

LANE TRANSIT DISTRICT EUGENE, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015



***2015-2016
Comprehensive
Annual
Financial
Report***

Lane Transit District
Eugene, Oregon

For Fiscal Years Ended June 30, 2016 and 2015

Prepared by the Finance Department
Christina Shew, Director of Finance
Ralph Lambert, Controller

Comprehensive Annual Financial Report June 30, 2016 and 2015

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INTRODUCTORY SECTION

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April 27, 2017

Board of Directors
Lane Transit District
3500 E 17th Avenue
Eugene, OR 97403

It is our pleasure to submit to you the "Comprehensive Annual Financial Report" (CAFR) of the Lane Transit District for the fiscal year ended June 30, 2016.

Oregon Statutes require that Lane Transit District publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed, certified public accountants. This year's CAFR is being submitted with an extension granted to exceed the normal six-month period.

The accuracy of the District's financial statements and the completeness and fairness of their presentation is the responsibility of District management. The District maintains a system of internal accounting controls designed to provide a reasonable assurance that assets are safeguarded against loss or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

The District's financial statements were audited by Grove, Mueller & Swank, P.C., a firm of licensed, certified public accountants. The goal of this independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2016, are fairly presented in all material respects in conformity with GAAP. The independent auditor's report is presented in the Financial Section of this report.

In addition to meeting the requirements set forth above, the independent audit also was designed to meet the special needs of federal grantor agencies as provided for in the Federal Single Audit Act and the Office of Management and Budget's (OMB) Uniform Guidance. These standards require the independent auditor to report not only on the fair presentation of the basic financial statements but also on the audited government's

internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the independent audit for the fiscal year ended June 30, 2016, indicated two instances of material weaknesses in the internal control structure but no significant violations of applicable laws and regulations. The independent auditor's reports, related specifically to the Single Audit and OMB Uniform Guidance, are contained in a separate report.

Management's Discussion and Analysis (MD&A) is located in the Financial Section immediately following the independent auditor's report and precedes the basic financial statements. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

District Overview

Lane Transit District (LTD) was established in 1970 under the laws of the State of Oregon that allowed the formation of transit districts as special taxing entities. The District began operating in the Eugene-Springfield area in 1970. LTD serves a population base of approximately 300,000 with a fleet of 110 buses that travel more than 3.75 million miles annually. Passenger boardings were approximately 10.2 million for FY16. In FY16, LTD provided more than 268,000 revenue hours of fixed-route service.

The boundaries of Lane Transit District fall entirely within Lane County, encompassing approximately 522 square miles. LTD serves the Eugene-Springfield metropolitan area; the incorporated cities of Coburg, Creswell, Cottage Grove, Lowell, Veneta, and Junction City; and the unincorporated area along Highway 126 between Springfield and the McKenzie Bridge Ranger Station.

LTD is governed by a Board of Directors composed of seven members, each appointed by the governor of Oregon and confirmed by the Oregon State Senate. Each board member represents a subdistrict of LTD's service area. The Board is responsible for development of District policies and hires and directs the activities of the general manager. The general manager, in turn, directs the daily activities of the District and is responsible for the overall management of the District and its employees.

The District is committed to the successful implementation of total fixed-route accessibility and the successful operation of a demand-response/paratransit service for persons unable to use the fixed-route system. All of LTD's fixed-route buses are equipped with wheelchair lifts or ramps. The District also provides comparable demand-response services for those persons who are unable to use the fixed-route system. In addition to the fixed-route and demand-response services, LTD also offers the Point2point transportation options program and serves as the county's Medicaid non-emergency medical transportation brokerage.

The District was empowered by the state legislature, under Oregon Revised Statutes 267, to impose an excise tax on every employer on the wages paid with respect to employment of individuals. The same authority permits the District to levy an equal tax on self-employed individuals. The allowable rate has been gradually increased by amendment to the statute and the authority of the District's Board of Directors. Per LTD Ordinances 50 and 51, the payroll and self-employment taxes for calendar year 2015 were seven tenths of one percent (.7%) and for calendar year 2016 were seventy-one one hundredths of one percent (.71%).

For financial planning and control, the District prepares and adopts an annual budget in accordance with Oregon Revised Statutes Chapters 294.305 through 294.565. The legally adopted budget is at the fund/program level for current expenditures, with separate appropriations established for capital outlay, debt service, interfund transfers, and contingencies. Budgetary control is internally administered at a more restrictive level. Budget-to-actual comparisons, for each individual fund for which an appropriated annual budget has been adopted, are provided as supplementary information in this report.

Factors Affecting Financial Condition

Local Economy

LTD serves the Eugene-Springfield metropolitan area, which has an estimated population of 305,350. In June 2016, total nonfarm employment in Lane County was 158,300, compared to 153,400 in June 2015, representing an increase of 4,900 jobs in the last year.

	June <u>2012</u>	June <u>2013</u>	June <u>2014</u>	June <u>2015</u>	June <u>2016</u>
Civilian labor force	172,591	166,570	168,693	170,937	177,235
Unemployment	15,299	13,424	11,622	10,433	9,769
Unemployment rate	8.9%	8.1%	6.9%	6.1%	5.5%
Total employment	157,292	153,146	157,071	160,504	167,466
Total nonfarm employment	144,500	145,500	149,200	153,400	158,300
Percent annual change	-0.2%	0.7%	2.5%	2.8%	3.2%

Source: Oregon Employment Department

Since the economic downturn, with the unemployment rate reaching a peak of 13.5 percent in March 2009, jobs have slowly been returning; and the unemployment rate has fallen to 5.5 percent as of June 2016. This is slightly higher than the comparable rates of 5.1 percent for the State of Oregon and 4.9 percent for the United

States as a whole. The June 2016 unemployment rate was .6 percent lower than for June 2015.

Long-Range Financial Plan

Annually, as part of the budget process, the District updates the rolling ten-year Long-Range Financial Plan. The plan is reviewed in detail in a separate schedule that combines operating revenue and expenditure projections with capital outlay requirements as outlined in the Capital Improvements Program (CIP). Major assumptions for the Long-Range Financial Plan, revised for the FY17 budget process, included the following:

- Payroll and self-employment taxes saw strong growth in FY16, exceeding budgeted amounts by nearly \$6.3 million due to better-than-expected economic growth and early adoption of the payroll tax rate increase. In FY17, payroll and self-employment taxes are projected to increase from year-end balances by \$257,400. This conservative forecast allows for revenue growth generated by the scheduled payroll tax rate increase of one one-hundredth of one percent (.001%), but does not assume further growth.
- Operating revenues – including passenger fares, monthly passes, Group Pass Program, advertising, and special services – are forecast to increase to \$7.9 million, a \$100,000 increase from the prior year. Growth is predicted in Group Pass sales and advertising revenues.
- Personnel services are proposed at \$34.9 million for FY17, a growth of \$3 million from the FY16 budget. The growth is attributed to hiring more bus operators to increase service levels (20 FTE) and a contractually obligated cost-of-living adjustment (COLA) for represented employees. The FY17 budget follows actuarial advice and proposes a one-time payment and increased agency contributions to the now-closed salaried employee pension plan.
- Funding of \$40.6 million is programmed for West Eugene EmX construction. It is necessary to appropriate the balance of the entire remaining project cost in order to meet local budget law requirements; however, the project will not require that amount in FY17.
- Grant funding in the amount of \$9.9 million is allocated to purchase 13 new buses (three 60-foot, hybrid-diesel buses; five 40-foot, hybrid-diesel buses; and five 40-foot, all-electric, zero-emissions buses). The Capital Improvements Program calls for purchasing an additional ten 40-foot buses if funding becomes available through grants or debt financing.
- Grant funding and local match in the amount of \$1 million is allocated to expand the bus lot to accommodate new and larger vehicles and install electric charging stations for zero emission, all-electric buses.

Major Initiatives

The District has a number of major initiatives that will impact current and future budgets:

- The West Eugene EmX Extension continues the construction phase, which will be completed in FY18. The \$100 million project will open for service in September 2017.
- The District has engaged in a cooperative effort, known as MovingAhead, with the City of Eugene, regional partners, and community members to determine what improvements are needed on some of the area's most important transportation corridors. Decision on a locally preferred alternative for the project is expected in FY18.
- LTD is preparing to undergo development of a new Santa Clara Community Transit Center in the Santa Clara neighborhood with work expected to be completed by the end of calendar year 2019.

Acknowledgments

The preparation of the "Comprehensive Annual Financial Report" was made possible by the efforts of the entire Finance Division and other support from the Public Affairs Department. The Finance Division appreciates and thanks all staff who assisted and contributed to the report's presentation. Staff also thank the members of the LTD Board of Directors for their interest and support in managing the financial operations of the District in a responsible and progressive manor.

Respectfully submitted,



Aurora Jackson
General Manager



Roland Hoskins
Assistant General Manager –
Administrative Services



Christina Shew, CPA
Director of Finance

LTD Board of Directors

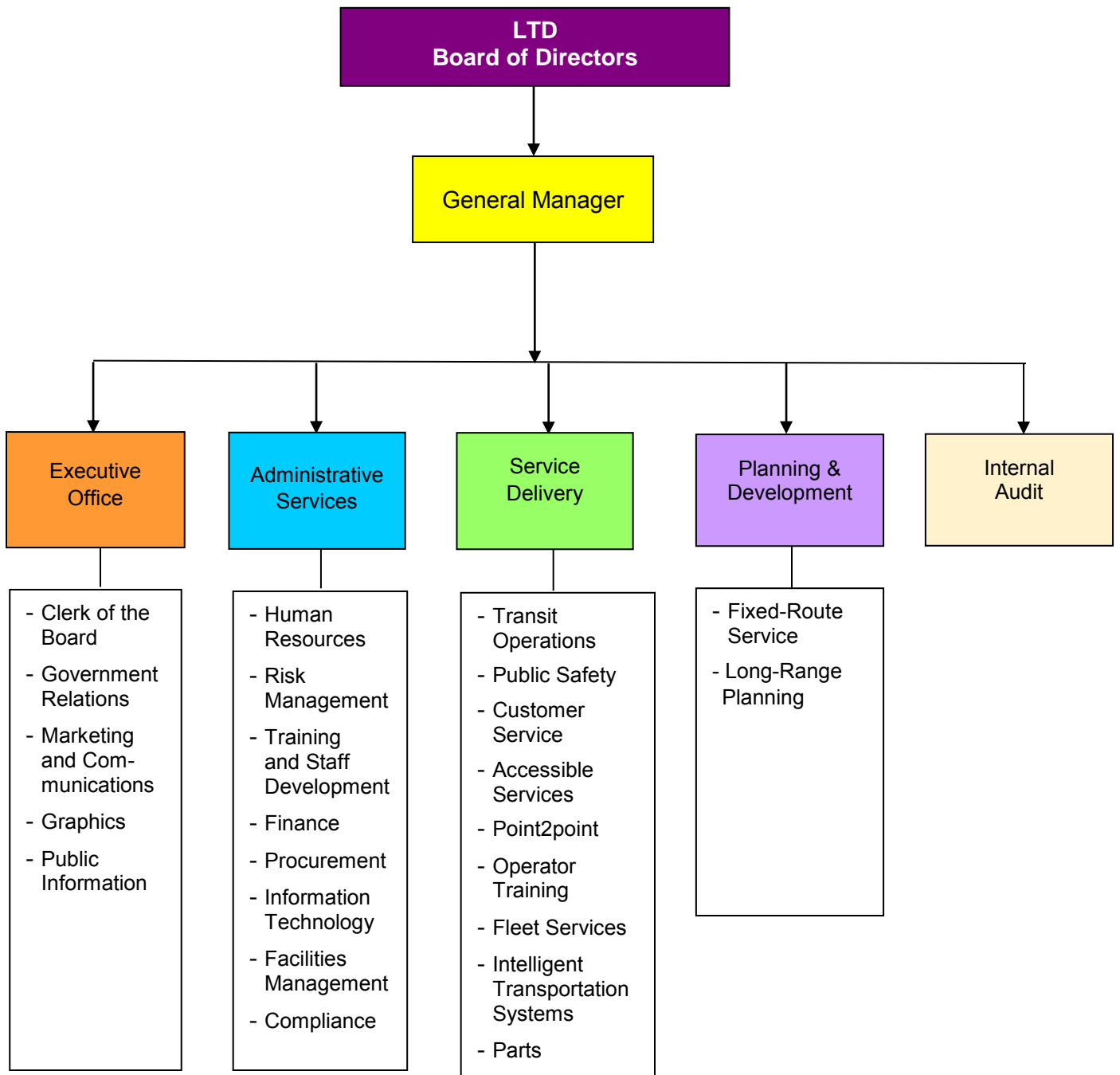
(Four-year Terms)

	<u>Sub-District</u>	<u>Term Expiration</u>
Angelynn Pierce	1	12/31/16
Carl Yeh	2	12/31/16
Don Nordin, Treasurer	3	12/31/18
Ed Necker, Secretary	4	12/31/17
Gary Gillespie, Vice President	5	12/31/17
Gary Wildish, President	6	12/31/18
Julie Grossman, Secretary	7	12/31/16

General Manager

Aurora Jackson

LTD Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Lane Transit District
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lane Transit District
Springfield, Oregon

Report on the Financial Statements

We have audited the statements of net position, statements of revenue, expenses and changes in net position, and cash flows of Lane Transit District (the District) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Lane Transit District, as of June 30, 2016 and 2015, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), schedule of changes in net pension liability and related ratios – LTD Salaried Employees' Retirement Plan, schedule of employer contributions – LTD Salaried Employees' Retirement Plan, schedule of changes in net pension liability and related ratios – LTD and ATU Pension Trust, schedule of employer contributions – LTD and ATU Pension Trust, and schedule of OPEB funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and other schedules described above 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, introductory section and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Legal and Regulatory Requirements


Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April **, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting and compliance.

Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated April 27, 2017, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, A Shareholder
April 27, 2017

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) provides an overview of the Lane Transit District (LTD or the District) financial performance for the fiscal years ended June 30, 2016 and 2015. It is designed to assist the reader in focusing on significant financial issues, providing an overview of the District's financial activity, and identifying changes in the District's financial position.

This MD&A is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. As with other sections of the financial report, the information contained within the MD&A should be considered only as part of a greater whole. The reader of this MD&A should take time to read and evaluate all sections of this report, including the notes to financial statements and other supplementary information that is provided in addition to this MD&A. Additional information outside the scope of this analysis can be found in the Letter of Transmittal.

Overview of the Financial Statements

The District's financial statements consist of statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows. These statements offer short- and long-term financial information about all the District's activities. The notes to the financial statements contain more detail on some of the information presented in the financial statements. Over time, increases or decreases in net position, as reported on the statements of net position, may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The District's financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). Under this basis of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred, regardless of the timing of related cash flows.

In FY15, the District adopted GASB Statements No. 68 and 71. These statements established new accounting and reporting rules related to pension plans that, most notably, include presenting the net pension liability and deferred inflows and outflows related to pensions on the statement of net position. There are also a number of changes to the notes to the financial statements and required supplementary information. The financial statements are found on pages 26-29 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the financial statements. The notes to the financial statements are found on pages 30-56 of this report.

Financial Summary

Net Position

	<u>District Total</u>			Increase (decrease) 2016-2015	Percentage Change 2016-2015	Increase (decrease) 2015-2014	Percentage Change 2015-2014
	2016	2015	2014 (As restated)				
Assets							
Current assets	\$ 53,537,565	\$ 56,639,732	\$ 41,747,999	\$ (3,102,167)	-5.5%	\$ 14,891,733	35.7%
Capital assets, net of depreciation	160,464,158	125,447,247	113,337,904	35,016,911	27.9%	12,109,343	10.7%
Other assets	-	-	-	-	0.0%	-	0.0%
Total assets	214,001,723	182,086,979	155,085,903	31,914,744	17.5%	27,001,076	17.4%
Deferred outflows of resources	6,267,715	1,540,509	1,693,168	4,727,206	306.9%	(152,659)	-9.0%
Total assets and deferred outflows of resources	220,269,437	183,627,488	156,779,071	36,641,949	20.0%	26,848,417	17.1%
Liabilities							
Current liabilities	17,233,164	22,159,541	10,036,528	(4,926,377)	-22.2%	12,123,013	120.8%
Noncurrent liabilities	29,591,803	23,454,799	22,635,145	6,137,004	26.2%	819,654	3.6%
Total liabilities	46,824,967	45,614,340	32,671,673	1,210,627	2.7%	12,942,667	39.6%
Deferred inflows of resources	351,796	712,072	1,784,272	(360,276)	-50.6%	(1,072,200)	-60.1%
Net Position							
Investment in capital assets	160,464,158	125,447,247	113,337,904	35,016,911	27.9%	12,109,343	10.7%
Restricted for Accessible Services and Medicaid programs	2,775,776	440,273	398,255	2,335,503	530.5%	42,018	10.6%
Unrestricted	9,852,740	11,413,556	8,586,967	(1,560,816)	-13.7%	2,826,589	32.9%
Total net position	173,092,674	137,301,076	122,323,126	35,791,598	26.1%	14,977,950	12.2%
Total liabilities, deferred inflows of resources and net position	\$ 220,269,437	\$ 183,627,488	\$ 156,779,071	\$ 36,641,949	20.0%	\$ 26,848,417	17.1%

FY16

The District's total assets increased \$31.9 million (17.5 percent) in FY16, from \$182.1 million to \$214 million. Current assets decreased \$3.1 million, predominately from decreases to grants receivable and the District's parts and supplies inventory. The net book value of capital assets increased \$35.5 million with the addition of \$34.7 million in construction-in-process assets, primarily related to the West Eugene Emerald Express extension project. The District's total liabilities increased \$1.2 million (2.7 percent) in FY16 from \$45.6 million to \$46.8 million. This is largely attributable to increases related to the net pension liabilities for the LTD ATU pension trust and Salaried Employees' pension plan, \$1.6 million and \$4.4 million, respectively.

The net position of the District increased \$35.2 million (25.6 percent) in FY16, from \$137.3 million to \$173.1 million. Of the \$173.1 million, \$9.9 million was unrestricted, a decrease of \$1.6 million from the prior year. The remaining portion of net position is invested in capital assets or restricted for use in Accessible Services and Medicaid programs.

FY15

The District's total assets increased \$27 million (17.4 percent) in FY15, from \$155.1 million to \$182.1 million. Current assets increased \$14.9 million, predominately from increases to grants receivable and taxes receivable. The net book value of capital assets increased \$12.1 million with the addition of \$23.3 million in new assets offset by depreciation expense of \$11.2 million.

The District's total liabilities increased \$12.9 million (39.6 percent) in FY15 from \$32.7 million to \$45.6 million. This is largely attributable to increases in accounts payable (\$2.9 million) and increases in unearned revenue resulting from receipt of state lottery bond proceeds to be used in future construction of the West Eugene EmX Extension (\$9.3 million). The net position of the District increased \$15 million (12.2 percent) in FY15, from \$122.3 million to \$137.3 million. Of this amount, \$11.4 million was unrestricted, an increase of \$2.8 million from the prior year. The remaining portion

of net position is invested in capital assets or restricted for use in Accessible Services and Medicaid programs.

Changes in Net Position

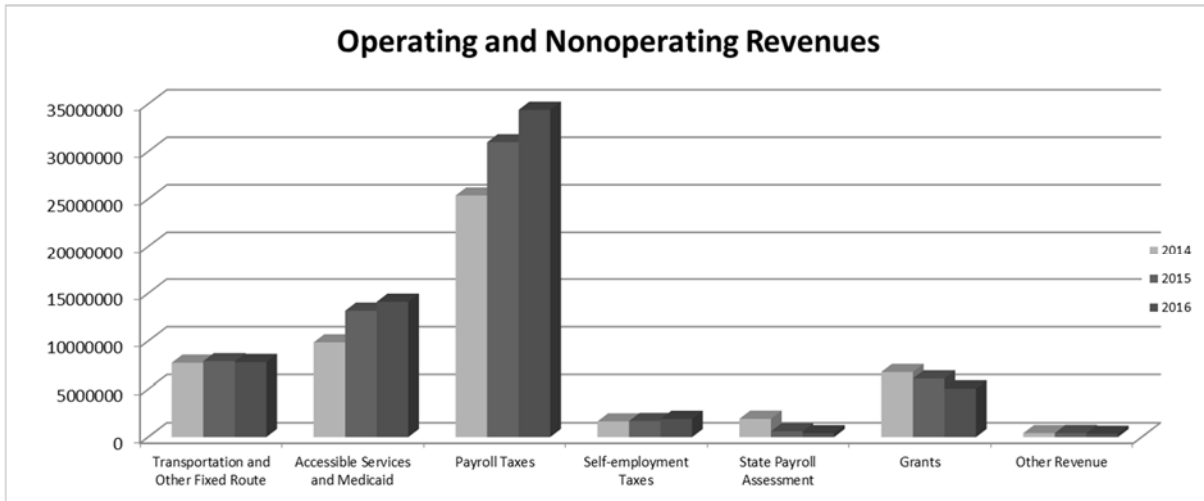
	District Total			Increase (decrease)	Percentage Change	Increase (decrease)	Percentage Change
	2016	2015	2014 (As restated)				
Revenues							
Operating revenues							
Passenger fares	\$ 7,119,850	\$ 7,200,332	\$ 6,948,609	\$ (80,482)	-1.12%	\$ 251,723	3.62%
Accessible Services and Medicaid	14,115,352	13,173,252	9,857,780	942,100	7.15%	3,315,472	33.63%
Advertising	443,887	437,950	460,000	5,937	1.36%	(22,050)	-4.79%
Special services	243,928	255,587	324,561	(11,659)	-4.56%	(68,974)	-21.25%
Nonoperating revenues							
Employer payroll tax	34,394,558	30,981,560	25,374,737	3,412,998	11.02%	5,606,823	22.10%
Self-employment tax	1,902,866	1,683,987	1,647,329	218,879	13.00%	36,658	2.23%
State payroll assessment	400,795	609,978	1,914,665	(209,183)	-34.29%	(1,304,687)	-68.14%
Federal assistance	4,736,708	6,001,519	5,993,929	(1,264,811)	-21.07%	7,590	0.13%
State assistance	154,426	29,688	723,888	124,738	420.16%	(694,200)	-95.90%
Local assistance	161,641	57,910	48,301	103,731	179.12%	9,609	19.89%
Interest	99,207	52,359	85,619	46,848	89.47%	(33,260)	-38.85%
Facility rental and other nonoperating revenues	238,853	375,877	318,026	(137,024)	-36.45%	57,851	18.19%
Gain (loss) on disposal of capital assets	6,644	(2,877)	13,052	9,521	-330.94%	(15,929)	-122.04%
Total operating and nonoperating revenues	<u>64,018,715</u>	<u>60,857,122</u>	<u>53,710,496</u>	<u>3,161,593</u>	5.20%	<u>7,146,626</u>	13.31%
Operating expenses							
Personnel services	30,873,553	27,919,217	26,037,899	2,954,336	10.58%	1,881,318	7.23%
Materials and services	9,178,422	9,604,093	9,496,751	(425,671)	-4.43%	107,342	1.13%
Insurance	880,893	1,017,707	1,125,978	(136,814)	-13.44%	(108,271)	-9.62%
Accessible Services and Medicaid	16,768,307	14,617,685	12,314,118	2,150,622	14.71%	2,303,567	18.71%
Depreciation	11,129,702	11,152,433	10,519,936	(22,731)	-0.20%	632,497	6.01%
OPEB expense	395,154	461,715	555,778	(66,561)	-14.42%	(94,063)	-16.92%
Total operating expenses	<u>69,226,030</u>	<u>64,772,850</u>	<u>60,050,460</u>	<u>4,453,180</u>	6.88%	<u>4,722,390</u>	7.86%
Gain (Loss) before contributions	<u>(5,207,315)</u>	<u>(3,915,728)</u>	<u>(6,339,964)</u>	<u>(1,291,587)</u>	32.98%	<u>2,424,236</u>	-38.24%
Capital contributions	<u>40,998,913</u>	<u>18,893,678</u>	<u>8,564,456</u>	<u>22,105,235</u>	117.00%	<u>10,329,222</u>	120.61%
Changes in net position	35,791,598	14,977,950	2,224,462	20,813,648	138.96%	12,753,488	573.33%
Total net position -- beginning of period	<u>137,301,076</u>	<u>122,323,126</u>	<u>138,990,414</u>	<u>14,977,950</u>	12.24%	<u>(16,667,288)</u>	-11.99%
Cumulative effect of restatement			<u>(18,891,750)</u>				
Total net position -- beginning of period (restated)			<u>120,098,664</u>				
Total net position -- end of period	<u>\$ 173,092,674</u>	<u>\$ 137,301,076</u>	<u>\$ 141,214,876</u>	<u>\$ 35,791,598</u>	26.07%	<u>(3,913,800)</u>	-2.77%

