Rideshare (Vanpool)	3,836,144	3,607,557	4,308,206	4,393,121	4,835,991
Depreciation & Amortization	17,275,468	14,732,605	16,633,376	21,077,840	22,523,428
Total Operating Expense	142,438,989	127,654,974	149,080,864	158,468,019	185,976,335
Non-Operating Expense					
Expense of Capital Items	-	-	-	156,711	165,616
Grant Exchange Funds	4,945,230	4,063,915	4,463,382	-	2,471,166
Total Non-Operating Expense	4,945,230	4,063,915	4,463,382	156,711	2,636,783
Total Expense	147,384,219	131,718,889	153,544,246	158,624,730	188,613,118
Change in Net Position before Contribution	29,755,069	75,313,005	71,564,760	39,874,298	21,561,052
Capital Grants	12,256,028	22,089,750	11,105,464	11,568,243	18,285,820
Change in Net Position	\$42,011,097	\$97,402,755	\$82,670,224	\$51,442,541	\$39,846,872

Notes:

Change in net position for 2021 was restated by (\$973,192) as described in the 2022 Annual Comprehensive Financial Report

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**FINANCIAL TRENDS
Expense Comparisons by Type
Table 3
Ten-Year Comparison**

	2015	2016	2017	2018	2019
Personnel	\$81,104,494	\$90,104,950	\$92,928,926	\$88,609,702	\$93,427,970
Fuel & Lubricants	5,518,422	4,721,708	5,341,710	5,899,707	5,894,374
Supplies & Materials	6,658,429	7,846,725	10,536,061	9,904,478	9,131,566
Contracts & Services	21,837,695	25,272,731	26,052,672	26,574,858	29,570,846
Depreciation & Amortization	16,292,407	17,289,674	18,692,559	19,198,491	19,080,300
Capital Acquisition	17,767,302	14,404,102	13,656,384	32,322,861	32,602,693
Loss Disposal of Assets	-	-	-	1,420,030	-
Previously Capitalized Items	9,995	365,535	84,873	5,447	127
Grant Exchange Funds	520,173	1,889,408	396,312	879,816	1,143,468
TOTAL	\$149,708,917	\$161,894,506	\$167,689,497	\$184,815,390	\$190,851,344

**FINANCIAL TRENDS
Expense Comparisons by Type
Table 3 - Continued
Ten-Year Comparison**

	2020	2021	2022	2023	2024
Personnel	\$84,212,552	\$72,998,578	\$87,069,757	\$89,489,510	\$105,918,049
Fuel & Lubricants	3,412,575	4,427,016	5,738,452	5,687,839	6,219,426
Supplies & Materials	9,311,433	8,018,667	9,858,978	12,406,095	15,256,660
Contracts & Services	28,226,961	27,478,109	29,891,731	29,960,040	36,224,389
Depreciation & Amortization	17,275,468	14,732,605	16,633,376	21,077,840	22,523,428
Capital Acquisition	22,015,014	57,568,440	45,755,527	32,723,285	35,416,306
Loss Disposal of Assets	-	-	-	-	-
Previously Capitalized Items	-	-	-	-	-
Grant Exchange Funds	4,945,230	4,063,915	4,463,382	-	2,471,166
TOTAL	\$169,399,233	\$189,287,330	\$199,411,203	\$191,344,609	\$224,029,424

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**REVENUE CAPACITY
Revenue and Subsidies Comparisons
Table 4
Ten-Year Comparison**

