



Lane Transit District
Eugene Station

LANE TRANSIT DISTRICT EUGENE, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended June 30, 2018 and 2017

(including Audit Comments and Disclosures Required by State Regulations)

**2017-2018
Comprehensive
Annual
Financial
Report**

Lane Transit District
Eugene, Oregon

For Fiscal Years Ended June 30, 2018 and 2017

Prepared by the Finance Department
Christina Shew, Director of Finance

LANE TRANSIT DISTRICT
Comprehensive Annual Financial Report
June 30, 2018 and 2017

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December 20, 2018

Board of Directors
Lane Transit District
3500 East 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, 2018.

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.

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 Moss Adams, LLP, 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, 2018, 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, 2018, 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.

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 311,000 with a fleet of 105 buses in revenue service that travel more than 3.9 million miles annually. Passenger boardings were approximately 10.2 million for FY18. In FY18, LTD provided more than 295,000 revenue hours of fixed-route service.

The boundaries of Lane Transit District fall entirely within Lane County, encompassing approximately 482 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 2017 were seventy-two one hundredths of one percent (.72%) and for calendar year 2018 were seventy-three one hundredths of one percent (.73%).

In 2017, the state legislature passed House Bill 2017 (HB 2017). Section 122 of HB 2017 known as "Keep Oregon Moving" empowers the District to impose an employee state payroll tax of one-tenth of one percent effective July 1, 2018. The funds collected provide a dedicated source of funding to expand public transportation services through the Statewide Transportation Improvement Fund (STIF).

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. Lane Transit District's boundaries fall entirely within Lane County and encompasses 482 square miles serving a population base of approximately 311,000. In June 2018, total nonfarm employment in Lane County was 162,500 compared to 158,500 in June 2017, representing an increase of 4,000 jobs in the last year.

| | <u>June</u> 2014 | <u>June</u> 2015 | <u>June</u> 2016 | <u>June</u> 2017 | <u>June</u> 2018 |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Civilian labor force | 168,414 | 172,343 | 178,823 | 181,846 | 183,914 |
| Unemployment | 11,565 | 10,328 | 9,807 | 8,285 | 7,673 |
| Unemployment rate | 6.9% | 6.0% | 5.5% | 4.6% | 4.2% |
| Total employment | 156,849 | 162,015 | 169,016 | 173,561 | 176,241 |
| | | | | | |
| Total nonfarm employment | 147,800 | 152,300 | 156,100 | 158,500 | 162,500 |
| Percent annual change | 2.7% | 3.0% | 2.5% | 1.5% | 2.5% |

Source: Oregon Employment Department

The unemployment rate has stayed steady at 4.2 percent as of June 2018. This is slightly higher than the comparable rate of 4 percent for both the State of Oregon and the United States as a whole. The June 2018 unemployment rate was 1 percentage point lower than for June 2017.

Relevant Financial Policies

Relevant financial policies are addressed in Note 1 to the financial statements. In the current year no one policy produced a significant impact on the financial statements.

Long-Range Financial Plan

The rolling ten-year Long-Range Financial Plan is currently under revision pending completion of the strategic plan, which will be developed as part of the Transit Tomorrow community engagement process and is targeted to finish late Spring 2019. The plan reviews, in detail, operating revenue and expenditure and capital outlay projections.

Major Initiatives

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

- 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 FY19. The District is constructing a new station near River Road in the Santa Clara community near Hunsaker Lane, including a Park & Ride. The new facility will accommodate both 40- and 60-foot buses, reducing operational delays and improving the customer experience.

- The District is using results from the Pedestrian Network Analysis to assess and develop potential safety and amenity improvements along the Frequent Transit Network.
- The District is conducting a detailed study of our transit system to identify existing strengths, areas for improvement and options to improve and increase usage utilizing a long-term view
- The District's local plan is in the process of being reviewed by the STIF advisory committee. This plan includes projects that invest in operating and capital improvement for low-income household. The projects include additional bus service, replacement of aging buses, mobility as a service, and low-income and student subsidies.
- Transit vehicles have a lifespan of approximately 12 years. In its effort to be fiscally responsible, LTD has maintained many of its vehicles beyond 12 years. However, as vehicles age, maintenance costs increase; this increase eventually offsets any savings generated by delaying the purchase of new vehicles. Many of LTD's vehicles are at the appropriate point in their lifespan to be replaced. LTD will be replacing these aging buses over the course of the next three to five years with diesel, diesel hybrid, and all electric vehicles
- Demand response vehicles have a lifespan of approximately five to eight years. Many of LTD's demand-response vehicles have exceeded their lifespan. With the increase in demand response services, replacement and expansion of these vehicles have become a priority to continue to provide paratransit services.

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the years ended June 30, 2016 and 2017. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. The report satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe we have met the GFOA's standards for financial reporting for the year ended June 30, 2018, and therefore, the District will again be submitting its current Comprehensive Annual Financial Report to that body for consideration for a Certificate of Achievement. To that end, we will advise the Board of the results of the GFOA's review of our report.

Acknowledgments

The preparation of the "Comprehensive Annual Financial Report" was made possible by the efforts of the entire Finance Department and other support from the Planning Department. The Finance Department 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 manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Aurora Jackson', written in a cursive style.

Aurora Jackson
General Manager

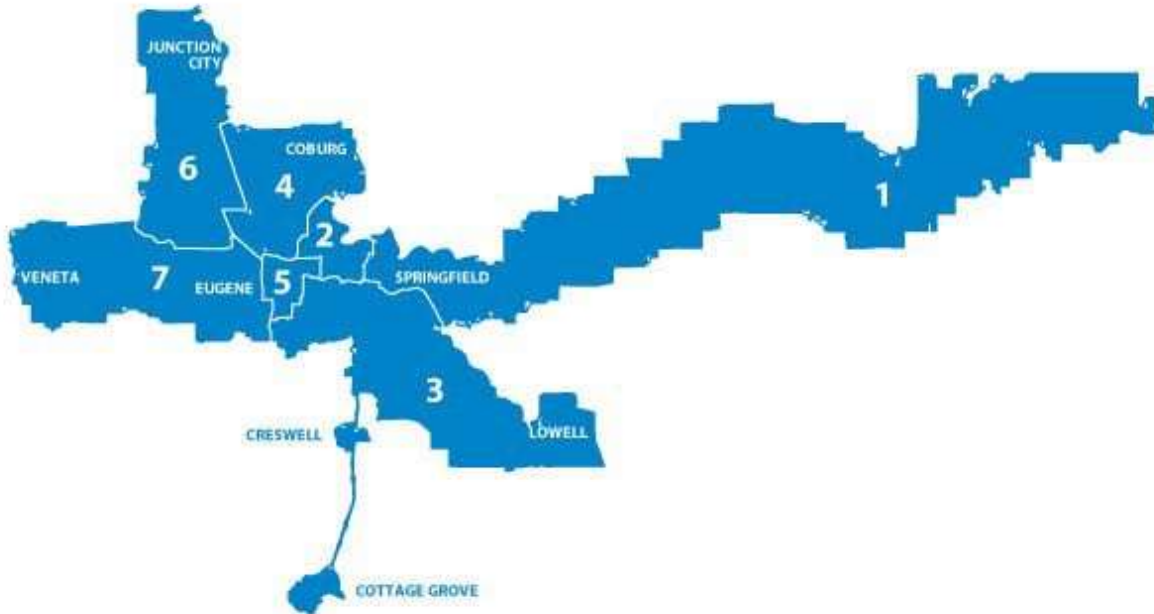
A handwritten signature in black ink, appearing to be 'Christina Shew', written in a cursive style.

Christina Shew, CPA
Director of Finance

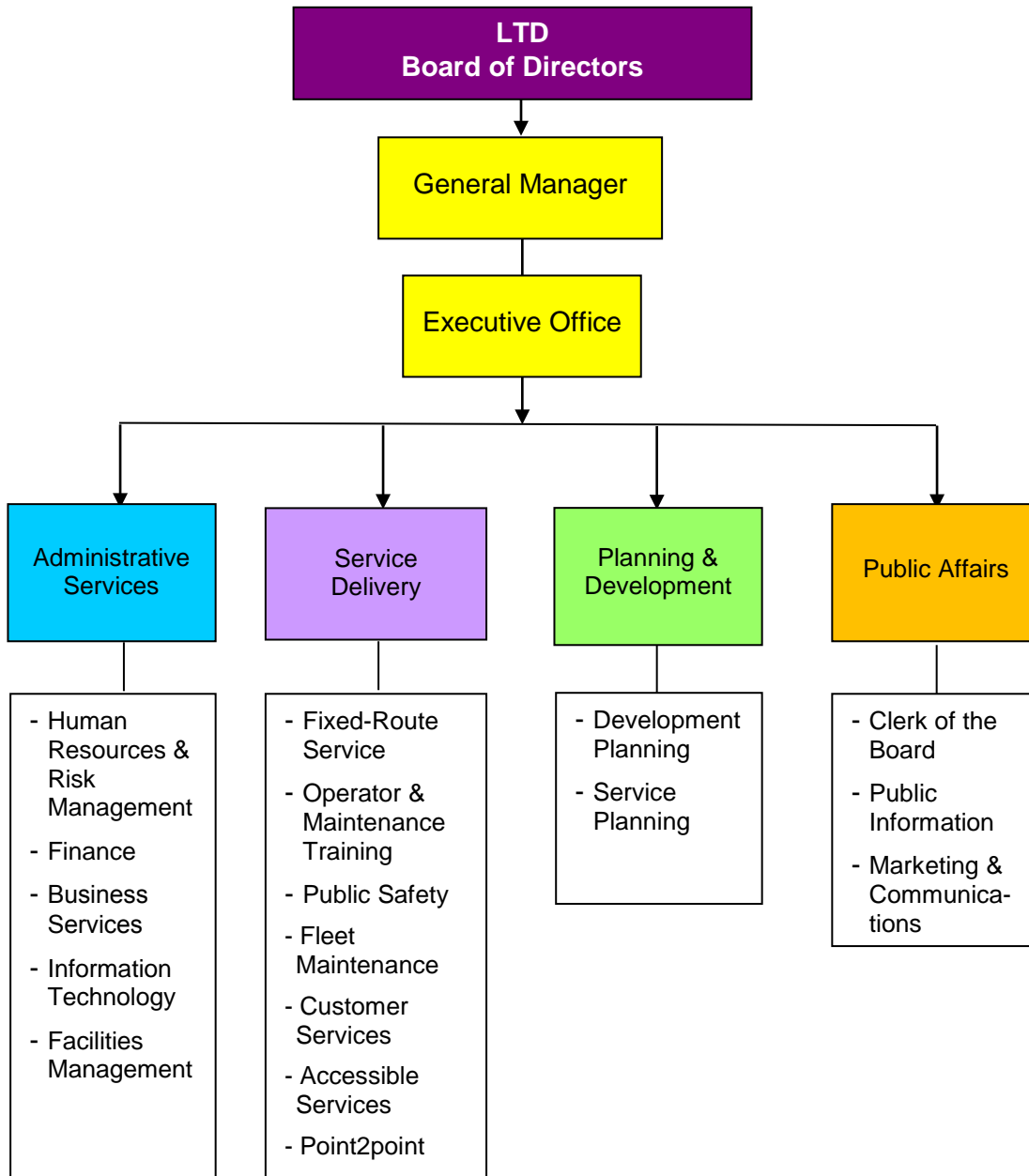
LTD Board of Directors

(Four-year Terms)

| | <u>Sub-District</u> | <u>Term Expiration</u> |
|-------------------------|---------------------|------------------------|
| Steven Yett | 1 | 12/31/21 |
| Carl Yeh | 2 | 12/31/20 |
| Don Nordin, Treasurer | 3 | 12/31/18 |
| Ed Necker, Secretary | 4 | 12/31/17 |
| Vacant | 5 | N/A |
| Gary Wildish, President | 6 | 12/31/18 |
| Kate Reid | 7 | 12/31/20 |



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, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

Report of Independent Auditors

The Board of Directors
Lane Transit District, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Lane Transit District, Oregon (the District) and the Lane Transit District Salaried Employee's Retirement Plan Trust Fund as of and for the year ended June 30, 2018 and 2017, and the Amalgamated Transit Union, Local No. 757 Pension Trust Fund as of and for the year ended December 31, 2017 and 2016, 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, and the Lane Transit District Salaried Employee's Retirement Plan Trust Fund as of June 30, 2018 and 2017, and the Amalgamated Transit Union, Local No. 757 Pension Trust Fund as of December 31, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

In the year ended June 30, 2018, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which modified the presentation of the financial statements by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to other postemployment benefits (OPEB) provided through a defined benefit OPEB plan. In addition, GASB Statement 75 requires disclosure of information related to OPEB. As discussed in Note 4e to the financial statements, the adoption of GASB Statement 75 resulted in the restatement of beginning net position. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11, the schedules of changes in the net pension liability and related ratios on pages 48 and 50, employer contributions on pages 49 and 51, total OPEB liability on page 52, and changes in total OPEB liability on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 schedule of expenditures of federal awards and related notes on pages 90 through 91, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other supplementary information on pages 54 through 61; each as listed in the table of contents (collectively, the supplementary information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other 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 introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical information 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 it.

Reports of Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated December 20, 2018 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.

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 20, 2018, 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.



Julie Desimone, Partner
for Moss Adams LLP
Portland, Oregon
December 20, 2018

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018 and 2017. 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.

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 17-47 in this report.

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Summary

Net Position

| | District Total | | | Increase (decrease) 2018-2017 | Percentage Change 2018-2017 | Increase (decrease) 2017-2016 | Percentage Change 2017-2016 |
|--|----------------------|----------------------|----------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| | 2018 | 2017 | 2016 | | | | |
| Assets | | | | | | | |
| Current assets | \$ 39,716,401 | \$ 33,622,720 | \$ 53,537,564 | \$ 6,093,681 | 18.1% | \$ (19,914,844) | -37.2% |
| Capital assets, net of depreciation | 176,573,417 | 182,179,014 | 160,464,160 | (5,605,597) | -3.1% | 21,714,854 | 13.5% |
| Total assets | 216,289,818 | 215,801,734 | 214,001,724 | 488,084 | 0.2% | 1,800,010 | 0.8% |
| Deferred Outflows of Resources | 3,425,274 | 5,235,429 | 6,267,714 | (1,810,155) | -34.6% | (1,032,285) | -16.5% |
| Total assets and deferred outflows of resources | 219,715,092 | 221,037,163 | 220,269,438 | (1,322,071) | -0.6% | 767,725 | 0.3% |
| Liabilities | | | | | | | |
| Current liabilities | 8,629,463 | 9,017,767 | 17,233,166 | (388,304) | -4.3% | (8,215,399) | -47.7% |
| Noncurrent liabilities | 30,342,493 | 28,793,940 | 29,591,803 | 1,548,553 | 5.4% | (797,863) | -2.7% |
| Total liabilities | 38,971,956 | 37,811,707 | 46,824,969 | 1,160,249 | 3.1% | (9,013,262) | -19.2% |
| Deferred Inflows of Resources | 2,236,492 | 696,930 | 351,796 | 1,539,562 | 220.9% | 345,134 | 98.1% |
| Net Position | | | | | | | |
| Investment in capital assets | 176,573,417 | 182,179,014 | 160,464,158 | (5,605,597) | -3.1% | 21,714,856 | 13.5% |
| Restricted for Accessible Services, Point2point and Medicaid programs | 1,792,304 | 38,863 | 2,775,776 | 1,753,441 | 4511.9% | (2,736,913) | -98.6% |
| Unrestricted | 140,923 | 310,649 | 9,852,739 | (169,726) | -54.6% | (9,542,090) | -96.8% |
| Total net position | 178,506,644 | 182,528,526 | 173,092,673 | (4,021,882) | -2.2% | 9,435,853 | 5.5% |
| Total liabilities, deferred inflows of resources and net position | \$219,715,092 | \$221,037,163 | \$220,269,438 | \$ (1,322,071) | -0.6% | \$ 767,725 | 0.3% |

FY18

The District's total assets stayed relatively flat at \$216 million. Current assets increased \$6.1 million, predominately from increases to grants receivable and accounts receivable. Grants receivable increased as a result of drawdown timing. Significant grants receivables outstanding in FY18 were for the Glenwood facility building and bus lot, EmX West, and the Willow Creek Terminus. Accounts receivable was up due to large outstanding payments due to the District by Trillium at year-end as a result of claims submittal delays, which resulted from software transition challenges as a result of the NOVUS RideSource management software implementation. Offsetting the increase in current assets is a decrease in the net book value of capital assets, which decreased \$5.6 million. This decrease was the result of asset depreciation partially offset by increases in land specifically acquired as part of the EmX West bus rapid transit (BRT) line. The reduction in FY18 construction-in-progress is primarily due to the EmX West BRT line being placed into service in September 2017. The District's total liabilities increased \$1.2 million (3.1 percent) in FY18 from \$37.8 million to \$39 million. This is largely attributable to changes in noncurrent liabilities. The total OPEB liability increased \$4.7 million but was partially offset by the net pension liability for the ATU pension trust. The increase in the OPEB obligation is the result of the implementation of GASB Statement No. 75. The net pension liability for the ATU pension trust decreased as a result of an increase in net investment income, increasing the Plan's fiduciary net position. Total current liabilities decreased \$.382 million due to a reduction in accounts payable, specifically for the EmX West project.

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The net position of the District decreased \$4 million (2.2 percent) in FY18, from \$182.5 million to \$178.5 million. Of the \$178.5 million, \$.141 million was unrestricted, a decrease of \$.170 million from the prior year. The remaining portion of net position is invested in capital assets or restricted for use in Accessible Services, Medicaid, and Point2point programs.