FY16

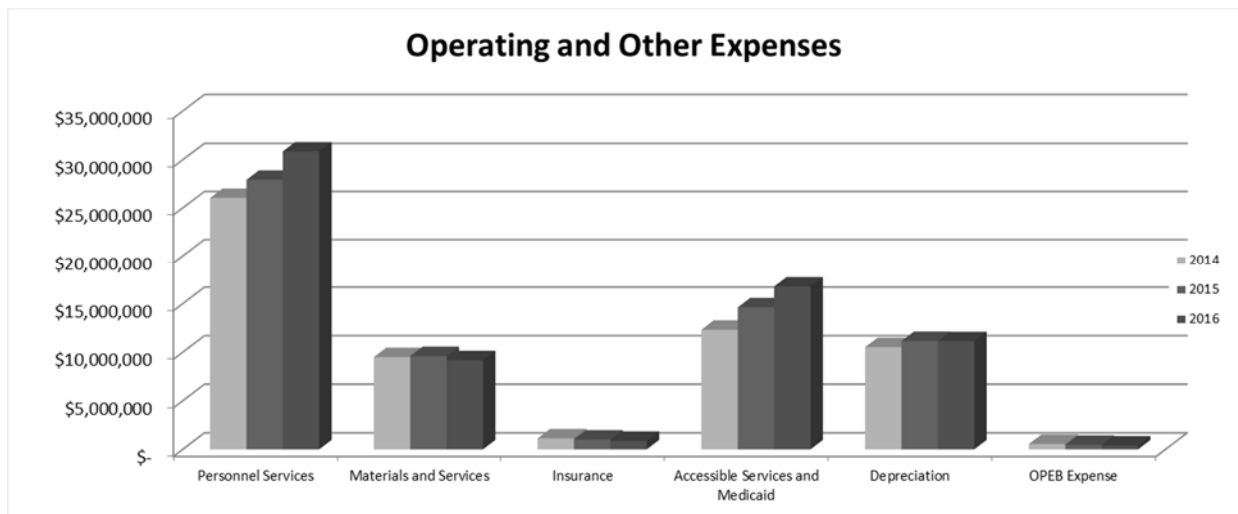
The District's net position increased \$35.8 million in FY16 to \$173.1 million. Total revenues were up \$3.2 million (5.2 percent), offset by an increase in total expenses of \$4.5 million (6.9 percent). Federal assistance in the amount of \$4.7 million contributed to the favorable change in net position.

Operating revenues of \$21.9 million reflect an increase of 4.1 percent in FY16. Most of this increase was attributable to continuing growth in Accessible Services and Medicaid programs. Advertising increased 1.36 percent.

Non-operating revenues of \$42.1 million were up 5.8 percent in FY16. The increase in capital contributions is related to the West Eugene EmX Extension project and is the primary driver of the increase in non-operating revenues. Also, payroll tax receipts were favorably impacted by a steadily increasing economy combined with a full year of taxes at the maximum tax rate compared with the prior year in which the rate was only increased for the last half of the fiscal year. Tax collections increased \$3.4 million. This increase was offset by the reduction of state payroll assessments collected by \$.2 million.



Operating expenses of \$69.2 million were up 6.9 percent in FY16. Personnel services were up 10.6 percent (\$3.0 million). Increases in Accessible Services and Medicaid of 14.7 percent were driven by strong demand for those programs. Materials and services decreased \$.4 million or 4.43 percent. The charge for depreciation stayed flat at 11.1 million.



Capital contributions reflect funds received from federal, state, and local sources for use in capital projects. This component of the change in net position can vary significantly from year to year depending on the number and type of capital projects undertaken. Details of capital spending can be found below in the capital assets portion of this analysis.

FY15

The District's net position increased \$15 million in FY15 to \$137.3 million. Total revenues were up \$7.1 million (13.3 percent), offset by an increase in total expenses of \$4.7 million (7.9 percent). Capital contributions of \$18.9 million also contributed to the favorable change in net position.

Operating revenues of \$21.1 million reflect an increase of 19.8 percent in FY15. Most of this increase was attributable to continuing growth in Accessible Services and Medicaid programs. Passenger fares increased 3.6 percent.

Nonoperating revenues of \$39.8 million were up 10.2 percent in FY15. Payroll tax receipts were favorably impacted by a steadily increasing economy combined with a full year of taxes at the maximum tax rate compared with the prior year in which the rate was only increased for the last half of the fiscal year. Tax collections increased \$5.6 million. This increase was offset by the reduction of state payroll assessments collected by \$1.3 million.

Capital Assets

At June 30, 2016, the District had invested \$160.5 million, net of accumulated depreciation, in a variety of capital assets.

Capital Assets, net of depreciation As of June 30							
	District Totals			Increase (decrease) 2016-2015	Percentage Change 2016-2015	Increase (decrease) 2015-2014	Percentage Change 2015-2014
	2016	2015	2014				
Land	\$ 12,057,496	\$ 12,057,496	\$ 8,708,370	\$ (0)	0.0%	\$ 3,349,126	38.5%
Freestanding public art	366,917	366,917	366,917	(0)	0.0%	-	0.0%
Construction in progress	61,514,532	26,809,415	11,253,541	34,705,117	308.4%	15,555,874	138.2%
Busways	29,742,703	32,088,829	34,389,800	(2,346,126)	-6.8%	(2,300,971)	-6.7%
Rolling stock and related equipment	26,489,253	23,240,402	24,605,064	3,248,851	13.2%	(1,364,662)	-5.5%
Stations, shelters, and bus signs	8,178,975	9,228,780	10,426,073	(1,049,805)	-10.1%	(1,197,293)	-11.5%
Buildings and improvements	18,627,551	18,302,790	19,679,255	324,761	1.7%	(1,376,465)	-7.0%
Accessible Services vehicles	1,329,807	1,035,846	1,391,302	293,961	21.1%	(355,456)	-25.5%
Other equipment and support vehicles	2,156,925	2,316,772	2,517,582	(159,847)	-6.3%	(200,810)	-8.0%
	<u>\$ 160,464,158</u>	<u>\$ 125,447,247</u>	<u>\$113,337,904</u>	<u>\$ 35,016,911</u>	30.9%	<u>\$ 12,109,343</u>	10.7%

FY16

In FY16, the District spent \$46.7 million for capital acquisition and construction, approximately 81 percent of which was reimbursed by federal and state governments. Of this amount, \$32.5 million was spent for construction activities related to the West Eugene EmX Extension project. Other expenditures included \$.9 million for acquisition of accessible services vehicles, \$7.3 million for the purchase of buses, \$1.1 million for new computer hardware and software, passenger boarding improvements, and facilities improvements. Overall, the District's net position in capital assets increased by \$35.0 million after the charge for depreciation.

FY15

In FY15, the District spent \$23.3 million for capital acquisition and construction, approximately 81 percent of which was reimbursed by federal and state governments. Of this amount, \$15.8 million was spent for construction activities related to the West Eugene EmX Extension project. Other expenditures included \$3.3 million for acquisition of land to be used for a future transit station, \$2.9 million for the purchase of buses, \$1.3 million for new computer hardware and software, passenger boarding improvements, facilities improvements, and purchase of an Accessible Services vehicle. Overall, the District's net position in capital assets increased by \$12.1 million after the charge for depreciation.

Note 3(d) (page 38) contains additional detail information about capital assets activity.

Economic Factors and Related Budget Impact

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the District. Following are the major assumptions used in developing the FY17 budget:

- Payroll and self-employment taxes saw strong growth in FY 15-16, exceeding budgeted amounts by nearly \$6.3 million due to better-than-expected economic growth and early adoption of the payroll tax rate increase. In FY 16-17, payroll and self-employment taxes are projected to increase from year-end balances by \$257,400. This conservative forecast allows for revenue growth generated by the scheduled payroll tax rate increase of .001% (one one hundredth of one percent), but does not assume further growth.
- Operating revenues – including passenger fares, monthly passes, Group Pass Program, advertising, and special services – are forecast to increase to \$7.9 million, a \$100,000 increase from the prior year. Growth is predicted in Group Pass sales and advertising revenues.
- FAST Act formula funding increases are predicted to slightly increase available federal funding; however, significant growth is not expected.
- Staff belonging to the Amalgamated Transit Union Local 757 will increase by twenty bus operators to provide increased service. There will be a 1.6 percent cost of living allowance for the first six months of FY 16-17 followed by an additional 1.75% cost of living allowance for the final six months of the fiscal year.
- \$40.6 million is programmed to fund the West Eugene EmX construction. It is necessary to appropriate the balance of the entire remaining project cost in order to meet local budget law requirements; however, the project will not require that amount in FY 16-17.
- \$9.9 million in grant funding is allocated to purchase 13 new buses (three 60-foot, hybrid-diesel buses; five 40-foot, hybrid-diesel buses; and five 40-foot, all-electric, zero-emissions buses). The Capital Improvements Program calls for purchasing an additional ten 40-foot buses if funding becomes available through grants or debt financing. All bus purchases will replace vehicles that have reached the end of their useful life.
- \$1 million of grant funding and local match is allocated to expand the bus lot to accommodate new and larger vehicles and install electric charging stations for zero-emission, all-electric buses.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Finance Division
Lane Transit District
P.O. Box 7070
Springfield, OR 97475-0470

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Basic Financial Statements

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Statements of Net Position
June 30, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	\$ 23,122,153	\$ 6,011,081
Restricted	10,190,243	13,608,946
Accounts receivable	1,556,589	973,288
Taxes receivable	8,761,057	9,316,919
Grants receivable	7,416,812	23,402,140
Due from other governments	124,624	-
Inventory of parts and supplies	2,009,317	2,971,302
Prepaid expenses	296,771	296,056
Deposits	60,000	60,000
Total current assets	53,537,565	56,639,732
Capital assets		
Land	12,057,496	12,057,496
Freestanding public art	366,917	366,917
Construction in progress	61,519,546	26,809,415
Other capital assets (net of depreciation)	86,520,199	86,213,419
Net capital assets	160,464,158	125,447,247
Total assets	214,001,723	182,086,979
Deferred outflows of resources		
Deferred outflows - LTD ATU Pension Trust	2,878,845	1,112,696
Deferred outflows - LTD Salaried Employees' Plan	3,388,869	427,813
Total deferred outflows of resources	6,267,714	1,540,509
Total assets and deferred outflows of resources	\$ 220,269,437	\$ 183,627,488

	<u>2016</u>	<u>2015</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 5,886,709	\$ 6,275,969
Accrued payroll	588,767	468,697
Payroll withholdings and taxes	44,686	35,567
Accrued pension	117,362	90,030
Accrued vacation and sick leave	570,869	847,773
Unearned revenue	8,424,751	13,969,215
Other current liabilities	1,600,020	472,290
Total current liabilities	<u>17,233,164</u>	<u>22,159,541</u>
Noncurrent liabilities		
Accrued vacation and sick leave	1,517,773	1,835,368
Net OPEB obligation	4,516,192	4,121,038
Net pension liability - LTD ATU Pension Trust	13,314,322	11,685,045
Net pension liability - LTD Salaried Employee's Plan	10,243,516	5,813,348
Total noncurrent liabilities	<u>29,591,803</u>	<u>23,454,799</u>
Total liabilities	<u>46,824,967</u>	<u>45,614,340</u>
Deferred inflows of resources		
Deferred inflows - LTD ATU Pension Trust	351,796	712,072
Total deferred inflows of resources	<u>351,796</u>	<u>712,072</u>
Net position		
Investment in capital assets	160,464,158	125,447,247
Restricted for Accessible Services and Medicaid programs	2,775,776	440,273
Unrestricted	9,852,739	11,413,556
Total net position	<u>173,092,673</u>	<u>137,301,076</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 220,269,437</u>	<u>\$ 183,627,488</u>

The notes to the financial statements are an integral part of this statement.

Statements of Revenues, Expenses, and Changes in Net Position
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Operating revenues		
Passenger fares	\$ 7,119,850	\$ 7,200,332
Special services	243,928	255,587
Accessible Services and Medicaid	14,115,352	13,173,252
Advertising	443,887	437,950
Total operating revenues	21,923,017	21,067,121
Operating expenses		
Personnel services	30,873,553	27,919,217
Materials and services	9,178,422	9,604,093
Insurance	880,893	1,017,707
Accessible Services and Medicaid	16,768,307	14,617,685
Depreciation	11,129,702	11,152,433
OPEB expense	395,154	461,715
Total operating expenses	69,226,030	64,772,850
Operating loss	(47,303,013)	(43,705,729)
Nonoperating revenues		
Employer payroll tax, net of state administrative fees (2016, \$510,294.08; 2015, \$483,243)	34,394,558	30,981,560
Self-employment tax, net of state administrative fees (2016, \$87,616.87; 2015, \$78,647)	1,902,866	1,683,987
State payroll assessment	400,795	609,978
Federal assistance	4,736,708	6,001,519
State assistance	154,426	29,688
Local assistance	161,641	57,910
Interest	99,207	52,359
Facility rental and other nonoperating revenues	238,853	375,877
Gain (loss) on disposal of capital assets	6,644	(2,877)
Total nonoperating revenues	42,095,698	39,790,001
Gain (Loss) before capital contributions	(5,207,315)	(3,915,728)
Capital contributions		
Federal and state grants for capital acquisition	40,998,913	18,893,678
Changes in net position	35,791,597	14,977,950
Total net position -- beginning of period	137,301,076	122,323,126
Total net position -- end of period	\$ 173,092,673	\$ 137,301,076

The notes to the financial statements are an integral part of this statement.

Statements of Cash Flows
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Cash received from customers	\$ 20,980,905	\$ 22,150,914
Cash received from other sources	238,903	375,877
Cash paid to suppliers for goods and services	(25,721,160)	(25,428,054)
Cash paid to employees for services	(31,311,563)	(28,751,408)
Net cash used for operating activities	(35,812,915)	(31,652,671)
Cash flows from noncapital financing activities		
Employer payroll tax	34,969,635	26,838,078
Self-employment tax	1,883,652	1,667,748
State payroll assessment	276,171	1,001,186
Federal operating grant	7,432,823	5,423,354
State operating grant	151,042	30,968
Local operating grant	161,641	57,910
Net cash provided by noncapital financing activities	44,874,962	35,019,244
Cash flows from capital and related financing activities		
Contribution from federal and state agencies	49,103,349	17,074,661
Proceeds from disposal of capital assets	19,199	9,892
Acquisition and construction of capital assets	(44,591,434)	(20,374,189)
Net cash provided by (used for) capital and related financing activities	4,531,114	(3,289,636)
Cash flows from investing activities		
Interest receipts	99,207	52,359
Net cash provided by investing activities	99,207	52,359
Net change in cash and cash equivalents	13,692,369	129,296
Cash and cash equivalents, beginning of year	19,620,027	19,490,731
Cash and cash equivalents, end of year	\$ 33,312,396	\$ 19,620,027
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (47,303,013)	\$ (43,705,729)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	11,129,702	11,152,433
Increase (Decrease) in net pension liability	971,654	(498,237)
OPEB expense	395,154	461,715
Facility rental and other nonoperating revenues	238,853	375,877
(Increase) decrease in accounts receivable	(583,301)	771,142
(Increase) decrease in inventory of parts and supplies	961,985	(325,360)
(Increase) decrease in prepaid expenses	(715)	(48,825)
Increase (decrease) in accounts payable	201,338	389,222
Increase (decrease) in accrued payroll and related liabilities	(437,978)	117,987
Increase (decrease) in unearned revenue	(371,661)	312,652
Increase (decrease) in health reimbursement account liability	-	(444,049)
Increase (decrease) in other current liabilities	(1,014,933)	(211,499)
Net cash used for operating activities	\$ (35,812,915)	\$ (31,652,671)

LTD disposed of capital assets with a net book value of \$12,555 and \$7,758 in years ended June 30, 2016 and 2015, respectively.

Cash and cash equivalents consist of unrestricted and restricted amounts.

The notes to the financial statements are an integral part of this statement.

Notes to Basic Financial Statements

Years Ended June 30, 2016 and 2015

1. Summary of Significant Accounting Policies

The financial statements of Lane Transit District (LTD or the District) have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

(a) Financial Reporting Entity

The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either (1) the ability to impose will by the primary government, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Based upon the above criteria, the District does not have any component units that require inclusion in the financial statements. Conversely, the District is not a component unit of another government.

(b) Organization and Operation

The District was organized under the provisions of Oregon Revised Statutes (ORS) Chapter 267 to provide mass transit services to the Eugene-Springfield area. Formation of the District was effective November 23, 1970, with the assumption of the operations of a privately owned bus system. Under ORS 267, the District is authorized to levy taxes and charge fares to pay for the operations of the District. LTD also is authorized to issue general obligation bonds and revenue bonds.

The District is governed by a seven-member Board of Directors appointed by the Governor of the State of Oregon. Board members represent and must live in certain geographical subdistricts. The Board of Directors sets District policy, levies taxes, appropriates funds, adopts budgets, and performs other duties required by state and federal law. Board members are not compensated for their time.

The accounts of the District are organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating governmental functions and activities. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equities, revenues, and expenditures (expenses).

(c) Basis of Accounting and Revenue Recognition

The District's financial statements are presented as a single-proprietary fund. Proprietary funds are used to account for operations and activities that are similar to those found in the private sector. The measurement focus is upon the determination of net income.

The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized as an expense in the statements of revenues, and expenses and changes in net position and all assets and liabilities associated with the operation of the District are included in the statements of net position.

Operating revenues consist primarily of passenger fares. The District also recognizes contracted service revenue and transit advertising revenue as operating revenue. Operating expenses are the costs of operating the District, including depreciation on capital assets. Capital contributions include grant revenue and other contributions related to capital asset acquisitions or construction. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District has no allowance for doubtful accounts. Past experience has shown that uncollectible amounts are likely to be insignificant.

(d) Tax Revenues

Funding of day-to-day operations is primarily provided by the payroll tax imposed by the District pursuant to ORS 267.380 and the self-employment tax imposed by the District pursuant to ORS 267.385. The payroll tax is imposed on employers with respect to wages earned within the District service area. An employer is not permitted to deduct any portion of the tax from the wages of an employee. The self-employment tax is imposed on self-employed individuals with respect to their net earnings generated within the District service area. The District currently imposes these taxes at a rate of 0.71 percent of the wages paid to individuals (for payroll tax) and net earnings from self-employed individuals (for self-employment tax). The taxes are collected on the District's behalf by the Department of Revenue of the State of Oregon under an agreement entered into pursuant to ORS 305.620. Imposed tax revenues are recorded as assets and revenues in the period that the obligation is incurred by the employers and the self-employed individuals. Amounts accrued are estimated based upon current cash receipts and are trued up in the period that cash is collected.

(e) Restricted Assets

Restricted assets are assets set aside to meet externally imposed legal and contractual obligations. Restricted assets are used in accordance with their requirements. Where both restricted and unrestricted resources are available for use, restricted resources are used first, and then unrestricted resources are used as they are needed. Restricted assets are current assets restricted for use in Accessible Services and Medicaid programs.

(f) Cash and Investments

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

ORS Chapter 294 authorizes the District to invest in obligations of the U.S. Treasury and U.S. Government agencies and instrumentalities, certain bankers' acceptances and corporate indebtedness, repurchase agreements, and the State of Oregon Local Government Investment Pool.

Investments are accounted for at fair value in accordance with GASB Statement No. 72.

For purposes of the Statement of Cash Flows, the District considers "cash" to include cash on hand, demand deposits, and highly liquid investments that are readily converted into known amounts of cash or so near maturity they present insignificant risk of changes in value as a result of changes in interest rates.

(g) Grant Receivables

Grant receivables are recorded in accordance with the nonexchange guidance. Accordingly, receivables are recorded when all eligibility criteria have been met.

(h) Inventories and Prepaid Expenses

Inventories of fuel, lubricants, parts, and supplies are valued at cost, which approximates market, using the average-cost method.

Payments to vendors reflecting costs applicable to future accounting periods are recorded as prepaid expenses.

(i) Capital Assets and Depreciation

Capital assets are stated at cost, except for donated capital assets, which are stated at the fair market value on the date of donation. Expenditures for additions and improvements with a value in excess of \$5,000 and a useful life of more than one year are capitalized. Expenditures for maintenance, repairs, and minor improvements are charged to operations as incurred. Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation, and the resulting gains or losses are reflected in the statement of revenues, expenses, and changes in net position as other revenue.

Capital assets, excluding land, freestanding public art, and construction in progress, are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation is an accounting process to allocate the cost of capital assets to expense in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets or the maintenance requirements needed to maintain the assets at their current level of condition.

Revenue rolling stock is depreciated using a twelve-year life as suggested by the U.S. Government Federal Transit Administration (FTA). Busways are depreciated over twenty years. Shelters, stations, and buildings have estimated useful lives of ten to forty years. Accessible Services vehicles have estimated useful lives of four to seven years. Useful lives for furniture and other equipment range from three to thirty years.

(j) Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

(k) Compensated Absences

The liability for vested or accumulated leave pay is recorded as the benefits accrue to employees. Vacation pay is payable upon termination, retirement, or death for both union and nonunion employees. Sick leave is recorded at approximately 50 percent of total accumulated benefits based on the estimated total benefits to be paid to employees prior to or at retirement or separation from service.

(l) Unearned Revenue

Income from pass sales that relates to succeeding months is recognized when earned. Receipts in excess of related Medicaid program expenditures are recognized as revenues or refunded when program review is completed by the Oregon Department of Human Services. Manufacturers' rebates are recognized as revenue when grant-related conditions for application are met. Pass-through proceeds from the sale of State of Oregon Lottery bonds are recognized as revenues when grant-related conditions are met.

(m) Employee HRA Liability

Expense for eligible employees' health reimbursement accounts (HRAs) is recorded in the month earned by the employee. A liability is recorded when made available to the employee for disbursement. In January 2015, the District chose to convert this benefit to a funded voluntary employee beneficiary association (VEBA), thereby eliminating the HRA liability from that point forward.