	2015	2016	2017	2018	2019
Passenger Fares	\$12,628,413	\$11,912,836	\$12,137,563	\$12,014,669	\$11,820,799
Regional Transit Service	36,207,706	40,421,292	42,357,818	48,337,317	51,063,462
Advertising	782,601	669,885	528,090	334,350	468,865
Interest Income	190,114	650,061	977,716	2,246,988	2,048,424
Sales Tax	72,076,026	76,947,406	81,799,746	87,679,018	90,647,576
Operating Grants	8,659,858	12,675,536	3,960,468	4,038,035	4,427,104
Capital Grants	2,397,798	728,571	1,053,300	12,989,844	15,558,803
Gain on Disposal of Assets	278,983	904,555	129,173	-	763,500
Miscellaneous	1,330,092	2,136,898	2,106,020	2,258,510	2,468,303
Total	\$134,551,591	\$147,047,040	\$145,049,894	\$169,898,731	\$179,266,836

**REVENUE CAPACITY
Revenue and Subsidies Comparisons
Table 4 - Continued
Ten-Year Comparison**

	2020	2021 (Restated)	2022	2023	2024
Passenger Fares	\$6,391,850	\$5,987,961	\$6,133,859	\$6,218,947	\$6,573,620
Regional Transit Service	48,387,960	47,683,047	49,377,052	52,127,424	56,845,450
Advertising	515,512	493,154	504,028	433,688	511,555
Interest Income	646,711	205,859	2,169,767	10,747,423	11,030,044
Sales Tax	91,744,911	107,084,956	112,048,012	109,798,330	111,899,630
Operating Grants	27,548,223	34,231,597	41,587,406	18,657,061	21,060,464
Capital Grants	12,256,028	22,089,750	11,105,464	11,568,243	18,285,820
Gain on Disposal of Assets	165,607	624,430	1,016,508	94,431	705,624
Miscellaneous	1,738,514	10,720,891	1,278,338	421,725	1,547,783
Total	\$189,395,316	\$229,121,645	\$225,220,434	\$210,067,272	\$228,459,990

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**REVENUE CAPACITY
Fixed Route Farebox Recovery
Table 5
Ten-Year Comparison**

Year	Farebox Recovery
2015	17%
2016	13%
2017	13%
2018	13%
2019	12%
2020	6.6%
2021	6.4%
2022	6.1%
2023	5.6%
2024	5.2%

**REVENUE CAPACITY
Fare History
Table 6
Ten-Year Comparison**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cash Fares										
Adult	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Senior/Disabled/Youth	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Shuttle	0.75	1.25	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Passes										
Adult Pass-Local	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00
Adult Pass-Regional	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
Senior/Disabled Pass-Local	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00
Senior/Disabled/Youth* Pass-Regional	27.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Adult All Day Pass-Local	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Senior/Disabled Day Pass*	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Youth All Day Pass	2.50	2.50	2.50	2.50	2.50	2.50	2.50	Free	Free	Free
Shuttle	27.00	45.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00

NOTES:
Youth fares for riders 18 years of age and under were eliminated in 2022.

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**REVENUE CAPACITY
2024 & 2015 Taxable Sales Comparisons
Table 7
Pierce County**

	2024	
	Taxable Sales	Sales Tax
Retail Trade	\$ 11,409,464,194	\$ 53,148,954
Services	4,842,868,589	22,559,640
Contracting	4,292,950,181	19,997,943
Manufacturing	334,565,443	1,558,513
Transportation/Utilities	251,584,212	1,171,960
Wholesaling	1,300,504,515	6,058,168
Finance/Insurance/Real Estate	1,581,502,576	7,367,148
Other Business	8,007,843	37,303
TOTAL	\$ 24,021,447,553	\$ 111,899,630

	2015	
	Taxable Sales	Sales Tax
Retail Trade	\$ 7,058,297,161	\$ 36,741,528
Services	2,503,313,016	13,030,841
Contracting	2,094,172,527	10,901,085
Manufacturing	222,007,498	1,155,646
Transportation/Utilities	70,117,084	364,990
Wholesaling	743,383,849	3,869,639
Finance/Insurance/Real Estate	1,150,506,873	5,988,892
Other Business	4,496,214	23,405
TOTAL	\$ 13,846,294,222	\$ 72,076,026

NOTES:
Source: WA ST Department of Revenue Quarterly Business Review

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**DEBT CAPACITY
Legal Debt Margin
Table 8**