FY17

The District's total assets increased \$1.8 million (0.8 percent) in FY17, from \$214 million to \$215.8 million. Current assets decreased \$19.9 million, predominately from decreases to cash. Cash decreases were the result of increased personnel and associated benefit costs, increased materials and service costs, and a decrease in the employer payroll tax collected. The net book value of capital assets increased \$21.7 million with the addition of \$27.2 million in construction-in-process assets, primarily related to the EmX West. The District's total liabilities decreased \$9 million (19.2 percent) in FY17 from \$46.8 million to \$37.8 million. This is largely attributable to formerly unearned revenue from the State of Oregon lottery bonds being recognized as revenue, as a significant portion of the EmX West grant conditions were met in FY17. The net position of the District increased \$9.4 million (5.5 percent) in FY17, from \$173.1 million to \$182.5 million. Of the \$182.5 million, \$.311 million was unrestricted, a decrease of \$9.5 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) 2018-2017 | Percentage Change 2018-2017 | Increase (decrease) 2017-2016 | Percentage Change 2017-2016 |
|---|----------------|---------------|---------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| | 2018 | 2017 | 2016 | | | | |
| Operating Revenues | | | | | | | |
| Passenger fares | \$ 6,839,353 | \$ 7,319,892 | \$ 7,119,850 | \$ (480,539) | -6.56% | \$ 200,042 | 2.81% |
| Special services | 229,062 | 154,541 | 243,928 | 74,521 | 48.22% | (89,387) | -36.64% |
| Accessible Services, Point2point, and Medicaid | 14,115,229 | 12,572,295 | 14,115,352 | 1,542,934 | 12.27% | (1,543,057) | -10.93% |
| Advertising | 270,000 | 447,000 | 443,887 | (177,000) | -39.60% | 3,113 | 0.70% |
| Nonoperating Revenues | | | | | | | |
| Employer payroll tax | 35,797,722 | 32,827,455 | 34,394,558 | 2,970,267 | 9.05% | (1,567,103) | -4.56% |
| Self-employment tax | 2,072,662 | 1,983,365 | 1,902,866 | 89,297 | 4.50% | 80,499 | 4.23% |
| State payroll assessment | 439,600 | 411,860 | 400,795 | 27,740 | 6.74% | 11,065 | 2.76% |
| Grant revenue | 2,825,907 | 115,475 | 5,052,775 | 2,710,432 | 2347.20% | (4,937,300) | -97.71% |
| Interest | 167,305 | 201,295 | 99,207 | (33,990) | -16.89% | 102,088 | 102.90% |
| Facility rental and other nonoperating revenues | 166,934 | 349,986 | 238,853 | (183,052) | -52.30% | 111,133 | 46.53% |
| Gain (loss) on disposal of capital assets | (1,066,785) | 37,721 | 6,644 | (1,104,506) | -2928.09% | 31,077 | 467.75% |
| Total operating and nonoperating revenues | 61,856,989 | 56,420,885 | 64,018,715 | 5,436,104 | 9.63% | (7,597,830) | -11.87% |
| Operating Expenses | | | | | | | |
| Personnel services | 35,926,313 | 35,491,687 | 31,268,707 | 434,626 | 1.22% | 4,222,980 | 13.51% |
| Materials and services | 8,862,305 | 11,527,120 | 9,178,422 | (2,664,815) | -23.12% | 2,348,698 | 25.59% |
| Insurance | 1,055,130 | 985,149 | 880,893 | 69,981 | 7.10% | 104,256 | 11.84% |
| Accessible Services, Point2point, and Medicaid | 17,118,488 | 15,482,280 | 16,768,307 | 1,636,208 | 10.57% | (1,286,027) | -7.67% |
| Depreciation | 15,613,426 | 11,331,319 | 11,129,702 | 4,282,107 | 37.79% | 201,617 | 1.81% |
| Total operating expenses | 78,575,662 | 74,817,555 | 69,226,031 | 3,758,107 | 5.02% | 5,591,524 | 8.08% |
| Gain (loss) before contributions | (16,718,673) | (18,396,670) | (5,207,316) | 1,677,997 | -9.12% | (13,189,354) | 253.29% |
| Capital contributions | 17,681,023 | 27,832,523 | 40,998,913 | (10,151,500) | -36.47% | (13,166,390) | -32.11% |
| Changes in net position | 962,350 | 9,435,853 | 35,791,597 | (8,473,503) | -89.80% | (26,355,744) | -73.64% |
| Total net position - beginning of period | 182,528,526 | 173,092,673 | 137,301,076 | 9,435,853 | 5.45% | 35,791,597 | 26.07% |
| Restatement - Note 4(e) | (4,984,232) | - | - | - | - | - | - |
| Total net position - restated | 177,544,294 | 173,092,673 | 137,301,076 | 9,435,853 | | | |
| Total net position - end of period | \$178,506,644 | \$182,528,526 | \$173,092,673 | \$ 962,350 | -2.20% | \$ 9,435,853 | 5.45% |

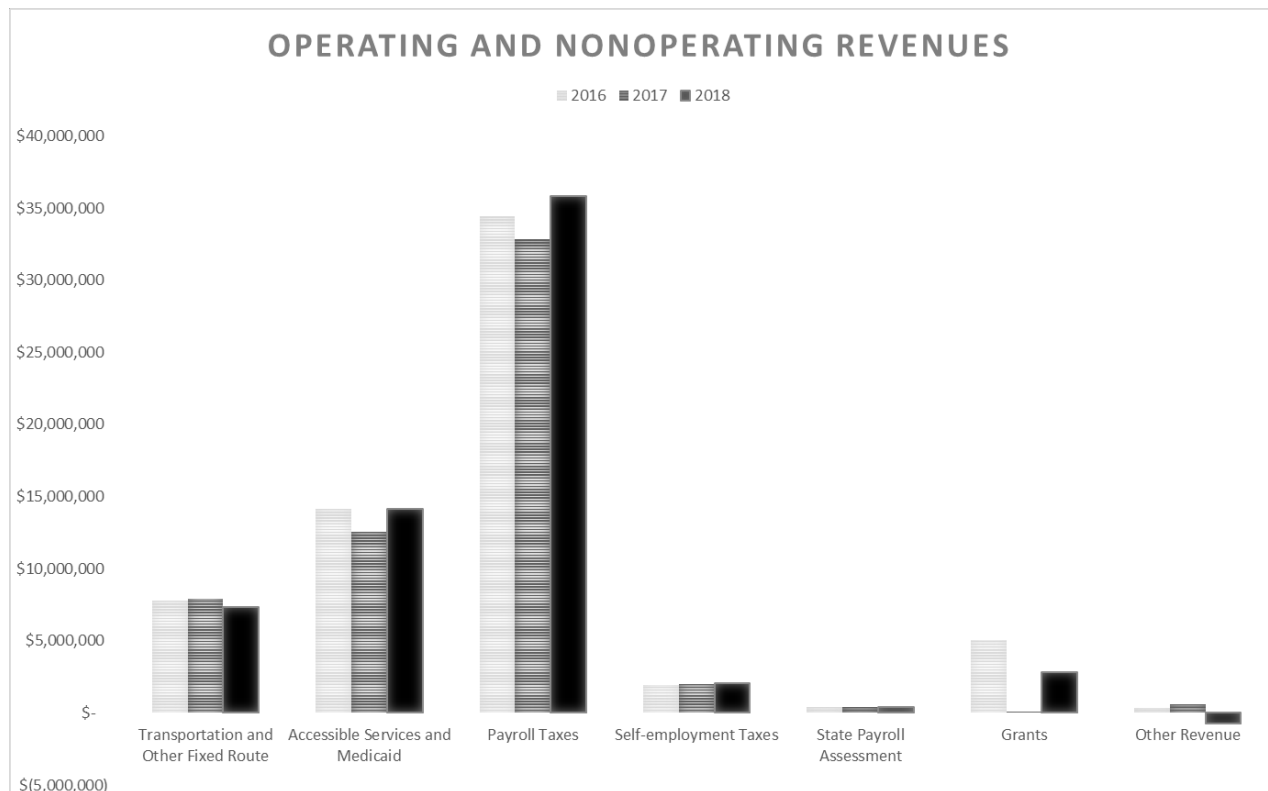
**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FY18

The District's net position decreased \$4 million in FY18 to \$178.5 million. Total revenues were up \$5.4 million (9.6 percent), accompanied by an increase in total expenses of \$3.7 million (5.0 percent). A decrease in capital contributions, increases in depreciation expense, and losses on disposal of capital assets are the primary reasons for the unfavorable change in net position. The increase depreciation is the result of EmX West assets placed into service in September 2017. The loss on disposal of capital assets is the result of pedestrian bridges transferred to the city of Eugene upon their completion.

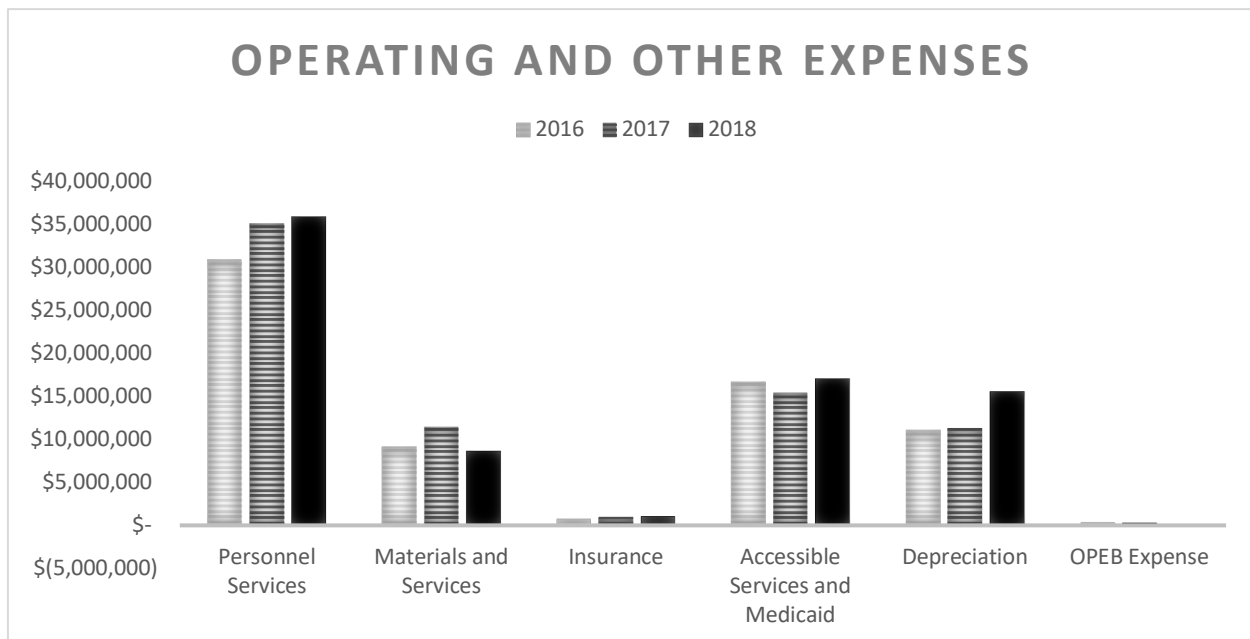
Operating revenues of \$21.5 million reflect an increase of 4.7 percent in FY18. Most of this increase was due to increased utilization of the Accessible Service, Medicaid, and Point2point programs. This increase was partially offset by decreased advertising and fixed-route service passenger fares. Passenger fare decline is due to promotional passes in the first half of FY18 for the EmX launch, as well as an increase in transfers. Advertising was down \$.177 million (39.6 percent) as the University of Oregon EmX advertising contract expired in June 2017, and no advertising replaced this space.

Nonoperating revenues of \$40.4 million were up 12.5 percent in FY18. The increase in nonoperating revenues was due to increases in payroll tax receipts and the reinstatement of federal assistance used for operations in FY18. Compared to FY17, payroll tax receipts are higher by \$3 million. Favorability of \$2 million is due to a taxpayer amended return adversely impacting FY17 with the remaining increase the result of an increase in the tax rate in January 2018 and slowed but continued economic growth.



**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Operating expenses of \$78.6 million were up 5.0 percent in FY18. The largest increase is for depreciation, which is up \$4.3 million (37.8 percent) as EmX West assets were placed into service in September 2017. Increases in Accessible Services, Point2point, and Medicaid of 10.6 percent was driven by an increase in demand for those programs. Personnel services were up 1.2 percent (\$.435 million) as a result of medical insurance premium increases of 10 percent and 9.1 percent January 2017 and 2018, respectively. Materials and services decreased \$2.7 million or 23.1 percent as a result of austerity measures put in place. The most significant materials and services decreases were for fuel, contracted services, and maintenance and repair.



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. The decrease in capital contributions by \$10.2 million in FY18 is primarily related to EmX West, which was launched in September 2017. Details of capital spending can be found below in the capital assets portion of this analysis.

FY17

The District's net position increased \$9.4 million in FY17 to \$182.5 million. Total revenues were down \$7.6 million (11.9 percent), accompanied by an increase in total expenses of \$5.6 million (8.1 percent). Federal and state assistance were the primary contributors to the favorable change in net position. Operating revenues of \$20.5 million reflect a decrease of 6.5 percent in FY17. Most of this decrease was attributable to a reduction in utilization of the Accessible Services and Medicaid programs partially offset by increases in fixed-route service passenger fares. Nonoperating revenues of \$35.9 million were down 14.7 percent in FY17. The decrease in nonoperating revenues was due to federal assistance used for operations in FY16, but not in FY17, and lower payroll tax receipts. Payroll tax receipts were lower in FY17 because of \$2 million in taxpayer amended returns for overpayment of their payroll taxes in FY15 and FY16. The decrease in capital contributions is related to the EmX West winding down as it prepared for launch in September 2017.

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Operating expenses of \$74.8 million were up 8.1 percent in FY17. Personnel services were up 13.5 percent (\$4.3 million). Personnel cost increases were primarily for bus operators and public safety. Bus operators were added in preparation for the EmX West. Public safety increases were the result of insourcing of this formerly outsourced service. Personnel service benefit cost increases were a result of a one-time \$1 million payment to reduce the unfunded pension liability, an increase in the number of personnel, and a 10 percent increase in medical premium costs in January 2017. Decreases in Accessible Services and Medicaid of 7.7 percent were driven by a decline in demand for those programs. Materials and services increased \$2.3 million or 25.6 percent primarily for fuel, parts, and contracted services. The charge for depreciation stayed relatively flat, increasing \$.2 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.

Capital Assets

At June 30, 2018, the District had invested \$177 million, net of accumulated depreciation, in a variety of capital assets.

| Capital Assets, net of depreciation As of June 30 | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| | District Totals | | | Increase (decrease) 2018-2017 | Percentage Change 2018-2017 | Increase (decrease) 2017-2016 | Percentage Change 2017-2016 |
| | 2018 | 2017 | 2016 | | | | |
| Land | \$ 17,612,178 | \$ 12,105,276 | \$ 12,057,496 | \$ 5,506,902 | 45.7% | \$ 47,780 | 0.4% |
| Freestanding public art | 366,917 | 366,917 | 366,917 | (0) | 0.0% | 0 | 0.0% |
| Construction in progress | 142,858 | 88,711,001 | 61,519,546 | (88,568,143) | -144.0% | 27,191,455 | 44.2% |
| Busways | 103,046,925 | 27,449,945 | 29,742,702 | 75,596,980 | 254.2% | (2,292,757) | -7.7% |
| Rolling stock and related equipment | 21,469,723 | 25,731,739 | 26,489,253 | (4,262,017) | -16.1% | (757,513) | -2.9% |
| Stations, shelters, and bus signs | 10,861,490 | 6,884,493 | 8,178,975 | 3,976,997 | 48.6% | (1,294,482) | -15.8% |
| Buildings and improvements | 19,832,479 | 17,477,399 | 18,627,551 | 2,355,080 | 12.6% | (1,150,152) | -6.2% |
| Accessible Services vehicles | 717,216 | 763,020 | 1,329,807 | (45,805) | -3.4% | (566,786) | -42.6% |
| Other equipment and support vehicles | <u>2,523,632</u> | <u>2,689,223</u> | <u>2,151,912</u> | <u>(165,591)</u> | <u>-7.7%</u> | <u>537,311</u> | <u>25.0%</u> |
| | <u>\$ 176,573,417</u> | <u>\$ 182,179,014</u> | <u>\$ 160,464,160</u> | <u>\$ (5,605,597)</u> | <u>-3.5%</u> | <u>\$ 21,714,855</u> | <u>13.5%</u> |

FY18

In FY18, the District spent \$11.1 million for capital acquisition and construction, approximately 79 percent of which was reimbursed by federal and state governments. The reimbursement percentage is down from 81 percent, primarily due to the use of *ConnectOregon* grants in FY17, but not FY18, and some projects funded solely by the General Fund. Of the \$11.1 million spent, \$6.7 million was spent for construction activities related to the EmX West. Other expenditures included \$3.4 million spent for construction activities related to the facilities management building and bus parking lot. Overall, the District's net position in capital assets decreased by \$5.6 million after the charge for depreciation.

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FY17

In FY17, the District spent \$33 million for capital acquisition and construction, approximately 81 percent of which was reimbursed by federal and state governments. Of this amount, \$27.6 million was spent for construction activities related to the EmX West. Other expenditures included \$3.4 million for acquisition of accessible services vehicles and buses. Overall, the District's net position in capital assets increased by \$21.7 million after the charge for depreciation.

Note 3(d) (page 28) 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. The District's Board of Directors adopted the FY19 budget on May 16, 2018. The total adopted budget for FY19 is \$97.9 million, which includes \$56.4 million in total appropriations, a 9.5 percent decrease from the FY18 budget. The FY19 adopted budget can be found under "Financials" and "Annual Budget" at: <https://www.ltd.org/financials/>. Budget highlights are listed below:

- Although payroll and self-employment taxes increased \$1.2 million to \$37.9 million in FY18, it was below the FY18 budget amount by \$2.1 million due to a \$2.8 million taxpayer amended return in FY17 for overpayment of their payroll taxes in FY15, FY16, and early FY17. Growth was approximately 3.1 percent after adjusting for the impact of the amended return. At the time of the FY18 budget adoption, which was prior to the taxpayer amended return, payroll and self-employment taxes were projected to increase to \$40 million. The FY18 growth of 3.1 percent is inclusive of the scheduled January 2018 payroll tax rate increase of one one-hundredth of one percent (.001%). The FY19 payroll and self-employment taxes are projected to be \$38.8 million (2.4 percent increase), which is reflective of a slowing economic growth in the District.
- Operating revenues, including passenger fares, monthly passes, Group Pass Program, advertising, and special services, are forecast to increase 11.4 percent to \$7.1 million from the prior-year budget. Reductions are predicted in passenger fares and group pass revenues due to lower University of Oregon and Lane Community College enrollment, as well as an increase in the use of transfers.
- The FY19 budget incorporates \$2.5 million related to the State of Oregon House Bill 2017 that passed in July 2017. This bill includes a statewide employee payroll tax of one-tenth of one percent (.1%) on eligible gross taxable employee wages and is expected to raise approximately \$13.4 million over three years.
- In April 2018, the staff belonging to the Amalgamated Transit Union Local 757 ratified a four-year contract, which increased wages 3 percent in FY19. Additionally, the FY18 budgeted staff was 373 but was held to an average of 362 in FY18. The plan is to reduce the FTEs through attrition by the end of FY19 to 351. Headcount savings due to FTE attrition is partially offset by increases in the cost of health insurance, which is projected to increase 8 percent in FY19. The combination of these factors results in a 7.2 percent reduction to \$36.1 million in the personnel service budget for FY19 from FY18.
- Fuels and lubricants, the District's single largest material expenditure line item, is budgeted to decrease to \$2.3 million from the FY18 budget as fuel prices remain low, economists predict stability in diesel markets in FY19, and service efficiencies will reduce consumption.

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- Parts, general maintenance, and repair are budgeted to increase over FY18 by \$.2 million as the District's aging fleet requires major component replacements.
- Costs associated with facility management, as a result of doubling the EmX infrastructure through EmX West, have tapered off. FY19 budget for facilities management is only a \$.96 million increase (3 percent).
- \$6.6 million of grant funding is allocated to purchase eight buses. Another \$1.3 million is appropriated to replace accessible service vehicles. All bus purchases will replace vehicles that have reached the end of their useful life.
- \$1.2 million of grant funding and local match is allocated for EmX development and construction, including completion of property acquisitions and the Franklin EmX transit station.
- \$1 million is allocated to planning projects including Main Street McVay, MovingAhead, and the River Road Transit Community Implementation Plan.
- \$10.3 million of grant funding and local match is being used to construct a new station near Hunsaker Lane and River Road in Eugene. For FY19, \$1 million is budgeted to be spent. This new station will accommodate both regular and EmX vehicles, reducing operational delays and improving the customer experience.