(n) Net position

Net investment in capital assets consists of all capital assets reduced by amounts of accumulated depreciation and amounts related to issued debt that are attributable to the acquisition, construction, and improvement of those assets. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Unrestricted net position consists of all other net position not included in the above categories.

(o) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues, and expenses. Actual results may differ from such estimates.

(p) New Pronouncements

During FY16, the District implemented the following GASB pronouncements:

- Statement No. 72, "Fair Value Measurement and Application." This Statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

During FY15, the District implemented the following GASB pronouncements:

- Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through as trusts and equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.
- Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68." The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

2. Stewardship, Compliance, and Accountability

(a) Budgets and Appropriations

The District uses the following budgetary funds to account for its activities:

- **General Fund:** This fund accounts for the financial resources of the District that are not accounted for in any other fund. Principal sources of revenue are passenger fares, advertising and special services, employer payroll and self-employment taxes, State of Oregon payroll assessments, federal operating assistance, and interest. Primary expenditures are for personnel services, materials and services, insurance, and interfund transfers to support accessible services and capital acquisition programs.
- **Accessible Services Fund:** This fund is used to account for the financial resources received primarily from federal and state grants restricted to use for accessible services programs, primarily for seniors and persons with disabilities, which complement regular fixed-route service. Primary revenue sources include State of Oregon Special Transportation Fund (STF) dollars, federal grants, and interfund transfers from the General Fund. Primary expenditures are for contract services, program administration, and interfund transfers of local match funds for program capital asset acquisitions.

- **Medicaid Fund:** This fund is used to account for the financial resources received from federal and state Medicaid programs restricted to use for these programs. The Medicaid program provides transportation services to individuals who qualify for Oregon Health Plan (OHP) Plus medical coverage. With the opening of the RideSource Call Center on May 19, 2008, the District became the countywide broker for all Medicaid nonemergency medical transportation (NEMT) trips. Trips are provided door to door in most cases. Primary revenue sources are reimbursements for services provided; federal, state, and local grants; and interfund transfers from the General Fund. Primary expenditures are for contract services and program administration.
- **Capital Projects Fund:** This fund is used to account for financial resources to be used for the acquisition or construction of capital assets. The primary revenue sources are federal and state grants and transfers from the General Fund and Accessible Services Fund.

The structure of the funds outlined above is in conformity with Oregon Local Budget Law (Oregon Revised Statutes 294.305 to 294.595). Budgetary basis revenues and expenditures are recognized on the modified accrual basis. The treatment of capital expenditures, pension expenses, and other post-employment benefits is the principal difference between the budgetary basis and the accrual basis. Capital expenditures on a budgetary basis are recorded as current expenditures.

The General Manager submits a proposed operating and capital budget to the Budget Committee a sufficient length of time in advance to allow adoption of the budget prior to July 1. The operating and capital projects budget includes proposed expenditures and the means to finance them. Public hearings are conducted to obtain citizen comments.

The District legally adopts its annual budget prior to July 1 through passage of a resolution. The resolution authorizes appropriations by fund and at broad classification levels for personnel services, materials and services, capital outlay, and contingency. Expenditures cannot legally exceed appropriations at these control levels. Appropriations that have not been spent at year-end expire.

The Board of Directors, by resolution, may amend the budget as originally adopted. In June 2016, the Board adopted a single amendment to the budget necessitated by an increase in demand for Medicaid Non-Emergency Medical Transportation services.

(b) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and commitments for the expenditure of monies are recorded to restrict a portion of the appropriation, is employed for administrative control purposes during the year. Encumbrances at year-end do not constitute expenses or liabilities.

3. Detail Notes

(a) Cash

Cash at June 30 consisted of the following:

	<u>2016</u>	<u>2015</u>
Cash:		
Cash on hand	\$ 4,400	\$ 4,400
Demand deposits with financial institutions	6,289,227	2,449,203
State of Oregon Local Government Investment Pool	<u>27,018,769</u>	<u>17,166,424</u>
Total cash	<u>\$ 33,312,396</u>	<u>\$ 19,620,027</u>

Cash is reflected in the balance sheet as follows:

Cash and cash equivalents		
Unrestricted	\$ 23,122,153	\$ 6,011,081
Restricted	<u>10,190,243</u>	<u>13,608,946</u>
Total cash	<u>\$ 33,312,396</u>	<u>\$ 19,620,027</u>

Deposits

At June 30, 2016 and 2015, the District's book balance in the general operating account was \$ 6,289,227, and \$2,449,203, respectively, and the bank balance was \$6,082,045.78 and \$2,303,176, respectively. The difference is due to transactions in process. As of June 30, 2016, the District had deposits of \$250,000 insured by federal depository insurance and \$5,832,046 collateralized in accordance with Oregon Revised Statutes. As of June 30, 2015, the District had deposits of \$250,000 insured by federal depository insurance and \$2,053,176 collateralized in accordance with Oregon Revised Statutes.

Investments

Oregon Revised Statutes Chapter 294 authorizes the District to invest in obligations of the U.S. Treasury and U.S. government agencies and instrumentalities, certain bankers' acceptances, and corporate indebtedness, repurchase agreements, the State of Oregon Local Government Investment Pool, time certificates of deposits, and various interest-bearing bonds of Oregon municipalities. The District's investment objectives, as stated in the District's Investment Policy, are as follows:

- Preservation of capital and the protection of investment principal
- Conformance with all federal and state statutes
- Maintenance of sufficient liquidity to meet operating requirements
- Diversification to avoid unreasonable risks
- Attainment of an investment return appropriate for the portfolio, using the State of Oregon Local Government Investment Pool (LGIP) as the performance yardstick

The District's position in the LGIP at June 30, 2016 and 2015, is stated at cost, which is not materially different than fair value.

Interest Rate Risk

In accordance with its investment policy, the District manages its exposure to declines in fair value by limiting the maximum maturity of its investment portfolio to one year or less.

Credit Risk

The District does not have a formally adopted policy for credit risk in regards to its investments.

Concentration of Credit Risk

The District's investment policy requires that at least \$1 million be held outside of the LGIP and in accordance with State of Oregon statutes.

Custodial Credit Risk – Deposits and Investments

For deposits, custodial credit risk is the risk of loss of funds due to the event of a bank failure. In order to minimize this risk, ORS Chapter 295 governs the collateralization of certain Oregon public funds, including requiring that banks holding public funds become members of the Public Funds Collateralization Program (PFCP), a multiple financial institution collateral pool created by the Office of the State Treasurer. All banks holding funds in the District's name were properly included on the list of qualified depositories maintained by the Oregon State Treasurer.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The District's investment policy limits the types of investments that may be held, requires all investments purchased to be held in the District's name, and does not allow securities to be held by the counterparty.

A portion of the District's funds are invested in an external investment pool. The Local Government Investment Pool (LGIP) is an open-ended, diversified portfolio offered to eligible participants including Oregon municipalities and political subdivisions. The Oregon State Treasurer's Office manages the LGIP in the same manner it oversees the management of the State's funds and in accordance with the prudent investor rule. The LGIP is commingled with the State's short-term funds in the Oregon Short-Term Fund (OSTF). Investments of the LGIP are governed by portfolio guidelines issued by the OSTF, which establishes diversification percentages and specifies the types and maturities of investments. The OSTF is not managed as a stable net asset value fund, and it is not currently rated by an independent rating agency. The OSTF is an external investment pool as defined by GASB Statement No. 59. The net asset value per share is calculated by the Oregon State Treasurer's Office and approximates fair value. The LGIP is not registered with the U.S. Securities and Exchange Commission. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments in the LGIP are further governed by portfolio guidelines issued by the Fund Board.

The Oregon Audits Division of the Secretary of State's office audits the OSTF annually. The Division's report on the OSTF, as of and for the year ended June 30, 2016 was unmodified and may be obtained online at the State of Oregon's website at www.oregon.gov.

(b) Receivables

Accounts

Unrestricted accounts receivable at June 30 consisted of the following:

	<u>2016</u>	<u>2015</u>
Passenger fares	\$ 376,100	\$ 237,487
Medicaid reimbursement	23,283	172,724
Medicaid nonmedical reimbursement	188,918	173,018
Medicaid developmental disability reimbursement	715,630	365,157
Miscellaneous	252,658	24,902
Total accounts receivable	<u>\$ 1,556,589</u>	<u>\$ 973,288</u>

Taxes

Unrestricted taxes receivable at June 30 consisted of the following:

	<u>2016</u>	<u>2015</u>
Employer payroll taxes	\$ 8,690,835	\$ 9,265,912
Self-employment taxes	70,222	51,007
Total unrestricted	<u>\$ 8,761,057</u>	<u>\$ 9,316,919</u>

Grants

Grants receivable at June 30 consisted of the following:

	<u>2016</u>	<u>2015</u>
Unrestricted federal grants	\$ 6,460,725	\$ 22,767,237
Unrestricted state grants	181,953	27,527
Total unrestricted grants	6,642,678	22,794,764
Grants restricted for Accessible Services and Medicaid	774,134	607,376
Total grants receivable	<u>\$ 7,416,812</u>	<u>\$ 23,402,140</u>

(c) Restricted Assets

Restricted assets consist of current assets that are restricted for Accessible Services and Medicaid programs.

The components of the restricted assets, liabilities payable from restricted assets, and restricted net positions as of June 30, 2016, were as follows:

	Accessible Services and Medicaid	Capital Projects	Total
Restricted assets			
Cash and investments	\$ 2,159,158	\$ 8,031,085	\$ 10,190,243
Accounts receivable	927,831	-	927,831
Federal and state grants receivable	774,134	-	774,134
Total restricted assets	3,861,123	8,031,085	11,892,208
Liabilities payable from restricted assets			
Accounts payable	(860,010)	-	(860,010)
Unearned revenue	(225,336)	(8,031,085)	(8,256,421)
Total liabilities payable from restricted assets	(1,085,346)	(8,031,085)	(9,116,431)
Total net restricted assets	\$ 2,775,776	\$ -	\$ 2,775,776

The components of the restricted assets, liabilities payable from restricted assets, and restricted net positions as of June 30, 2015, were as follows:

	Accessible Services and Medicaid	Capital Projects	Total
Restricted assets			
Cash and investments	\$ 405,058	\$ 13,203,888	\$ 13,608,946
Accounts receivable	713,400	-	713,400
Federal and state grants receivable	607,376	-	607,376
Total restricted assets	1,725,834	13,203,888	14,929,722
Liabilities payable from restricted assets			
Accounts payable	(771,698)	-	(771,698)
Unearned revenue	(513,863)	(13,203,888)	(13,717,751)
Total liabilities payable from restricted assets	(1,285,561)	(13,203,888)	(14,489,449)
Total net restricted assets	\$ 440,273	\$ -	\$ 440,273

(d) Capital Assets

Major classes of property and equipment and accumulated depreciation as of June 30, 2016 and 2015:

2016	Balance 7/1/15	FY 15-16 Additions or Expenses	FY 15-16 Disposals	Transfers	Balance 6/30/16
Capital assets, not being depreciated:					
Land	\$ 12,057,496	\$ -	\$ -	\$ -	\$ 12,057,496
Public art	366,917	-	-	-	366,917
Construction in progress	26,809,415	34,710,131	-	-	61,519,546
Total capital assets, not being depreciated	39,233,828	34,710,131	-	-	73,943,959
Capital assets, being depreciated:					
Busways	46,970,779	-	-	-	46,970,779
Rolling stock and related equipment	54,863,568	7,325,024	(684,397)	-	61,504,195
Stations, shelters, and bus signs	20,440,493	266,524	-	-	20,707,017
Buildings and improvements	40,740,633	1,911,915	-	-	42,652,548
Accessible Services vehicles	5,437,618	878,810	(487,168)	-	5,829,260
Other equipment and support vehicles	11,867,574	1,071,780	(20,552)	-	12,918,802
Total capital assets, being depreciated	180,320,665	11,454,052	(1,192,117)	-	190,582,600
Less accumulated depreciation for:					
Busways	14,881,950	2,346,127	-	-	17,228,077
Rolling stock and related equipment	31,623,166	4,072,174	(680,397)	-	35,014,943
Stations, shelters, and bus signs	11,211,713	1,316,328	-	-	12,528,041
Buildings and improvements	22,437,843	1,587,154	-	-	24,024,997
Accessible Services vehicles	4,401,772	576,293	(478,613)	-	4,499,452
Other equipment and support vehicles	9,550,802	1,231,626	(15,538)	-	10,766,891
Total accumulated depreciation	94,107,246	11,129,703	(1,174,548)	-	104,062,401
Total capital assets, being depreciated, net	86,213,419	324,349	(17,569)	-	86,520,199
Total capital assets, net	\$ 125,447,247	\$ 35,034,481	\$ (17,569)	\$ -	\$ 160,464,158

2015	Balance 7/1/14	FY 14-15 Additions or Expenses	FY 14-15 Disposals	Transfers	Balance 6/30/15
Capital assets, not being depreciated:					
Land	\$ 8,708,370	\$ 3,349,126	\$ -	\$ -	\$ 12,057,496
Public art	366,917	-	-	-	366,917
Construction in progress	11,253,541	15,825,997	(258)	(269,865)	26,809,415
Total capital assets, not being depreciated	20,328,828	19,175,123	(258)	(269,865)	39,233,828
Capital assets, being depreciated:					
Busways	46,925,623	43,861	-	1,295	46,970,779
Rolling stock and related equipment	53,961,499	2,861,710	(2,033,700)	74,059	54,863,568
Stations, shelters, and bus signs	20,352,377	137,336	(40,867)	(8,353)	20,440,493
Buildings and improvements	40,544,073	172,500	-	24,060	40,740,633
Accessible Services vehicles	5,520,821	124,908	(208,111)	-	5,437,618
Other equipment and support vehicles	12,001,037	754,096	(1,066,363)	178,804	11,867,574
Total capital assets, being depreciated	179,305,430	4,094,411	(3,349,041)	269,865	180,320,665
Less accumulated depreciation for:					
Busways	12,535,823	2,346,127	-	-	14,881,950
Rolling stock and related equipment	29,356,435	4,300,431	(2,033,700)	-	31,623,166
Stations, shelters, and bus signs	9,926,304	1,326,276	(40,867)	-	11,211,713
Buildings and improvements	20,864,818	1,573,025	-	-	22,437,843
Accessible Services vehicles	4,129,519	480,364	(208,111)	-	4,401,772
Other equipment and support vehicles	9,483,455	1,126,210	(1,058,863)	-	9,550,802
Total accumulated depreciation	86,296,354	11,152,433	(3,341,541)	-	94,107,246
Total capital assets, being depreciated, net	93,009,076	(7,058,022)	(7,500)	269,865	86,213,419
Total capital assets, net	\$ 113,337,904	\$ 12,117,101	\$ (7,758)	\$ -	\$ 125,447,247

The federal government retains a reversionary interest in property and equipment to the extent that capital grants provided for their purchase. Upon disposal of property and equipment, a prorated share of proceeds, if any, is returned to the federal government.

There is no property and equipment under capital lease.

(e) Accrued Vacation and Sick Leave Liabilities

Accrued vacation and sick leave payable at June 30 consisted of the following:

	2016	2015
Accrued vacation and sick leave payable at beginning of period	\$2,683,141	\$2,645,780
Total vacation accrued for period	1,157,615	1,418,186
Total sick leave accrued for period	350,914	484,444
Total vacation taken for period	(1,442,658)	(1,387,460)
Total sick leave taken for period	(482,968)	(469,236)
Total sick leave lost for period	<u>(177,403)</u>	<u>(8,573)</u>
Accrued vacation and sick leave payable at end of period	<u>\$2,088,642</u>	<u>\$2,683,141</u>
Vacation time - union-represented employees	\$ 887,339	\$ 1,034,226
Combined annual leave - nonunion employees	467,312	605,468
Sick leave - union-represented employees	499,179	600,519
Extended illness bank - nonunion employees	<u>234,812</u>	<u>442,928</u>
Total accrued vacation and sick leave	<u>\$2,088,642</u>	<u>\$2,683,141</u>
Current portion vacation and sick leave	\$ 570,869	\$ 847,773
Noncurrent vacation and sick leave	<u>1,517,773</u>	<u>1,835,368</u>
Total	<u>\$2,088,642</u>	<u>\$2,683,141</u>

4. Other Information

(a) Pension Benefits

The District contributes to two single-employer public employee retirement plans. The Lane Transit District Salaried Employees' Retirement Plan (LTDSP) covers all nonunion employees. The Lane Transit District and Amalgamated Transit Union, Local No. 757, Pension Trust (LTD ATU Pension Trust) covers all union employees.

Each plan's assets are held in trust, independent of the District, and solely for the purpose of paying each plan's benefits and administrative expenses. The plans are not included in the reporting entity of the District. The assets are invested in a variety of stocks, bonds, and other securities. Neither plan includes in its assets any District securities nor securities of any related parties. No loans have been granted to the District from plan funds.

Lane Transit District Salaried Employee's Retirement Plan
(plan entrants prior to January 1, 2012)

Plan Description

The Lane Transit District Salaried Employees' Retirement Plan (LTDSP) combines a defined benefit plan (Part 1) and a defined contribution plan (Part 2) for all participants who entered the plan prior to January 1, 2012. Part 1 and Part 2 of the LTDSP are now closed to new participants.

The LTDSP is contained in a plan document that was originally adopted effective July 1, 1975, was amended on several subsequent occasions, was last restated effective July 1, 2011, and was last amended on April 12, 2013.

The plan is administered by three appointed trustees, including a member of the Lane Transit District Board of Directors, and the General Manager and the Assistant General Manager of LTD.

The LTDSP Part 1 provides retirement, disability, and death benefits to participants and beneficiaries and covers all District nonunion employees hired before January 1, 2012.

Benefits Provided

Plan members are eligible to receive a full monthly benefit, payable for life, once they reach 62 years of age and have earned five years of vesting credit, or at any age with 30 years of vesting credit. Reduced benefits are available to plan members who retire at or after age 55 but before age 62 with five years of vesting credit, or at age 62 with less than five years of vesting credit.

Annual benefits are calculated as the higher of the following:

1. The number of years of benefit credit times average annual salary (determined for the 36 consecutive calendar months of employment that produce the highest average annual salary) times 1.67 percent; or
2. The number of years of benefit credit (not exceeding 25) times average annual salary times 3 percent, less the plan member's Primary Social Security Benefit; or
3. The benefit calculated under this plan in effect as of June 30, 1989, and determined as of that date, if applicable

Unused sick leave is included as a component of compensation, which increases the annual retirement benefit. Ad hoc cost-of-living adjustments (most recently in 1998) have been provided to members and beneficiaries at the discretion of the District's Board of Directors.

Under LTDSP Part 2, the District contributes to an account, invested at the plan member's direction, 6 percent of a member's compensation for each payroll period that begins after six calendar months of employment. For the years ended June 30, 2016 and 2015, employer contributions to this plan recognized as expense were \$394,139 and \$313,854, respectively.

Plan members are immediately vested in their LTDSP Part 2 employer-contribution accounts.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms as of the most recent actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	41
Active employees	<u>54</u>
	<u>162</u>

Contributions

The funding policy for the LTDSP Part 1 is established and may be amended by the District's Board of Directors. Contributions to the plan are made biweekly according to an actuarially determined rate recommended by an independent actuary. This rate is intended to finance the cost of current benefits earned, plus an amount to finance the unfunded accrued liability. This rate, expressed as a percentage of covered payroll, was 12.5 percent for the years ended June 30, 2016 and 2015. The District makes an additional level dollar contribution to further reduce the unfunded accrued liability. For the years ended June 30, 2016 and 2015, that amount was \$672,479 and \$797,484, respectively.

Net Pension Liability

The District's net pension liability for the LTDSP Part 1 at June 30, 2016, was measured as of that date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015.

The District's net pension liability for the LTDSP Part 1 at June 30, 2015, was measured as of that date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013.

Actuarial Methods and Assumptions

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation Rate	2.75%
Salary increases	Age based, with ultimate rate of 3%
Investment rate of return, net	6.50%
Mortality	RP-2014 Mortality Tables with White Collar adjustment

The LTDSP Part 1 does not provide for automatic, post-retirement benefit increases. However, the District's Board of Directors has adopted ad hoc increases from time to time (most recently in 1998).

The long-term expected rate of return on pension plan investments was selected based on the plan's target asset allocation as of the valuation date combined with capital market assumptions from several sources, including published studies summarizing the expectations of various investment experts. Following are the target asset allocation percentages set by policy and expected arithmetic real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	9.5%	8.70%
Small/Mid Cap Global Equities	15.5%	6.40%
Domestic Equities - Full Market	3.0%	9.50%
Non-U.S. Equities	22.0%	4.10%
Fixed Income	20.0%	3.90%
Real Return (all asset strategies)	20.0%	4.90%
Global Tactical Asset Allocation (GTAA)	10.0%	5.20%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent as of June 30, 2016. A reduction of the discount rate from 7.25 percent as of June 30, 2015, resulted in an increase in the total pension liability of \$2,952,420, as shown below. The projection of cash flows used to determine the discount rate were based on the District's funding policy. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/15	\$ 21,670,536	\$ 15,857,188	\$ 5,813,348
Changes for the year:			
Service cost	521,040	-	521,040
Interest	1,564,487	-	1,564,487
Differences between expected and actual experience	99,443	-	99,443
Changes of assumptions	2,952,420	-	2,952,420
Employer contributions	-	1,174,309	(1,174,309)
Net investment income	-	(361,265)	361,265
Benefit payments	(1,182,843)	(1,182,843)	-
Administrative expense	-	(105,822)	105,822
Other changes	-	-	-
Net changes	3,954,547	(475,621)	4,430,168
Balances at 6/30/16	\$ 25,625,083	\$ 15,381,567	\$ 10,243,516

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/14	\$ 20,803,151	\$ 15,539,800	\$ 5,263,351
Changes for the year:			
Service cost	545,340	-	545,340
Interest	1,504,888	-	1,504,888
Employer contributions	-	1,333,241	(1,333,241)
Net investment income	-	222,900	(222,900)
Benefit payments	(1,182,843)	(1,182,843)	-
Administrative expense	-	(55,910)	55,910
Net changes	867,385	317,388	549,997
Balances at 6/30/15	\$ 21,670,536	\$ 15,857,188	\$ 5,813,348

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using a discount rate of 6.50 percent and 7.25 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the rate used:

	Net Pension Liability
2016	
1% decrease (5.50%)	\$ 13,125,211
Current discount rate (6.50%)	10,243,516
1% increase (7.50%)	7,797,617
2015	
1% decrease (6.25%)	8,112,302
Current discount rate (7.25%)	5,813,348
1% increase (8.25%)	3,839,798

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued LTDSP financial report. A copy of that report can be obtained by writing to: Trustees of the Lane Transit District Salaried Employees' Retirement Plan, P.O. Box 7070, Springfield, Oregon 97475-0470.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2016 and 2015, the District recognized pension expense of \$1,199,044 and \$1,181,126, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	Deferred Inflows of Resources	Deferred Outflows of Resources
2016		
Differences between expected and actual experience	\$ -	\$ 114,548
Changes in assumptions or inputs	-	1,970,289
Net difference between projected and actual earnings	-	1,304,032
	<u>\$ -</u>	<u>\$ 3,388,869</u>
2015		
Differences between expected and actual experience	\$ -	151,858
Changes in assumptions or inputs	-	216,913
Net difference between projected and actual earnings	-	59,042
	<u>\$ -</u>	<u>\$ 427,813</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	1,473,127
2018		1,132,212
2019		482,481
2020		301,049
2021		-
Thereafter		-

Lane Transit District Salaried Employee's Defined Contribution Program

Plan Description

The Lane Transit District Salaried Employees' Defined Contribution Program became effective on January 1, 2012. All nonunion employees hired after December 31, 2011, are eligible to participate.