2024

	Non-voted	Maximum Debt Capacity*
Assessed Valuation	\$92,252,420,379	\$93,721,277,594
Debt Limitation (%)*	0.375%	1.25%
Debt Limitation (\$)	\$345,946,576	\$1,171,515,970
Less: Outstanding Debt	-	-
Debt Margin	\$345,946,576	\$1,171,515,970

NOTES:

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

**DEBT CAPACITY
Ratio of General Bonded Debt to Assessed Value and Net Debt per Capita
Table 9
Ten-Year Comparison**

	Population	Assessed Value (In Thousands)	General Bonded Debt	Leases/ SBITAs	% Ratio of Debt to Assessed Value	Debt Per Capita
2015	830,120	39,008,715	-	-	-	-
2016	861,310	42,832,915	-	-	-	-
2017	876,764	47,849,779	-	-	-	-
2018	891,299	54,227,667	-	-	-	-
2019	904,890	59,976,079	-	-	-	-
2020	921,147	65,354,691	-	-	-	-
2021	925,708	74,714,148	-	-	-	-
2022	923,479	87,801,112	-	3,165,168	4%	3.43
2023	927,380	87,622,821	-	4,706,507	5%	5.08
2024	941,170	92,252,420	-	4,848,261	5%	5.15

NOTES:

Assessed values from Pierce County Assessor's Office

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**DEBT CAPACITY
Computation of Direct and Overlapping Debt
Table 10**

2024

	Net Bonded Debt Outstanding	Percentage Applicable*	Authority Share
Pierce Transit	\$ -	100.00%	\$ -
City of Tacoma	139,825,000	30.54%	42,702,555
Pierce County	134,350,000	42.27%	56,789,745
			99,492,300
PTBA Population			608,522
Direct Debt as a % of Personal Income			0.00%
Direct and Overlapping Debt per Capita			\$ -

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

**DEBT CAPACITY
Pierce County Direct and Overlapping Sales Tax Rate
Table 11
Ten-Year Comparison**

Year	Direct PTBA Sales Tax Rate	Other Local Sales Tax Rate	State Sales Tax Rate	Total PTBA Sales Tax Rate
2015	0.6%	2.3%	6.5%	9.4%
2016	0.6%	2.3%	6.5%	9.4%
2017	0.6%	2.8%	6.5%	9.9%
2018	0.6%	2.8%	6.5%	9.9%
2019	0.6%	2.8%	6.5%	9.9%
2020	0.6%	2.8%	6.5%	9.9%
2021	0.6%	2.9%	6.5%	10.0%
2022	0.6%	2.9%	6.5%	10.0%
2023	0.6%	3.0%	6.5%	10.1%
2024	0.6%	3.0%	6.5%	10.1%

NOTES:
*Unincorporated PTBA
Source: Department of Revenue

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

DEMOGRAPHIC AND ECONOMIC INFORMATION
Pierce County Demographic and Economic Information
Table 12
Ten-Year Comparison

Fiscal Year Dec 31	Pierce County Population	Median Household Income (1)	Personal Income (2) (In Thousands)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2015	830,120	59,953	37,957,559	45,044	128,800	6.8
2016	861,310	61,042	40,228,355	46,706	134,810	6.3
2017	876,764	65,246	43,148,793	49,214	134,816	5.4
2018	891,299	69,278	46,449,056	52,114	136,159	5.7
2019	904,890	75,407	N/A	N/A	137,032	5.0
2020	921,147	79,243	48,481,266	53,572	141,383	7.2
2021	925,708	80,236	51,664,015	56,532	129,258	4.5
2022	923,479	85,492	57,004,972	43,575	136,322	4.8
2023	927,380	93,420	55,630,100	59,986	137,726	5.5
2024	941,170	96,632	66,799,001	83,938	138,743	4.5

NOTES:

Sources: (1) US Census Bureau
(2) US Bureau of Economic Analysis
(3) Washington State Superintendent of Public Instruction
(4) Washington State Employment Security Department as of December 31, 2024 (not seasonally updated)
(N/A) Not Available

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**DEMOGRAPHIC AND ECONOMIC INFORMATION
Principal Employers
Comparison of Employees and Percent to Total Employment
Table 13
2024 and 2015**

Top Ten Employers for 2021** in Pierce County			
Employer	Employees	Percent of Total County Population	Type
Joint Lewis McChord	54,000	5.82%	Military
MultiCare Health	8,264	0.89%	Health Care
Washington State	7,859	0.85%	Government
Franciscan Health	5,682	0.61%	Health Care
Tacoma Public Schools	3,649	0.39%	Education
City of Tacoma and Tacoma Public Utilities	3,623	0.39%	Government
Pierce County Government	3,304	0.36%	Government
Puyallup School District	2,711	0.29%	Education
Bethel School District	2,689	0.29%	Education
Safeway and Albertsons	2,153	0.23%	Retail
Total	93,934	10.13%	
2024 Pierce County Population*	<u>927,380</u>		

Top Ten Employers for 2015			
Employer	Employees	Percent of Total County Population	Type
Joint Base Lewis McChord	66,054	7.96%	Military
Local Public Schools (K-12)	13,408	1.62%	Education
MultiCare Health	6,904	0.83%	Health Care
Washington State Employees	6,455	0.78%	Government
Franciscan Health	5,338	0.64%	Health Care
City of Tacoma (Public Utilities Included)	3,412	0.41%	Government
Pierce County	2,979	0.36%	Government
Washington Higher Education	2,566	0.31%	Government
Fred Mayer	2,560	0.31%	Entertainment
State Farm	2,206	0.27%	Retail
Total	111,882	13.48%	
2015 Pierce County Population*	<u>830,120</u>		

NOTES:

Source: Tacoma-Pierce County Economic Development Board

*US Census Bureau

**2022, 2023 and 2024 not available at time of publication. No recent updates since 2021 from Tacoma-Pierce County Economic Development Board.

Pierce Transit
 Statistical Section
 Year ended December 31, 2024

OPERATING INFORMATION
Pierce Transit Employee by Function
Table 14
Ten-Year Comparison

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operations	631	659	692	675	676	623	576	620	596	647
Maintenance	142	149	155	152	154	163	153	154	170	168
Administration	97	110	113	111	113	112	107	110	119	121
Total	870	918	960	938	943	898	836	884	885	936

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**OPERATING INFORMATION
Fixed Route – Pierce Transit
Table 15
Ten-Year Comparison**

	2015	2016	2017	2018	2019
Annual Boardings	9,104,337	8,588,447	8,543,157	8,654,242	8,376,891
Annual Passenger Fare Revenues	\$ 9,366,803	\$ 8,576,749	\$ 8,735,996	\$ 8,621,720	\$ 8,456,158
Actual Revenue Miles	4,411,207	4,534,746	4,903,678	5,002,372	5,019,818
Actual Revenue Hours	388,736	399,839	428,267	446,429	444,082
Actual Service Miles	5,247,115	5,404,224	5,685,182	5,792,496	5,847,190
Actual Service Hours	432,755	444,950	471,683	490,585	491,882

**OPERATING INFORMATION
Fixed Route – Pierce Transit
Table 15 - Continued
Ten-Year Comparison**

	2020	2021	2022	2023	2024
Annual Boardings	4,755,960	4,363,240	4,946,334	6,096,759	6,769,493
Annual Passenger Fare Revenues	\$ 4,461,166	\$ 4,462,150	\$ 4,207,548	\$ 4,290,475	\$ 4,670,852
Actual Revenue Miles	4,271,293	4,558,354	4,147,616	4,291,662	4,515,074
Actual Revenue Hours	388,928	407,561	374,687	387,028	402,845
Actual Service Miles	5,015,621	5,263,736	4,816,789	4,951,925	5,312,162
Actual Service Hours	432,154	447,203	411,323	424,009	447,690