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

Basic Financial Statements

**Lane Transit District
Statements of Net Position
June 30, 2018 and 2017**

| | 2018 | 2017 |
|--|----------------|----------------|
| Assets | | |
| Current assets | | |
| Cash and investments | | |
| Unrestricted | \$ 7,878,024 | \$ 14,686,242 |
| Restricted | 2,923,676 | 3,272,217 |
| Accounts receivable | 4,576,550 | 1,879,675 |
| Taxes receivable | 8,801,585 | 8,614,940 |
| Grants receivable | 14,103,997 | 3,278,273 |
| Due from other governments | 110,297 | 105,699 |
| Inventory of parts and supplies | 1,111,267 | 931,733 |
| Prepaid expense | 191,005 | 793,941 |
| Deposits | 20,000 | 60,000 |
| Total current assets | 39,716,401 | 33,622,720 |
| Capital assets | | |
| Land | 17,612,178 | 12,105,276 |
| Freestanding public art | 366,917 | 366,917 |
| Construction in progress | 30,552,357 | 88,711,001 |
| Other capital assets (net of depreciation) | 128,041,965 | 80,995,820 |
| Net capital assets | 176,573,417 | 182,179,014 |
| Total assets | 216,289,818 | 215,801,734 |
| Deferred outflows of resources | | |
| Deferred outflows - LTD ATU Pension Trust | 2,408,443 | 4,024,659 |
| Deferred outflows - LTD Salaried Employees' Plan | 526,150 | 1,210,770 |
| Deferred outflows - OPEB | 490,681 | - |
| Total deferred outflows of resources | 3,425,274 | 5,235,429 |
| Total assets and deferred outflows of resources | \$ 219,715,092 | \$ 221,037,163 |

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

Lane Transit District
Statements of Net Position (Continued)
June 30, 2018 and 2017

| | 2018 | 2017 |
|---|----------------|----------------|
| Liabilities | | |
| Accounts payable | \$ 5,412,014 | \$ 6,484,806 |
| Accrued payroll | 876,569 | 722,774 |
| Payroll withholdings and taxes | 59,142 | 54,891 |
| Accrued pension | 151,718 | 134,309 |
| Accrued vacation and sick leave | 1,002,831 | 939,216 |
| Unearned revenue | 970,456 | 654,217 |
| Other current liabilities | 156,733 | 27,554 |
| Total current liabilities | 8,629,463 | 9,017,767 |
| Noncurrent liabilities | | |
| Accrued vacation and sick leave | 1,872,076 | 1,865,918 |
| Total OPEB liability | 9,605,874 | 4,869,347 |
| Net pension liability - LTD ATU Pension Trust | 10,135,573 | 13,359,305 |
| Net pension liability - LTD Salaried Employees' Plan | 8,728,970 | 8,699,370 |
| Total noncurrent liabilities | 30,342,493 | 28,793,940 |
| Total liabilities | 38,971,956 | 37,811,707 |
| Deferred inflows of resources | | |
| Deferred inflows - LTD ATU Pension Trust | 1,414,508 | 696,930 |
| Deferred inflows - LTD Salaried Employees' Plan | 103,213 | - |
| Deferred inflows - OPEB | 718,771 | - |
| Total deferred outflows of resources | 2,236,492 | 696,930 |
| Net position | | |
| Investment in capital assets | 176,573,417 | 182,179,014 |
| Restricted | 1,792,304 | 38,863 |
| Unrestricted | 140,923 | 310,649 |
| Total net position | 178,506,644 | 182,528,526 |
| Total liabilities, deferred inflows of resources and net position | \$ 219,715,092 | \$ 221,037,163 |

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

Lane Transit District
Statements of Revenues, Expenses, and Changes in Net Position
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|--|----------------|----------------|
| Operating revenues | | |
| Passenger fares | \$ 6,839,353 | \$ 7,319,892 |
| Special services | 229,062 | 154,541 |
| Accessible Services, Medicaid and Point2point | 14,115,229 | 12,572,295 |
| Advertising | 270,000 | 447,000 |
| Total operating revenues | 21,453,644 | 20,493,728 |
| Operating Expenses | | |
| Personnel services | 35,926,313 | 35,491,687 |
| Materials and services | 8,862,305 | 11,527,120 |
| Insurance | 1,055,130 | 985,149 |
| Accessible Services, Medicaid and Point2point | 17,118,488 | 15,482,280 |
| Depreciation | 15,613,426 | 11,331,319 |
| Total operating expenses | 78,575,662 | 74,817,555 |
| Operating loss | (57,122,018) | (54,323,827) |
| Nonoperating Revenues (Expenses) | | |
| Employer payroll tax, net of state administrative fees (2018, \$551,892; 2017, \$391,988) | 35,797,722 | 32,827,455 |
| Self-employment tax, net of state administrative fees (2018, \$85,161; 2017, \$83,907) | 2,072,662 | 1,983,365 |
| State payroll assessment | 439,600 | 411,860 |
| Grant revenue | 2,825,907 | 115,475 |
| Interest | 167,305 | 201,295 |
| Facility rental and other nonoperating revenues | 166,934 | 349,986 |
| (Loss)/gain on disposal of capital assets | (1,066,785) | 37,721 |
| Total nonoperating revenues | 40,403,345 | 35,927,157 |
| Loss before capital contributions | (16,718,673) | (18,396,670) |
| Capital contributions | | |
| Federal and state grants for capital acquisition | 17,681,023 | 27,832,523 |
| Changes in net position | 962,350 | 9,435,853 |
| Total net position - beginning | 182,528,526 | 173,092,673 |
| Restatement - Note 4(e) | (4,984,232) | - |
| Total net position - restated | 177,544,294 | 173,092,673 |
| Total net position - ending | \$ 178,506,644 | \$ 182,528,526 |

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

**Lane Transit District
Statements of Cash Flows
For the fiscal years ended June 30, 2018 and 2017**

| | 2018 | 2017 |
|---|------------------------|------------------------|
| Cash flows from operating activities | | |
| Cash received from customers | \$ 18,756,041 | \$ 20,189,567 |
| Cash paid to suppliers for goods and services | (26,965,785) | (28,388,508) |
| Cash paid to employees for services | (36,314,995) | (34,382,625) |
| Net cash used for operating activities | <u>(44,524,739)</u> | <u>(42,581,566)</u> |
| Cash flows from noncapital financing activities | | |
| Employer payroll tax | 35,797,722 | 32,827,455 |
| Self-employment tax | 2,068,949 | 1,995,574 |
| State payroll assessment | 256,668 | 545,768 |
| Federal operating grant | 1,813,107 | - |
| State operating grant | 1,012,800 | - |
| Local operating grant | - | 115,475 |
| Facility rental and other nonoperating revenues | 166,934 | 349,986 |
| Net cash provided by noncapital financing activities | <u>41,116,180</u> | <u>35,834,258</u> |
| Cash flows from capital and related financing activities | | |
| Contribution from federal and state agencies | 7,171,538 | 24,200,528 |
| Proceeds from disposal of capital assets | 8,559 | 37,721 |
| Acquisition and construction of capital assets | (11,095,602) | (33,046,173) |
| Net cash used for capital and related financing activities | <u>(3,915,505)</u> | <u>(8,807,924)</u> |
| Cash flows from investing activities | | |
| Interest receipts | <u>167,305</u> | <u>201,295</u> |
| Net change in cash and cash equivalents | <u>(7,156,759)</u> | <u>(15,353,937)</u> |
| Cash and cash equivalents, beginning of the year | 17,958,459 | 33,312,396 |
| Cash and cash equivalents, end of the year | <u>\$ 10,801,700</u> | <u>\$ 17,958,459</u> |
| Reconciliation of operating loss to net cash used for operating activities: | | |
| Operating loss | (57,122,018) | (54,323,827) |
| Adjustments to reconcile operating loss to net cash used for operating activities | | |
| Depreciation | 15,613,426 | 11,331,319 |
| Change in net pension liability and related deferred inflows and outflows | (72,505) | (121,744) |
| Change in net OPEB liability and related deferred inflows and outflows | (19,615) | 353,155 |
| Change in accounts receivable | (2,697,603) | (304,161) |
| Change in inventory of parts and supplies | (179,534) | 1,077,584 |
| Change in prepaid expenses | 602,936 | (497,172) |
| Change in deposits | 40,000 | - |
| Change in accounts payable | (1,072,792) | 598,095 |
| Change in accrued payroll and related liabilities | 245,228 | 877,651 |
| Change in other current liabilities | 129,179 | (1,572,466) |
| | <u>\$ (44,533,298)</u> | <u>\$ (42,581,566)</u> |

The District disposed of capital assets with a net book value of \$1,079,214 and \$0 in the fiscal years ending June 30, 2018 and 2017 respectively. The 2018 disposal was for bridges transferred to the City of Eugene. Cash and cash equivalents consist of unrestricted and restricted amounts.

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

**Lane Transit District
Statements of Fiduciary Net Position**

| | Pension Trust Funds As of June 30, 2018 | Pension Trust Funds As of June 30, 2017 |
|---|--|--|
| Assets | | |
| Cash | | |
| Cash and cash equivalents | \$ 1,204,326 | \$ 977,709 |
| Investments | | |
| Shares of registered investment companies | 47,334,524 | 41,671,467 |
| Total Assets | <u>48,538,850</u> | <u>42,649,176</u> |
| Liabilities | | |
| Accrued expenses | 11,697 | 49,382 |
| Fiduciary Net Position - Restricted for Pensions | <u>\$ 48,527,153</u> | <u>\$ 42,599,794</u> |

Statements of Changes in Fiduciary Net Position

| | Pension Trust Funds For the Year Ended June 30, 2018 | Pension Trust Funds For the Year Ended June 30, 2017 |
|---|---|---|
| Additions | | |
| Employer contributions | \$ 4,231,412 | \$ 4,932,274 |
| Net change in fair value of investments | 4,779,995 | 2,827,564 |
| Interest, dividends and other income | 907,376 | 767,923 |
| Investment expenses | (160,934) | (144,849) |
| Net investment income | <u>5,526,437</u> | <u>3,450,638</u> |
| Total Additions | <u>9,757,849</u> | <u>8,382,912</u> |
| Deductions | | |
| Benefits paid to participants | 3,724,045 | 3,616,792 |
| Administrative expenses | 106,445 | 129,125 |
| Total deductions | <u>3,830,490</u> | <u>3,745,917</u> |
| Net increase in fiduciary net position | 5,927,359 | 4,636,995 |
| Fiduciary Net Position - Restricted for Pensions Beginning of the year | <u>42,599,794</u> | <u>37,962,799</u> |
| Fiduciary Net Position - Restricted for Pensions End of the year | <u>\$ 48,527,153</u> | <u>\$ 42,599,794</u> |

LANE TRANSIT DISTRICT
Notes to Basic Financial Statements
Years Ended June 30, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies

Lane Transit District, Oregon (“LTD” or “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. The District 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 set District policy, levy taxes, appropriate funds, adopt budgets, serve as contract board, and perform other duties required by state and federal law. The District uses one budgetary fund to account for its operating activities: General Fund. The General Fund accounts for the financial resources associated with operating the District. Principle sources of revenue in the General Fund are passenger fares, employer payroll and self-employment taxes, State of Oregon payroll assessments (“in lieu”), federal grants, and interest. Primary expenditures in the General Fund are personal services, materials and services, and principal and interest on debt secured by General Fund revenues. The District has the following four other funds: Point2point Fund, Accessible Services Fund, Medicaid Fund, and Capital Projects Fund. The District also has fiduciary responsibility for two pension plan trust funds: The Lane Transit District Salaried Employee’s Retirement Plan Trust Fund covering nonunion employees, and the Amalgamated Transit Union, Local No. 757 Pension Trust Fund covering union employees. The investment, pension funding and benefit payment activity are reported in these two LTD fiduciary pension trust funds.

(a) Financial Reporting Entity

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

(b) 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 on 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, 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.

1. Summary of Significant Accounting Policies (Continued)

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.

(c) 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 0.73 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 paid are based on actual cash receipts from employers and are true-up following the tax return filings of employers. Future cash distributions are adjusted for true-ups identified during the filing of employer tax returns.

(d) Restricted Assets

Restricted assets are assets set aside to meet externally-imposed legal and contractual obligations. Restricted assets are used in accordance with their requirements. 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, Point2point and Medicaid programs.

(e) Cash and Investments

Cash and cash equivalents include deposits in the State of Oregon Local Government Investment Pool and financial institutions.

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.

1. Summary of Significant Accounting Policies (Continued)

For purposes of the Statement of Cash Flows, the District considers pooled cash, investments and deposits in financial institutions (including deposited cash) having an original maturity of three months or less to be cash and cash equivalents.

(f) Grant Receivables

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

(g) 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.

(h) Capital Assets and Depreciation

Capital assets are stated at cost, except for donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement, which are stated at the acquisition 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). Shelters, stations, and buildings have estimated useful lives of ten to forty years. Accessible services vehicles have estimated useful lives of five to eight years. Useful lives for furniture and other equipment range from three to twenty years.

(i) 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.

1. Summary of Significant Accounting Policies (Continued)

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.

(j) **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.

(k) **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.

(l) **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.

(m) **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.

1. Summary of Significant Accounting Policies (Continued)

(n) New Accounting Pronouncements

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This statement establishes new accounting and financial reporting requirements for other postemployment benefits (OPEB) plans, providing guidance for accounting for OPEB liabilities, deferred outflows, and deferred inflows of resources. The District adopted this new pronouncement in the current year. See note 4(b) for additional information.

GASB Statement No. 85 – Omnibus 2017. The purpose of this statement is to address a variety of issues identified by GASB regarding the blending of component units, reporting of goodwill, fair value measurement and application, and OPEB. Portions of this standard were applicable to the District but did not have a significant impact on the District's accounting and reporting practices.

GASB Statement No. 86 – Certain Debt Extinguishment Issues, Including Debt Borrowings and Direct Placements. This statement is intended to improve the information that is disclosed in the notes to governmental financial statements related to debt. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement is not currently applicable to the District.

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, Medicaid, Point2point, and capital acquisition programs.
- **Point2point Fund:** This fund accounts for federal, state, and local resources to provide transportation options projects and programs for the District and Lane Metropolitan Planning Organization. Resources include both one-time and ongoing financial resources.
- **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.

2. Stewardship, Compliance, and Accountability (Continued)

- **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 primarily 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 proposed operating and capital budgets to the Budget Committee in a sufficient length of time in advance to allow adoption of the budget prior to July 1. The operating and capital projects budgets 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 November 2017, the Board adopted an amendment to the budget necessitated by a carryover of resources in the Capital Projects Fund and to recognize additional federal, state, and local resources available to that fund.

(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 lapse at year-end and do not constitute expenses or liabilities.

3. Detail Notes

(a) Cash and Investments

Cash and investments at June 30 are comprised of the following:

| | <u>2018</u> | <u>% of portfolio</u> | <u>2017</u> | <u>% of portfolio</u> |
|---|----------------------|---------------------------|----------------------|---------------------------|
| <u>Cash and investments</u> | | | | |
| Cash on hand | \$ 4,550 | 0.0% | \$ 4,550 | 0.0% |
| Demand deposits with financial institutions | 3,423,464 | 31.7% | 4,847,342 | 27.0% |
| Oregon local government investment pool | <u>7,373,686</u> | 68.3% | <u>13,106,567</u> | 73.0% |
| Total cash and investments | <u>\$ 10,801,700</u> | | <u>\$ 17,958,459</u> | |

Cash and investments are reflected in the Statements of net position as follows:

| | | |
|---------------------------------|----------------------|----------------------|
| Cash and cash equivalents | | |
| Unrestricted | \$ 7,878,024 | \$ 14,686,242 |
| Restricted | <u>2,923,676</u> | <u>3,272,217</u> |
| Total cash and cash equivalents | <u>\$ 10,801,700</u> | <u>\$ 17,958,459</u> |

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Demand deposits are covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held by the State of Oregon.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

3. Detail Notes (Continued)

The Local Government Investment Pool (LGIP) is administered by the Oregon State Treasury. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the State who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. The Oregon Audits Division of the Secretary of State's Office audits the LGIP annually. The Division's most recent audit report on the LGIP was unmodified. The fair value of pool shares is equal to Lane Transit District's proportionate position in the pool. The LGIP includes investments in external investment pools and does not meet the requirements for "leveling" disclosures as established in GASB Statement No. 72. Therefore, fair value of the LGIP is determined by the pool's underlying portfolio.

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, 2018 and 2017, is reported at fair value, which approximates cost and its share value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investments held in the LGIP have an interest rate risk based on the average maturity of the LGIP's investments. The LGIP manages this risk by limiting the period of the reset date (reset) or maturity of the investments held by the Pool. The LGIP rules require that at least 50 percent of the LGIP portfolio mature or reset within 93 days; not more than 25 percent of the LGIP portfolio may mature or reset in over a year; and no investments are reset more than three years from settlement date.

3. Detail Notes (Continued)

Credit Risk

Generally, credit risk is the risk that a issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The LGIP's policies provide for a composite minimum weighted average credit quality rating for the fund's holdings to be the equivalent of a AA Standard and Poor's (S&P) rating. This composite is calculated based on the median rating if three agencies rate the security, the lower rating if two ratings are available, or the single rating if only one rating is available. On June 30, 2018, the LGIP fund's composite weighted average rating was equivalent to S&P's AA.

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.

(b) Receivables

Accounts - Unrestricted accounts receivable at June 30 consisted of the following:

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Passenger fares | \$ 210,151 | \$ 528,569 |
| Medicaid reimbursement | 3,385,676 | 514,001 |
| Medicaid nonmedical reimbursement | 240,632 | 187,620 |
| Medicaid developmental disability reimbursement | 686,882 | 637,685 |
| Miscellaneous | 53,209 | 11,800 |
| Net total accounts receivable | <u>\$ 4,576,550</u> | <u>\$ 1,879,675</u> |

3. Detail Notes (Continued)

Taxes - Unrestricted taxes receivable at June 30 consisted of the following:

| | <u>2018</u> | <u>2017</u> |
|------------------------|---------------------|---------------------|
| Employer payroll taxes | \$ 8,739,859 | \$ 8,556,927 |
| Self-employment taxes | 61,726 | 58,013 |
| Total unrestricted | <u>\$ 8,801,585</u> | <u>\$ 8,614,940</u> |

Grants - Grants receivable at June 30 consisted of the following:

| | <u>2018</u> | <u>2017</u> |
|--|----------------------|---------------------|
| Unrestricted federal grants | \$ 11,101,671 | \$ 2,519,917 |
| Unrestricted state grants | 1,200,318 | 357,991 |
| Total unrestricted grants | 12,301,989 | 2,877,908 |
| Grants restricted for Accessible Services, Medicaid, and Point2point | 1,802,008 | 400,365 |
| Total grants receivable | <u>\$ 14,103,997</u> | <u>\$ 3,278,273</u> |

(c) Restricted Assets

Restricted assets consist of current assets that are restricted for Accessible Services, Point2point and Medicaid programs.