Benefits Provided

This program provides contributions to a discretionary account and the opportunity to receive contributions to a matching account. The discretionary contribution made by the District is currently between 4.5 percent and 9 percent, depending on the number of years of vesting service completed. The matching contribution percentage is currently set at 50 percent of a participant's elective contribution (to a Section 457 deferred compensation account) up to a maximum of 3 percent of their base pay. For the years ended June 30, 2016 and 2015, employer contributions recognized as expense were \$161,457 and \$119,435, respectively.

Participants are immediately vested in their own contributions. They become vested in the discretionary and matching contributions according to a graduated schedule over 7 years. Nonvested contributions are forfeited upon termination of employment and are used to offset future contributions, thereby reducing expense recognized by the District.

Lane Transit District and Amalgamated Transit Union, Local No. 757, Pension Trust

Plan Description

The LTD ATU Pension Trust provides retirement, disability, and death benefits to plan members and beneficiaries and covers all District union employees. The plan was created effective March 1, 1972, by collective bargaining agreement, was amended on several subsequent occasions, and was last amended on January 1, 2015.

The plan is administered by four appointed trustees, including a member of the Lane Transit District Board of Directors; the general manager of LTD; the president (or designee) of the ATU, Local No. 757; and an executive board officer of ATU, Local No. 757.

Benefits Provided

Participation begins after six months of employment. Benefits are 100 percent vested when the plan member earns five years of credited service or is an employee while age 60 or older. Vested plan members who retire at or after age 60, and plan members who terminate employment after June 30, 2000, with 30 years of credited service, are entitled to a monthly retirement benefit for life, with a minimum of 36 monthly payments made to the plan member or the member's beneficiary. The retirement benefit for plan members terminating employment on or after July 1, 2014, is \$65.50 per month per year of credited service. This multiplier is scheduled to increase in annual increments, eventually reaching \$70 per month per year of credited service for members terminating employment on or after January 1, 2017. Increases to the multiplier after December 31, 2015, only apply to service in future years. Plan members with ten years of credited service may also retire with a reduced benefit as early as age 55. One year of credited service is earned for the first 1,600 hours in a calendar year. Hours are hours worked before June 30, 1994, and compensated hours after June 30, 1994.

Partial credit of 0.25 of a year of credited service is earned for every 400 hours, up to 1,600 hours, in a calendar year. Unused sick leave does not increase the monthly retirement benefit or convert to any other pension benefit.

An Employee Participation Account is kept for each participant. After December 31, 2000, the Employee Participation Account is credited with \$.10 per compensated hour. The value of the Employee Participation Account is adjusted once a plan year by an investment rate of return chosen by the trustees. The Employee Participation Account is paid to a plan member who terminates employment before age 60 with at least three, but less than five, years of credited service and is paid as a preretirement death benefit to the beneficiary of a married plan member who dies with at least three, but less than five, years of credited service or to the beneficiary of an unmarried plan member who dies with at least three years of credited service.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms as of the most recent actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	199
Inactive employees entitled to but not yet receiving benefits	41
Active employees	<u>243</u>
	<u>483</u>

Contributions

The funding policy of the LTD ATU Pension Trust is established and may be amended by the District's Board of Directors in compliance with the terms of the current Working and Wage Agreement between the ATU and the District.

Contributions are made according to an actuarially determined rate recommended by an independent actuary that is intended to finance the cost of current benefits earned, plus an amount to finance the unfunded accrued liability. This rate, expressed as an amount per compensable hour, was \$5.03 and \$4.89 for the years ended June 30, 2016 and 2015, respectively. Actual contributions by the District were made at a higher rate of \$4.89 for the year ended June 30, 2014, in order to accelerate the reduction of the unfunded accrued liability.

No employee contributions are required or permitted.

Net Pension Liability

The District's net pension liability for the LTD ATU Pension Trust at June 30, 2016, was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014.

The District's net pension liability for the LTD ATU Pension Trust at June 30, 2014, was measured as of December 31, 2013, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2012.

Actuarial Methods and Assumptions

The total pension liability in the January 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.00%
Salary increases	3.00%
Future benefit rate increases	3.00%
Investment rate of return, net	7.25%
Mortality	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, projected to 2015 using Scale AA

Ad hoc cost-of-living adjustments are provided to members and beneficiaries at the discretion of the trustees. The trustees last adopted an ad hoc increase of 2 percent on January 1, 2006.

The long-term expected rate of return on pension plan investments was selected based on the plan's target asset allocation as of the valuation date, combined with capital market assumptions from several sources, including published studies summarizing the expectations of various investment experts. Following is the target asset allocation percentage set by policy and expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	9.5%	8.70%
Small/Mid Cap Global Equities	15.5%	6.40%
Domestic Equities - Full Market	3.0%	9.50%
Non-U.S. Equities	22.0%	4.10%
Fixed Income	20.0%	3.90%
Real Return (all asset strategies)	20.0%	4.90%
Global Tactical Asset Allocation (GTAA)	10.0%	5.20%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate were based on the District's funding policy. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/15	\$ 34,611,469	\$ 22,926,424	\$ 11,685,045
Changes for the year:			
Service cost	794,155	-	794,155
Interest	2,495,722	-	2,495,722
Employer contributions	-	2,309,003	(2,309,003)
Net investment income	-	(577,624)	577,624
Benefit payments	(1,963,737)	(1,963,737)	-
Administrative expense	-	(70,779)	70,779
Other changes	-	-	-
Net changes	1,326,140	(303,137)	1,629,277
Balances at 6/30/16	\$ 35,937,609	\$ 22,623,287	\$ 13,314,322

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/14	\$ 33,540,315	\$ 21,726,577	\$ 11,813,738
Changes for the year:			
Service cost	853,018	-	853,018
Interest	2,424,057	-	2,424,057
Changes of benefit terms	356,341	-	356,341
Differences between expected and actual	(646,134)	-	(646,134)
Employer contributions	-	2,222,585	(2,222,585)
Net investment income	-	1,008,693	(1,008,693)
Benefit payments	(1,916,128)	(1,916,128)	-
Administrative expense	-	(115,303)	115,303
Net changes	1,071,154	1,199,847	(128,693)
Balances at 6/30/15	\$ 34,611,469	\$ 22,926,424	\$ 11,685,045

¹A new working and wage agreement was ratified in July 2014 under which the benefits multiplier for service through December 31, 2015, was increased to \$65.50 per month per year of credited service for plan members terminating employment on or after July 1, 2014. This multiplier is scheduled to increase annually, eventually reaching \$70 per month per year of credited service for members terminating employment on or after January 1, 2017.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using a discount rate of 7.25 percent as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the rate used:

	Net Pension Liability	
	2016	2015
1% decrease (6.25%)	\$ 16,849,208	\$ 15,089,489
Current discount rate (7.25%)	13,314,322	11,685,045
1% increase (8.25%)	10,259,992	8,743,423

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued LTD ATU Pension Trust financial report. A copy of that report can be obtained by writing to: Trustees of the Lane Transit District and Amalgamated Transit Union, Local No. 757, Pension Trust, P.O. Box 7070, Springfield, Oregon 97475-0470.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2016 and 2015, the District recognized pension expense of \$1,882,483 and \$1,910,608, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

2016	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 351,796	\$ -
Net difference between projected and actual earnings	-	1,696,161
Contributions made subsequent to measurement date	-	1,182,684
	<u>\$ 351,796</u>	<u>\$ 2,878,845</u>
2015		
Differences between expected and actual experience	\$ 499,285	\$ -
Net difference between projected and actual earnings	212,787	-
Contributions made subsequent to measurement date	-	1,112,696
	<u>\$ 712,072</u>	<u>\$ 1,112,696</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 193,943
2018	193,943
2019	505,891
2020	449,948
2021	-
Thereafter	-

Lane Transit District and Amalgamated Transit Union,
Local No. 757, Defined Contribution Program

Plan Description

Lane Transit District and Amalgamated Transit Union, Local No. 757, Defined Contribution Program became effective on July 6, 2014. All union employees who are eligible for the defined benefit program above are eligible to participate in this program.

Benefits Provided

This program provides employer contributions to a matching account based on a participant's elective contribution to a Section 457 deferred compensation account. The matching contribution is currently set at 50 percent of the participant's elective contribution, up to a maximum of 3 percent of their base pay. For the years ended June 30, 2016 and 2015, employer contributions recognized as expense were \$292,893 and \$189,759, respectively.

Participants are immediately vested in their matching account. Forfeitures of contributions, arising from the inability to locate a valid beneficiary, are used to offset future contributions, thereby reducing expense recognized by the District.

(b) Other Post-Employment Benefits

Plan Description

The District administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements, which are applied uniformly to all employees. The plan provides an explicit employer-paid benefit, according to the option chosen by the retiree, as follows:

- Up to \$275 per month per pre-Medicare retiree until the retiree becomes eligible for Medicare, typically age 65. Once they become Medicare-eligible the benefit reduces to \$125 per month; or
- \$425 per month until the retiree becomes Medicare eligible, at which time the benefit reduces to zero.

This benefit can be used towards post-retirement healthcare insurance premiums or other healthcare costs of the retiree, their spouse, domestic partner, or eligible dependents. Retirees are allowed to continue District-sponsored insurance coverage or use their benefit to obtain coverage from a carrier of their choice.

The District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulates that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs (which because of the effect of age is generally higher in comparison to all plan members) and the amount of retiree healthcare premiums represents the District's implicit employer contribution, which is a liability in addition to the employer-paid benefit described above.

The District has not established a trust fund to supplement the costs for the net other post-employment benefit (OPEB) obligation. No stand-alone financial report is generated for the plan.

At the January 1, 2016, actuarial valuation date, there were 135 retirees receiving benefits under the plan and 329 active employees who may be eligible for future retirement benefits.

Funding Policy

The annual required contribution (ARC) for the plan is an amount calculated to prefund future benefits as determined by the actuary. The District has elected not to prefund the actuarially determined future cost, choosing instead to finance the plan on a pay-as-you-go basis. The District contributes all benefits listed above to individual VEBA accounts from which the retiree is responsible for paying eligible premiums and costs.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the guidelines of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The District's annual OPEB cost and net OPEB obligation for the fiscal years ended June 30 were as follows:

	2016	2015	2014
Annual required contribution	\$ 1,154,343	\$ 1,115,276	\$ 1,136,911
Interest earned on net OPEB obligation	144,236	128,076	108,624
Adjustment to the annual required contribution	(357,811)	(317,722)	(269,466)
Annual OPEB cost (expense)	940,768	925,630	976,069
Contribution made	(545,614)	(463,915)	(420,292)
Increase in net OPEB obligation	395,154	461,715	555,777
Net OPEB obligation, beginning of year	4,121,038	3,659,323	3,103,546
Net OPEB obligation, end of year	<u>\$ 4,516,192</u>	<u>\$ 4,121,038</u>	<u>\$ 3,659,323</u>
Percentage of annual OPEB cost contributed	58.0%	50.1%	43.1%

Funding Status and Funding Progress

The plan's funded status as of January 1, 2016, the most recent actuarial valuation date, is shown below:

Actuarial value of assets	\$	-
Actuarial accrued liability		7,442,049
Unfunded actuarial accrued liability (UAAL)	\$	7,442,049
Funded ratio		0%
Covered payroll		17,205,055
UAAL as a percentage of covered payroll		43.3%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions for the latest actuarial valuation were as follows:

Actuarial valuation date	January 1, 2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, open
Remaining amortization period	15 years
Actuarial assumptions:	
Investment rate of return	3.5%
General inflation rate	2.75%
Projected salary increases	N/A
Healthcare inflation rate	5.85% initial, 4.75% ultimate

The projected unit credit method attempts to track the actual economic pattern of benefit accrual over an employee’s working lifetime. The discount rate is selected based on the expected long-term annual investment returns for Oregon’s Local Government Investment Pool and comparable investment vehicles.

(c) Risk Management

Risk is managed through a combination of purchased commercial insurance coverage and self-insurance with risk reserves. There has been no significant reduction in insurance coverage during the year. The limits are consistent with coverage carried by other public entities of the District’s size and type in Oregon.

Oregon tort liability law generally limits claims for one incident to \$1,925,500. Additional coverage is for federal claims, out-of-state claims, or contractual liability. This coverage is tabulated as follows:

Description	Retention Level (Deductible)	Limits of Coverage
Vehicle liability / uninsured motorist	\$ 100,000	\$ 10,000,000
Property and contents	25,000	29,762,949
General and tort liability	25,000	10,000,000
Bus - physical damage	50,000	Stated value
Earthquake / flood	Greater of \$5,000 or 2% of covered loss	15,000,000
Pollution liability (fuel storage tanks)	10,000	1,000,000
Public employee blanket	1,000	250,000
Workers' compensation	N/A	500,000

The greatest risk exposure for the District is in vehicle liability. The District self-insures up to \$100,000 per accident. The level of risk reserving is set by Board policy considering both the history of payments and the potential exposure to risk. The reserve level is evaluated and the reserve amount is budgeted during the annual budget process. Current Board policy sets this amount at \$1,000,000. In the last three fiscal years, no settlements have exceeded the limits of insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss reasonably can be estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are set by an independent firm.

These liabilities are calculated considering the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors.

Changes in the balances of claims liabilities during the past three years are as follows:

	Automobile/Bus Liability		
	2016	2015	2014
Unpaid claims and claim adjustment expenses, beginning of the year	\$ 78,600	\$ 143,540	\$ 89,540
Incurred claims (including IBNRs)	31,487	90,832	150,755
Claim payments	(87,632)	(155,772)	(96,755)
Total unpaid claims and claim adjustment expenses, end of the year	<u>\$ 22,455</u>	<u>\$ 78,600</u>	<u>\$ 143,540</u>

Unpaid claims are carried at estimated gross settlement value.

(d) Commitments and Contingencies

Management has evaluated subsequent events through April 27, 2017, the date on which the financial statements were available to be issued. Management is aware of a subsequent event that requires recognition in the financial statements. A correction to two customer accounts resulted in an adjustment to the District's accounts receivable, grants receivable, and the total revenue balances after the financial statements date for year ending June 30, 2016. As of June 30, 2016 the accounts receivable balance and grants receivable balance was \$1.8 million and \$7.2 million, respectively and the total revenue balance was \$99.7 million. After the correction that occurred February 21, 2017, the accounts receivable

balance is \$1.6 million, the grants receivable balance is \$6.3 million and the total revenue balance is \$98.5 million.

Under the terms of federal and state grants, periodic audits are required and costs may be questioned as not being appropriate under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. District management believes disallowance, if any, will be immaterial.

As of June 30, 2016, the District had commitments of approximately \$36.5 million for construction, utility relocation, right-of-way acquisition and the purchase of vehicles related to the West Eugene EmX Extension.

The District will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements:

- GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement is effective for fiscal years beginning after June 15, 2016.
- GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement is effective for fiscal years beginning after June 15, 2017.
- GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This statement is effective for reporting periods beginning after June 15, 2015.
- GASB Statement No. 77, "Tax Abatement Disclosures." This statement is effective for reporting periods beginning after December 15, 2015.

(f) Expenditures as Appropriated

The presentation of the budget to actual schedules in the supplemental information section of the financial statements differs in format from the appropriations adopted by the Board of Directors. The following table shows the appropriated expenditures for the fiscal year ending June 30, 2016, as adopted:

	Budgeted Amounts		Actual	Variance
	Original	Final		
General Fund				
Transit Services	\$ 42,583,100	\$ 42,583,100	\$ 39,310,213	\$ 3,272,887
Transfer to Accessible Services Fund	2,586,900	2,586,900	1,578,796	1,008,104
Transfer to Medicaid Fund	195,000	440,000	657,537	(217,537)
Transfer to Capital Projects Fund	1,667,600	1,667,600	1,667,600	-
Contingencies	16,075,700	15,830,700	-	15,830,700
Accessible Services Fund				
Transit Services	6,931,200	6,931,200	6,030,907	900,293
Contingencies	130,000	130,000	-	130,000
Medicaid Fund				
Transit Services	9,411,600	10,561,600	10,737,402	(175,802)
Contingencies	134,200	-	-	-
Capital Projects Fund				
Capital Outlay	91,931,700	91,931,700	47,460,504	44,471,196
Capital Reserve	8,955,400	8,955,400	-	8,955,400

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*Required Supplementary
Information*

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Schedule of Changes in the Net Pension Liability and Related Ratios
LTD Salaried Employees' Retirement Plan
Last 10 Fiscal Years¹

	2016	2015	2014	2013	2012
Total pension liability					
Service cost	\$ 521,040	\$ 545,340	\$ 538,088	\$ 527,537	\$ -
Interest	1,564,487	1,504,888	1,426,182	1,343,938	-
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	99,443	-	354,334	-	-
Changes of assumptions	2,952,420	-	506,129 ²	-	-
Benefit payments	(1,224,898)	(1,182,843)	(939,485)	(690,418)	-
Net change in total pension liability	3,912,492	867,385	1,885,248	1,181,057	-
Total pension liability - beginning	21,670,536	20,803,151	18,917,903	17,736,846	-
Total pension liability - ending	<u>\$ 25,583,028</u>	<u>\$ 21,670,536</u>	<u>\$ 20,803,151</u>	<u>\$ 18,917,903</u>	<u>\$ 17,736,846</u>
Plan fiduciary net position					
Employer contributions	\$ 1,174,309	\$ 1,333,241	\$ 1,161,609	\$ 1,165,565	\$ -
Net investment income	(361,265)	222,900	2,081,971	1,298,746	-
Benefit payments	(1,224,898)	(1,182,843)	(939,485)	(690,418)	-
Administrative expense	(105,822)	(55,910)	(87,860)	(92,282)	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	(517,676)	317,388	2,216,235	1,681,611	-
Plan fiduciary net position - beginning	15,857,188	15,539,800	13,323,565	11,641,954	-
Plan fiduciary net position - ending	<u>\$ 15,339,512</u>	<u>\$ 15,857,188</u>	<u>\$ 15,539,800</u>	<u>\$ 13,323,565</u>	<u>\$ 11,641,954</u>
District's net pension liability - ending	<u>\$ 10,243,516</u>	<u>\$ 5,813,348</u>	<u>\$ 5,263,351</u>	<u>\$ 5,594,338</u>	<u>\$ 6,094,892</u>
Plan fiduciary net position as a percentage of the total pension liability	59.96%	73.17%	74.70%	70.43%	65.64%
Covered-employee payroll	\$ 5,860,715	\$ 4,263,366	\$ 5,226,297	\$ 5,214,746	\$ 5,092,690
District's net pension liability as a percentage of covered-employee payroll	174.78%	136.36%	100.71%	107.28%	119.68%

Notes to Schedule:

¹ This schedule is intended to show a 10-year trend of changes in the net pension liability. However, until a full 10-year trend is compiled, information will only be presented for those years in which it is available.

² Assumed discount rate was lowered to reflect more conservative asset allocations given closure to new entrants.

Schedule of Employer Contributions
LTD Salaried Employees' Retirement Plan
Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 1,175,000	\$ 1,205,400	\$ 1,157,450	\$ 1,156,122	\$ 931,962	\$ 949,385	\$ 918,391	\$ 917,967	\$ 846,480	\$ 784,355
Contributions in relation to the actuarially determined contribution	1,174,309	1,333,241	1,161,609	1,156,127	1,026,587	949,698	918,391	1,142,967	846,480	784,355
Contribution deficiency (excess)	691	\$(127,841)	\$(4,159)	\$(5)	\$(94,625)	\$(313)	\$ -	\$(225,000)	\$ -	\$ -
Covered-employee payroll	\$ 5,860,715	\$ 4,263,366	\$ 5,226,297	\$ 5,214,746	\$ 5,092,690	\$ 5,187,894	\$ 5,463,292	\$ 5,463,589	\$ 5,130,173	\$ 4,774,027
Contributions as a percentage of covered-employee payroll	31%	31.27%	22.23%	22.17%	20.16%	18.31%	16.81%	20.92%	16.50%	16.43%

Notes to Schedule:

Valuation date	7/1/2013	7/1/2013	7/1/2011	7/1/2011	7/1/2009	7/1/2007	7/1/2005	7/1/2005	7/1/2005	7/1/2005
Investment rate of return assumption	7.25%	7.25%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Methods and assumptions used to determine contribution rates:	Individual entry age normal, level percentage of pay									
Actuarial cost method	Effective July 1, 2011: Closed 20-year amortization, level dollar									
Amortization method	Effective July 1, 2007: Layered 20-year amortizations, level percentage of pay									
Asset valuation method	Through July 1, 2005: Open 20-year amortization, level percentage of pay									
Mortality	Effective July 1, 2011: Market value of assets									
Inflation	Through July 1, 2009: Market value gains and losses are smoothed over three years, with result not less than 80% or greater than 120% of market value									
Salary increases	Effective July 1, 2011: RP-2000 Combined Healthy Mortality Table projected using Scale AA to 2018 for retirees and 2026 for others									
	Effective July 1, 2009: RP-2000 Combined Healthy Mortality Table									
	3% per year									
	Effective July 1, 2011: Age-based, with an ultimate rate of 3.5% per year at ages 50+									
	Through July 1, 2009: Generally 5% per year									

**Schedule of Changes in the Net Pension Liability and Related Ratios
LTD and Amalgamated Transit Union, Local No. 757, Pension Trust
Last 10 Fiscal Years¹**

	2016	2015	2014	2013
Total pension liability				
Service cost	\$ 794,155	\$ 853,018	\$ 828,173	\$ -
Interest	2,495,722	2,424,057	2,326,828	-
Changes of benefit terms	-	356,341 ²	-	-
Differences between expected and actual experience	-	(646,134)	-	-
Changes of assumptions	-	-	-	-
Benefit payments	(1,963,737)	(1,916,128)	(1,761,397)	-
Net change in total pension liability	1,326,140	1,071,154	1,393,604	-
Total pension liability - beginning	34,611,469	33,540,315	32,146,711	-
Total pension liability - ending	<u>\$ 35,937,609</u>	<u>\$ 34,611,469</u>	<u>\$ 33,540,315</u>	<u>\$ 32,146,711</u>
Plan fiduciary net position				
Employer contributions	\$ 2,309,003	\$ 2,222,585	\$ 2,248,159	\$ -
Net investment income	(577,624)	1,008,693	2,498,570	-
Benefit payments	(1,963,737)	(1,916,128)	(1,761,397)	-
Administrative expense	(70,779)	(115,303)	(82,478)	-
Other	-	-	-	-
Net change in plan fiduciary net position	(303,137)	1,199,847	2,902,854	-
Plan fiduciary net position - beginning	22,926,424	21,726,577	18,823,723	-
Plan fiduciary net position - ending	<u>\$ 22,623,287</u>	<u>\$ 22,926,424</u>	<u>\$ 21,726,577</u>	<u>\$ 18,823,723</u>
District's net pension liability - ending	<u>\$ 13,314,322</u>	<u>\$ 11,685,045</u>	<u>\$ 11,813,738</u>	<u>\$ 13,322,988</u>
Plan fiduciary net position as a percentage of the total pension liability	62.95%	66.24%	64.78%	58.56%
Covered-employee payroll	\$ 11,344,340	\$ 10,512,685	\$ 10,530,897	\$ 10,449,969
District's net pension liability as a percentage of covered-employee payroll	117.37%	111.15%	112.18%	127.49%

Notes to Schedule:

¹ This schedule is intended to show a 10-year trend of changes in the net pension liability. However, until a full 10-year trend is compiled, information will only be presented for those years in which it is available.