Notes:
Source: National Transit Database (NTD)

Pierce Transit
 Statistical Section
 Year ended December 31, 2024

OPERATING INFORMATION
Sound Transit
Fixed Route Services
Table 16
Ten-Year Comparison

	2015	2016	2017	2018	2019
Annual Boardings	5,171,408	5,084,331	5,095,968	5,222,584	5,251,005
Actual Revenue Miles	5,576,611	5,627,241	5,609,756	5,629,325	5,688,942
Actual Revenue Hours	245,746	245,746	257,801	261,496	265,893

OPERATING INFORMATION
Sound Transit
Fixed Route Services
Table 16 - Continued
Ten-Year Comparison

	2020	2021	2022	2023	2024
Annual Boardings	2,338,192	1,950,596	2,311,128	2,821,392	2,562,879
Actual Revenue Miles	5,060,246	5,024,661	4,495,480	4,462,756	4,243,028
Actual Revenue Hours	230,977	227,724	207,037	207,582	197,390

Notes:
 Source: National Transit Database (NTD)

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

OPERATING INFORMATION
Specialized Transportation (SHUTTLE)
Table 17
Ten-Year Comparison

	2015	2016	2017	2018	2019
Annual Boardings	368,411	347,991	324,753	300,043	291,142
Annual Passenger Fare Revenues	\$ 235,046	\$ 318,760	\$ 350,733	\$ 394,485	\$ 397,603
Actual Revenue Miles	2,336,378	2,264,711	2,139,954	2,041,875	2,013,555
Actual Revenue Hours	166,951	163,336	157,514	145,574	144,543
Actual Service Miles	2,673,095	2,601,373	2,465,168	2,347,588	2,312,348
Actual Service Hours	186,770	184,075	178,092	164,381	162,733

OPERATING INFORMATION
Specialized Transportation (SHUTTLE)
Table 17 - Continued
Ten-Year Comparison

	2020	2021	2022	2023	2024
Annual Boardings	149,628	163,024	209,416	262,611	308,021
Annual Passenger Fare Revenues	\$ 180,140	\$ 204,660	\$ 257,728	\$ 386,557	\$ 411,250
Actual Revenue Miles	1,181,242	1,367,835	1,685,906	2,005,373	2,280,461
Actual Revenue Hours	82,433	96,106	121,406	147,455	168,333
Actual Service Miles	1,380,883	1,580,101	1,948,313	2,320,225	2,634,972
Actual Service Hours	94,343	109,261	138,466	169,032	193,314

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

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**OPERATING INFORMATION
Specialized Transportation (Runner)
Table 18
Ten-Year Comparison**

	2015	2016	2017	2018	2019
Annual Boardings	N/A	N/A	N/A	N/A	N/A
Annual Passenger Fare Revenues	N/A	N/A	N/A	N/A	N/A
Actual Revenue Miles	N/A	N/A	N/A	N/A	N/A
Actual Revenue Hours	N/A	N/A	N/A	N/A	N/A
Actual Service Miles	N/A	N/A	N/A	N/A	N/A
Actual Service Hours	N/A	N/A	N/A	N/A	N/A

**OPERATING INFORMATION
Specialized Transportation (Runner)
Table 18 - Continued
Ten-Year Comparison**

	2020	2021	2022	2023	2024
Annual Boardings	N/A	N/A	N/A	15,786	52,379
Annual Passenger Fare Revenues	N/A	N/A	N/A	\$ 1,126	\$ 5,116
Actual Revenue Miles	N/A	N/A	N/A	89,903	402,026
Actual Revenue Hours	N/A	N/A	N/A	6,300	26,885
Actual Service Miles	N/A	N/A	N/A	93,972	501,968
Actual Service Hours	N/A	N/A	N/A	7,035	37,381

Notes:
Runner service began in late 2022 and was included in Shuttle numbers. Separated from Shuttle in 2023 and tracked as separate service.