The components of the restricted assets, liabilities payable from restricted assets, and restricted net positions as of June 30, 2018, were as follows:

| | Accessible Services, Medicaid and Point2point | Capital Projects | General Fund | Total |
|--|---|---------------------|-----------------|---------------------|
| Restricted assets | | | | |
| Cash and investments | \$ 1,171,131 | \$ 1,732,545 | \$ 20,000 | \$ 2,923,676 |
| Accounts receivable | 2,635,106 | - | - | 2,635,106 |
| Federal and state grants receivable | 64,895 | 1,737,113 | - | 1,802,008 |
| Total restricted assets | <u>3,871,132</u> | <u>3,469,658</u> | <u>20,000</u> | <u>7,360,790</u> |
| Liabilities payable from restricted assets | | | | |
| Accounts payable | \$ (3,000,257) | \$ (1,737,113) | \$ - | \$ (4,737,370) |
| Deposits | - | - | (20,000) | (20,000) |
| Unearned revenue | (183,994) | (627,122) | - | (811,116) |
| Total liabilities payable from restricted assets | <u>(3,184,251)</u> | <u>(2,364,235)</u> | <u>(20,000)</u> | <u>(5,568,486)</u> |
| Total net restricted assets | <u>\$ 686,881</u> | <u>\$ 1,105,423</u> | <u>\$ -</u> | <u>\$ 1,792,304</u> |

3. Detail Notes (Continued)

The components of the restricted assets, liabilities payable from restricted assets, and restricted net positions as of June 30, 2017, were as follows:

| | Accessible Services and Medicaid | Capital Projects | General Fund | Total |
|--|--|---------------------|-----------------|--------------------|
| Restricted assets | | | | |
| Cash and investments | \$ - | \$ 3,272,217 | \$ - | \$ 3,272,217 |
| Accounts receivable | 1,339,306 | - | - | 1,339,306 |
| Federal and state grants receivable | 400,365 | - | - | 400,365 |
| Total restricted assets | <u>1,739,671</u> | <u>3,272,217</u> | <u>-</u> | <u>5,011,888</u> |
| Liabilities payable from restricted assets | | | | |
| Accounts payable | \$ (1,419,127) | \$ (3,055,642) | \$ - | \$ (4,474,769) |
| Unearned revenue | <u>(281,681)</u> | <u>(216,575)</u> | <u>-</u> | <u>(498,256)</u> |
| Total liabilities payable from restricted assets | <u>(1,700,808)</u> | <u>(3,272,217)</u> | <u>-</u> | <u>(4,973,025)</u> |
| Total net restricted assets | <u>\$ 38,863</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 38,863</u> |

3. Detail Notes (Continued)

(d) Capital Assets

Major classes of capital assets and accumulated depreciation as of June 30, 2018 and 2017:

| | Balance | | | | Balance |
|---|----------------|----------------|----------------|--------------|----------------|
| | June 30, 2017 | Additions | Deletions | Transfers | June 30, 2018 |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 12,105,276 | \$ 592,804 | \$ - | \$ 4,914,098 | \$ 17,612,178 |
| Public art | 366,917 | - | - | - | 366,917 |
| Construction in progress | 88,711,001 | 89,244 | (1,079,214) | (57,168,674) | 30,552,357 |
| Total capital assets not being depreciated | 101,183,194 | 682,048 | (1,079,214) | (52,254,576) | 48,531,452 |
| Capital assets being depreciated: | | | | | |
| Busways | 47,026,958 | 4,590,770 | - | 47,375,494 | 98,993,222 |
| Rolling stock and related equipment | 64,905,520 | - | - | - | 64,905,520 |
| Stations, shelters, and bus signs | 20,734,681 | 1,382,452 | - | 4,285,351 | 26,402,484 |
| Buildings and improvements | 43,125,878 | 3,960,128 | - | 87,930 | 47,173,936 |
| Accessible Services vehicles | 5,447,125 | - | (181,274) | - | 5,265,851 |
| Other equipment and support vehicles | 14,667,211 | 471,645 | (83,837) | 505,801 | 15,560,820 |
| Total capital assets being depreciated | 195,907,373 | 10,404,995 | (265,111) | 52,254,576 | 258,301,833 |
| Less accumulated depreciation for: | | | | | |
| Busways | 19,577,013 | 6,543,470 | - | - | 26,120,483 |
| Rolling stock and related equipment | 39,173,781 | 4,262,017 | - | - | 43,435,798 |
| Stations, shelters, and bus signs | 13,850,187 | 1,669,796 | - | - | 15,519,983 |
| Buildings and improvements | 25,648,479 | 1,944,589 | - | - | 27,593,068 |
| Accessible Services vehicles | 4,684,105 | 37,248 | (181,274) | - | 4,540,079 |
| Other equipment and support vehicles | 11,977,988 | 1,156,306 | (83,837) | - | 13,050,457 |
| Total accumulated depreciation | 114,911,553 | 15,613,426 | (265,111) | - | 130,259,868 |
| Total capital assets being depreciated, net | 80,995,820 | (5,208,431) | - | 52,254,576 | 128,041,965 |
| Total capital assets, net | \$ 182,179,014 | \$ (4,526,383) | \$ (1,079,214) | \$ - | \$ 176,573,417 |

3. Detail Notes (Continued)

| | Balance | | | | Balance |
|---|-----------------------|----------------------|------------------|------------------|-----------------------|
| | June 30, 2016 | Additions | Deletions | Transfers | June 30, 2017 |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 12,057,496 | \$ 47,780 | \$ - | \$ - | \$ 12,105,276 |
| Public art | 366,917 | - | - | - | 366,917 |
| Construction in progress | 61,519,546 | 27,608,210 | - | (416,755) | 88,711,001 |
| Total capital assets not being depreciated | <u>73,943,959</u> | <u>27,655,990</u> | <u>-</u> | <u>(416,755)</u> | <u>101,183,194</u> |
| Capital assets being depreciated: | | | | | |
| Busways | 46,970,779 | 56,179 | - | - | 47,026,958 |
| Rolling stock and related equipment | 61,504,195 | 3,401,325 | - | - | 64,905,520 |
| Stations, shelters, and bus signs | 20,707,017 | 27,664 | - | - | 20,734,681 |
| Buildings and improvements | 42,652,548 | 56,575 | - | 416,755 | 43,125,878 |
| Accessible Services vehicles | 5,829,260 | - | (382,135) | - | 5,447,125 |
| Other equipment and support vehicles | 12,918,802 | 1,848,440 | (100,031) | - | 14,667,211 |
| Total capital assets being depreciated | <u>190,582,601</u> | <u>5,390,183</u> | <u>(482,166)</u> | <u>416,755</u> | <u>195,907,373</u> |
| Less accumulated depreciation for: | | | | | |
| Busways | 17,228,077 | 2,348,936 | - | - | 19,577,013 |
| Rolling stock and related equipment | 35,014,943 | 4,158,838 | - | - | 39,173,781 |
| Stations, shelters, and bus signs | 12,528,041 | 1,322,146 | - | - | 13,850,187 |
| Buildings and improvements | 24,024,997 | 1,623,482 | - | - | 25,648,479 |
| Accessible Services vehicles | 4,499,452 | 566,788 | (382,135) | - | 4,684,105 |
| Other equipment and support vehicles | 10,766,890 | 1,311,129 | (100,031) | - | 11,977,988 |
| Total accumulated depreciation | <u>104,062,400</u> | <u>11,331,319</u> | <u>(482,166)</u> | <u>-</u> | <u>114,911,553</u> |
| Total capital assets being depreciated, net | <u>86,520,201</u> | <u>(5,941,136)</u> | <u>-</u> | <u>416,755</u> | <u>80,995,820</u> |
| Total capital assets, net | <u>\$ 160,464,160</u> | <u>\$ 21,714,854</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 182,179,014</u> |

Depreciation expense was \$15,613,426 and \$11,331,319, for fiscal years ended June 30, 2018 and 2017, respectively.

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.

3. Detail Notes (Continued)

(e) Accrued Vacation and Sick Leave Liabilities

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

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| Accrued vacation and sick leave payable at beginning of period | \$ 2,805,134 | \$ 2,088,642 |
| Total vacation accrued for period | 1,561,728 | 1,847,174 |
| Total sick leave accrued for period | 568,326 | 870,454 |
| Total vacation taken for period | (1,510,913) | (1,458,933) |
| Total sick leave taken for period | (486,763) | (509,989) |
| Total sick leave lost for period | <u>(62,605)</u> | <u>(32,214)</u> |
| Accrued vacation and sick leave payable at end of period | <u>\$ 2,874,907</u> | <u>\$ 2,805,134</u> |
| Vacation time - union-represented employees | \$ 1,062,008 | \$ 1,068,939 |
| Combined annual leave - nonunion employees | 731,699 | 673,953 |
| Sick leave - union-represented employees | 582,124 | 597,596 |
| Extended illness bank - nonunion employees | <u>499,076</u> | <u>464,646</u> |
| Total accrued vacation and sick leave | <u>\$ 2,874,907</u> | <u>\$ 2,805,134</u> |
| Current portion vacation and sick leave | \$ 1,002,831 | \$ 939,216 |
| Noncurrent vacation and sick leave | <u>1,872,076</u> | <u>1,865,918</u> |
| Total | <u>\$ 2,874,907</u> | <u>\$ 2,805,134</u> |

4. Other Information

(a) Pension Benefits

The District contributes to two single-employer public employee retirement plans. The Lane Transit District Salaried Employee's Retirement Plan Trust Fund (LTDSP) covers all nonunion employees hired before January 1, 2012. Amalgamated Transit Union, Local No. 757 Pension Trust Fund (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 included in the reporting entity of the District as fiduciary pension trust funds. 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.

Audited financial information for both plans is included below.

4. Other Information (Continued)

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

Plan Description

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 director of finance 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, 2018 and 2017, employer contributions to this plan recognized as expense were \$237,288 and \$264,755, respectively.

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

4. Other Information (Continued)

Employees Covered by Benefit Terms

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

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 75 |
| Inactive employees entitled to but not yet receiving benefits | 42 |
| Active employees | 43 |
| | 160 |

Summary of Accounting Policies

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

Investment Policy and Method to Value Investments

The LTDSP investment policy allows the plan to utilize multiple professional investment management firms to implement the investment program. The long-term performance objective of the plan is an optimized return on plan funds achieved through a prudent mix of income production and asset growth, utilizing a diversified portfolio of asset classes. Eligible investments include the following: equity investments, fixed-income investments, short-term investments, and alternative investments.

Plan investments are reported at fair value. The LTDSP categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value of securities is determined by the plan asset managers at quoted market price, where available, except for securities which are not actively traded, which are valued at net asset value by the asset manager. The LTDSP has the following fair value measurements by fair value level at June 30, 2018:

| | Balance at June 30, 2018 | Fair Value Measurement Using | | |
|---------------------------------|--------------------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Measured at Fair Value Level: | | | | |
| Mutual Funds - Fixed income | \$ 9,412,921 | \$ - | \$ 9,412,921 | \$ - |
| Mutual Funds - Equities | 3,668,318 | - | 3,668,318 | - |
| Mutual Funds - Balanced | 5,497,947 | - | 5,497,947 | - |
| Total Fair Value of Investments | \$ 18,579,186.0 | \$ - | \$ 18,579,186.0 | \$ - |

Of the \$17,197,541 in LTDSP Pension Trust investments at June 30, 2017, a significant portion was also invested in Level 2 mutual funds.

4. Other Information (Continued)

Net Pension Liability

The District's net pension liability for the LTDSP Part 1 at June 30, 2018, 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, 2017.

Actuarial Methods and Assumptions

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

| | |
|--------------------------------|--|
| Inflation Rate | 2.50% |
| Salary increases | Age based, with ultimate rate of 2.75% at ages 50+ |
| Investment rate of return, net | 6.25% |
| Mortality | RP-2014 Mortality Tables with White Collar adjustment with generational projection using MP-2017 mortality improvement projection scales starting at the 2006 base year. |
| Actuarial cost method | Entry Age Normal as level % of pay |

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 |
|---|--------------------------|
| Full Market Equity | 20.0% |
| Domestic Large Cap Equity | 8.0% |
| International Equity | 22.0% |
| Fixed Income | 20.0% |
| Real Return (all asset strategies) | 10.0% |
| Global Tactical Asset Allocation (GTAA) | 20.0% |
| Total | 100.0% |

Discount Rate

The discount rate used to measure the total pension liability was 6.25 percent as of June 30, 2018 and 6.50 percent as of June 30, 2017. 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.

4. Other Information (Continued)

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balances at 6/30/17 | \$ 26,388,657 | \$ 17,689,287 | \$ 8,699,370 |
| Changes for the year: | | | |
| Service cost | 445,756 | - | 445,756 |
| Interest | 1,698,307 | - | 1,698,307 |
| Differences between expected and actual experience | (206,425) | - | (206,425) |
| Changes of assumptions | 942,158 | - | 942,158 |
| Employer contributions | - | 1,577,474 | (1,577,474) |
| Net investment income | - | 1,357,720 | (1,357,720) |
| Benefit payments | (1,413,238) | (1,413,238) | - |
| Administrative expense | - | (84,998) | 84,998 |
| Net changes | <u>1,466,558</u> | <u>1,436,958</u> | <u>29,600</u> |
| Balances at 6/30/18 | <u>\$ 27,855,215</u> | <u>\$ 19,126,245</u> | <u>\$ 8,728,970</u> |

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balances at 6/30/16 | \$ 25,583,028 | \$ 15,339,512 | \$ 10,243,516 |
| Changes for the year: | | | |
| Service cost | 486,472 | - | 486,472 |
| Interest | 1,651,225 | - | 1,651,225 |
| Differences between expected and actual experience | - | - | - |
| Changes of assumptions | - | - | - |
| Employer contributions | - | 1,842,970 | (1,842,970) |
| Net investment income | - | 1,893,124 | (1,893,124) |
| Benefit payments | (1,332,068) | (1,332,068) | - |
| Administrative expense | - | (54,251) | 54,251 |
| Net changes | <u>805,629</u> | <u>2,349,775</u> | <u>(1,544,146)</u> |
| Balances at 6/30/17 | <u>\$ 26,388,657</u> | <u>\$ 17,689,287</u> | <u>\$ 8,699,370</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 14.8 percent and 14.4 percent for the years ended June 30, 2018 and 2017 respectively. The District makes an additional level dollar contribution to further reduce the unfunded accrued liability. For the years ended June 30, 2018 and 2017, that amount was \$1,056,619 and \$919,927, respectively.

4. Other Information (Continued)

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 6.25 percent for 2018, down from a discount rate of 6.50 percent for 2017, 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 | |
|-------------------------------|------------------------------|------------|
| 2018 | | |
| 1% decrease (5.25%) | \$ | 11,868,349 |
| Current discount rate (6.25%) | | 8,728,970 |
| 1% increase (7.25%) | | 6,077,405 |
| 2017 | | |
| 1% decrease (5.50%) | \$ | 11,671,811 |
| Current discount rate (6.50%) | | 8,699,370 |
| 1% increase (7.50%) | | 6,176,448 |

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

For the years ended June 30, 2018 and 2017, the District recognized pension expense of \$2,394,907 and \$2,476,923, respectively. The District reported deferred outflows of resources and deferred inflows of resources from the following sources at June 30 (note that because the measurement date and the report date are the same, there is no deferred outflows of resources for contributions made after the measurement date):

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| 2018 | | |
| Differences between expected and actual experience | \$ - | \$ (103,213) |
| Changes in assumptions or inputs | 471,079 | - |
| Net difference between projected and actual earnings | 55,071 | - |
| Total | <u>\$ 526,150</u> | <u>\$ (103,213)</u> |
| 2017 | | |
| Differences between expected and actual experience | \$ 28,413 | \$ - |
| Changes in assumptions or inputs | 843,548 | - |
| Net difference between projected and actual earnings | 338,809 | - |
| Total | <u>\$ 1,210,770</u> | <u>\$ -</u> |

4. Other Information (Continued)

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, | | |
| 2019 | \$ | 624,171 |
| 2020 | | 74,873 |
| 2021 | | (226,176) |
| 2022 | | (49,931) |
| 2023 | | - |
| Thereafter | | - |
| | \$ | <u>422,937</u> |

Lane Transit District Salaried Employee's Defined Contribution Program

Plan Description

The Lane Transit District Salaried Employee's 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, 2018 and 2017, employer contributions recognized as expense were \$286,117 and \$220,978, 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.

Amalgamated Transit Union, Local No. 757 Pension Trust Fund

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 six appointed trustees, including a member of the Lane Transit District Board of Directors; the general manager of LTD; the director of finance; the president (or designee) of the ATU, Local No. 757; an ATU, Local No. 757 member; and an executive board officer of ATU, Local No. 757.

4. Other Information (Continued)

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 | 234 |
| Inactive employees entitled to but not yet receiving benefits | 37 |
| Active employees | <u>262</u> |
| | <u><u>533</u></u> |

4. Other Information (Continued)

The District's net pension liability for the LTD ATU Pension Trust at June 30, 2018, was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

Summary of Accounting Policies

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

Investment Policy and Method to Value Investments

The LTD ATU Pension Trust investment policy allows the plan to utilize multiple professional investment management firms to implement the investment program. The long-term performance objective of the plan is an optimized return on plan funds achieved through a prudent mix of income production and asset growth, utilizing a diversified portfolio of asset classes. Eligible investments include the following: equity investments, fixed-income investments, short-term investments, and alternative investments.

Plan investments are reported at fair value. The LTD ATU Pension Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value of securities is determined by the plan asset managers at quoted market price, where available, except for securities which are not actively traded, which are valued at net asset value by the asset manager. The LTD ATU Pension Trust has the following fair value measurements by fair value level at December 31, 2017:

| | Balance at December 31, 2017 | Fair Value Measurement Using | | |
|-------------------------------|------------------------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Measured at Fair Value Level: | | | | |
| Mutual Funds - Fixed income | \$ 4,733,843 | \$ - | \$ 4,733,843 | \$ - |
| Mutual Funds - Equities | 15,141,380 | - | 15,141,380 | - |
| Mutual Funds - Balanced | 8,354,960 | - | 8,354,960 | - |
| Miscellaneous | 525,155 | - | 525,155 | - |
| | <u>\$ 28,755,338</u> | <u>\$ -</u> | <u>\$ 28,755,338</u> | <u>\$ -</u> |

Of the \$24,473,926 in LTD ATU Pension Trust investments at December 31, 2016, a significant portion was also invested in Level 2 mutual funds.

4. Other Information (Continued)

Actuarial Methods and Assumptions

The total pension liability in the January 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--------------------------------|---|
| Inflation Rate | 2.75% |
| Salary increases | 3.00% |
| Future benefit rate increases | 3.00% |
| Investment rate of return, net | 6.75% |
| Mortality | RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, projected to 2015 using Scale AA |

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 |
|---|------------------------------|
| Full Market Equity | 20.0% |
| Domestic Large Cap Equity | 8.0% |
| International Equity | 22.0% |
| Fixed Income | 20.0% |
| Real Return (all asset strategies) | 10.0% |
| Global Tactical Asset Allocation (GTAA) | 20.0% |
| Total | <u>100.0%</u> |

Discount Rate

The discount rate used to measure the total pension liability was 6.75 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.

4. Other Information (Continued)

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balances at December 31, 2016 | \$ 38,319,194 | \$ 24,959,889 | \$ 13,359,305 |
| Changes for the year: | | | |
| Service cost | 991,371 | - | 991,371 |
| Interest | 2,574,590 | - | 2,574,590 |
| Employer contributions | - | 2,653,938 | (2,653,938) |
| Net investment income | - | 4,247,805 | (4,247,805) |
| Benefit payments | (2,336,977) | (2,336,977) | - |
| Administrative expense | - | (112,050) | 112,050 |
| Effect of economic/demographic (gains) or losses | - | - | - |
| Effect of assumptions changes or inputs | - | - | - |
| Net changes | <u>1,228,984</u> | <u>4,452,716</u> | <u>(3,223,732)</u> |
| Balances at December 31, 2017 | <u>\$ 39,548,178</u> | <u>\$ 29,412,605</u> | <u>\$ 10,135,573</u> |

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balances at December 31, 2015 | \$ 35,937,609 | \$ 22,623,287 | \$ 13,314,322 |
| Changes for the year: | | | |
| Service cost | 817,980 | - | 817,980 |
| Interest | 2,586,906 | - | 2,586,906 |
| Employer contributions | - | 3,089,304 | (3,089,304) |
| Net investment income | - | 1,506,119 | (1,506,119) |
| Benefit payments | (2,148,257) | (2,148,257) | - |
| Administrative expense | - | (110,564) | 110,564 |
| Effect of economic/demographic (gains) or losses | (627,827) | - | (627,827) |
| Effect of assumptions changes or inputs | 1,752,783 | - | 1,752,783 |
| Net changes | <u>2,381,585</u> | <u>2,336,602</u> | <u>44,983</u> |
| Balances at December 31, 2016 | <u>\$ 38,319,194</u> | <u>\$ 24,959,889</u> | <u>\$ 13,359,305</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 \$5.31 and \$5.21 for the years ended December 31, 2016 and 2015, respectively. No employee contributions are required or permitted.

4. Other Information (Continued)

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 6.75 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 | |
|-------------------------------|------------------------------|---------------|
| | 2018 | 2017 |
| 1% decrease (5.75%) | \$ 14,056,623 | \$ 17,158,506 |
| Current discount rate (6.75%) | 10,135,573 | 13,359,305 |
| 1% increase (7.75%) | 6,751,552 | 10,080,445 |

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

For the years ended December 31, 2018 and 2017, the District recognized pension expense of \$1,923,379 and \$2,408,644, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at December 31:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| 2018 | | |
| Differences between expected and actual experience | \$ - | \$ (413,597) |
| Changes in assumptions or inputs | 990,703 | - |
| Net difference between projected and actual earnings | - | (1,000,911) |
| Total (prior to post-measurement date contributions) | 990,703 | (1,414,508) |
| Contributions made subsequent to the measurement date | 1,417,740 | |
| Total | <u>\$ 2,408,443</u> | <u>\$ (1,414,508)</u> |
| 2017 | | |
| Differences between expected and actual experience | \$ - | \$ (696,930) |
| Changes in assumptions or inputs | 1,371,743 | - |
| Net difference between projected and actual earnings | 1,394,555 | - |
| Total (prior to post-measurement date contributions) | 2,766,298 | (696,930) |
| Contributions made subsequent to the measurement date | 1,258,361 | |
| Total | <u>\$ 4,024,659</u> | <u>\$ (696,930)</u> |

4. Other Information (Continued)

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 December 31, | |
| 2019 | \$ 249,024 |
| 2020 | 193,081 |
| 2021 | (354,689) |
| 2022 | (511,221) |
| 2023 | - |
| Thereafter | - |
| | <u>\$ (423,805)</u> |

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, 2018 and 2017, employer contributions recognized as expense were \$317,364 and \$289,617, 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.