² A new collective bargaining agreement increased the benefit multiplier.

Schedule of Employer Contributions
LTD and Amalgamated Transit Union, Local No. 757, Pension Trust
Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 2,324,000	\$ 2,265,346	\$ 2,129,522	\$ 2,130,945	\$ 1,981,455	\$ 2,034,036	\$ 1,926,992	\$ 1,939,870	\$ 1,618,642	\$ 1,448,985
Contributions in relation to the actuarially determined contribution	2,295,380	2,265,346	2,234,627	2,228,856	2,193,790	2,034,037	1,926,992	2,414,870	1,618,642	1,448,985
Contribution deficiency (excess)	\$ 28,620	\$ -	\$ (105,105)	\$ (97,911)	\$ (212,335)	\$ (1)	\$ -	\$ (475,000)	\$ -	\$ -
Covered-employee payroll	\$ 11,344,340	\$ 10,802,019	\$ 10,625,261	\$ 10,629,043	\$ 10,288,538	\$ 10,998,431	\$ 11,724,870	\$ 11,171,828	\$ 10,953,639	\$ 10,419,432
Contributions as a percentage of covered-employee payroll	20.23%	20.97%	21.03%	20.97%	21.32%	18.49%	16.44%	21.62%	14.78%	13.91%

Notes to Schedule:

Valuation date	1/1/2014	1/1/2014	1/1/2012	1/1/2012	1/1/2010	1/1/2010	1/1/2008	1/1/2008	1/1/2006	1/1/2006
Investment rate of return assumption	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

Methods and assumptions used to determine contribution rates:

Actuarial cost method
 Effective January 1, 2014: Individual entry age normal, level percentage of pay
 Through January 1, 2012: Individual entry age normal, level dollar

Amortization method
 Effective January 1, 2014: Layered 20-year amortization, level percentage of pay
 Effective January 1, 2006: Layered 20-year amortization, level dollar
 Effective January 1, 2004: Closed 24-year amortization, level dollar

Asset valuation method
 Market value gains and losses are smoothed over three years, with result not less than 80% or greater than 120% of market value

Mortality
 Effective January 1, 2012: RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, projected using Scale AA to 2015
 Effective January 1, 2010: RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, projected using Scale AA to 2010
 Through January 1, 2008: 1994 Uninsured Pensioner Mortality

Inflation
 3% per year

Salary increases
 Effective January 1, 2014: 3% per year
 Through January 1, 2012: N/A

Future benefit rate increases
 Effective January 1, 2014: 3% per year
 Through January 1, 2012: N/A

Schedule of OPEB Funding Progress

Other Post-employment Benefit (OPEB) Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll (Previous 26 payrolls)	Unfunded Actuarial Liability as a Percentage of Covered Payroll
1/1/2016	-	\$ 7,442,049	\$ 7,442,049	0.0%	17,205,055	43.3%
1/1/2014	-	7,789,243	7,789,243	0.0%	16,745,100	46.5%
1/1/2012	-	7,210,300	7,210,300	0.0%	15,381,200	46.9%
1/1/2010	-	6,584,300	6,584,300	0.0%	16,783,500	39.2%

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*Other Supplementary
Information*

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General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual on a Non-GAAP Budget Basis
For the fiscal year ended June 30, 2016

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
Revenues				
Passenger fares	\$ 7,264,500	\$ 7,264,500	\$ 7,119,850	\$ (144,650)
Special services	152,000	152,000	243,928	91,928
Advertising	437,000	437,000	443,887	6,887
Employer payroll tax	30,100,200	30,100,200	34,394,558	4,294,358
Self-employment tax	1,680,000	1,680,000	1,902,866	222,866
State payroll assessment	200,000	200,000	400,795	200,795
Federal assistance	5,050,000	5,050,000	4,736,708	(313,292)
State assistance	-	-	-	-
Local assistance	-	-	20,250	20,250
Miscellaneous	253,400	253,400	238,853	(14,547)
Interest	48,000	48,000	99,207	51,207
Sale of assets	15,000	15,000	19,199	4,199
Total revenues	<u>45,200,100</u>	<u>45,200,100</u>	<u>49,620,101</u>	<u>4,420,001</u>
Expenditures				
Personnel services	31,876,600	31,876,600	30,496,088	1,380,512
Materials and services	9,598,200	9,598,200	7,877,087	1,721,113
Insurance	1,108,300	1,108,300	937,038	171,262
Other uses				
Transfer to Accessible Services Fund	2,586,900	2,586,900	1,578,796	1,008,104
Transfer to Medicaid Fund	195,000	440,000	657,537	(217,537)
Transfer to Capital Projects Fund	1,667,600	1,667,600	1,667,600	-
Operating contingency	1,000,000	755,000	-	755,000
Working capital contingency	14,075,700	14,075,700	-	14,075,700
Self-insurance contingency	1,000,000	1,000,000	-	1,000,000
Total expenditures and other uses	<u>63,108,300</u>	<u>63,108,300</u>	<u>43,214,146</u>	<u>19,894,154</u>
Excess (deficiency) of revenues over expenditures	<u>(17,908,200)</u>	<u>(17,908,200)</u>	<u>6,405,955</u>	<u>24,314,155</u>
Fund balance, beginning of year	17,908,200	17,908,200	27,197,738	9,289,538
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,603,693</u>	<u>\$ 33,603,693</u>

Accessible Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual on a Non-GAAP Budget Basis
For the fiscal year ended June 30, 2016

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
Revenues				
Passenger fares	\$ 362,200	\$ 362,200	\$ 349,938	\$ (12,262)
Federal assistance	2,697,400	2,782,600	2,865,104	82,504
State assistance	1,076,300	1,076,300	1,069,724	(6,576)
Local assistance	123,200	123,200	123,398	198
Other sources				
Transfer from General Fund	2,586,900	2,586,900	1,578,796	(1,008,104)
Total revenues and other sources	<u>6,846,000</u>	<u>6,931,200</u>	<u>5,986,960</u>	<u>(944,240)</u>
Expenditures				
Eugene-Springfield services				
ADA RideSource	5,823,800	5,823,800	5,078,977	744,823
Transit training and hosts	144,400	144,400	112,415	31,985
Special transportation	99,900	99,900	112,030	(12,130)
Total Eugene-Springfield services	<u>6,068,100</u>	<u>6,068,100</u>	<u>5,303,422</u>	<u>764,678</u>
Rural Lane County services				
South Lane	124,900	124,900	127,503	(2,603)
Florence	193,800	193,800	186,635	7,165
Oakridge	243,800	243,800	211,660	32,140
Total rural Lane County services	<u>562,500</u>	<u>562,500</u>	<u>525,798</u>	<u>36,702</u>
Other services				
Mobility management	175,000	175,000	113,971	61,029
Crucial connections	5,300	5,300	3,602	1,698
Veterans transportation	20,300	20,300	8,515	11,785
Lane County coordination	100,000	100,000	75,599	24,401
Total other services	<u>300,600</u>	<u>300,600</u>	<u>201,687</u>	<u>98,913</u>
Other uses				
Operating contingency	130,000	130,000	-	130,000
Total expenditures and other uses	<u>7,061,200</u>	<u>7,061,200</u>	<u>6,030,907</u>	<u>1,030,293</u>
Excess (deficiency) of revenues over expenditures	<u>(215,200)</u>	<u>(130,000)</u>	<u>(43,947)</u>	<u>86,053</u>
Fund balance, beginning of year	<u>215,200</u>	<u>130,000</u>	<u>212,328</u>	<u>82,328</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,381</u>	<u>\$ 168,381</u>

Medicaid Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual on a Non-GAAP Budget Basis
For the fiscal year ended June 30, 2016

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
Revenues				
Medicaid nonemergency medical transportation (NEMT)	\$ 8,578,000	\$ 9,483,000	\$ 8,945,762	\$ (537,238)
Medicaid waived transportation	638,600	638,600	761,426	122,826
Other sources				
Transfer from General Fund	<u>195,000</u>	<u>440,000</u>	<u>657,527</u>	<u>217,527</u>
Total revenues and other sources	<u>9,411,600</u>	<u>10,561,600</u>	<u>10,364,715</u>	<u>(196,885)</u>
Expenditures				
Medicaid nonemergency medical transportation (NEMT)				
Services	7,197,500	8,347,500	8,189,997	157,503
Mobility management	123,300	123,300	68,537	54,763
Program administration	<u>1,257,200</u>	<u>1,257,200</u>	<u>1,557,094</u>	<u>(299,894)</u>
Total Medicaid NEMT	<u>8,578,000</u>	<u>9,728,000</u>	<u>9,815,628</u>	<u>(87,628)</u>
Medicaid waived transportation				
Services	608,600	608,600	695,754	(87,154)
Mobility management	38,600	38,600	35,366	3,234
Program administration	4,200	4,200	4,293	(93)
Grant program match requirements	<u>182,200</u>	<u>182,200</u>	<u>186,361</u>	<u>(4,161)</u>
Total Medicaid waived transportation	<u>833,600</u>	<u>833,600</u>	<u>921,774</u>	<u>(88,174)</u>
Other uses				
Operating contingency	<u>134,200</u>	-	-	-
Total expenditures and other uses	<u>9,545,800</u>	<u>10,561,600</u>	<u>10,737,402</u>	<u>(175,802)</u>
Excess (deficiency) of revenues over expenditures	(134,200)	-	(372,687)	(372,687)
Fund balance, beginning of year	<u>134,200</u>	-	<u>227,945</u>	<u>227,945</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (144,742)</u>	<u>\$ (144,742)</u>

Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual on a Non-GAAP Budget Basis
For the fiscal year ended June 30, 2016

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
Revenues				
Federal assistance	\$ 78,379,700	\$ 78,379,700	\$ 35,863,853	\$ (42,515,847)
State assistance	15,483,000	15,483,000	5,374,812	(10,108,188)
Local assistance	-	-	56,065	56,065
Miscellaneous	-	-	-	-
Other sources				
Transfer from General Fund	1,667,600	1,667,600	1,667,600	-
Total revenues and other sources	<u>95,530,300</u>	<u>95,530,300</u>	<u>42,962,330</u>	<u>(52,567,970)</u>
Expenditures				
Frequent transit network				
West Eugene EmX extension	72,740,000	72,740,000	41,210,027	31,529,973
Main Street / McVay transit study	-	-	21,780	(21,780)
MovingAhead	200,000	200,000	233,024	(33,024)
Northwest Eugene/LCC transit study	1,650,000	1,650,000	720,088	929,912
Total frequent transit network	<u>74,590,000</u>	<u>74,590,000</u>	<u>42,184,919</u>	<u>32,405,081</u>
Other capital outlay				
Land	-	-	63,877	(63,877)
Revenue vehicles - fixed route	6,930,000	6,930,000	39,070	6,890,930
Revenue vehicles - accessible services	-	-	880,615	(880,615)
Support vehicles	100,000	100,000	128,416	(28,416)
Stations, shelters, and facilities	2,421,800	2,421,800	1,730,838	690,962
Computer hardware and software	5,145,600	5,145,600	1,171,488	3,974,112
Intelligent transportation systems	698,000	698,000	-	698,000
Transit security projects	715,000	715,000	1,006,790	(291,790)
Communications equipment	439,700	439,700	193,418	246,282
Shop equipment	75,000	75,000	17,723	57,277
Miscellaneous equipment	816,600	816,600	43,350	773,250
Total other capital outlay	<u>17,341,700</u>	<u>17,341,700</u>	<u>5,275,585</u>	<u>12,066,115</u>
Total expenditures	<u>91,931,700</u>	<u>91,931,700</u>	<u>47,460,504</u>	<u>44,471,196</u>
Excess (deficiency) of revenues over expenditures	<u>3,598,600</u>	<u>3,598,600</u>	<u>(4,498,174)</u>	<u>(8,096,774)</u>
Fund balance, beginning of year	<u>5,356,800</u>	<u>5,356,800</u>	<u>1,768,386</u>	<u>(3,588,414)</u>
Fund balance, end of year	<u>\$ 8,955,400</u>	<u>\$ 8,955,400</u>	<u>\$ (2,729,788)</u>	<u>\$ (11,685,188)</u>

**Reconciliation of Excess of Revenues Over Expenditures
on a Non-GAAP Budgetary Basis to
Changes in Net Position on a GAAP Basis
For the fiscal year ended June 30, 2016**

Excess (deficiency) of revenues over expenditures	
General Fund	\$ 6,405,955
Accessible Services Fund	(43,947)
Medicaid Fund	(372,687)
Capital Projects Fund	<u>(4,498,174)</u>
Total excess (deficiency) of revenues over expenditures	<u>1,491,147</u>
Reconciling items	
Depreciation	(11,129,702)
Acquisition of capital assets	46,158,871
OPEB expense	(395,154)
Pension contributions in excess of pension expense	(971,654)
Compensated absences accrual	594,499
Insurance reserve accrual	56,145
Loss on disposal of assets	6,644
Proceeds from disposal of assets	<u>(19,199)</u>
Total reconciling items	<u>34,300,450</u>
Change in net position on a GAAP basis	<u>\$ 35,791,597</u>

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STATISTICAL SECTION

This part of the Lane Transit District's comprehensive annual 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 the District's overall financial health.

Contents

Financial Trend Information

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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

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Financial Trend Information

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**Comparative Statements of Net Position
Last Ten Years At June 30**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Restated										
2014										
2011										
Assets										
Current assets	\$ 53,537,565	\$ 56,639,732	\$ 41,747,999	\$ 37,774,109	\$ 30,346,275	\$ 28,380,179	\$ 25,404,558	\$ 26,310,655	\$ 27,312,219	\$ 26,585,090
Capital assets, net of accumulated depreciation	160,464,158	125,447,247	113,337,904	114,242,299	122,613,663	113,197,851	110,201,071	92,451,905	87,082,507	81,869,746
Other assets	-	-	-	1,068,705	1,006,960	700,000	-	2,083	8,333	14,583
Total assets	214,001,723	182,086,979	155,085,903	153,085,113	153,966,898	142,278,030	135,605,629	118,764,643	114,403,059	108,469,419
Deferred outflows of resources	6,267,714	1,540,509	1,693,168	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 220,269,437	\$ 183,627,488	\$ 156,779,071	\$ 153,085,113	\$ 153,966,898	\$ 142,278,030	\$ 135,605,629	\$ 118,764,643	\$ 114,403,059	\$ 108,469,419
Liabilities										
Current liabilities	\$ 17,233,164	\$ 22,159,541	\$ 10,036,528	\$ 9,926,804	\$ 8,224,324	\$ 6,160,791	\$ 8,273,281	\$ 7,597,959	\$ 8,614,294	\$ 4,187,540
Noncurrent liabilities	29,591,803	23,454,799	22,635,145	4,167,895	3,505,481	2,991,988	2,394,610	1,753,891	1,044,793	3,978,388
Total liabilities	46,824,967	45,614,340	32,671,673	14,094,699	11,729,805	9,152,779	10,667,891	9,351,850	9,659,087	8,165,928
Deferred outflows of resources	351,796	712,072	1,784,272	-	-	-	-	-	-	-
Net position										
Investment in capital assets	160,464,158	125,447,247	113,337,904	114,242,299	122,613,660	113,197,851	110,201,071	92,451,905	84,082,507	78,869,746
Restricted for Accessible Services and Medicaid programs	2,775,776	440,273	398,255	436,632	491,306	456,115	449,066	302,918	529,014	80,911
Unrestricted	9,852,739	11,413,556	8,586,967	24,311,483	19,132,127	19,471,285	14,287,601	16,657,970	20,132,451	21,352,834
Total net position	173,092,673	137,301,076	122,323,126	138,990,414	142,237,093	133,125,251	124,937,738	109,412,793	104,743,972	100,303,491
Total liabilities, deferred inflows of resources and net position	\$ 220,269,437	\$ 183,627,488	\$ 156,779,071	\$ 153,085,113	\$ 153,966,898	\$ 142,278,030	\$ 135,605,629	\$ 118,764,643	\$ 114,403,059	\$ 108,469,419

**Changes in Net Position
Last Ten Years Ended June 30**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operations			Restated			Restated				
Fixed route			2014	2013	2012	2011	2010	2009	2008	2007
Revenue	\$ 7,807,665	\$ 7,893,869	\$ 7,733,140	\$ 7,640,918	\$ 7,608,840	\$ 8,150,969	\$ 7,933,611	\$ 7,723,787	\$ 7,320,990	\$ 6,226,293
Expense	(52,457,723)	(38,541,017)	(36,660,628)	(35,813,713)	(34,411,349)	(33,880,028)	(34,792,955)	(33,118,646)	(31,952,517)	(29,498,214)
Total fixed route	(44,650,058)	(30,647,148)	(28,927,488)	(28,172,795)	(26,802,509)	(25,729,059)	(26,859,344)	(25,394,859)	(24,631,527)	(23,271,921)
Accessible Services and Medicaid										
Revenue	14,115,352	13,173,252	9,857,780	9,394,430	8,069,191	8,172,584	7,859,572	6,120,502	3,408,944	1,713,431
Expense	(16,768,307)	(14,617,685)	(12,314,118)	(10,841,746)	(9,965,985)	(9,561,690)	(8,571,459)	(8,465,040)	(5,052,516)	(3,444,646)
Total Accessible Services	(2,652,955)	(1,444,433)	(2,456,338)	(1,447,316)	(1,896,794)	(1,389,106)	(711,887)	(2,344,538)	(1,643,572)	(1,731,215)
Loss from operations	(47,303,013)	(32,091,581)	(31,383,826)	(29,620,111)	(28,699,303)	(27,118,165)	(27,571,231)	(27,739,397)	(26,275,099)	(25,003,136)
Nonoperating revenues										
Employer payroll tax	34,394,558	30,981,560	25,374,737	24,891,777	23,047,471	22,197,770	21,424,079	22,169,137	23,303,571	22,162,590
Self-employment tax	1,902,866	1,683,987	1,647,329	1,576,826	1,507,575	1,440,902	1,381,109	1,444,342	1,618,655	1,543,520
State payroll assessment	400,795	609,978	1,914,665	1,941,063	1,869,854	1,740,509	1,755,311	1,490,098	1,432,590	1,338,318
Federal assistance	4,736,708	6,001,519	5,993,929	6,563,936	5,431,231	4,008,381	6,567,015	572,074	639,972	439,135
State assistance	154,426	29,688	723,888	-	1,992	350	-	-	-	-
Interest	99,207	52,359	85,619	77,171	62,653	60,462	56,200	293,980	686,566	900,290
Other revenues	407,138	433,787	366,327	325,339	276,975	497,739	343,208	306,755	118,835	169,956
Total nonoperating revenues	42,095,698	39,792,878	36,106,494	35,376,112	32,197,751	29,946,113	31,526,922	26,276,386	27,800,189	26,553,809
Income (loss) before capital contributions	(5,207,315)	7,701,297	4,722,668	5,756,001	3,498,448	2,827,948	3,955,691	(1,463,011)	1,525,090	1,550,673
Capital contributions										
Federal and state grants for capital acquisition	40,998,913	18,893,678	8,564,456	2,165,876	16,366,583	14,887,318	22,568,387	13,542,263	9,713,840	11,534,698
Changes in net position before depreciation, OPEB expense, and gain (loss) on sale of assets	35,791,597	26,594,975	13,287,124	7,921,877	19,865,031	17,715,266	26,524,078	12,079,252	11,238,930	13,085,371
Depreciation	(11,129,702)	(11,152,433)	(10,519,936)	(10,561,286)	(10,169,031)	(9,557,098)	(7,313,600)	(6,781,286)	(6,805,823)	(4,738,055)
OPEB expense	(395,154)	(461,715)	(555,778)	(614,905)	(586,592)	(641,742)	(624,953)	(635,353)	-	-
Gain (loss) on disposal of capital assets	6,644	(2,877)	13,052	7,635	2,434	(28,913)	(3,060,580)	6,208	7,374	12,928
Changes in net position	\$ 24,273,385	\$ 14,977,950	\$ 2,224,462	\$ (3,246,679)	\$ 9,111,842	\$ 7,487,513	\$ 15,524,945	\$ 4,668,821	\$ 4,440,481	\$ 8,360,244

Total Debt Outstanding
Last Ten Years

	<u>Outstanding at June 30</u>
2016	\$ -
2015	-
2014	-
2013	-
2012	-
2011	-
2010	-
2009	-
2008	3,000,000
2007	3,000,000

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*Demographic and Economic
Information*

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**Principal Employers of Lane County
Current Year and Nine Years Ago**

Employer	2016			2007		
	Employees	Rank	Percentage of Lane County Employment	Employees	Rank	Percentage of Lane County Employment
PeaceHealth Corp	5,500	1	3.7%	4,300	1	2.7%
University of Oregon	5,479	2	3.7%	3,676	2	2.3%
U.S. Government	1,669	3	1.1%	1,800	5	1.1%
State of Oregon	1,656	4	1.1%	1,452	4	0.9%
City of Eugene	1,394	5	0.9%	1,786	6	1.1%
Lane County	1,369	6	0.9%	1,162	8	0.7%
Springfield School District	1,242	7	0.8%	1,100	9	0.7%
Eugene 4J School District	1,198	8	0.8%	2,025	4	1.3%
Lane Community College	943	9	0.6%	2,531	3	1.6%
Mckenzie-Willamette Med Ctr	880	10	0.6%	750	10	0.5%
	<u>21,330</u>		<u>14.4%</u>	<u>20,582</u>		<u>13.1%</u>
Total Employees	<u>147,703</u> ¹			<u>156,800</u>		

¹Per Bureau of Labor Statistics, total nonfarm employment (January)

Source: Eugene Chamber of Commerce, Oregon Employment Department

**Demographic and Economic Statistics
Last Ten Years**

Fiscal Year	Lane Transit District Population (a)	Lane County, Oregon			
		Population (c)	Personal Income (,000) (c)	Per Capita Income (c)	Unemployment Rate (d)
2007	286,400	344,844	11,499,206	33,346	5.0%
2008	289,300	348,176	11,893,365	34,159	5.8%
2009	291,600	350,850	11,626,054	33,137	12.7%
2010	296,243	351,848	11,710,885	33,284	11.0%
2011	296,300	353,495	12,261,473	34,686	9.6%
2012	297,500	354,506	12,784,129	36,062	8.8%
2013	298,300	356,212	13,047,961	36,630	8.1%
2014	300,000	358,805	13,575,594	37,867	7.0%
2015	302,200	362,150	14,468,971	39,871	6.1%
2016	305,350	365,940	NA	NA	5.5%

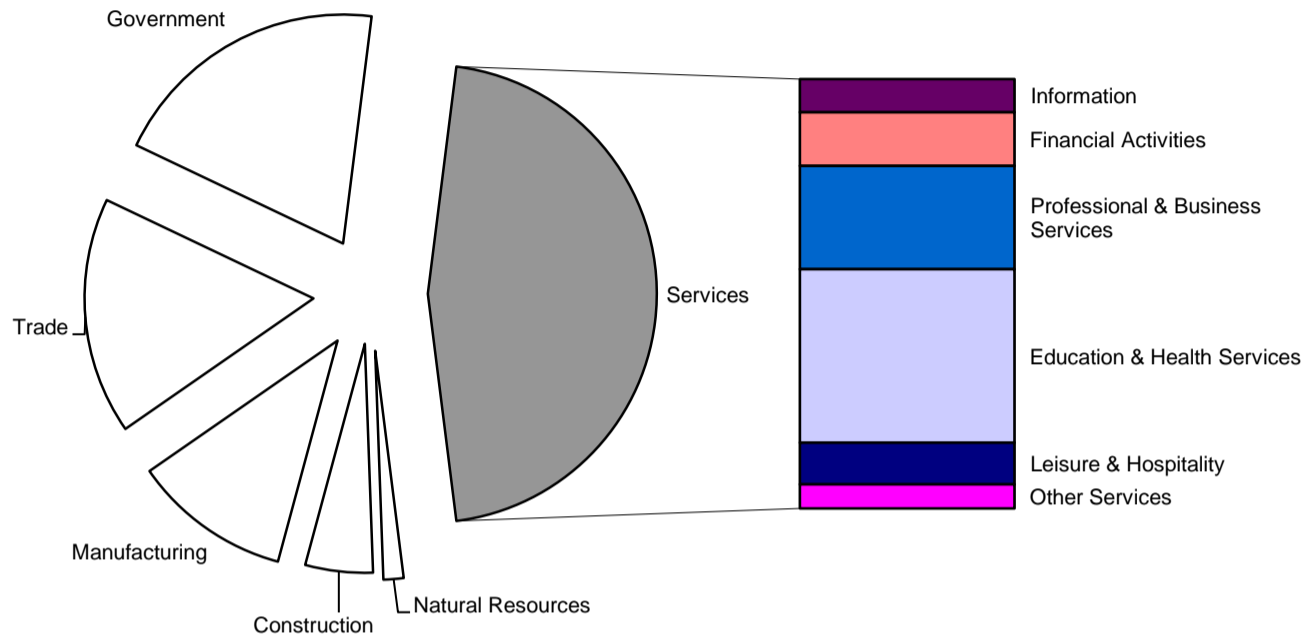
Notes

- a. District population in census years determined by Lane Council of Governments from U.S. Census Bureau census tract information. Intervening years are an estimate using information from the Census and the annual population estimates published by the Population Research Center at Portland State University.
- b. Reported population of communities within District boundaries of Eugene, Springfield, Cottage Grove, Creswell, Veneta, Junction City, and Lowell.