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

OPERATING INFORMATION
Rideshare Statistics
Table 19
Ten-Year Comparison

	2015	2016	2017	2018	2019
Annual Boardings	849,159	828,348	810,383	783,571	740,207
Annual Passenger Fare Revenues	\$ 3,026,565	\$ 3,017,326	\$ 3,050,834	\$ 2,998,464	\$ 2,874,591
Actual Revenue Miles	4,580,152	4,707,552	4,771,222	4,729,543	4,529,043
Actual Revenue Hours	143,234	146,880	147,103	146,913	135,978

OPERATING INFORMATION
Rideshare Statistics
Table 19 - Continued
Ten-Year Comparison

	2020	2021	2022	2023	2024
Annual Boardings	397,472	323,089	382,827	412,041	362,661
Annual Passenger Fare Revenues	\$ 1,750,544	\$ 1,321,152	\$ 1,535,720	\$ 1,599,237	\$ 1,534,391
Actual Revenue Miles	3,015,970	2,583,536	3,028,340	3,421,086	3,206,018
Actual Revenue Hours	83,295	73,511	85,991	102,663	95,009

Notes:
Source: National Transit Database (NTD)

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**OPERATING INFORMATION
Key Performance Measures
Table 20
Ten-year Comparison**

	2015	2016	2017	2018	2019
FIXED ROUTE:					
Annual Boardings	9,104,337	8,588,447	8,543,157	8,654,242	8,376,891
Cost per Service Hour	\$ 130.55	\$ 143.34	\$ 144.54	\$ 141.15	\$ 144.00
Farebox Recovery	17%	13%	13%	13%	12%
Passengers per Service Hour	21	19.3	18.1	17.6	17
Cost per Passenger	\$ 6.21	\$ 7.43	\$ 7.98	\$ 8.00	\$ 8.46
SHUTTLE:					
Annual Boardings	368,411	347,991	324,753	300,043	291,142
Cost per Service Hour	\$ 92.88	\$ 98.07	\$ 105.25	\$ 90.88	\$ 94.96
Farebox Recovery	1%	2%	2%	3%	3%
Passengers per Service Hour	2	1.9	1.8	1.8	1.8
Cost per Passenger	\$ 47.09	\$ 51.88	\$ 57.72	\$ 49.79	\$ 53.08
RIDESHARE:					
Annual Boardings	849,159	828,348	810,383	783,571	740,207
Cost per Service Hour	\$ 29.20	\$ 29.66	\$ 31.27	\$ 33.45	\$ 35.61
Farebox Recovery	72%	69%	66%	61%	59%
Passengers per Service Hour	5.9	5.6	5.5	5.3	5.4
Cost per Passenger	\$ 4.93	\$ 5.26	\$ 5.68	\$ 6.27	\$ 6.54
RUNNER:					
Annual Boardings	N/A	N/A	N/A	N/A	N/A
Cost per Service Hour	N/A	N/A	N/A	N/A	N/A
Farebox Recovery	N/A	N/A	N/A	N/A	N/A
Passengers per Service Hour	N/A	N/A	N/A	N/A	N/A
Cost per Passenger	N/A	N/A	N/A	N/A	N/A

Notes:

Service hours are defined as the hours and miles a vehicle is on the road (including revenue, recovery, and deadhead)

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**OPERATING INFORMATION
Key Performance Measures
Table 20 - Continued
Ten-year Comparison**