4. Other Information (Continued)

(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.

Funding Policy

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.

Employees covered by benefit terms at the January 1, 2018 valuation date:

| | |
|--------------------------------|------------|
| Active Employees | 351 |
| Eligible Retirees | 158 |
| Spouses of Ineligible Retirees | <u>2</u> |
| Total Participants | <u>511</u> |

The District's total OPEB liability as of June 30, 2018 was \$9,605,874.

4. Other Information (Continued)

Actuarial assumptions and other inputs: The total OPEB liability was determined by an actuarial valuation, as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date.

The discount rate was based on a 20-year general obligation bond yield published by The Bond Buyer.

Changes in Total OPEB Liability:

| | |
|--|-------------------------|
| | Total OPEB Liability |
| Balance, June 30, 2017 | <u>\$9,853,579</u> |
| Changes for the year: | |
| Service cost | 792,964 |
| Interest on total OPEB liability | 296,401 |
| Changes in assumptions or other inputs | (840,597) |
| Benefit payments | <u>(496,473)</u> |
| Net changes | <u>(247,705)</u> |
| Balance, June 30, 2018 | <u>\$9,605,874</u> |

Sensitivity of the total OPEB liability to changes in the discount rate:

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------|----------------|-----------------------------|----------------|
| Total OPEB Liability | \$ 10,791,978 | \$ 9,605,874 | \$ 8,614,580 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care trend rates:

| | 1% Decrease | Current Trend Rate | 1% Increase |
|----------------------|----------------|--------------------------|----------------|
| Total OPEB Liability | \$ 9,399,229 | \$ 9,605,874 | \$ 9,847,321 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2018, the District recognized an OPEB

4. Other Information (Continued)

expense of \$967,539. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following source:

| | Outflows of Resources | Inflows of Resources |
|----------------------------------|--------------------------|-------------------------|
| Changes of assumptions or inputs | \$ - | \$ (718,771) |
| Benefit payments | 490,681 | - |
| | <u>\$ 490,681</u> | <u>\$ (718,771)</u> |

The amount \$490,681 reported as deferred outflows of resources related to OPEB resulting from District benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | Annual Recognition: |
|---------------------|---------------------|
| 2019 | \$ (121,826) |
| 2020 | (121,826) |
| 2021 | (121,826) |
| 2022 | (121,826) |
| 2023 | (121,826) |
| Thereafter | <u>(109,641)</u> |
| | <u>\$ (718,771)</u> |

Actuarial Methods & Assumptions – The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial methods and assumptions:

| | |
|-------------------|--|
| Discount rate | 3.58% |
| Valuation Date | January 1, 2018 |
| Measurement Date | June 30, 2017 |
| Inflation | 2.50% |
| Salary Increases | 3.00% |
| Health Cost Trend | 4.25% in the first year (January 1, 2019 premiums compared with January 1, 2018 premiums), 7.25% in the second year, 5.00% in the third year, 6.50% in the fourth year, 6.00% in the fifth through eleventh years, grading down to 4.25% after the 55th year |

4. Other Information (Continued)

| | |
|-----------------------|---|
| Mortality Rates | <p>For healthy ATU members and dependents: RP-2014 Mortality Tables with Blue Collar adjustment, generational projection using MP-2017 mortality improvement projection scales starting at the 2006 base year, and a one-year set-forward.</p> <p>For Administration members and dependents: RP-2014 Mortality Tables with White Collar adjustment with generational projection using MP-2017 mortality improvement projection scales starting at the 2006 base year.</p> <p>For disabled retirees: RP-2014 Disabled Mortality Tables and generational projection using MP-2017 mortality improvement projection scales starting at the 2006 base year.</p> <p>Mortality assumptions include a margin for the expectation of future decreases in mortality rates.</p> |
| Election Rates | 100% for District-paid explicit benefits; 50% for District-sponsored coverage prior to age 65; 40% spouse coverage for District-sponsored coverage |
| Actuarial cost method | Entry Age Normal; Level Percent of Pay |

(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.

4. Other Information (Continued)

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 | | |
|--|--------------------------|------------------|------------------|
| | 2018 | 2017 | 2016 |
| Unpaid claims and claim adjustment expenses, beginning of the year | \$ 22,455 | \$ 22,455 | \$ 78,600 |
| Incurred claims (including IBNRs) | 172,107 | - | 31,487 |
| Claim payments | (22,455) | - | (87,632) |
| Total unpaid claims and claim adjustment expenses, end of the year | <u>\$ 172,107</u> | <u>\$ 22,455</u> | <u>\$ 22,455</u> |

Unpaid claims are carried at estimated gross settlement value.

(d) Commitments and Contingencies

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, 2018, the District had commitments of approximately \$3.4 million for the purchase of five all electric buses, \$2.2 million for the purchase of bus engines, \$2.6 million over a 5-year period for hybrid bus components, and \$1 million for design services for the Santa Clara Transit Center.

(e) Net Position and Budgetary Fund Balance Restatement

During the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Adoption of this statement requires the District to restate amounts of affected balances within the government-wide financial statements as of June 30, 2017. The District restated net position as of July 1, 2018 by (\$4,984,232) for the implementation of GASB Statement No. 75. The prior year was not restated as the information to do so was not available.

During the fiscal year ended June 30, 2018, the District discovered that several receivables and related revenue were recorded in the incorrect budgetary fund. Entries have been made to correct those errors. The net impact to budgetary fund balance is zero.

*Required Supplementary
Information*

LANE TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018
Schedule of Changes in the Net Pension Liability and Related Ratios
LTD Salaried Employee's Retirement Plan Trust Fund
Last 10 Fiscal Years ¹

| | 2018 ² | 2017 | 2016 ² | 2015 | 2014 ² | 2013 | 2012 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | | | | |
| Service cost | \$ 445,756 | \$ 486,472 | \$ 521,040 | \$ 545,340 | \$ 538,088 | \$ 527,537 | \$ - |
| Interest | 1,698,307 | 1,651,225 | 1,564,487 | 1,504,888 | 1,426,182 | 1,343,938 | - |
| Changes of benefit terms | - | - | - | - | - | - | - |
| Differences between expected and actual experience | (206,425) | - | 99,443 | - | 354,334 | - | - |
| Changes of assumptions | 942,158 | - | 2,952,420 | - | 506,129 | - | - |
| Benefit payments | (1,413,238) | (1,332,068) | (1,224,898) | (1,182,843) | (939,485) | (690,418) | - |
| Net change in total pension liability | 1,466,558 | 805,629 | 3,912,492 | 867,385 | 1,885,248 | 1,181,057 | - |
| Total pension liability - beginning | <u>26,388,657</u> | <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> | <u>-</u> |
| Total pension liability - ending | <u>\$ 27,855,215</u> | <u>\$ 26,388,657</u> | <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 | \$ 1,577,474 | \$ 1,842,970 | \$ 1,174,309 | \$ 1,333,241 | \$ 1,161,609 | \$ 1,165,565 | \$ - |
| Net investment income | 1,357,720 | 1,893,124 | (361,265) | 222,900 | 2,081,971 | 1,298,746 | - |
| Benefit payments | (1,413,238) | (1,332,068) | (1,224,898) | (1,182,843) | (939,485) | (690,418) | - |
| Administrative expense | (84,998) | (54,251) | (105,822) | (55,910) | (87,860) | (92,282) | - |
| Other | - | - | - | - | - | - | - |
| Net change in plan fiduciary net position | 1,436,958 | 2,349,775 | (517,676) | 317,388 | 2,216,235 | 1,681,611 | - |
| Plan fiduciary net position - beginning | <u>17,689,287</u> | <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> | <u>-</u> |
| Plan fiduciary net position - ending | <u>\$ 19,126,245</u> | <u>\$ 17,689,287</u> | <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>\$ 8,728,970</u> | <u>\$ 8,699,370</u> | <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 | 68.66% | 67.03% | 59.96% | 73.17% | 74.70% | 70.43% | 65.64% |
| Covered payroll | \$ 3,717,503 | \$ 3,330,562 | \$ 4,263,366 | \$ 5,226,297 | \$ 5,214,746 | \$ 5,092,690 | \$ 5,187,894 |
| District's net pension liability as a percentage of covered payroll | 234.81% | 261.20% | 240.27% | 111.23% | 100.93% | 109.85% | 117.48% |

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.

**LANE TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018
Schedule of Employer Contributions
LTD Salaried Employee's Retirement Plan Trust Fund
Last 10 Fiscal Years**

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---------------------|---------------------|---------------------|------------------|---------------------|-------------------|------------------|--------------------|-----------------|----------------|
| Actuarially determined contribution | \$ 1,400,000 | \$ 1,400,000 | \$ 1,455,247 | \$ 1,175,000 | \$ 1,205,400 | \$ 1,157,450 | \$ 1,156,122 | \$ 931,962 | \$ 949,385 | \$ 918,391 |
| Contribution in relation to the actuarially determined contribution | <u>1,577,474</u> | <u>1,842,970</u> | <u>1,842,970</u> | <u>1,174,309</u> | <u>1,333,241</u> | <u>1,161,609</u> | <u>1,156,127</u> | <u>1,026,587</u> | <u>949,698</u> | <u>918,391</u> |
| Contribution deficiency (excess) | <u>\$ (177,474)</u> | <u>\$ (442,970)</u> | <u>\$ (387,723)</u> | <u>\$ 691</u> | <u>\$ (127,841)</u> | <u>\$ (4,159)</u> | <u>\$ (5)</u> | <u>\$ (94,625)</u> | <u>\$ (313)</u> | <u>\$ -</u> |
| Covered payroll | 4,027,695 | 3,717,503 | 3,330,562 | 4,263,366 | 5,226,297 | 5,214,746 | 5,092,690 | 5,187,894 | 5,463,292 | 5,463,589 |
| Contributions as a percentage of covered payroll | 39.17% | 49.58% | 55.34% | 27.54% | 25.51% | 22.28% | 22.70% | 19.79% | 17.38% | 16.81% |

Notes to Schedule:

| | | | | | | | | | | |
|--------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Valuation date | 7/1/2017 | 7/1/2015 | 7/1/2013 | 7/1/2013 | 7/1/2011 | 7/1/2011 | 7/1/2009 | 7/1/2009 | 7/1/2007 | 7/1/2007 |
| Investment rate of return assumption | 6.25% | 6.50% | 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 | Individual entry age normal, level percentage of pay |
| Amortization method | Effective July 1, 2011: Closed 20-year amortization, level dollar Effective July 1, 2007: Layered 20-year amortization, level percentage of pay Effective July 1, 2005: Open 20-year amortization, level percentage of pay |
| Asset valuation method | Market value gains and losses smoothed over three years, with result not less than 80% or greater than 120% of market value |
| Healthy mortality | Effective July 1, 2015: RP-2014 Mortality Tables with White Collar adjustments with fully generational mortality protection starting 2006 using mortality improvement Scale MP-2017 Effective July 1, 2015: RP-2014 Mortality Tables with White Collar adjustments Effective July 1, 2011: RP-2000 Combined Health Mortality Table projected using Scale AA to 2018 for retirees and 2026 for others Effective July 1, 2003: RP-2000 Combined Health Mortality Table |
| Inflation | Effective January 1, 2016: 2.75% per year Through January 1, 2014: 3.00% per year |
| Salary increases | Effective July 1, 2015: Age-based, with an ultimate rate of 3.0% per year at ages 50+ Effective July 1, 2011: Age-based, with an ultimate rate of 3.5% per year at ages 50+ Effective July 1, 2005: Generally 5% per year |

LANE TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018
Schedule of Changes in the Net Pension Liability and Related Ratios
Amalgamated Transit Union, Local No. 757 Pension Trust Fund
Last 10 Fiscal Years ¹

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | | | |
| Service cost | \$ 991,371 | \$ 817,980 | \$ 794,155 | \$ 853,018 | \$ 828,173 | \$ - |
| Interest | 2,574,590 | 2,586,906 | 2,495,722 | 2,424,057 | 2,326,828 | - |
| Changes of benefit terms | | | - | 356,341 ² | - | - |
| Differences between expected and actual experience | - | (627,827) | - | (646,134) | - | - |
| Changes of assumptions | - | 1,752,783 | - | - | - | - |
| Benefit payments | (2,336,977) | (2,148,257) | (1,963,737) | (1,916,128) | (1,761,397) | - |
| Net change in total pension liability | 1,228,984 | 2,381,585 | 1,326,140 | 1,071,154 | 1,393,604 | - |
| Total pension liability - beginning | 38,319,194 | 35,937,609 | 34,611,469 | 33,540,315 | 32,146,711 | - |
| Total pension liability - ending | <u>\$ 39,548,178</u> | <u>\$ 38,319,194</u> | <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 | \$ 2,653,938 | \$ 3,089,304 | \$ 2,309,003 | \$ 2,222,585 | \$ 2,248,159 | \$ - |
| Net investment income | 4,247,805 | 1,506,119 | (577,624) | 1,008,693 | 2,498,570 | - |
| Benefit payments | (2,336,977) | (2,148,257) | (1,963,737) | (1,916,128) | (1,761,397) | - |
| Administrative expense | (112,050) | (110,564) | (70,779) | (115,303) | (82,478) | - |
| Other | - | - | - | - | - | - |
| Net change in plan fiduciary net position | 4,452,716 | 2,336,602 | (303,137) | 1,199,847 | 2,902,854 | - |
| Plan fiduciary net position - beginning | 24,959,889 | 22,623,287 | 22,926,424 | 21,726,577 | 18,823,723 | - |
| Plan fiduciary net position - ending | <u>\$ 29,412,605</u> | <u>\$ 24,959,889</u> | <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>\$ 10,135,573</u> | <u>\$ 13,359,305</u> | <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 | 74.37% | 65.14% | 62.95% | 66.24% | 64.78% | 58.56% |
| Covered payroll | \$ 11,848,383 | \$ 11,344,340 | \$ 10,802,019 | \$ 10,625,261 | \$ 10,629,043 | \$ 10,288,538 |
| District's net pension liability as a percentage of covered payroll | 85.54% | 117.76% | 123.26% | 109.97% | 111.15% | 129.49% |

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.

**LANE TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018
Schedule of Employer Contributions
Amalgamated Transit Union, Local No. 757 Pension Trust Fund
Last 10 Fiscal Years**

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|---|------------------|---------------------|------------------|------------------|---------------------|--------------------|---------------------|------------------|------------------|---------------------|
| Actuarially determined contribution | \$ 2,671,000 | \$ 2,490,859 | \$ 2,324,000 | \$ 2,265,346 | \$ 2,129,522 | \$ 2,130,945 | \$ 1,981,455 | \$ 2,034,036 | \$ 1,926,992 | \$ 1,939,870 |
| Contribution in relation to the actuarially determined contribution | <u>2,653,938</u> | <u>3,089,304</u> | <u>2,295,380</u> | <u>2,265,346</u> | <u>2,234,627</u> | <u>2,228,856</u> | <u>2,193,790</u> | <u>2,034,037</u> | <u>1,926,992</u> | <u>2,414,870</u> |
| Contribution deficiency (excess) | <u>\$ 17,062</u> | <u>\$ (598,445)</u> | <u>\$ 28,620</u> | <u>\$ -</u> | <u>\$ (105,105)</u> | <u>\$ (97,911)</u> | <u>\$ (212,335)</u> | <u>\$ (1)</u> | <u>\$ -</u> | <u>\$ (475,000)</u> |
| Covered payroll | 12,747,582 | 11,848,383 | 11,344,340 | 10,802,019 | 10,625,261 | 10,629,043 | 10,288,538 | 10,998,431 | 11,724,870 | 11,171,828 |
| Contributions as a percentage of covered payroll | 20.82% | 26.07% | 20.23% | 20.97% | 21.03% | 20.97% | 21.32% | 18.49% | 16.44% | 21.62% |

Notes to Schedule:

| | | | | | | | | | | |
|--------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Valuation date | 1/1/2016 | 1/1/2016 | 1/1/2014 | 1/1/2014 | 1/1/2012 | 1/1/2012 | 1/1/2010 | 1/1/2010 | 1/1/2008 | 1/1/2008 |
| Investment rate of return assumption | 6.75% | 6.75% | 7.25% | 7.25% | 7.25% | 7.25% | 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 |
| 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 Health Mortality Table with Blue Collar Adjustment, projected using Scale AA to 2015 Effective January 1, 2010: RP-2000 Combined Health Mortality Table with Blue Collar Adjustment, projected using Scale AA to 2010 Through January 1, 2008: 1994 Uninsured Pensioner Mortality |
| Inflation | Effective January 1, 2016: 2.75% per year Through January 1, 2014: 3.00% 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 |

**LANE TRANSIT DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2018
 Schedule of Total OPEB Liability (TOL)
 Last 10 Fiscal Years ¹**

| <u>Fiscal Year Ended</u> | <u>Total OPEB Liability</u> | <u>Covered Payroll</u> | <u>TOL as a percent of covered payroll</u> |
|------------------------------|---------------------------------|------------------------|--|
| 6/30/2018 | \$ 9,605,874 | \$ 16,623,000 | 57.79% |
| 6/30/2017 | 9,853,579 | 15,565,886 | 63.30% |

Notes to Schedule:

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

LANE TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018
Schedule of Changes in Total OPEB Liability (TOL)
Last 10 Fiscal Years ¹

| <u>Fiscal Year Ended</u> | <u>TOL Beginning Balance</u> | <u>Service Costs</u> | <u>Interest on the TOL</u> | <u>Benefit Payments</u> | <u>Changes of Assumptions</u> | <u>TOL Ending Balance</u> |
|------------------------------|----------------------------------|----------------------|--------------------------------|-----------------------------|-----------------------------------|-------------------------------|
| 6/30/2018 | \$ 9,853,579 | \$ 792,964 | \$ 296,401 | \$ (496,473) | \$ (840,597) | \$ 9,605,874 |

Notes to Schedule:

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

*Other Supplementary
Information*

Lane Transit District
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, 2018

| | Budget | | Actual | Variance with Final Budget |
|--|---------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Passenger fares | \$ 7,332,194 | \$ 7,332,194 | \$ 6,839,353 | \$ (492,841) |
| Special services | 264,744 | 264,744 | 229,062 | (35,682) |
| Advertising | 447,087 | 447,087 | 270,000 | (177,087) |
| Employer payroll tax | 37,870,000 | 37,870,000 | 35,797,722 | (2,072,278) |
| Self-employment tax | 2,102,457 | 2,102,457 | 2,072,662 | (29,795) |
| State payroll assessment | 382,000 | 382,000 | 439,600 | 57,600 |
| Federal assistance | 2,601,719 | 2,601,719 | 2,822,457 | 220,738 |
| State assistance | - | - | - | - |
| Local assistance | - | - | 3,450 | 3,450 |
| Miscellaneous | 294,400 | 294,400 | 166,934 | (127,466) |
| Interest | 102,000 | 102,000 | 167,305 | 65,305 |
| Sale of assets | - | - | 12,429 | 12,429 |
| Total revenues | <u>51,396,601</u> | <u>51,396,601</u> | <u>48,820,974</u> | <u>(2,575,627)</u> |
| Expenditures | | | | |
| Personnel services | 38,910,736 | 38,910,736 | 35,977,281 | 2,933,455 |
| Materials and services | 12,377,992 | 12,377,992 | 8,682,385 | 3,695,607 |
| Insurance | 1,151,765 | 1,151,765 | 1,055,130 | 96,635 |
| Other uses | | | | |
| Transfer to Accessible Services Fund | 2,879,338 | 2,879,338 | 2,879,338 | - |
| Transfer to Medicaid Fund | 394,160 | 394,160 | 394,160 | - |
| Transfer to Point2point Fund | 192,000 | 192,000 | 192,000 | - |
| Transfer to Capital Projects Fund | 5,273,562 | 5,273,562 | 5,273,562 | - |
| Contra charge out of General Fund | (922,529) | (922,529) | - | - |
| Operating contingency | 1,000,000 | 1,000,000 | - | 1,000,000 |
| Working capital contingency | 8,926,357 | 8,926,357 | - | 8,926,357 |
| Self-insurance contingency | 1,000,000 | 1,000,000 | - | 1,000,000 |
| Total expenditures and other uses | <u>71,183,381</u> | <u>71,183,381</u> | <u>54,453,856</u> | <u>16,729,525</u> |
| Excess (deficiency) of revenues over expenditures | <u>(19,786,780)</u> | <u>(19,786,780)</u> | <u>(5,632,882)</u> | <u>14,153,898</u> |
| Fund balance, beginning of year | 19,786,780 | 19,786,780 | 18,565,536 | (1,221,244) |
| Restatement - Note 4(e) | - | - | (118,622) | (118,622) |
| Fund balance, beginning of year, restated | <u>19,786,780</u> | <u>19,786,780</u> | <u>18,446,914</u> | <u>(1,339,866)</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,814,032</u> | <u>\$ 12,814,032</u> |