Source

- c. Bureau of Economic Analysis, U.S. Department of Commerce.
- d. Bureau of Labor Statistics, U.S. Department of Labor. Rates presented are annualized for the calendar year.

Lane County 2015 Covered Payroll

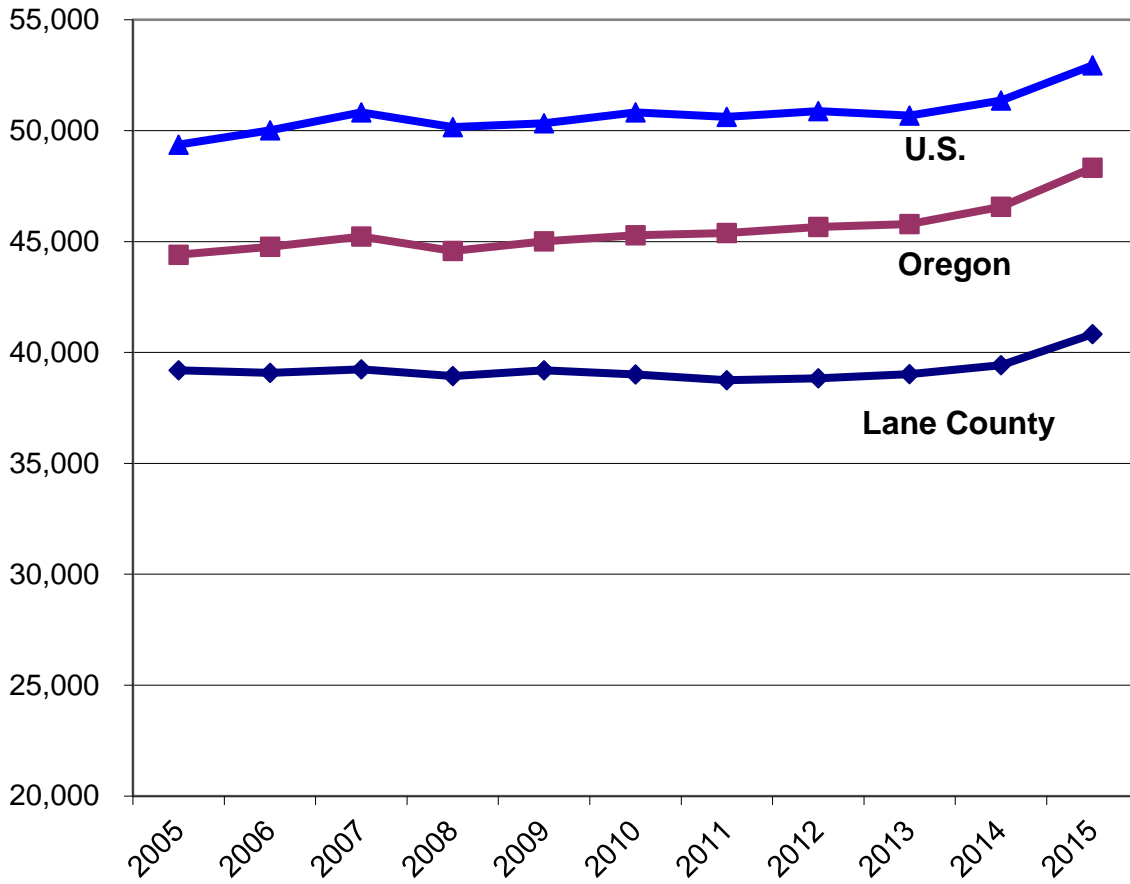


2015 Covered Employment and Wages Summary Report for Lane County

	Units	Covered Employment		Covered Payroll		Average Pay
		Count	Percent	Total in Millions	Percent	
Natural Resources	235	2,143	1.5%	\$ 85	1.4%	\$ 39,693
Construction	909	5,956	4.1%	\$ 286	4.8%	\$ 47,984
Manufacturing	553	13,135	8.9%	\$ 668	11.1%	\$ 50,869
Trade	2,010	29,113	19.8%	\$ 1,002	16.7%	\$ 34,415
Service						
Information	170	3,228	2.2%	\$ 213	3.6%	\$ 66,042
Financial Activities	1,059	6,351	4.3%	\$ 344	5.7%	\$ 54,219
Professional & Business Services	1,627	15,984	10.9%	\$ 664	11.1%	\$ 41,511
Education & Health Services	1,334	23,859	16.3%	\$ 1,114	18.6%	\$ 46,689
Leisure & Hospitality	1,085	16,207	11.0%	\$ 268	4.5%	\$ 16,535
Other Services	2,030	6,165	4.2%	\$ 155	2.6%	\$ 25,069
Total Service	7,305	71,794	48.9%	\$ 2,758	46.1%	\$ 38,409
Unclassified/other	18	11				
Government	409	24,642	16.8%	\$ 1,194	19.9%	\$ 48,453
Total 2016 Covered Employment	11,439	146,794	100%	\$ 5,993	100.0%	\$ 40,826

Source: Oregon Employment Department

Inflation Adjusted Annual Average Wages (2015 Dollars)



Source: Oregon Employment Department

Eugene-Springfield Metropolitan Statistical Area (Lane County) Economic Data Sheet

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total population	362,150	358,805	356,125	354,200	353,155	352,010	350,952	348,804	345,726	341,988
Civilian labor force	171,388	169,571	167,480	172,226	177,236	178,304	183,890	183,901	181,463	177,402
Unemployment	10,194	11,980	13,295	15,268	17,084	19,648	22,635	12,403	9,403	9,607
Unemployment rate	6.1%	7.1%	7.9%	8.9%	9.6%	11.0%	12.3%	6.7%	5.2%	5.4%
Total employment	161,194	157,591	154,185	156,958	160,152	158,656	161,255	171,498	172,060	167,795
Total nonfarm employment	152,100	147,900	144,400	142,400	141,700	141,400	142,600	155,000	157,200	154,400
Percent annual change	2.8%	2.4%	1.4%	0.5%	0.2%	-0.8%	-8.0%	-1.4%	1.8%	2.7%
Total personal income (millions)	\$14,469.0	\$13,575.6	\$13,048.0	\$12,784.1	\$12,261.5	\$11,710.9	\$11,626.1	\$11,893.4	\$11,499.2	\$11,132.3
Percent annual change	6.6%	4.0%	2.1%	4.3%	4.7%	0.7%	-2.2%	3.4%	3.3%	8.8%
Per capita personal income - Lane County	\$39,871	\$37,867	\$36,630	\$36,062	\$34,686	\$33,284	\$33,137	\$34,159	\$33,346	\$32,749
Per capita personal income - Oregon	\$43,783	\$41,681	\$39,848	\$39,258	\$37,707	\$35,898	\$35,671	\$36,797	\$35,818	\$34,666
Per capita personal income - U.S.	\$48,112	\$46,129	\$44,765	\$44,200	\$42,332	\$40,144	\$39,379	\$40,873	\$39,804	\$38,127
As percent of Oregon	91%	91%	92%	92%	92%	93%	93%	93%	93%	94%
As percent of U.S.	83%	82%	82%	82%	82%	83%	84%	84%	84%	86%
Total covered payroll (millions)	\$5,993.0	\$5,597.4	\$5,319.4	\$5,148.6	\$4,987.2	\$4,829.6	\$4,814.6	\$5,225.4	\$5,185.8	\$4,947.8
Percent annual change	7.1%	5.2%	3.3%	3.2%	3.3%	0.3%	-7.9%	0.8%	4.8%	5.5%
Average annual wage - Lane County	\$40,824	\$39,372	\$38,355	\$37,634	\$36,781	\$35,895	\$35,497	\$35,380	\$34,329	\$33,257
Average annual wage - Oregon	\$48,322	\$46,515	\$45,020	\$44,258	\$43,090	\$41,675	\$40,757	\$40,500	\$39,569	\$38,077
Average annual wage - U.S.	\$52,942	\$51,361	\$49,804	\$49,289	\$48,043	\$46,751	\$45,559	\$45,563	\$44,458	\$42,535
As percent of Oregon	84%	85%	85%	85%	85%	86%	87%	87%	87%	87%
As percent of U.S.	77%	77%	77%	76%	77%	77%	78%	78%	77%	78%
Inflation adjusted wages and income (2002 Dollars)										
CPI-U; U.S. city average	237.017	236.736	232.957	229.594	224.939	218.056	214.537	215.3	207.3	201.6
Blow-up factor; 2002 = 100	1.0000	0.7979	0.8109	0.8228	0.8398	0.8663	0.8805	0.8774	0.9112	0.9370
Inflation adjusted total covered payroll (millions)	\$5,990.0	\$4,470.0	\$4,310.0	\$4,240.0	\$4,190.0	\$4,180.0	\$4,240.0	\$4,580.0	\$4,730.0	\$4,640.0
Percent annual change	7.0%	3.7%	1.7%	1.2%	0.2%	-1.4%	-7.4%	-3.2%	1.9%	2.2%
Inflation adjusted average annual wage - Lane County	\$40,820	\$31,410	\$31,100	\$30,970	\$30,890	\$31,100	\$31,260	\$31,040	\$31,280	\$31,160
Inflation adjusted average annual wage - Oregon	\$48,320	\$37,110	\$36,510	\$36,420	\$36,190	\$36,100	\$35,890	\$35,530	\$36,060	\$35,680
Inflation adjusted average annual wage - U.S.	\$52,940	\$40,980	\$40,390	\$40,550	\$40,350	\$40,500	\$40,110	\$39,980	\$40,510	\$39,860
Inflation adjusted per capita personal income - Lane County	\$39,870	\$37,910	\$29,700	\$29,670	\$29,130	\$28,830	\$29,180	\$29,970	\$30,380	\$30,690
Inflation adjusted per capita personal income - Oregon	\$43,780	\$41,740	\$32,310	\$32,300	\$31,670	\$31,100	\$31,410	\$32,290	\$32,640	\$32,480
Inflation adjusted per capita personal income - U.S.	\$48,110	\$46,740	\$36,300	\$36,370	\$35,550	\$34,780	\$34,670	\$35,860	\$36,270	\$35,720

Source: Oregon Employment Department

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Operating Information

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Expenditures and Full-Time Equivalent Employees (FTEs) by Organizational Units
Budgetary Basis
Last Ten Fiscal Years Ended June 30

	2016	2015	2014	2013	2012	Restated 2011	2010	2009	2008	2007
<u>Operations</u>										
Transportation	\$ 21,227,434	\$ 19,006,723	\$ 17,775,567	\$ 17,278,362	\$ 16,942,573	\$ 16,670,775	\$ 17,382,338	\$ 17,136,681	\$ 16,164,511	\$ 15,121,010
Percent of total operations	37.4%	36.7%	36.3%	37.6%	38.3%	39.1%	41.7%	41.6%	44.2%	42.1%
FTEs at end of period	203.6	203.6	202.0	202.0	196.0	192.0	218.0	220.0	230.0	222.0
Maintenance	9,976,217	9,893,756	9,712,732	9,472,080	9,720,961	9,120,608	8,273,970	8,294,280	8,774,908	7,639,613
Percent of total operations	17.6%	19.1%	19.8%	20.6%	22.0%	21.4%	19.9%	20.1%	24.0%	21.3%
FTEs at end of period	52.5	52.5	51.1	51.3	51.3	50.3	52.3	52.3	53.3	53.3
Customer Service, Marketing, and Planning	3,645,111	3,284,172	3,733,361	3,150,530	2,314,056	2,086,436	2,095,936	2,120,225	1,909,113	5,137,385
Percent of total operations	6.4%	6.3%	7.6%	6.9%	5.2%	4.9%	5.0%	5.1%	5.2%	14.3%
FTEs at end of period	27.9	27.9	22.2	22.3	20.9	18.2	19.2	19.2	19.2	19.2
Administration	4,146,877	3,835,509	4,406,890	4,002,512	4,249,252	4,190,798	4,193,529	4,068,295	3,856,919	3,592,291
Percent of total operations	7.3%	7.4%	9.0%	8.7%	9.6%	9.8%	10.1%	9.9%	10.5%	10.0%
FTEs at end of period	25.8	25.8	35.0	31.0	31.5	32.0	34.0	34.0	35.0	32.8
Insurance and Risk	941,876	1,092,057	1,084,682	1,224,832	1,083,175	1,054,273	1,140,688	1,110,076	851,032	1,003,228
Percent of total operations	1.7%	2.1%	2.2%	2.7%	2.4%	2.5%	2.7%	2.7%	2.3%	2.8%
FTEs at end of period	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accessible Services and Medicaid	16,768,307	14,617,685	12,314,118	10,841,746	9,965,985	9,561,690	8,571,459	8,465,040	5,052,516	3,444,846
Percent of total operations	29.6%	28.3%	25.1%	23.6%	22.5%	22.4%	20.6%	20.5%	13.8%	9.6%
FTEs at end of period	2.6	2.6	3.0	3.0	3.4	3.0	3.0	3.0	4.0	3.0
Total operations	56,705,822	51,729,902	49,027,350	45,970,062	44,276,002	42,684,580	41,657,920	41,194,597	36,608,999	35,938,373
Total FTEs at end of period	312.4	312.4	313.3	309.5	303.0	295.5	326.5	328.5	341.5	330.2
Capital transfers from General Fund	1,667,600	3,351,100	1,792,700	1,600,000	3,031,900	-	-	1,752,000	2,211,600	-
Capital transfers from Accessible Services Fund	-	-	-	7,236	25,062	4,769	33,899	-	12,979	109,144
Total operations and capital transfers	\$ 58,373,422	\$ 55,081,002	\$ 50,820,050	\$ 47,577,298	\$ 47,332,964	\$ 42,689,349	\$ 41,691,819	\$ 42,946,597	\$ 38,833,578	\$ 36,047,517

Capital Asset Statistics
Last Ten Years Ended June 30

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Miles of busway	8.45	8.45	8.45	8.45	8.45	8.45	1.71	1.71	1.71	1.71
Rolling stock										
40-foot buses	73	75	79	79	113	89	97	97	97	114
60-foot buses	18	24	15	15	15	15	12	15	15	5
< 40-foot buses	0	3	6	6	6	6	7	7	7	11
EmX vehicles	18	11	11	11	11	11	11	6	6	6
Total rolling stock	109	113	111	111	145	121	127	125	125	136
Accessible Services vehicles	88	79	82	82	95	83	80	67	70	68
Primary stations	2	2	2	2	2	2	2	2	2	2
EmX station platforms	37	28	28	28	28	28	10	10	10	10
Other stations	6	9	9	9	9	9	9	9	9	9
Shelters	181	183	193	193	193	193	193	193	217	218
Signed stops	1,294	1,277	1,262	1,261	1,261	1,387	1,517	1,511	1,511	1,511
Maintenance facility	1	1	1	1	1	1	1	1	1	1
Administration facility	1	1	1	1	1	1	1	1	1	1
Brokerage/paratransit facility	1	1	1	1	1	1	1	1	1	1

Operating Revenue & Cost Measurements - Fixed-Route System Last Ten Fiscal Years

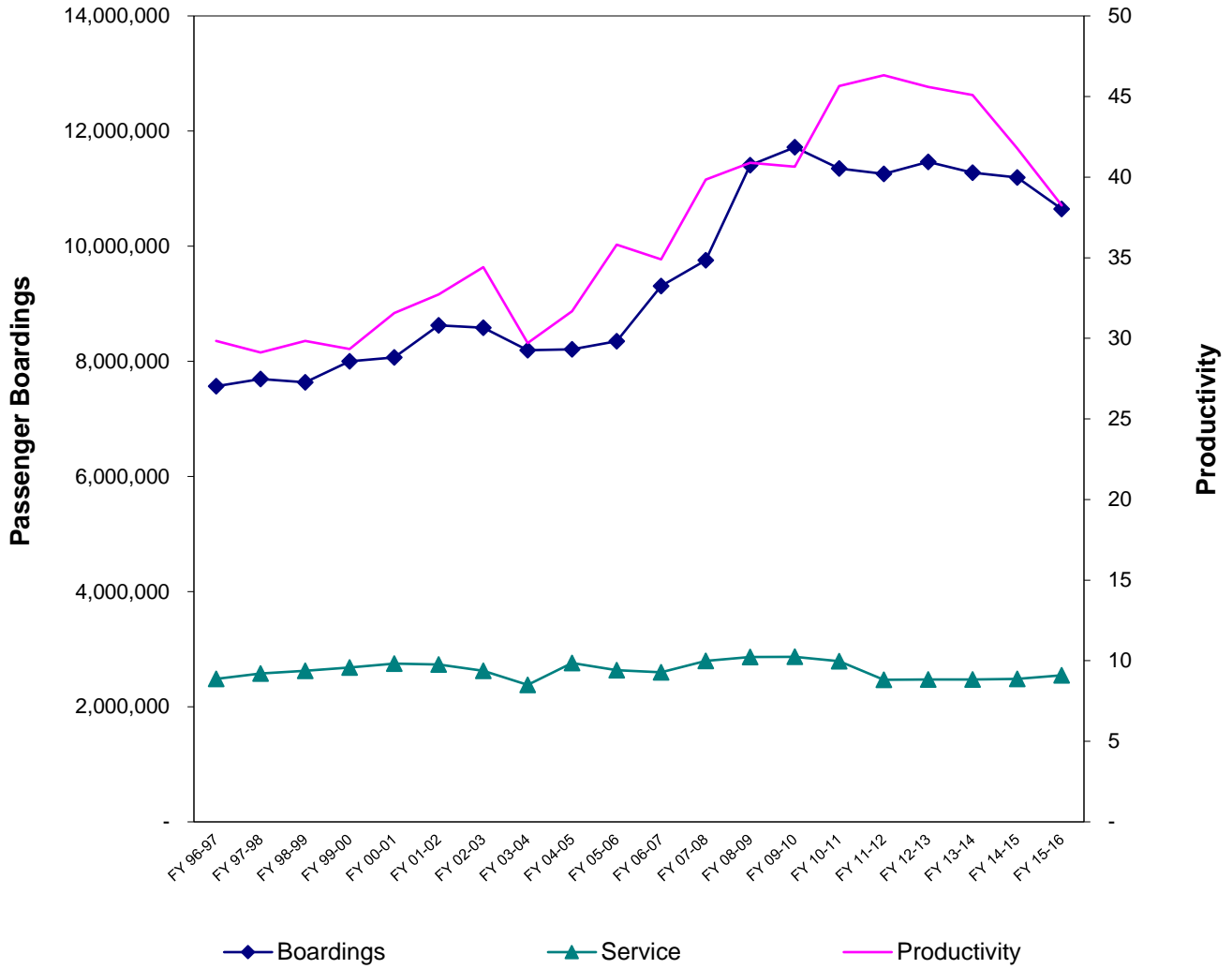
Fiscal Year	Operating* Revenues	Operating* Expenses	Revenue Margin	Revenue Hours	Percent Change	Operating Revenue / Service Hour	Percent Change	Operating Expenses / Revenue Hour	Percent Change
2015-16	\$ 7,807,665	\$ 40,932,868	19.1%	268,010	5.2%	\$29.13	-6.0%	\$152.73	1.0%
2014-15	7,893,869	38,541,017	20.5%	254,779	3.0%	30.98	-0.9%	151.27	2.0%
2013-14	7,733,140	36,660,628	21.1%	247,286	0.0%	31.27	1.2%	148.25	2.4%
2012-13	7,640,918	35,813,713	21.3%	247,303	-0.1%	30.90	0.5%	144.82	4.1%
2011-12	7,608,840	34,411,349	22.1%	247,480	0.4%	30.75	-7.0%	139.05	1.2%
2010-11	8,150,969	33,880,028	24.1%	246,556	-11.7%	33.06	16.4%	137.41	10.3%
2009-10	7,933,611	34,792,955	22.8%	279,241	-2.6%	28.41	5.4%	124.60	7.8%
2008-09	7,723,787	33,118,646	23.3%	286,654	0.1%	26.94	5.3%	115.54	3.5%
2007-08	7,320,990	31,952,517	22.9%	286,226	2.3%	25.58	14.9%	111.63	5.8%
2006-07	6,226,293	29,498,214	21.1%	279,688	7.6%	22.26	-2.9%	105.47	1.7%