	2020	2021	2022	2023	2024
FIXED ROUTE:					
Annual Boardings	4,755,898	4,363,240	4,946,334	6,096,759	6,769,493
Cost per Service Hour	\$ 156.72	\$ 154.67	\$ 174.00	\$ 179.85	\$ 202.42
Farebox Recovery	7%	6%	6%	6%	5%
Passengers per Service Hour	12	11	12	14.4	15.1
Cost per Passenger	\$ 14.24	\$ 15.85	\$ 14.47	\$ 12.51	\$ 13.39
SHUTTLE:					
Annual Boardings	149,628	163,024	215,026	262,611	308,021
Cost per Service Hour	\$ 126.94	\$ 123.70	\$ 92.97	\$ 101.71	\$ 101.86
Farebox Recovery	2%	2%	2%	2.3%	2.1
Passengers per Service Hour	1.6	1.5	1.5	1.6	1.6
Cost per Passenger	\$ 80.04	\$ 82.90	\$ 76.68	\$ 65.47	\$ 63.93
RIDESHARE:					
Annual Boardings	397,472	322,801	382,827	412,041	362,661
Cost per Service Hour	\$ 46.05	\$ 49.18	\$ 49.69	\$ 44.07	\$ 50.90
Farebox Recovery	46%	37%	36%	35%	32%
Passengers per Service Hour	4.8	4.4	4.5	4.0	3.8
Cost per Passenger	\$ 9.65	\$ 11.18	\$ 11.16	\$ 10.98	\$ 13.34
RUNNER:					
Annual Boardings	N/A	N/A	N/A	15,786	52,379
Cost per Service Hour	N/A	N/A	N/A	\$ 206.65	\$ 85.18
Farebox Recovery	N/A	N/A	N/A	0.1%	0.2%
Passengers per Service Hour	N/A	N/A	N/A	2.2	1.4
Cost per Passenger	N/A	N/A	N/A	\$ 92.10	\$ 60.79

Notes:
Service hours are defined as the hours and miles a vehicle is on the road (including revenue, recovery, and deadhead)
Runner service began in late 2022 and was included in Shuttle numbers. Separated from Shuttle in 2023 and tracked as separate service.

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

OPERATING INFORMATION
Vehicles Available for Maximum Service
Table 21
Ten-year Comparison

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Pierce Transit Buses	176	195	200	211	197	179	176	169	164	175
SHUTTLE Vans	97	97	100	99	122	101	100	111	116	102
Vanpool Vans	405	439	456	483	412	377	304	277	263	276
	678	731	756	756	731	657	580	557	543	553

**Pierce Transit
Statistical Section
Year ended December 31, 2024**

**GRANT INFORMATION
Capital Grant History
Table 22
Ten-Year Comparison**

FTA	2015	2016	2017	2018	2019
Section 3	\$ 329,438	\$ 823	\$ -	\$ 2,661,287	\$ 1,028,170
Section 4	535,952	246,507	47,016	1,683,887	55,454
Section 9	579,872	392,673	679,887	7,191,511	8,179,319
Other	-	88,568	326,397	111,605	913,542
WA STATE					
Misc Grants	952,536	-	-	525,077	2,518,313
LOCAL					
Partnerships	-	-	-	816,477	2,864,005
Totals	\$ 2,397,798	\$ 728,571	\$ 1,053,300	\$ 12,989,844	\$ 15,558,803

**GRANT INFORMATION
Capital Grant History
Table 22 – Continued
Ten-Year Comparison**

FTA	2020	2021	2022	2023	2024
Section 3	\$ -	\$ 9,496,466	\$ -	\$ 715,619	\$ 687,165
Section 4		127,608	-	-	-
Section 9		1,705,768	3,939,284	4,406,512	10,342,180
Other	463,051	399,842	10,137	66,720	100,028
WA STATE					
Misc Grants	3,506,650	7,905,372	5,183,385	4,480,322	2,814,223
LOCAL					
Partnerships	8,286,327	2,454,694	1,972,208	1,899,070	4,342,224
Totals	\$ 12,256,028	\$ 22,089,750	\$ 11,105,014	\$ 11,568,243	\$ 18,285,820

Mission

Improve people's quality of life by providing safe, reliable and accessible transportation services that are locally based and regionally connected.

Vision

Your preferred transportation choice.



Pierce Transit

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