**Lane Transit District
Point2point 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, 2018**

| | Budget | | Actual | Variance with Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Federal assistance | \$ 529,000 | \$ 529,000 | \$ 989,179 | \$ 460,179 |
| State assistance | 392,717 | 392,717 | 43,082 | (349,635) |
| Local assistance | 36,000 | 36,000 | 32,893 | (3,107) |
| Other sources | | | | |
| Transfer from General Fund | 192,000 | 192,000 | 192,000 | - |
| Total revenues | 1,149,717 | 1,149,717 | 1,257,154 | 107,437 |
| Expenditures | | | | |
| Point2point Administration | - | - | 257,431 | (257,431) |
| Business Commute Challenge | 19,100 | 19,100 | 55,916 | (36,816) |
| Emergency Home Ride | 2,000 | 2,000 | 914 | 1,086 |
| Employer Transportation Coordinators | 7,250 | 7,250 | 38,817 | (31,567) |
| Safe Routes to School | 433,000 | 433,000 | 242,674 | 190,326 |
| Vanpool | 187,004 | 187,004 | 116,414 | 70,590 |
| Projects: | | | | |
| Carshare | 4,000 | 4,000 | 20 | 3,980 |
| Safe Routes to School Mapping | 10,000 | 10,000 | 1,067 | 8,933 |
| Driveless Connection | 41,410 | 41,410 | 38,473 | 2,937 |
| SmartTrips Main Street 3 | 229,000 | 229,000 | 137,536 | 91,464 |
| Transportation Coordinator Pilot | 30,724 | 30,724 | 10,819 | 19,905 |
| Be Safe Be Seen Rural Safety | 3,600 | 3,600 | 5,092 | (1,492) |
| Total Expenditures | 967,088 | 967,088 | 905,173 | 61,915 |
| Other uses | | | | |
| Operating contingency | 182,629 | 182,629 | - | 182,629 |
| Total expenditures and other uses | 1,149,717 | 1,149,717 | 905,173 | 244,544 |
| Excess (deficiency) of revenues over expenditures | - | - | 351,981 | 351,981 |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | \$ - | \$ - | \$ 351,981 | \$ 351,981 |

Lane Transit District
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, 2018

| | Budget | | Actual | Variance with Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Passenger fares | \$ 385,925 | \$ 385,925 | \$ 307,808 | \$ (78,117) |
| Federal assistance | 2,575,430 | 2,575,430 | 2,419,408 | (156,022) |
| State assistance | 1,430,957 | 1,430,957 | 849,384 | (581,573) |
| Local assistance | 123,550 | 123,550 | 115,504 | (8,046) |
| Miscellaneous | - | - | 200 | 200 |
| Other sources | | | | |
| Transfer from General Fund | 2,879,338 | 2,879,338 | 2,879,338 | - |
| Total revenues | <u>7,395,200</u> | <u>7,395,200</u> | <u>6,571,642</u> | <u>(823,558)</u> |
| Expenditures | | | | |
| Eugene-Springfield services | | | | |
| ADA RideSource | 5,743,696 | 5,743,696 | 5,247,670 | 496,026 |
| Transit training and hosts | 154,038 | 154,038 | 118,583 | 35,455 |
| Special transportation | 98,350 | 98,350 | 90,823 | 7,527 |
| LTD staff time | 15,700 | 15,700 | - | 15,700 |
| Total Eugene-Springfield services | <u>6,011,784</u> | <u>6,011,784</u> | <u>5,457,076</u> | <u>554,708</u> |
| Rural Lane County services | | | | |
| South Lane | 102,495 | 102,495 | 137,893 | (35,398) |
| Florence | 230,943 | 230,943 | 197,316 | 33,627 |
| Oakridge | 186,698 | 186,698 | 233,367 | (46,669) |
| Florence/Yachats | 290,110 | 290,110 | 573 | 289,537 |
| Volunteer coordinator | 116,000 | 116,000 | 64,552 | 51,448 |
| Service animal program | 86,500 | 86,500 | 2,318 | 84,182 |
| Total rural Lane County services | <u>1,012,746</u> | <u>1,012,746</u> | <u>636,019</u> | <u>376,727</u> |
| Other services | | | | |
| Mobility management | 165,670 | 165,670 | 98,563 | 67,107 |
| Crucial connections | 5,000 | 5,000 | 3,645 | 1,355 |
| Veterans transportation | 10,000 | 10,000 | 9,459 | 541 |
| Lane County coordination | 60,000 | 60,000 | 34,019 | 25,981 |
| Total other services | <u>240,670</u> | <u>240,670</u> | <u>145,686</u> | <u>94,984</u> |
| Other uses | | | | |
| Operating contingency | 130,000 | 130,000 | - | 130,000 |
| Total expenditures and other uses | <u>7,395,200</u> | <u>7,395,200</u> | <u>6,238,781</u> | <u>1,156,419</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>332,861</u> | <u>332,861</u> |
| Fund balance, beginning of year | | | | |
| Fund balance, beginning of year | - | - | 162,623 | 162,623 |
| Restatement - Note 4(e) | - | - | (348,840) | (348,840) |
| Fund balance, beginning of year, restated | <u>-</u> | <u>-</u> | <u>(186,217)</u> | <u>(186,217)</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 146,644</u> | <u>\$ 146,644</u> |

Lane Transit District
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, 2018

| | Budget | | Actual | Variance with Final Budget |
|---|-------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Medicaid nonemergency medical transportation (NEMT) | \$ 8,927,525 | \$ 8,927,525 | \$ 8,721,161 | \$ (206,364) |
| Medicaid waived transportation | 784,390 | 784,390 | 636,610 | (147,780) |
| Other sources | | | | |
| Transfer from General Fund | 394,160 | 394,160 | 394,160 | - |
| Total revenues and other sources | <u>10,106,075</u> | <u>10,106,075</u> | <u>9,751,931</u> | <u>(354,144)</u> |
| Expenditures | | | | |
| Medicaid nonemergency medical transportation (NEMT) | | | | |
| Services | 6,888,000 | 6,888,000 | 6,990,471 | (102,471) |
| Mobility management | 88,500 | 88,500 | 88,921 | (421) |
| Program administration | 1,951,025 | 1,951,025 | 1,823,520 | 127,505 |
| Total Medicaid NEMT | <u>8,927,525</u> | <u>8,927,525</u> | <u>8,902,912</u> | <u>24,613</u> |
| Medicaid waived transportation | | | | |
| Services | 756,000 | 756,000 | 822,547 | (66,547) |
| Mobility management | 34,100 | 34,100 | 38,140 | (4,040) |
| Program administration | 6,450 | 6,450 | 128 | 6,322 |
| Grant program match requirements | 250,000 | 250,000 | 210,807 | 39,193 |
| Total Medicaid waived transportation | <u>1,046,550</u> | <u>1,046,550</u> | <u>1,071,622</u> | <u>(25,072)</u> |
| Other uses | | | | |
| Operating contingency | 132,000 | 132,000 | - | 132,000 |
| Total expenditures and other uses | <u>10,106,075</u> | <u>10,106,075</u> | <u>9,974,534</u> | <u>131,541</u> |
| Excess (deficiency) of revenues over expenditures | - | - | (222,603) | (222,603) |
| Fund balance, beginning of year | - | - | (146,556) | (146,556) |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (369,159)</u> | <u>\$ (369,159)</u> |

**Lane Transit District
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, 2018**

| | Budget | | Actual | Variance with Final Budget |
|---|-------------------|--------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Federal assistance | \$ 12,724,138 | \$ 13,092,086 | \$ 12,721,447 | \$ (370,639) |
| State assistance | 2,750,000 | 5,332,215 | 4,745,108 | (587,107) |
| Local assistance | - | 159,348 | 214,468 | 55,120 |
| Other sources | | | | |
| Transfer from General Fund | 5,273,562 | 5,273,562 | 5,273,562 | - |
| Total revenues and other sources | <u>20,747,700</u> | <u>23,857,211</u> | <u>22,954,585</u> | <u>(902,626)</u> |
| Expenditures | | | | |
| Frequent transit network | | | | |
| West Eugene EmX extension | 4,600,000 | 9,463,000 | 5,055,893 | 4,407,107 |
| Commerce Street Connect Bridge | - | 1,072,400 | 1,072,341 | 59 |
| Main Street/McVay transit study | - | 167,168 | 6,960 | 160,208 |
| Santa Clara Community Transit Center | - | 1,100,000 | 31,511 | 1,068,489 |
| 18th & Oak Patch traffic signal | - | 225,000 | - | 225,000 |
| Franklin Blvd. Phase 1 Transit Station | 500,000 | 250,000 | 44,588 | 205,412 |
| NW Eugene/LLC Transit Study | 1,500,000 | - | - | - |
| Willow Creek Station | 1,400,000 | 768,600 | 698,044 | 70,556 |
| MovingAhead | - | 1,000,000 | 507,632 | 492,368 |
| River Road Transit Community Implementation Plan | - | 294,000 | - | 294,000 |
| Total frequent transit network | <u>8,000,000</u> | <u>14,340,168</u> | <u>7,416,969</u> | <u>6,923,199</u> |
| Other capital outlay | | | | |
| Revenue vehicles - fixed route | 4,200,000 | 4,200,000 | 61,989 | 4,138,011 |
| Revenue vehicles - accessible services | 1,549,508 | 1,720,411 | - | 1,720,411 |
| Support vehicles | 200,000 | 27,252 | 726 | 26,526 |
| Spare parts for vehicles | - | 345,000 | 46,245 | 298,755 |
| Replacement parts | - | 625,000 | 189,015 | 435,985 |
| Fleet & FM Building-Glenwood (Bus Parking Lot) | - | 3,485,175 | 3,424,126 | 61,049 |
| Passenger boarding improvements | - | 50,000 | 1,890 | 48,110 |
| Miscellaneous improvements | - | 50,000 | 28,970 | 21,030 |
| Stations, shelters and facilities | 3,877,795 | - | - | - |
| Computer hardware and software | 260,000 | 243,270 | 64,635 | 178,635 |
| Intelligent transportation systems | 197,397 | - | - | - |
| Transit security projects | 225,000 | - | - | - |
| Miscellaneous equipment | 1,238,000 | 100,000 | 1,160 | 98,840 |
| Comprehensive operations analysis | - | 250,000 | 2,617 | 247,383 |
| Total other capital outlay | <u>11,747,700</u> | <u>11,096,108</u> | <u>3,821,373</u> | <u>7,027,352</u> |
| Total expenditures | <u>19,747,700</u> | <u>25,436,276</u> | <u>11,238,342</u> | <u>13,950,551</u> |
| Other uses | | | | |
| Operating contingency | - | 1,000,000 | - | 1,000,000 |
| Reserve for future expenditure | 1,000,000 | 3,855,264 | - | 3,855,264 |
| Total other uses | <u>1,000,000</u> | <u>4,855,264</u> | <u>-</u> | <u>4,855,264</u> |
| Total expenditures and other uses | <u>20,747,700</u> | <u>30,291,540</u> | <u>11,238,342</u> | <u>18,805,815</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(6,434,329)</u> | <u>11,716,243</u> | <u>18,150,572</u> |
| Fund balance, beginning of year | - | 6,434,329 | 6,962,566 | 528,237 |
| Restatement - Note 4(e) | - | - | 467,462 | 467,462 |
| Fund balance, beginning of year, restated | <u>-</u> | <u>6,434,329</u> | <u>7,430,028</u> | <u>995,699</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,146,271</u> | <u>\$ 19,146,271</u> |

Lane Transit District
Reconciliation of Excess (Deficiency) of Revenues
Over Expenditures on a Budgetary Basis to
Changes in Net Position on a GAAP Basis
For the fiscal year ended June 30, 2018

| | |
|---|--------------------|
| Excess (deficiency) of revenues over expenditures | |
| General Fund | \$ (5,632,882) |
| Point2point Fund | 351,981 |
| Accessible Services Fund | 332,861 |
| Medicaid Fund | (222,603) |
| Capital Projects Fund | <u>11,716,243</u> |
| Total excess (deficiency) of revenues over expenditures | <u>6,545,600</u> |
| Reconciling items: | |
| Depreciation | (15,613,426) |
| Acquisition of capital assets | 11,087,343 |
| OPEB expense | 19,615 |
| Pension expense in excess of pension contribution | 72,505 |
| Compensated absences accrual | (70,073) |
| Loss on disposal of assets | (1,066,785) |
| Proceeds from disposal of assets | <u>(12,429)</u> |
| Total reconciling items | <u>(5,583,250)</u> |
| Change in net position on a GAAP basis | <u>\$ 962,350</u> |

Lane Transit District
Reconciliation of Budgetary Fund Balances to
Net Position on a GAAP Basis
June 30, 2018

| | |
|--------------------------------|-----------------------|
| Budgetary fund balances: | |
| General Fund | \$ 12,814,032 |
| Point2point Fund | 351,981 |
| Accessible Services Fund | 146,644 |
| Medicaid Fund | (369,159) |
| Capital Projects Fund | <u>19,146,271</u> |
| Total budgetary fund balances | <u>32,089,769</u> |
| Reconciling items: | |
| Capital assets | 176,573,417 |
| Deferred outflows of resources | 3,425,274 |
| Compensated absences | (2,874,907) |
| Total OPEB liability | (9,605,874) |
| Net pension liability | (18,864,543) |
| Deferred inflows of resources | <u>(2,236,492)</u> |
| Total reconciling items | <u>146,416,875</u> |
| Net position on a GAAP basis | <u>\$ 178,506,644</u> |

**Lane Transit District
Statements of Fiduciary Net Position**

| | Amalgamated Transit Union, Local No. 757 Pension Trust Fund As of December 31, 2017 | Lane Transit District Salaried Employee's Retirement Plan Trust Fund As of June 30, 2018 | Total June 30, 2018 |
|---|--|---|--------------------------------|
| Assets | | | |
| Cash | | | |
| Cash and cash equivalents | \$ 657,267 | \$ 547,059 | \$ 1,204,326 |
| Investments | | | |
| Shares of registered investment companies | 28,755,338 | 18,579,186 | 47,334,524 |
| Total Assets | 29,412,605 | 19,126,245 | 48,538,850 |
| Liabilities | | | |
| Accrued expenses | 5,778 | 5,919 | 11,697 |
| Fiduciary Net Position - Restricted for Pensions | \$ 29,406,827 | \$ 19,120,326 | \$ 48,527,153 |

| | Amalgamated Transit Union, Local No. 757 Pension Trust Fund As of December 31, 2016 | Lane Transit District Salaried Employee's Retirement Plan Trust Fund As of June 30, 2017 | Total June 30, 2017 |
|---|--|---|--------------------------------|
| Assets | | | |
| Cash | | | |
| Cash and cash equivalents | \$ 485,963 | \$ 491,746 | \$ 977,709 |
| Investments | | | |
| Shares of registered investment companies | 24,473,926 | 17,197,541 | 41,671,467 |
| Total Assets | 24,959,889 | 17,689,287 | 42,649,176 |
| Liabilities | | | |
| Accrued expenses | 28,893 | 20,489 | 49,382 |
| Fiduciary Net Position - Restricted for Pensions | \$ 24,930,996 | \$ 17,668,798 | \$ 42,599,794 |

Lane Transit District
Statements of Changes in Fiduciary Net Position

| | Amalgamated Transit Union, Local No. 757 Pension Trust Fund | Lane Transit District Salaried Employee's Retirement Plan Trust Fund | Total |
|---|--|---|---|
| | For the Year Ended December 31, 2017 | For the Year Ended June 30, 2018 | For the Year Ended June 30, 2018 |
| Additions | | | |
| Employer contributions | \$ 2,653,938 | \$ 1,577,474 | \$ 4,231,412 |
| Investment income | | | |
| Net change in fair value of investments | 3,758,691 | 1,021,304 | 4,779,995 |
| Interest, dividends and other income | 536,990 | 370,386 | 907,376 |
| Investment expenses | (103,085) | (57,849) | (160,934) |
| Net investment income | 4,192,596 | 1,333,841 | 5,526,437 |
| Total Additions | 6,846,534 | 2,911,315 | 9,757,849 |
| Deductions | | | |
| Benefits paid to participants | 2,317,093 | 1,406,952 | 3,724,045 |
| Administrative expenses | 53,610 | 52,835 | 106,445 |
| Total deductions | 2,370,703 | 1,459,787 | 3,830,490 |
| Net increase in fiduciary net position | 4,475,831 | 1,451,528 | 5,927,359 |
| Fiduciary Net Position - Restricted for Pensions | | | |
| Beginning of the year | 24,930,996 | 17,668,798 | 42,599,794 |
| Fiduciary Net Position - Restricted for Pensions | | | |
| End of the year | <u>\$ 29,406,827</u> | <u>\$ 19,120,326</u> | <u>\$ 48,527,153</u> |

| | Amalgamated Transit Union, Local No. 757 Pension Trust Fund | Lane Transit District Salaried Employee's Retirement Plan Trust Fund | Total |
|---|--|---|---|
| | For the Year Ended December 31, 2016 | For the Year Ended June 30, 2017 | For the Year Ended June 30, 2017 |
| Additions | | | |
| Employer contributions | \$ 3,089,304 | \$ 1,842,970 | \$ 4,932,274 |
| Investment income | | | |
| Net change in fair value of investments | 1,103,413 | 1,724,151 | 2,827,564 |
| Interest, dividends and other income | 466,560 | 301,363 | 767,923 |
| Investment expenses | (85,574) | (59,275) | (144,849) |
| Net investment income | 1,484,399 | 1,966,239 | 3,450,638 |
| Total Additions | 4,573,703 | 3,809,209 | 8,382,912 |
| Deductions | | | |
| Benefits paid to participants | 2,172,794 | 1,443,998 | 3,616,792 |
| Administrative expenses | 93,200 | 35,925 | 129,125 |
| Total deductions | 2,265,994 | 1,479,923 | 3,745,917 |
| Net increase in fiduciary net position | 2,307,709 | 2,329,286 | 4,636,995 |
| Fiduciary Net Position - Restricted for Pensions | | | |
| Beginning of the year | 22,623,287 | 15,339,512 | 37,962,799 |
| Fiduciary Net Position - Restricted for Pensions | | | |
| End of the year | <u>\$ 24,930,996</u> | <u>\$ 17,668,798</u> | <u>\$ 42,599,794</u> |

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, notes disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

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.