Fiscal Year	Employees	Revenue Hours / Employees	Percent Change	Passenger Fares	Passenger Boardings	Passenger Fares / Boarding	Operating Expenses / Boarding	Percent Change	Revenue Hours / Trip
2015-16	316	848.13	3.9%	\$ 7,141,779	10,250,227	0.70	3.99	10.3%	0.026
2014-15	312	816.60	3.4%	7,200,332	10,644,718	0.68	3.62	10.5%	0.024
2013-14	313	790.05	-1.0%	6,948,609	11,192,854	0.62	3.28	3.1%	0.022
2012-13	310	797.75	-2.3%	6,914,308	11,276,282	0.61	3.18	5.8%	0.022
2011-12	303	816.77	-1.3%	6,738,397	11,463,124	0.59	3.00	-0.3%	0.022
2010-11	298	827.37	-7.0%	7,393,034	11,253,628	0.66	3.01	-1.8%	0.022
2009-10	314	889.30	4.2%	7,032,027	11,349,579	0.62	3.07	8.5%	0.025
2008-09	336	853.14	1.9%	6,602,497	11,718,189	0.56	2.83	0.9%	0.024
2007-08	342	836.92	0.8%	6,122,561	11,406,316	0.54	2.80	-7.3%	0.025
2006-07	337	829.93	0.2%	5,213,706	9,757,984	0.53	3.02	4.4%	0.029

Fiscal Year	Miles	Operating Expenses / Mile	Percent Change	Fleet Maintenance Costs	Fleet Maintenance Cost / Mile	Percent Change	Fuel Cost	Fuel Cost / Mile	Percent Change
2015-16	3,750,517	10.914	0.7%	\$ 5,683,792	1.515	-6.2%	\$ 2,086,824	0.556	-2.6%
2014-15	3,554,759	10.842	4.5%	5,740,550	1.615	10.1%	2,030,066	0.571	-21.8%
2013-14	3,534,864	10.371	1.7%	5,186,756	1.467	3.0%	2,580,822	0.730	-1.4%
2012-13	3,512,473	10.196	5.2%	5,002,973	1.424	-1.5%	2,601,015	0.741	-7.8%
2011-12	3,549,802	9.694	2.6%	5,134,802	1.447	3.0%	2,850,255	0.803	15.1%
2010-11	3,587,553	9.444	10.1%	5,040,041	1.405	11.7%	2,502,026	0.697	45.7%
2009-10	4,054,883	8.581	6.2%	5,100,175	1.258	6.5%	1,941,476	0.479	-9.3%
2008-09	4,097,838	8.082	3.1%	4,837,587	1.181	3.7%	2,162,213	0.528	-22.6%
2007-08	4,076,093	7.839	7.1%	4,638,977	1.138	7.1%	2,778,672	0.682	37.6%
2006-07	4,029,581	7.320	6.1%	4,281,047	1.062	0.2%	1,996,335	0.495	6.3%

*Excludes Accessible Services, depreciation, and OPEB expense

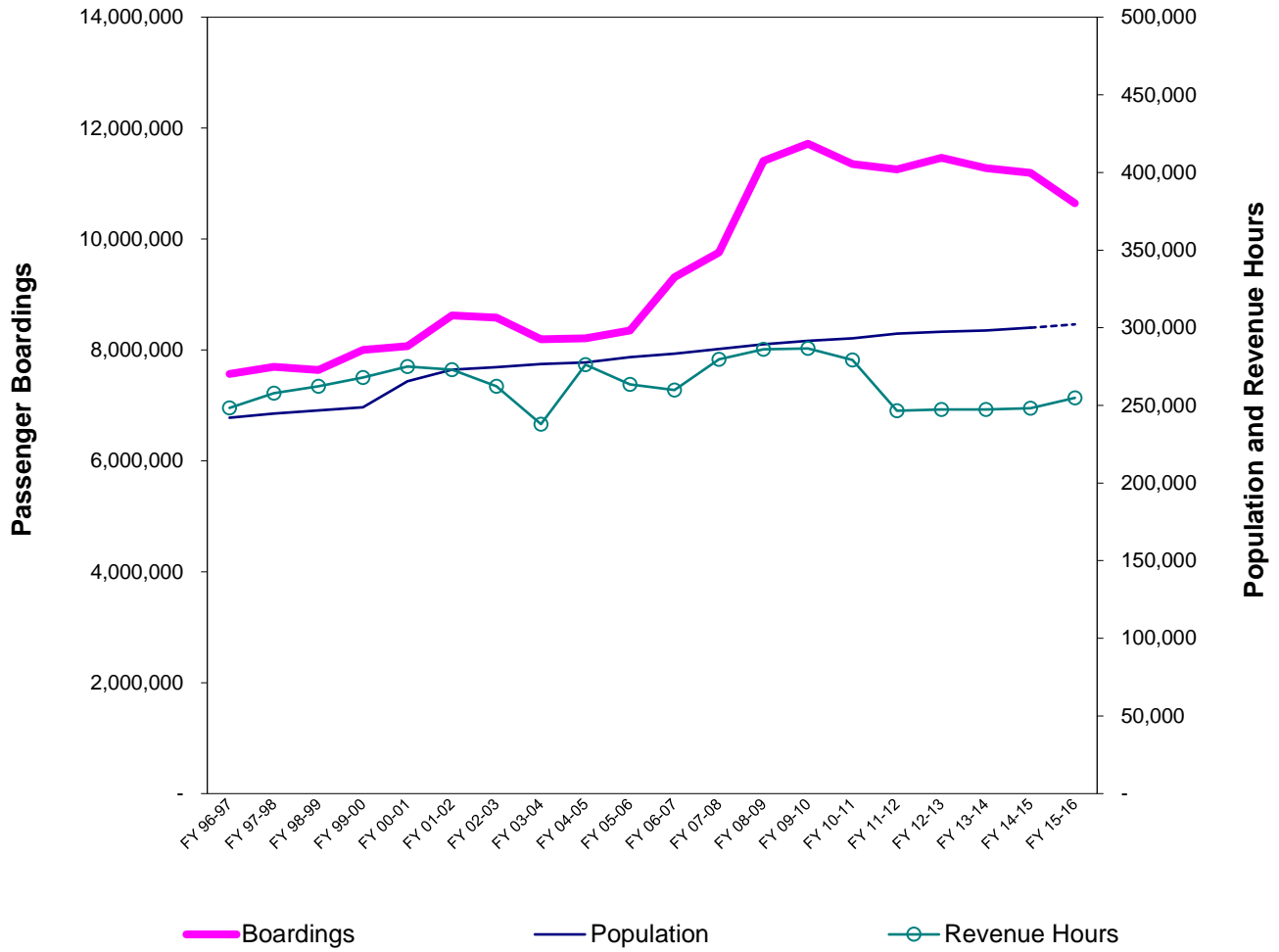
Ridership, Service, and Productivity Last Twenty Years



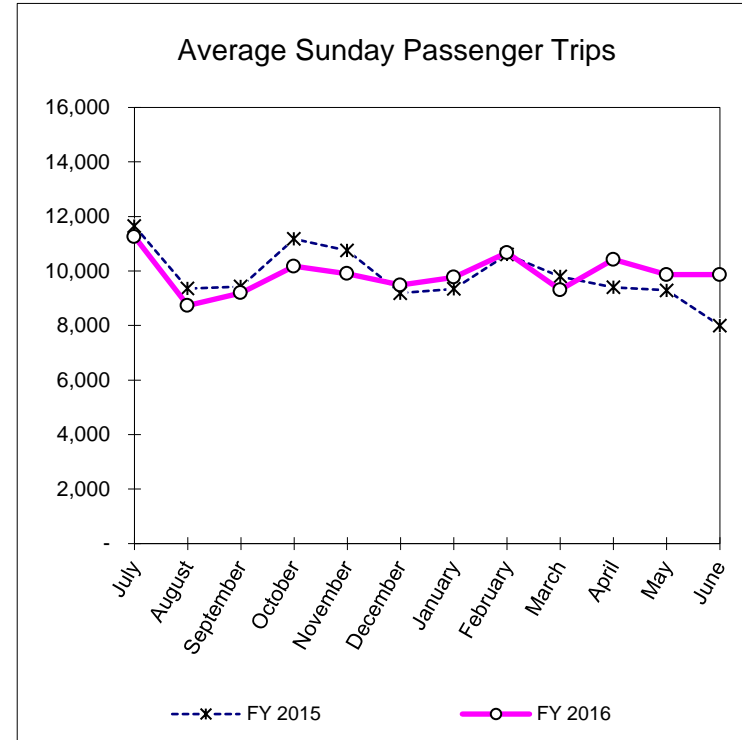
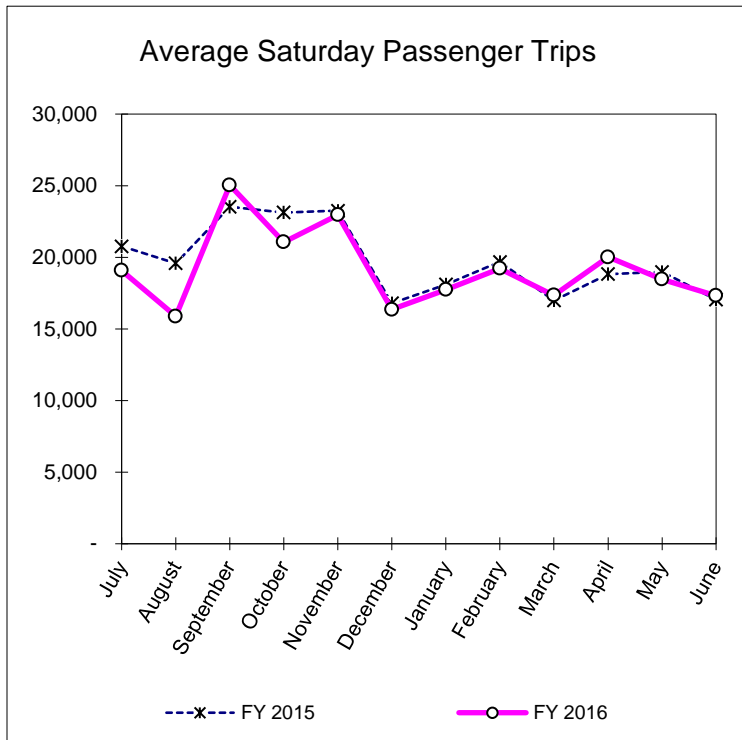
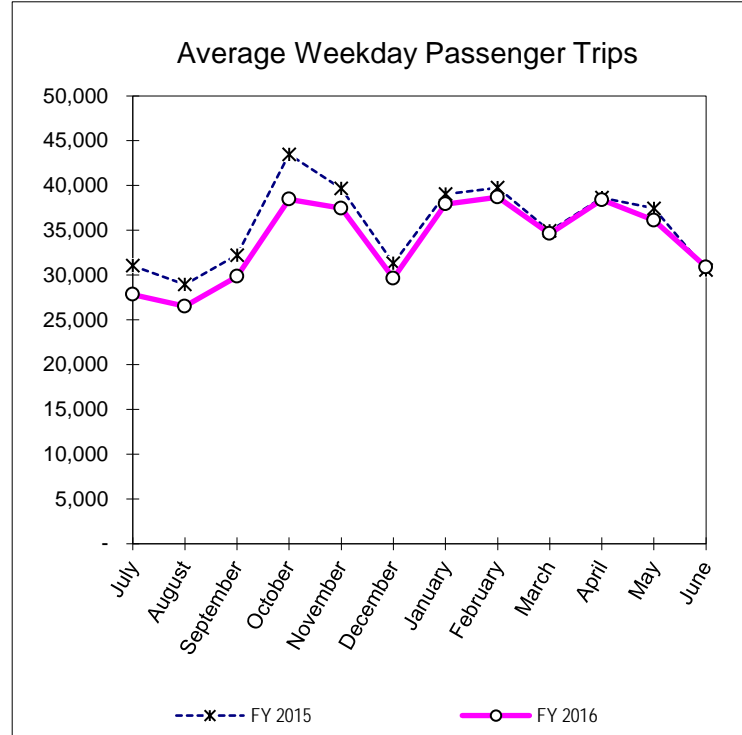
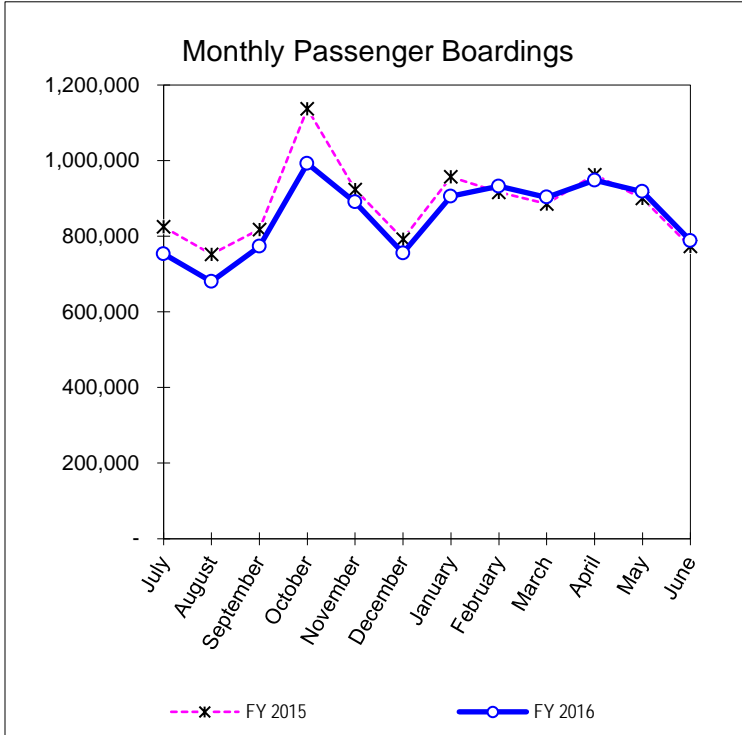
**Ridership, Fare, Service, and Productivity
Last Twenty One Years**

Fiscal Year	Revenue Hours	Percent Change	Passenger Boardings	Percent Change	System Productivity	Percent Change	Base Cash Fare
2015-16	268,010	5.2%	10,250,227	-3.7%	38.246	-8.46%	\$ 1.75
2014-15	254,779	2.7%	10,644,718	-4.9%	41.780	-7.36%	1.75
2013-14	248,172	0.4%	11,192,854	-0.7%	45.101	-1.09%	1.75
2012-13	247,303	-0.1%	11,276,282	-1.6%	45.597	-1.56%	1.75
2011-12	247,480	0.4%	11,463,124	1.9%	46.319	1.48%	1.50
2010-11	246,556	-11.7%	11,253,628	-0.8%	45.643	12.30%	1.50
2009-10	279,241	-2.6%	11,349,579	-3.1%	40.644	-0.57%	1.50
2008-09	286,654	0.1%	11,718,189	2.7%	40.879	2.58%	1.50
2007-08	286,226	2.3%	11,406,316	16.9%	39.851	14.22%	1.25
2006-07	279,688	7.6%	9,757,984	4.8%	34.889	-2.57%	1.25
2005-06	259,985	-1.3%	9,309,528	11.5%	35.808	13.04%	1.25
2004-05	263,537	-4.6%	8,348,313	1.7%	31.678	6.60%	1.25
2003-04	276,207	16.1%	8,207,818	0.2%	29.716	-13.67%	1.25
2002-03	237,949	-9.3%	8,190,436	-4.6%	34.421	5.18%	1.25
2001-02	262,242	-4.0%	8,582,138	-0.5%	32.726	3.64%	1.25
2000-01	273,102	-0.7%	8,623,496	6.9%	31.576	7.63%	1.00
1999-00	274,939	2.6%	8,066,108	0.8%	29.338	-1.70%	1.00
1998-99	267,986	2.2%	7,998,370	4.7%	29.846	2.49%	1.00
1997-98	262,223	1.7%	7,635,934	-0.8%	29.120	-2.42%	1.00
1996-97	257,821	3.8%	7,693,820	1.7%	29.842	-2.06%	0.80
1995-96	248,365	1.5%	7,567,219	7.8%	30.468	6.22%	0.80

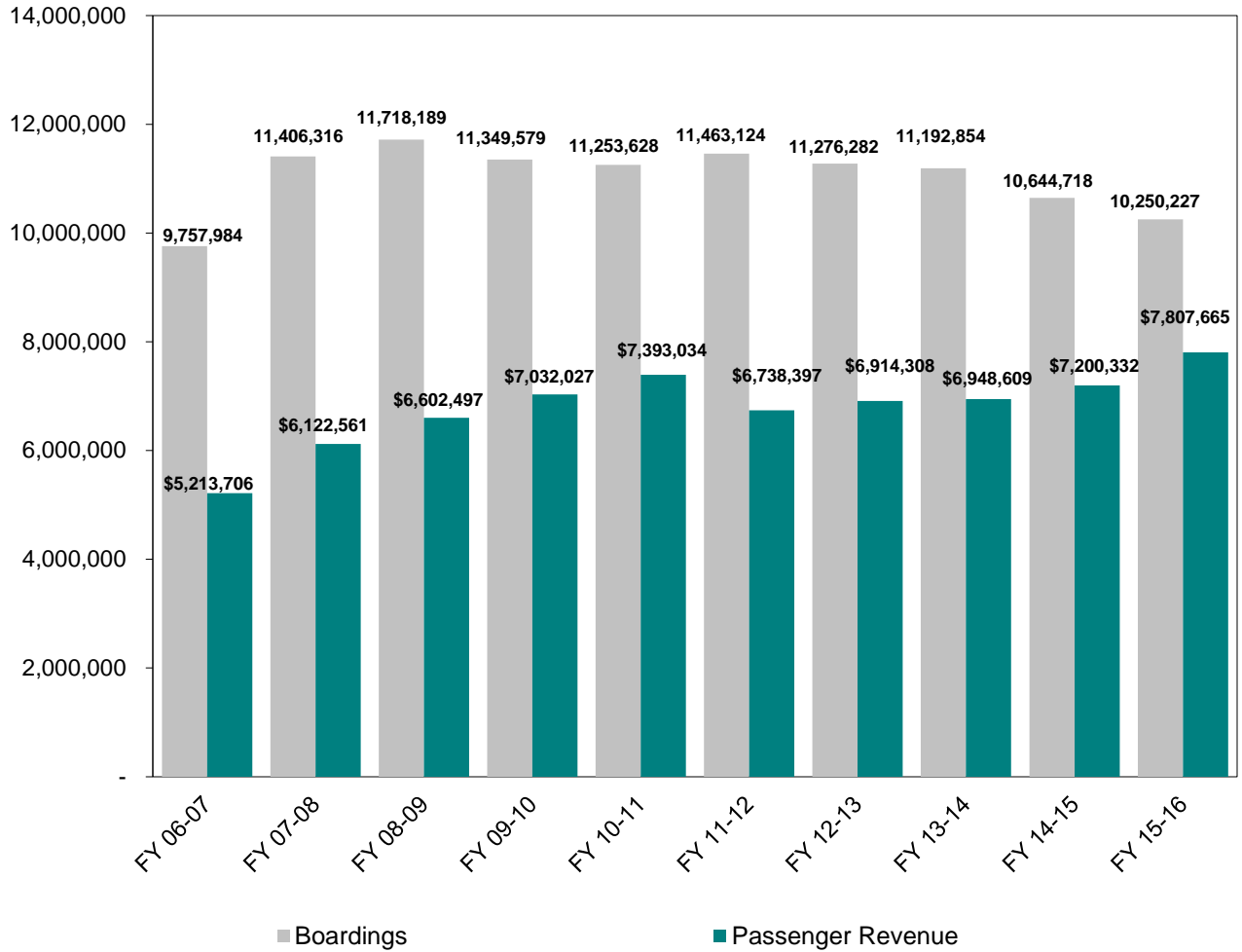
Ridership, Service, and Service Area Population Last Twenty Years



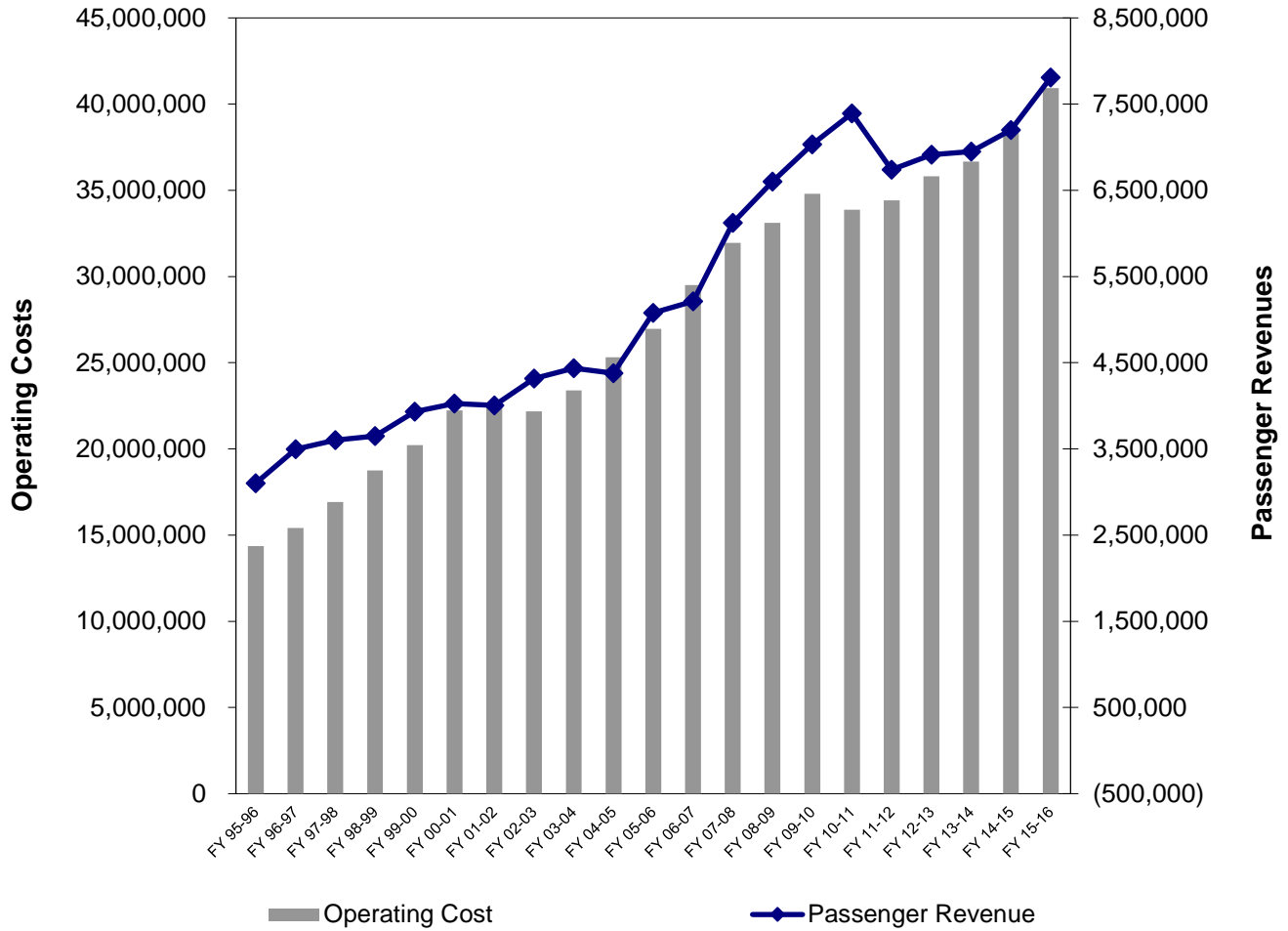
Ridership Trends by Month For the fiscal years ended June 30, 2016 and 2015



Passenger Boardings and Passenger Revenues Last Ten Years



Passenger Revenues and Operating Costs Last Twenty Years

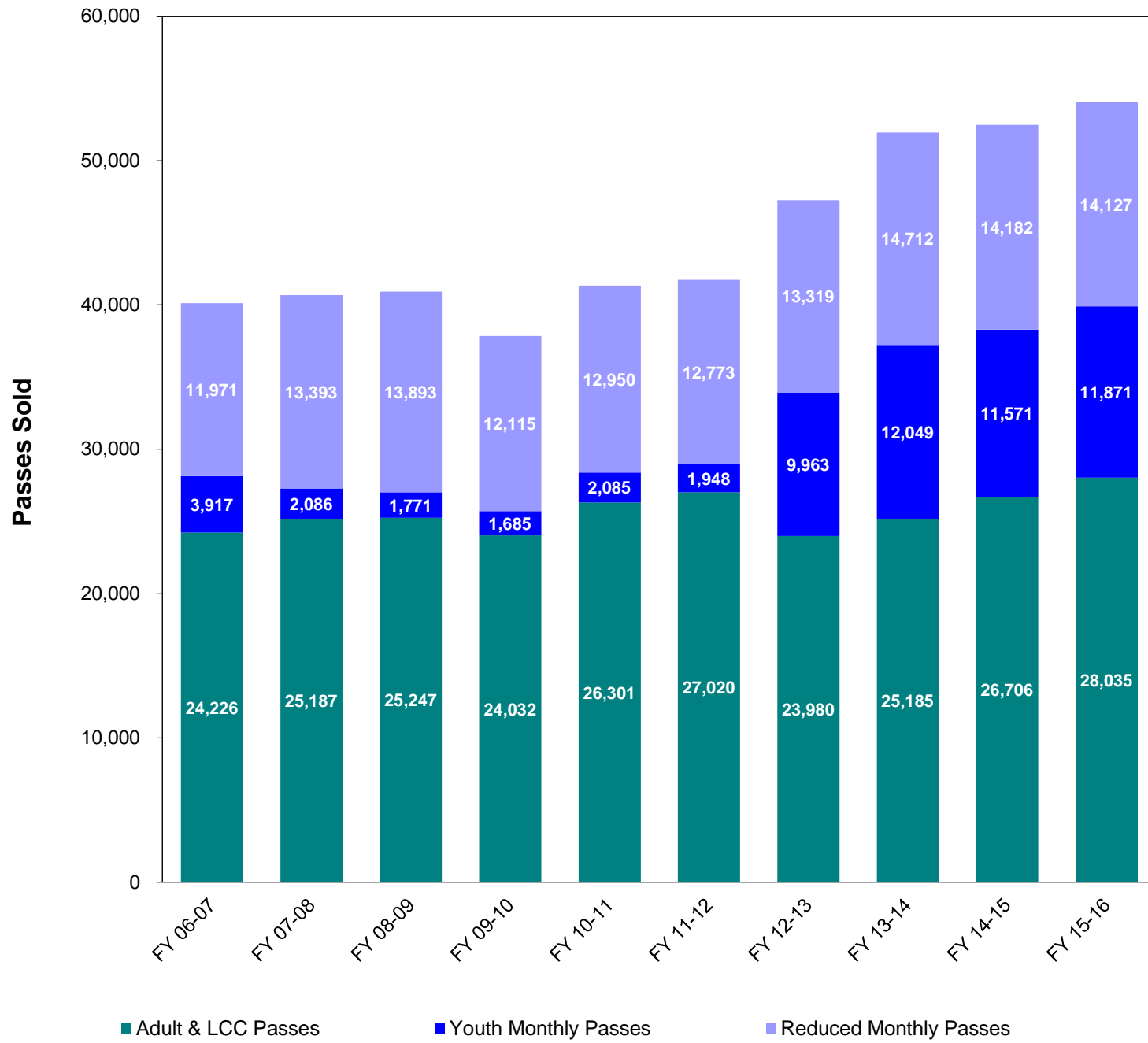


Transportation Revenues by Category Last Ten Years

Fiscal Year	Fare Box Cash	Percentage Change	Ten-Ride Ticket Books and Agency Day Passes	Percentage Change	Tokens	Percentage Change	Monthly Passes	Percentage Change
2015-16	\$ 2,043,958	0.7%	\$ 361,792	33.2%	\$ -	-	\$ 2,858,164	26.7%
2014-15	2,029,943	1.1%	271,712	3.7%	-	-	2,256,492	10.1%
2013-14	2,007,169	-3.6%	262,028	15.3%	-	-	2,049,093	2.0%
2012-13	2,081,984	0.5%	227,321	46.1%	-	-	2,008,581	9.1%
2011-12	2,072,448	12.3%	155,643	34.1%	-	-	1,841,167	4.0%
2010-11	1,845,360	-2.6%	116,097	-	-	-100.0%	1,770,098	12.2%
2009-10	1,894,748	7.0%	-	-	55	-99.9%	1,578,238	5.3%
2008-09	1,770,345	13.9%	-	-	96,410	-64.9%	1,499,146	12.2%
2007-08	1,554,195	7.5%	-	-	274,558	22.5%	1,336,334	-29.5%
2006-07	1,446,082	4.1%	-	-	224,071	-0.1%	1,894,398	-1.3%

Fiscal Year	Student Transit Pass Program	Percentage Change	Group Pass	Percentage Change	Special Service	Percentage Change	Total Transportation Revenues	Percentage Change
2015-16	\$ -	-	\$ 2,565,681	0.5%	\$ 243,928	-21.2%	\$ 7,385,707	2.5%
2014-15	-	-	2,642,185	0.5%	255,587	-21.2%	7,455,919	2.5%
2013-14	-	-	2,630,319	1.3%	324,531	-26.1%	7,273,140	-1.1%
2012-13	-	-	2,596,422	-2.7%	439,110	-25.4%	7,353,418	0.4%
2011-12	-	-100.0%	2,669,139	12.1%	588,943	22.1%	7,327,340	-7.0%
2010-11	1,281,331	1.9%	2,380,148	3.4%	482,435	-23.9%	7,875,469	2.7%
2009-10	1,257,585	8.9%	2,301,401	10.6%	634,084	-17.7%	7,666,111	4.0%
2008-09	1,155,335	0.3%	2,081,261	15.3%	769,994	-11.2%	7,372,491	5.5%
2007-08	1,152,276	-	1,805,198	9.5%	867,501	25.0%	6,990,062	18.3%
2006-07	-	-	1,649,155	6.6%	693,785	11.1%	5,907,491	3.6%

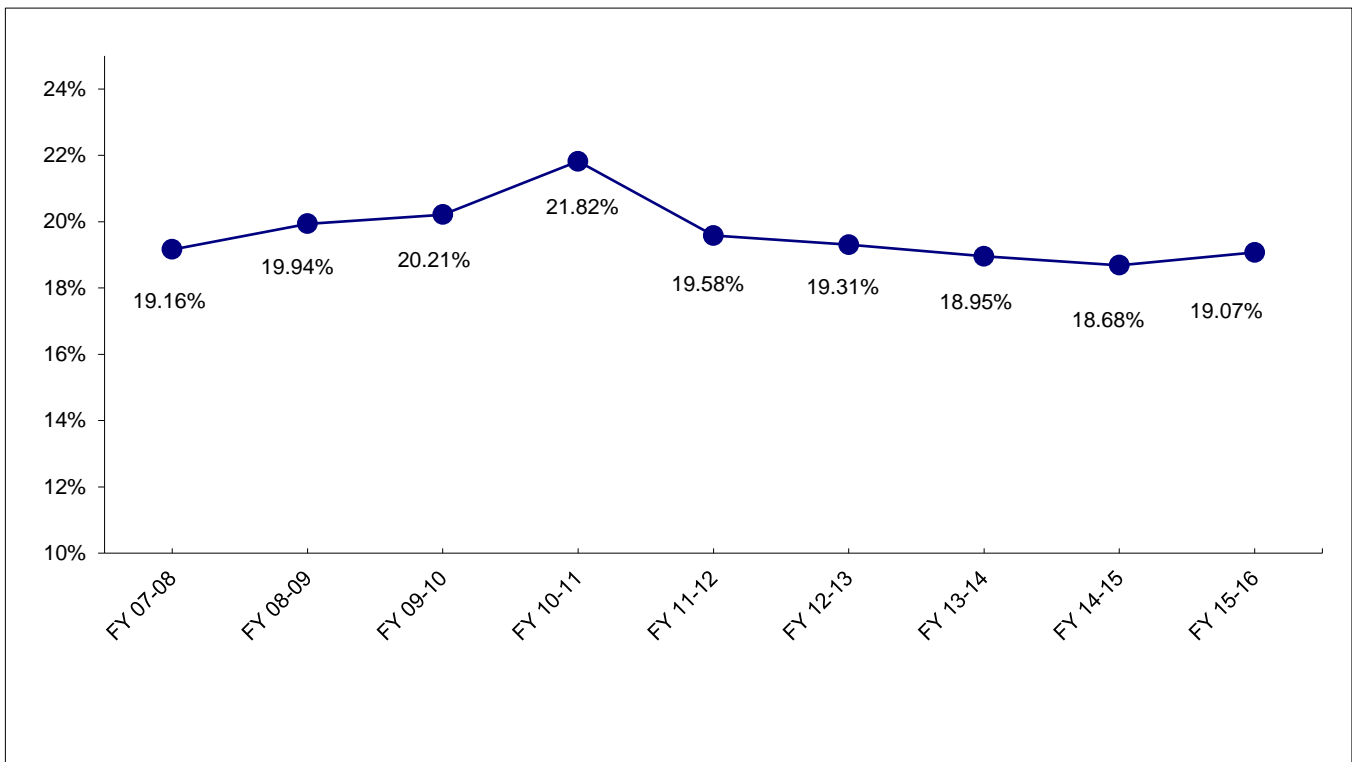
Annual Monthly Pass Sales Last Ten Years



Passenger Revenues



Farebox Recovery Ratio



Fare Structure Last Ten Years

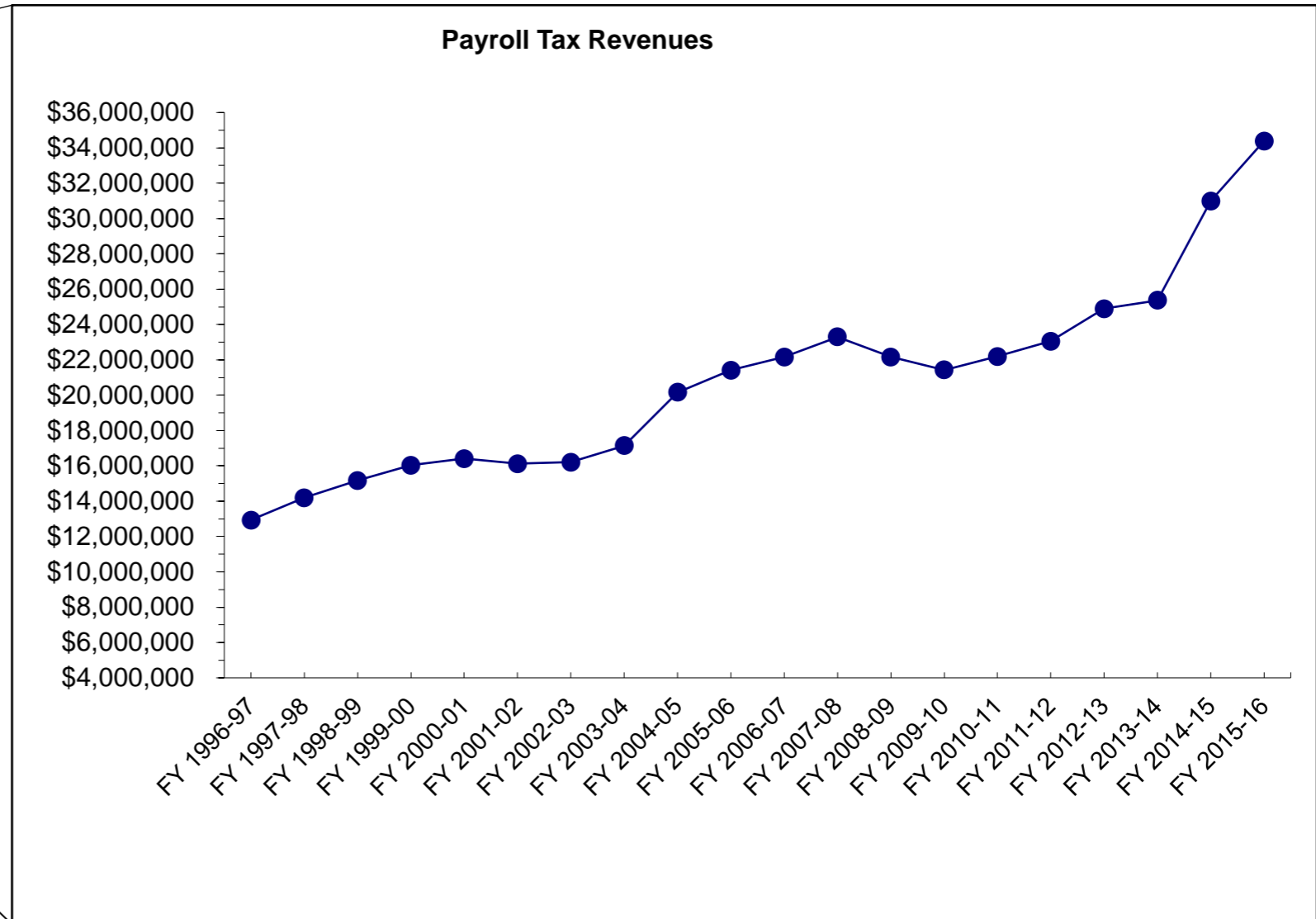
June 30	Cash Fare Adult	Age - Adult	Cash Fare Youth	Age - Youth	Cash Fare Senior	Age - Senior	Cash Fare Reduced	Age - Reduced
2016	1.75	19-64	0.85	6-18	\$ free	65 +	\$ 0.85	NA
2015	1.75	19-64	0.85	6-18	free	65 +	0.85	NA
2014	1.75	19-64	0.85	6-18	free	65 +	0.85	NA
2013	1.75	19-64	0.85	6-18	free	65 +	0.85	NA
2012	1.50	19-64	0.75	6-18	free	65 +	0.75	NA
2011	1.50	19-64	0.75	6-18	free	65 +	0.75	NA
2010	1.50	19-64	0.75	6-18	free	65 +	0.75	NA
2009	1.50	19-64	0.75	6-18	free	65 +	0.75	NA
2008	1.25	19-61	0.60	6-18	0.60	62-69	0.60	NA
2007	1.25	19-61	0.60	6-18	0.60	62-69	0.60	NA

June 30	One-Month Adult Pass	One-Month Youth Pass	One-Month Senior Pass	One-Month Reduced Pass	Three-Month Adult Pass	Three-Month Youth Pass	Three-Month Senior Pass	Three-Month Reduced Pass
2016	\$ 50.00	\$ 25.00	\$ free	\$ 25.00	\$ 135.00	\$ 67.50	\$ free	\$ 67.50
2015	50.00	25.00	\$ free	25.00	135.00	67.50	\$ free	67.50
2014	48.00	24.00	free	24.00	130.00	65.00	free	65.00
2013	48.00	24.00	free	24.00	130.00	65.00	free	65.00
2012	48.00	24.00	free	24.00	130.00	65.00	free	65.00
2011	48.00	24.00	free	24.00	130.00	65.00	free	65.00
2010	45.00	22.50	free	22.50	130.00	65.00	free	65.00
2009	45.00	22.50	free	22.50	122.00	61.00	free	61.00
2008	38.00	19.00	19.00	19.00	103.00	51.50	51.50	51.50
2007	35.00	17.50	17.50	17.50	95.00	47.50	47.50	47.50

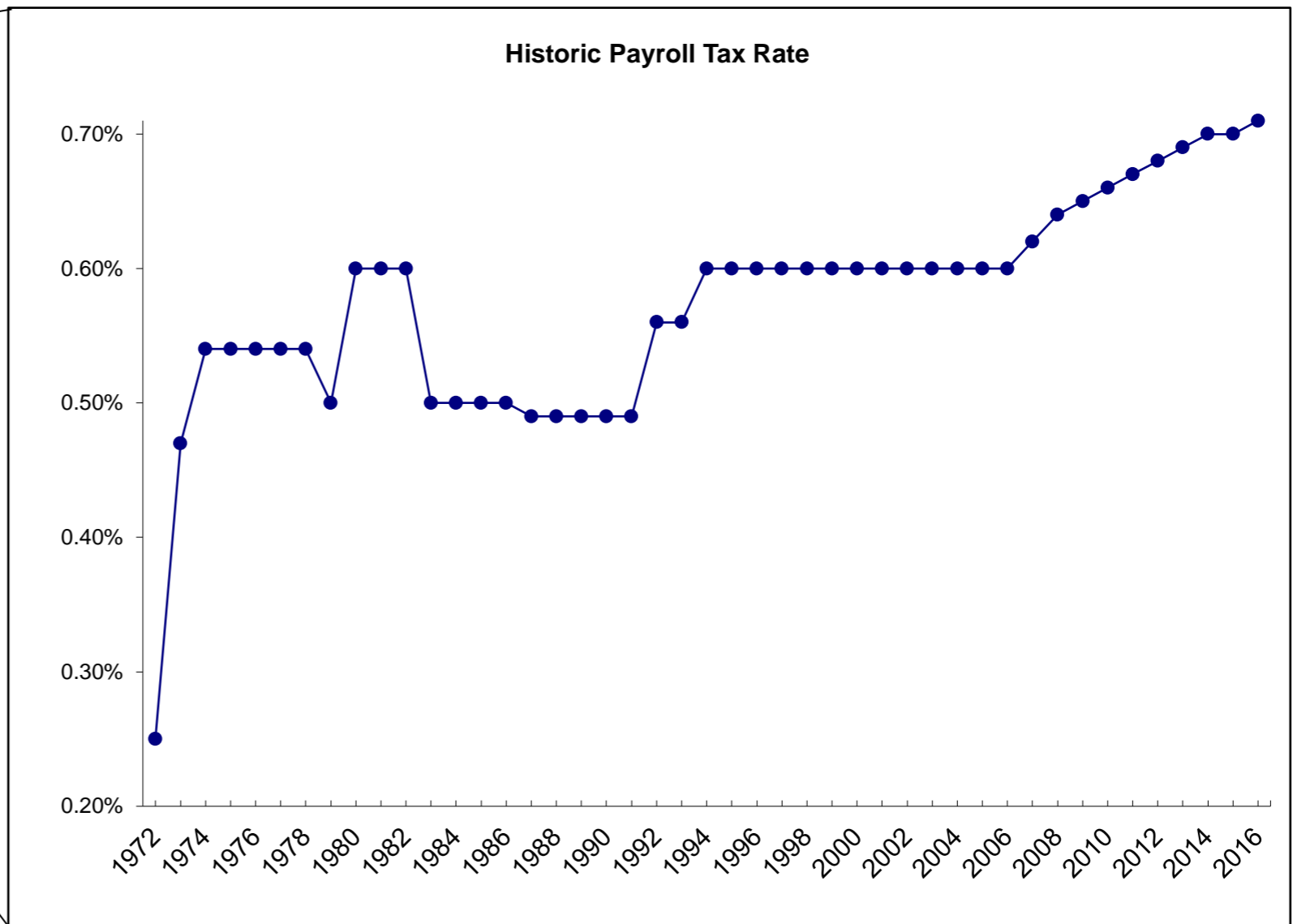
June 30	RideSource Regular Fare	RideSource Escort Fare	RideSource Shopper Fare (Roundtrip)	RideSource Ten-Ride Ticket Book	Tokens Package of 5 Adult	Ten-Ride Ticket Book Adult	Ten-Ride Ticket Book Reduced
2016	\$ 3.50	\$ 3.50	\$ 2.00	\$ 35.00	\$ discontinued	\$ 16.00	\$ 8.00
2015	3.50	3.50	2.00	35.00	discontinued	16.00	8.00
2014	3.00	3.00	2.00	30.00	discontinued	16.00	8.00
2013	3.00	3.00	2.00	30.00	discontinued	16.00	8.00
2012	3.00	3.00	2.00	30.00	discontinued	NA	NA
2011	3.00	3.00	2.00	30.00	discontinued	NA	NA
2010	3.00	3.00	2.00	30.00	discontinued	NA	NA
2009	3.00	3.00	2.00	30.00	discontinued	NA	NA
2008	2.50	2.50	2.00	20.00	5.50	NA	NA
2007	2.50	2.50	2.00	20.00	5.50	NA	NA

Comparative Payroll Tax Information Last Twenty Years

PAYROLL TAX REVENUE	
Fiscal Year	Amount
FY 1996-97	12,938,315
FY 1997-98	14,187,312
FY 1998-99	15,178,987
FY 1999-00	16,040,086
FY 2000-01	16,409,144
FY 2001-02	16,121,110
FY 2002-03	16,214,994
FY 2003-04	17,138,342
FY 2004-05	20,168,976
FY 2005-06	21,416,021
FY 2006-07	22,162,590
FY 2007-08	23,303,571
FY 2008-09	22,169,136
FY 2009-10	21,424,079
FY 2010-11	22,197,770
FY 2011-12	23,047,471
FY 2012-13	24,891,777
FY 2013-14	25,374,737
FY 2014-15	30,996,836
FY 2015-16	34,394,558



HISTORIC PAYROLL TAX RATE	
Date Implemented	Rate
January, 1 2016	0.71%
January 1, 2014	0.70%
January 1, 2013	0.69%
January 1, 2012	0.68%
January 1, 2011	0.67%
January 1, 2010	0.66%
January 1, 2009	0.65%
January 1, 2008	0.64%
January 1, 2007	0.62%
October 1, 1994	0.60%
January 1, 1992	0.56%
July 1, 1987	0.49%
October 1, 1983	0.50%
January 1, 1980	0.60%
January 1, 1979	0.50%
July 1, 1974	0.54%
July 1, 1973	0.47%
April 1, 1972	0.25%
April 1, 1971	0.30%



Miscellaneous Data June 30, 2016

Date of creation of District	November 23, 1970
Form of government	Board of Directors with full-time General Manager
Number of Board members	7
Type of tax support - employer payroll tax	0.71 percent tax rate
County in which the District operates	Lane
Square miles within the District boundaries	482.73
Service area of District (based on definitions contained in Americans with Disabilities Act [ADA])	241.28
Number of routes	34
Population of District (2013 U.S. Census)	300,037

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DISCLOSURES AND COMMENTS REQUIRED BY STATE MINIMUM STANDARDS

Oregon Administrative Rules 162-10-050 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required financial statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth following.

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Lane Transit District
Springfield, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Lane Transit District (the District) as of and for the year ended June 30, 2016, and have issued our report thereon dated April 27, 2017

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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

- The District did not follow the provisions the public contracting standards as there was a project valued greater than \$150,000 that did not go through the public bidding process.
- Expenditures by the District exceeded appropriations, as detailed in the notes to the financial statements.
- The District reported negative fund balances at June 30, 2016 in the Medicaid and Capital Projects Funds.

Internal Control Over Financial Reporting

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

There are findings listed in a separately issued report.

Restriction on Use

This report is intended solely for the information and use of the board of directors and management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, A Shareholder
April 27, 2017