Financial Trend Information

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

| | 2018 | 2017 | 2016 | 2015 | Restated 2014 | 2013 | 2012 | Restated 2011 | 2010 | 2009 | 2008 | 2007 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Assets | | | | | | | | | | | | |
| Current assets | \$ 39,716,401 | \$ 33,622,720 | \$ 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 | 176,573,417 | 182,179,014 | 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 | \$ 216,289,818 | 215,801,734 | 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 | 3,425,274 | 5,235,429 | 6,267,714 | 1,540,509 | 1,693,168 | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 219,715,092 | \$ 221,037,163 | \$ 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 | \$ 8,635,621 | \$ 9,017,767 | \$ 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 | 30,336,335 | 28,793,940 | 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 | 38,971,956 | 37,811,707 | 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 | 2,236,492 | 696,930 | 351,796 | 712,072 | 1,784,272 | - | - | - | - | - | - | - |
| Net position | | | | | | | | | | | | |
| Investment in capital assets | 176,573,417 | 182,179,014 | 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, Point2point and Medicaid programs | 1,792,304 | 38,863 | 2,775,776 | 440,273 | 398,255 | 436,632 | 491,306 | 456,115 | 449,066 | 302,918 | 529,014 | 80,911 |
| Unrestricted | 140,923 | 310,649 | 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 | 178,506,644 | 182,528,526 | 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 | \$ 219,715,092 | \$ 221,037,163 | \$ 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**

| | 2018 | 2017 | 2016 | 2015 | Restated 2014 | 2013 | 2012 | Restated 2011 | 2010 | 2009 | 2008 |
|---|--------------|--------------|---------------|---------------|------------------|----------------|--------------|------------------|---------------|--------------|--------------|
| Operations | | | | | | | | | | | |
| Fixed route | | | | | | | | | | | |
| Revenue | \$ 7,338,415 | \$ 7,921,433 | \$ 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 |
| Expense | (45,931,894) | (47,650,802) | (40,932,868) | (38,541,017) | (36,660,628) | (35,813,713) | (34,411,349) | (33,880,028) | (34,792,955) | (33,118,646) | (31,952,517) |
| Total fixed route | (38,593,479) | (39,729,369) | (33,125,203) | (30,647,148) | (28,927,488) | (28,172,795) | (26,802,509) | (25,729,059) | (26,859,344) | (25,394,859) | (24,631,527) |
| Accessible Services, Point2point and Medicaid | | | | | | | | | | | |
| Revenue | 14,115,229 | 12,572,295 | 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 |
| Expense | (17,118,488) | (15,482,280) | (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) |
| Total Accessible Services, Point2point and Medicaid | (3,003,259) | (2,909,985) | (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) |
| Loss from operations | (41,596,738) | (42,639,354) | (35,778,158) | (32,091,581) | (31,383,826) | (29,620,111) | (28,699,303) | (27,118,165) | (27,571,231) | (27,739,397) | (26,275,099) |
| Nonoperating revenues | | | | | | | | | | | |
| Employer payroll tax | 35,797,722 | 32,827,455 | 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 |
| Self-employment tax | 2,072,662 | 1,983,365 | 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 |
| State payroll assessment | 439,600 | 411,860 | 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 |
| Federal assistance | 2,825,907 | - | 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 |
| State assistance | - | 115,475 | 154,426 | 29,688 | 723,888 | - | 1,992 | 350 | - | - | - |
| Interest | 167,305 | 201,295 | 99,207 | 52,359 | 85,619 | 77,171 | 62,653 | 60,462 | 56,200 | 293,980 | 686,566 |
| Other revenues | 166,934 | 349,986 | 400,494 | 433,787 | 366,327 | 325,339 | 276,975 | 497,739 | 343,208 | 306,755 | 118,835 |
| Total nonoperating revenues | 41,470,130 | 35,889,436 | 42,089,054 | 39,792,878 | 36,106,494 | 35,376,112 | 32,197,751 | 29,946,113 | 31,526,922 | 26,276,386 | 27,800,189 |
| Income (loss) before capital contributions | (126,608) | (6,749,918) | 6,310,896 | 7,701,297 | 4,722,668 | 5,756,001 | 3,498,448 | 2,827,948 | 3,955,691 | (1,463,011) | 1,525,090 |
| Capital contributions | | | | | | | | | | | |
| Federal and state grants for capital acquisition | 17,530,013 | 27,832,523 | 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 |
| Changes in net position before depreciation, OPEB expense, and gain (loss) on sale of assets | 17,403,405 | 21,082,606 | 47,309,808 | 26,594,975 | 13,287,124 | 7,921,877 | 19,865,031 | 17,715,266 | 26,524,078 | 12,079,252 | 11,238,930 |
| Depreciation | (15,613,426) | (11,331,319) | (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) |
| OPEB expense | 247,705 | (353,155) | (395,154) | (461,715) | (555,778) | (614,905) | (586,592) | (641,742) | (624,953) | (635,353) | - |
| Gain (loss) on disposal of capital assets | (1,075,334) | 37,721 | 6,644 | (2,877) | 13,052 | 7,635 | 2,434 | (28,913) | (3,060,580) | 6,208 | 7,374 |
| Changes in net position | \$ 962,350 | \$ 9,435,853 | \$ 35,791,596 | \$ 14,977,950 | \$ 2,224,462 | \$ (3,246,679) | \$ 9,111,842 | \$ 7,487,513 | \$ 15,524,945 | \$ 4,668,821 | \$ 4,440,481 |

Source: Lane Transit District Financial Statements

*Demographic and Economic
Information*

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

| Employer | 2018 | | | 2009 | | |
|--|-----------------------------|------|--------------------------------------|-----------------------------|------|--------------------------------------|
| | Employees | Rank | Percentage of Lane County Employment | Employees | Rank | Percentage of Lane County Employment |
| PeaceHealth Corp | 6,257 | 1 | 3.9% | 4,893 | 1 | 3.0% |
| University of Oregon | 5,417 | 2 | 3.4% | 4,038 | 2 | 2.5% |
| Eugene 4J School District | 2,515 | 3 | 1.6% | 2,794 | 3 | 1.7% |
| City of Eugene | 1,828 | 4 | 1.1% | 1,547 | 8 | 1.0% |
| State of Oregon | 1,769 | 5 | 1.1% | 2,000 | 6 | 1.2% |
| Lane Community College | 1,632 | 6 | 1.0% | 1,118 | 10 | 0.7% |
| Lane County | 1,616 | 7 | 1.0% | 2,000 | 5 | 1.2% |
| Springfield School District | 1,379 | 8 | 0.9% | 1,500 | 9 | 0.9% |
| Mckenzie-Willamette Med Ctr ² | 988 | 9 | 0.6% | | | |
| Royal Carribean | 800 | 10 | 0.5% | | | |
| Monaco Coach Corporation | | | | 2,400 | 4 | 1.5% |
| U.S. Government | | | | 1,800 | 7 | 1.1% |
| | <u>24,201</u> | | <u>15.1%</u> | <u>19,890</u> | | <u>12.3%</u> |
| Total Employees | <u>160,500</u> ¹ | | | <u>161,255</u> ¹ | | |

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

Source: Eugene Chamber of Commerce, Oregon Employment Department

² Per McKenzie-Willamette Human Resources

**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) |
| 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 | 362,600 | 14,597,955 | 40,259 | 6.1% |
| 2016 | 305,350 | 369,519 | 15,160,278 | 41,027 | 5.5% |
| 2017 | 311,395 | 374,748 | 16,275,162 | 43,430 | 4.0% |

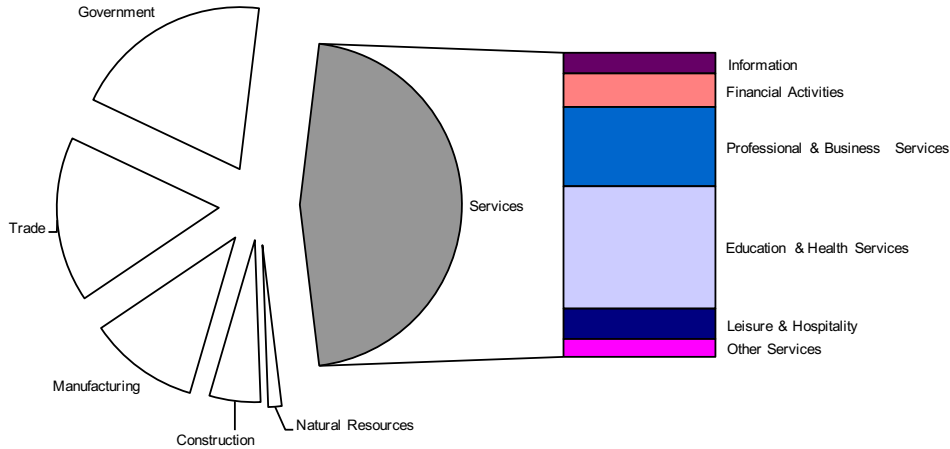
Notes

- 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 2017 Covered Payroll



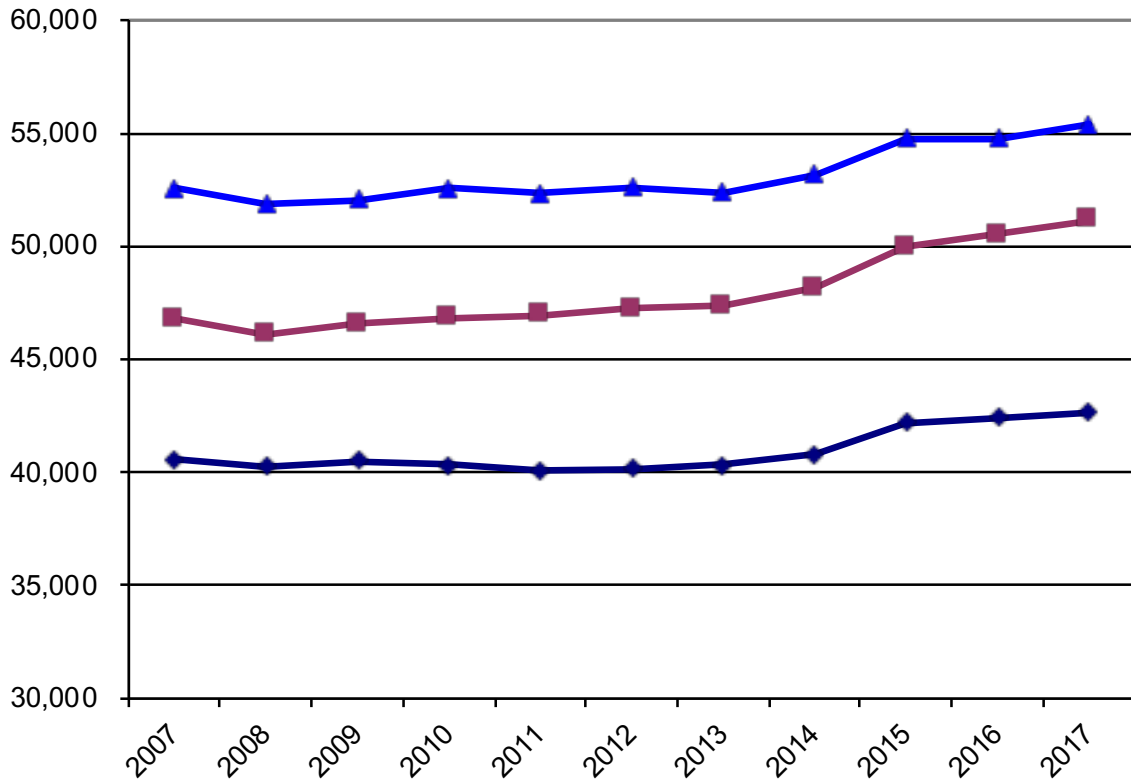
2017 Covered Employment and Wages Summary Report for Lane County

| | Units | Covered Employment | | Covered Payroll | | Average Pay |
|--------------------------------------|---------------|--------------------|--------------|-------------------|---------------|------------------|
| | | Count | Percent | Total in Millions | Percent | |
| Natural Resources | 273 | 2,283 | 1.5% | \$ 95 | 1.4% | \$ 41,415 |
| Construction | 976 | 6,882 | 4.5% | \$ 354 | 5.4% | \$ 51,456 |
| Manufacturing | 567 | 13,805 | 8.9% | \$ 729 | 11.1% | \$ 52,828 |
| Trade | 2,059 | 29,989 | 19.4% | \$ 1,075 | 16.3% | \$ 35,831 |
| Service | | | 0.0% | | 0.0% | |
| Information | 212 | 2,704 | 1.7% | \$ 187 | 2.8% | \$ 69,034 |
| Financial Activities | 1,087 | 6,144 | 4.0% | \$ 352 | 5.3% | \$ 57,314 |
| Professional & Business Services | 1,732 | 17,947 | 11.6% | \$ 779 | 11.8% | \$ 43,421 |
| Education & Health Services | 1,404 | 25,344 | 16.4% | \$ 1,235 | 18.7% | \$ 48,733 |
| Leisure & Hospitality | 1,162 | 17,256 | 11.2% | \$ 305 | 4.6% | \$ 17,679 |
| Other Services | 2,106 | 6,597 | 4.3% | \$ 180 | 2.7% | \$ 27,233 |
| Total Service | 7,703 | 75,992 | 49.1% | \$ 3,038 | 46.1% | \$ 39,977 |
| Unclassified/other | 50 | 52 | | | | |
| Government | 407 | 25,619 | 16.6% | \$ 1,301 | 19.7% | \$ 50,800 |
| Total 2018 Covered Employment | 12,035 | 154,622 | 100% | \$ 6,594 | 100.0% | \$ 42,644 |

Source: Oregon Employment Department

Lane Transit District

Inflation Adjusted Annual Average Wages
(2017 Dollars)



Source: Oregon Employment Department

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2007 - 2017 | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|-------------|----------|
| | | | | | | | | | | | | Change: | % Change |
| Total population | 345,726 | 348,804 | 350,952 | 352,010 | 353,155 | 354,200 | 356,125 | 358,805 | 362,150 | 365,940 | 370,600 | 24,874 | 7.3% |
| Births minus Deaths | | | | | | | | | | | | n/av | n/av |
| Net Migration | | | | | | | | | | | | n/av | n/av |
| Civilian labor force | 181,463 | 183,901 | 183,890 | 178,304 | 177,473 | 172,255 | 167,211 | 169,238 | 172,546 | 178,622 | 182,399 | 936 | 0.5% |
| Unemployment | 9,403 | 12,403 | 22,635 | 19,648 | 17,158 | 15,349 | 13,423 | 11,715 | 10,041 | 9,048 | 8,118 | (1,285) | -13.7% |
| Unemployment rate | 5.2% | 6.7% | 12.3% | 11.0% | 9.7% | 8.9% | 8.0% | 6.9% | 5.8% | 4.8% | 4.5% | (0.0) | -14.1% |
| Total employment | 172,060 | 171,498 | 161,255 | 158,656 | 160,315 | 156,906 | 153,788 | 157,523 | 162,505 | 169,574 | 174,281 | 2,221 | 1.3% |
| Total nonfarm employment | 157,200 | 155,000 | 142,600 | 141,400 | 141,700 | 142,400 | 144,400 | 148,000 | 152,100 | 156,500 | 159,200 | 2,000 | 1.3% |
| Labor-management disputants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Percent annual change | 1.8% | -1.4% | -8.0% | -0.8% | 0.2% | 0.5% | 1.4% | 2.5% | 2.8% | 2.8% | | | |
| Total personal income (millions) | \$11,542.6 | \$11,951.9 | \$11,590.9 | \$11,739.8 | \$12,175.7 | \$12,696.9 | \$12,760.1 | \$13,575.6 | \$14,598.0 | \$15,160.3 | NA | NA | NA |
| Percent annual change | 2.5% | 3.5% | -3.0% | 1.3% | 3.7% | 4.3% | 0.5% | 6.4% | 7.5% | 3.9% | NA | NA | NA |
| Per capita personal income - Lane County | \$33,472 | \$34,327 | \$33,037 | \$33,355 | \$34,430 | \$35,805 | \$35,878 | \$37,867 | \$40,259 | \$41,027 | \$43,430 | NA | NA |
| Per capita personal income - Oregon | \$35,858 | \$37,149 | \$35,409 | \$35,692 | \$37,387 | \$39,105 | \$39,498 | \$41,690 | \$44,424 | \$45,482 | \$46,361 | 10,503 | 29.3% |
| Per capita personal income - U.S. | \$39,821 | \$41,082 | \$39,376 | \$40,277 | \$42,453 | \$44,267 | \$44,462 | \$46,412 | \$48,112 | \$49,204 | \$50,392 | 10,571 | 26.5% |
| As percent of Oregon | 93% | 92% | 93% | 93% | 92% | 92% | 91% | 91% | 91% | 90% | 94% | | |
| As percent of U.S. | 84% | 84% | 84% | 83% | 81% | 81% | 81% | 82% | 84% | 83% | 86% | | |
| Total covered payroll (millions) | \$5,185.8 | \$5,225.4 | \$4,814.6 | \$4,829.6 | \$4,987.2 | \$5,148.4 | \$5,319.4 | \$5,597.4 | \$5,993.0 | \$6,291.5 | \$6,593.7 | 1,408 | 27.1% |
| Percent annual change | 4.8% | 0.8% | -7.9% | 0.3% | 3.3% | 3.2% | 3.3% | 5.2% | 7.1% | \$0.1 | 4.8% | 0.0 | 0.0% |
| Average annual wage - Lane County | \$34,324 | \$35,363 | \$35,475 | \$35,889 | \$36,778 | \$37,619 | \$38,353 | \$39,383 | \$40,824 | \$41,523 | \$42,644 | 8,280 | 24.9% |
| Average annual wage - Oregon | \$39,562 | \$40,486 | \$40,742 | \$41,668 | \$43,077 | \$44,230 | \$45,008 | \$46,515 | \$48,322 | \$49,467 | \$51,117 | 11,555 | 29.2% |
| Average annual wage - U.S. | \$44,458 | \$45,563 | \$45,559 | \$46,751 | \$48,043 | \$49,289 | \$49,808 | \$51,296 | \$52,942 | \$53,621 | \$55,390 | 10,932 | 24.6% |
| As percent of Oregon | 87% | 87% | 87% | 86% | 85% | 85% | 85% | 85% | 84% | 84% | 83% | (0.03) | NA |
| As percent of U.S. | 77% | 78% | 78% | 77% | 77% | 76% | 77% | 77% | 77% | 77% | 77% | (0.01) | NA |
| Inflation adjusted wages and income (2007 Dollars) | | | | | | | | | | | | | |
| CPI-U; U.S. city average | 207.342 | 215.303 | 214.537 | 218.056 | 224.939 | 229.594 | 232.957 | 236.736 | 237.017 | 240.007 | 245.12 | | |
| Blow-up factor; 2002 = 100 | 1.1822 | 1.1385 | 1.1426 | 1.1241 | 1.0897 | 1.0676 | 1.0522 | 1.0354 | 1.0342 | 1.0231 | 1.0000 | | |
| Inflation adjusted total covered payroll (millions) | \$6,000.0 | \$5,820.0 | \$5,390.0 | \$5,320.0 | \$5,320.0 | \$5,840.0 | \$5,480.0 | \$5,670.0 | \$6,070.0 | \$6,420.0 | \$6,590.0 | 460 | 7.5% |
| Percent annual change | 1.9% | -3.0% | -7.4% | -1.3% | 0.0% | 9.8% | -6.2% | 3.5% | 7.1% | 3.5% | 2.6% | | |
| Inflation adjusted average annual wage - Lane County | \$39,730 | -\$1,060 | -\$2,630 | -\$470 | \$0 | \$3,690 | -\$2,380 | \$1,380 | \$2,900 | \$42,420 | \$42,640 | 2,060 | 5.1% |
| Inflation adjusted average annual wage - Oregon | \$45,790 | -\$1,210 | -\$3,010 | -\$540 | \$0 | \$4,330 | -\$2,790 | \$1,630 | \$3,430 | \$50,520 | \$51,120 | 4,350 | 9.3% |
| Inflation adjusted average annual wage - U.S. | \$51,460 | -\$1,370 | -\$3,370 | -\$610 | \$0 | \$4,830 | -\$3,090 | \$1,800 | \$3,760 | \$54,760 | \$55,390 | 2,830 | 5.4% |
| Inflation adjusted total personal income (millions) | 13645.618 | 13607.187 | 13243.758 | 13196.66 | 13267.87 | 13555.214 | 13426.139 | 14056.17 | 1036.458 | 15678.57 | NA | NA | NA |
| Inflation adjusted per capita personal income - Lane County | \$38,750 | -\$1,030 | -\$2,440 | -\$430 | \$0 | \$3,510 | -\$2,220 | \$1,330 | \$2,860 | \$41,900 | NA | NA | NA |
| Inflation adjusted per capita personal income - Oregon | \$41,510 | -\$1,110 | -\$2,620 | -\$460 | \$0 | \$3,830 | -\$2,450 | \$1,460 | \$3,150 | \$46,450 | \$46,360 | NA | NA |
| Inflation adjusted per capita personal income - U.S. | \$46,090 | -\$1,230 | -\$2,910 | -\$520 | \$0 | \$4,340 | -\$2,760 | \$1,620 | \$3,420 | \$50,250 | \$50,390 | NA | NA |

Operating Information

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

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | Restated 2011 | 2010 | 2009 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operations | | | | | | | | | | |
| Transportation | \$23,511,724 | \$23,470,868 | \$ 21,227,434 | \$ 19,006,723 | \$ 17,775,567 | \$ 17,278,362 | \$ 16,942,573 | \$ 16,670,775 | \$ 17,382,338 | \$ 17,136,681 |
| Percent of total operations | 37.4% | 39.5% | 37.4% | 36.7% | 36.3% | 37.6% | 38.3% | 39.1% | 41.7% | 41.6% |
| FTEs at end of period | 234.5 | 255.5 | 203.6 | 203.6 | 202.0 | 202.0 | 196.0 | 192.0 | 218.0 | 220.0 |
| Maintenance | \$11,314,355 | \$10,047,340 | 9,976,217 | 9,893,756 | 9,712,732 | 9,472,080 | 9,720,961 | 9,120,608 | 8,273,970 | 8,294,280 |
| Percent of total operations | 18.0% | 16.9% | 17.6% | 19.1% | 19.8% | 20.6% | 22.0% | 21.4% | 19.9% | 20.1% |
| FTEs at end of period | 54.0 | 54.0 | 52.5 | 52.5 | 51.1 | 51.3 | 51.3 | 50.3 | 52.3 | 52.3 |
| Customer Service, Marketing, and Planning | \$4,117,783 | \$4,194,396 | 3,645,111 | 3,284,172 | 3,733,361 | 3,150,530 | 2,314,056 | 2,086,436 | 2,095,936 | 2,120,225 |
| Percent of total operations | 6.6% | 7.1% | 6.4% | 6.3% | 7.6% | 6.9% | 5.2% | 4.9% | 5.0% | 5.1% |
| FTEs at end of period | 33.2 | 33.2 | 27.9 | 27.9 | 22.2 | 22.3 | 20.9 | 18.2 | 19.2 | 19.2 |
| Administration | \$6,643,695 | \$5,186,966 | 4,146,877 | 3,835,509 | 4,406,890 | 4,002,512 | 4,249,252 | 4,190,798 | 4,193,529 | 4,068,295 |
| Percent of total operations | 10.6% | 8.7% | 7.3% | 7.4% | 9.0% | 8.7% | 9.6% | 9.8% | 10.1% | 9.9% |
| FTEs at end of period | 30.7 | 31.7 | 25.8 | 25.8 | 35.0 | 31.0 | 31.5 | 32.0 | 34.0 | 34.0 |
| Insurance and Risk | \$1,061,645 | \$993,952 | 941,876 | 1,092,057 | 1,084,682 | 1,224,832 | 1,083,175 | 1,054,273 | 1,140,688 | 1,110,076 |
| Percent of total operations | 1.7% | 1.7% | 1.7% | 2.1% | 2.2% | 2.7% | 2.4% | 2.5% | 2.7% | 2.7% |
| 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 & Medicaid | 16,213,315 | 15,482,279 | 16,768,307 | 14,617,685 | 12,314,118 | 10,841,746 | 9,965,985 | 9,561,690 | 8,571,459 | 8,465,040 |
| Percent of total operations | 25.8% | 26.1% | 29.6% | 28.3% | 25.1% | 23.6% | 22.5% | 22.4% | 20.6% | 20.5% |
| FTEs at end of period | 2.6 | 2.6 | 2.6 | 2.6 | 3.0 | 3.0 | 3.4 | 3.0 | 3.0 | 3.0 |
| Total operations | 62,862,517 | 59,375,801 | 56,705,822 | 51,729,902 | 49,027,350 | 45,970,062 | 44,276,002 | 42,684,580 | 41,657,920 | 41,194,597 |
| Total FTEs at end of period | 355.0 | 377.0 | 312.4 | 312.4 | 313.3 | 309.5 | 303.0 | 295.5 | 326.5 | 328.5 |
| Capital transfers from General Fund | 8,739,050 | 18,487,923 | 1,667,600 | 3,351,100 | 1,792,700 | 1,600,000 | 3,031,900 | - | - | 1,752,000 |
| Capital transfers from Accessible Services Fund | - | - | - | - | - | 7,236 | 25,062 | 4,769 | 33,899 | - |
| Total operations and capital transfers | \$ 71,601,567 | \$ 77,863,724 | \$ 58,373,422 | \$ 55,081,002 | \$ 50,820,050 | \$ 47,577,298 | \$ 47,332,964 | \$ 42,689,349 | \$ 41,691,819 | \$ 42,946,597 |

**Capital Asset Statistics
Last Ten Years Ended June 30**

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Miles of busway | 13.99 | 13.99 | 8.45 | 8.45 | 8.45 | 8.45 | 8.45 | 8.45 | 2.34 | 2.34 |
| Rolling stock | | | | | | | | | | |
| 40-foot buses | 77 | 78 | 73 | 75 | 79 | 79 | 113 | 89 | 97 | 97 |
| 60-foot buses | 18 | 18 | 18 | 24 | 15 | 15 | 15 | 15 | 12 | 15 |
| < 40-foot buses | 0 | 0 | 0 | 3 | 6 | 6 | 6 | 6 | 7 | 7 |
| EmX vehicles | 18 | 18 | 18 | 11 | 11 | 11 | 11 | 11 | 11 | 6 |
| Total rolling stock | 113 | 114 | 109 | 113 | 111 | 111 | 145 | 121 | 127 | 125 |
| Accessible Services vehicles | 71 | 73 | 88 | 79 | 82 | 82 | 95 | 83 | 80 | 67 |
| Primary stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| EmX station platforms | 59 | 59 | 31 | 31 | 31 | 31 | 31 | 31 | 10 | 10 |
| Other stations | 9 | 9 | 6 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Shelters | 184 | 183 | 181 | 183 | 193 | 193 | 193 | 193 | 193 | 193 |
| Signed stops | 1137 | 1147 | 1,250 | 1,233 | 1,218 | 1,217 | 1,217 | 1,343 | 1,517 | 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

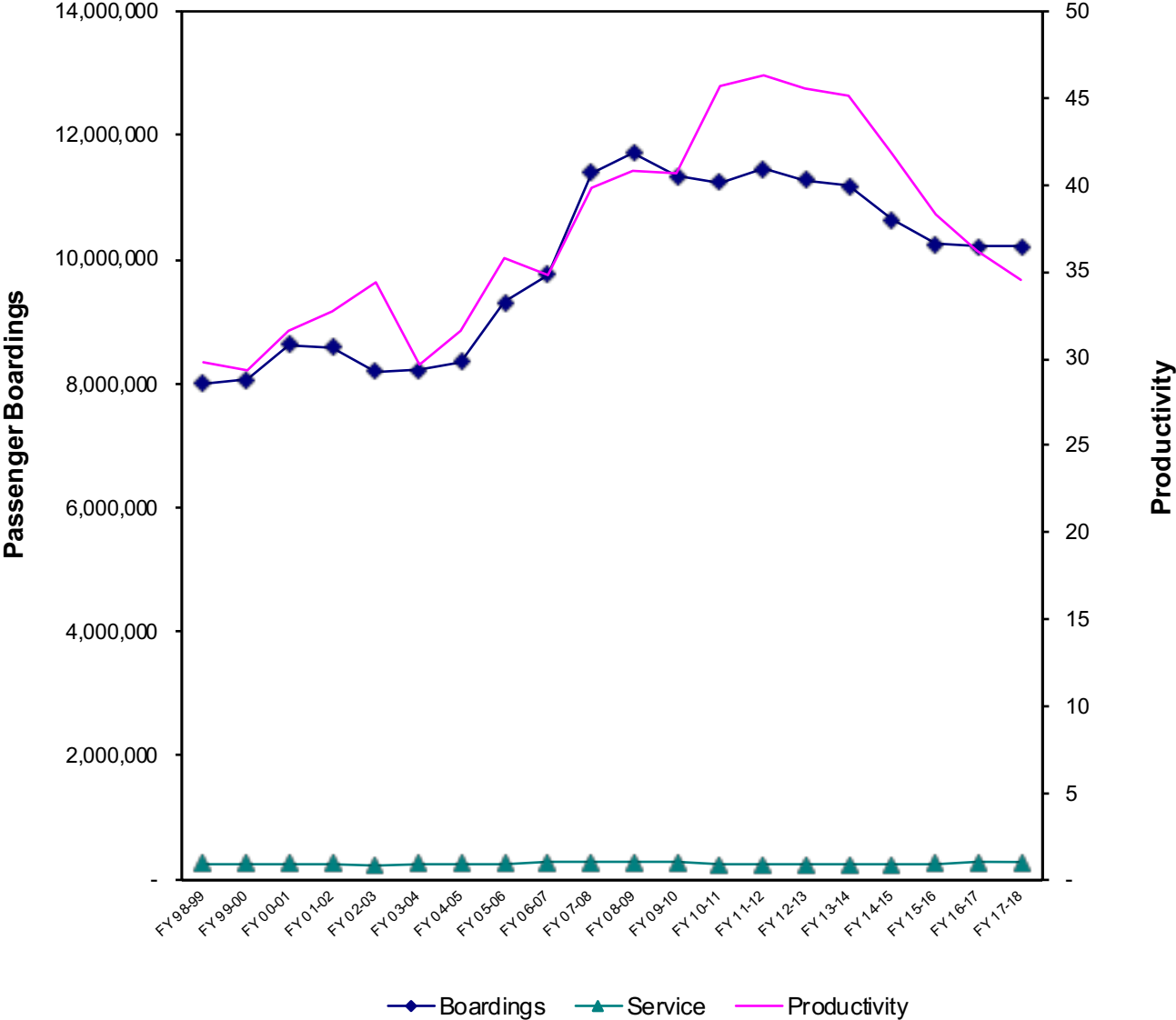
| Fiscal Year | Operating* Revenues | Operating* Expenses | Revenue Margin | Revenue Hours | Percent Change | Operating Revenue / Service Hour | Percent Change | Operating Expenses / Revenue Hour | Percent Change |
|-------------|------------------------|------------------------|-------------------|---------------|-------------------|--|-------------------|---|-------------------|
| 2017-18 | \$ 7,338,415 | \$ 45,740,984 | 16.0% | 295,103 | 4.9% | \$24.87 | -11.7% | \$155.00 | -8.5% |
| 2016-17 | \$ 7,921,433 | \$ 47,650,801 | 16.6% | 281,280 | 5.0% | 28.16 | -3.3% | 169.41 | 10.9% |
| 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% |

| Fiscal Year | Employees | Revenue Hours / Employees | Percent Change | Passenger Fares | Passenger Boardings | Passenger Fares / Boarding | Operating Expenses / Boarding | Percent Change | Revenue Hours / Trip |
|-------------|-----------|------------------------------|-------------------|--------------------|------------------------|----------------------------------|-------------------------------------|-------------------|----------------------------|
| 2017-18 | 355 | 831.28 | 1.1% | \$ 6,740,382 | 10,146,391 | 0.66 | 4.51 | -3.5% | 0.029 |
| 2016-17 | 342 | 822.46 | -3.0% | \$ 7,242,637 | 10,203,700 | 0.71 | 4.67 | 16.9% | 0.028 |
| 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 |

| Fiscal Year | Miles | Operating Expenses / Mile | Percent Change | Fleet Maintenance Costs | Fleet Maintenance Cost / Mile | Percent Change | Fuel Cost | Fuel Cost / Mile | Percent Change |
|-------------|-----------|------------------------------|-------------------|-------------------------------|-------------------------------------|-------------------|--------------|---------------------|-------------------|
| 2017-18 | 3,688,939 | 12.399 | 2.3% | \$ 6,308,199 | 1.710 | 8.8% | \$ 2,249,024 | 0.610 | -1.9% |
| 2016-17 | 3,930,595 | 12.123 | 11.1% | \$ 6,175,683 | 1.571 | 3.7% | \$ 2,441,661 | 0.621 | 11.6% |
| 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% |

*Excludes Accessible Services, depreciation, and OPEB expense

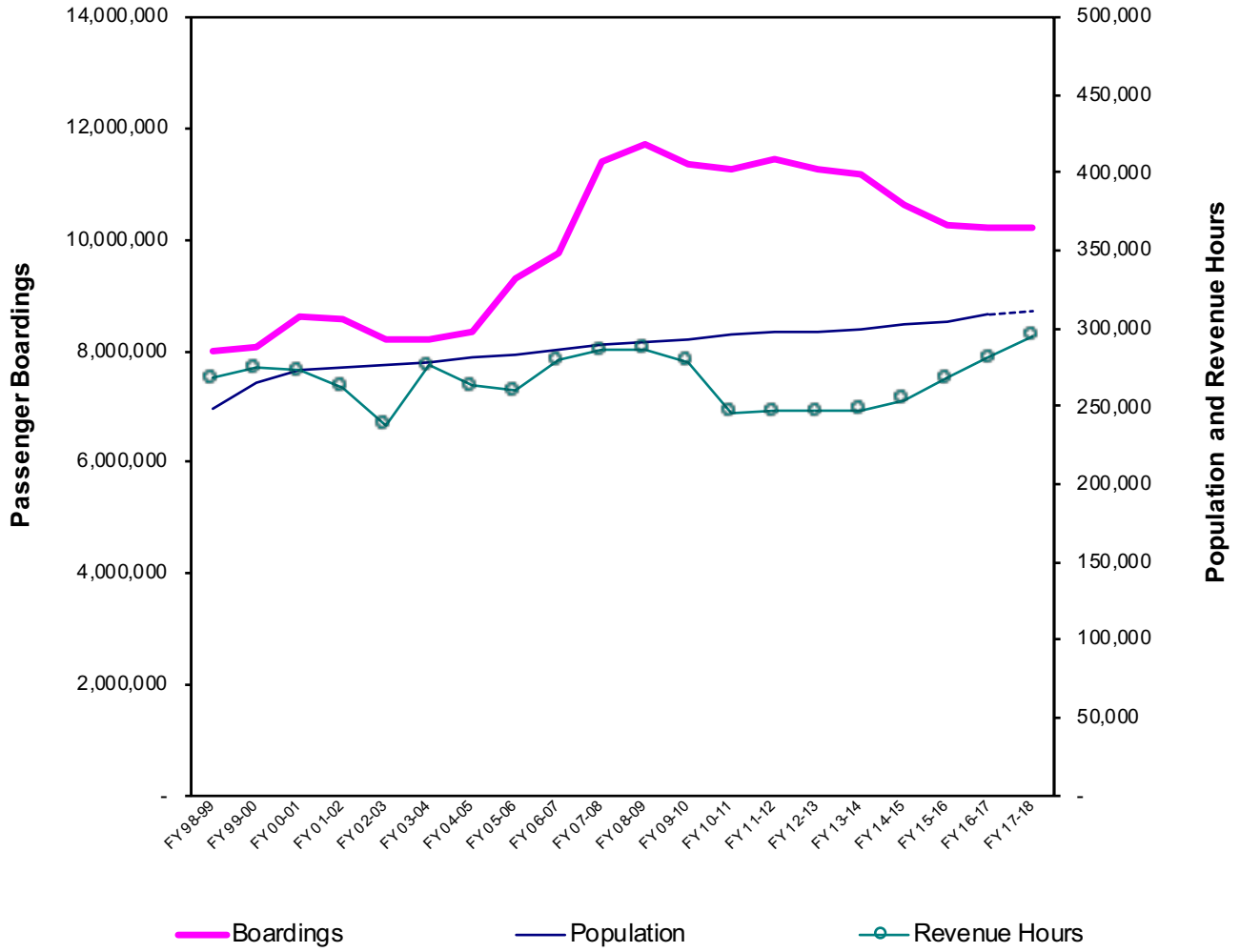
LANE TRANSIT DISTRICT Ridership, Service, and Productivity Last Twenty Years



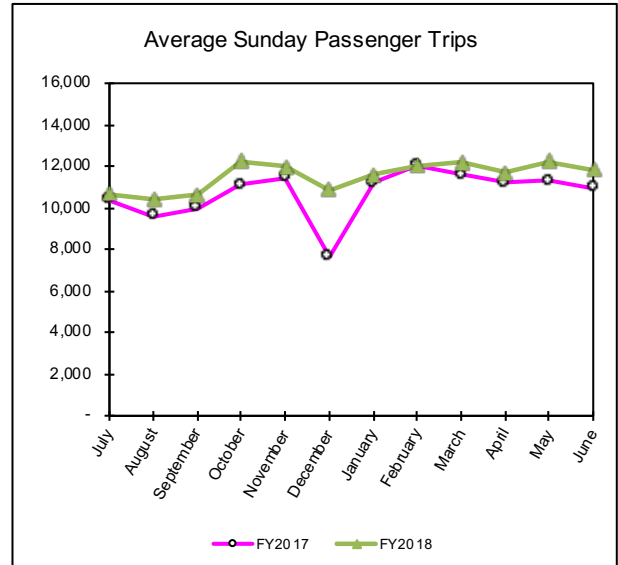
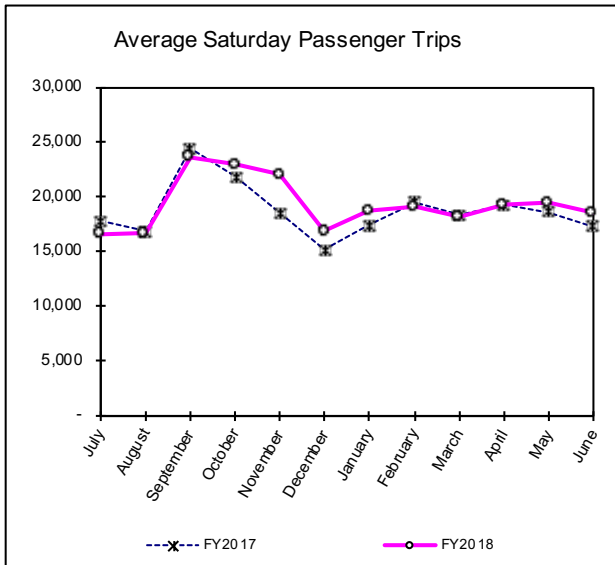
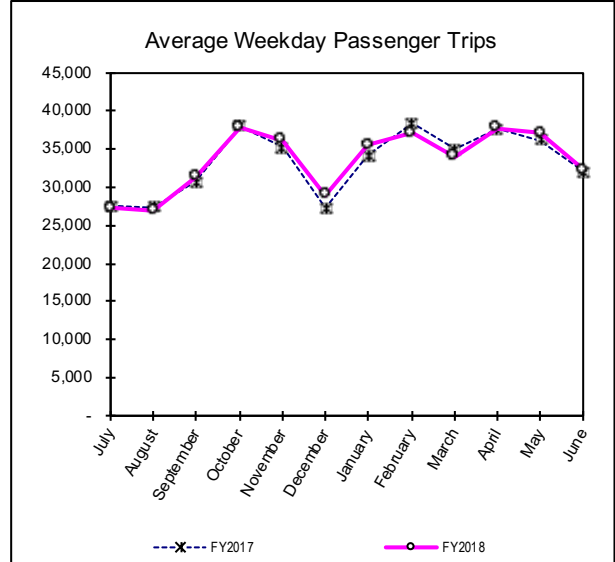
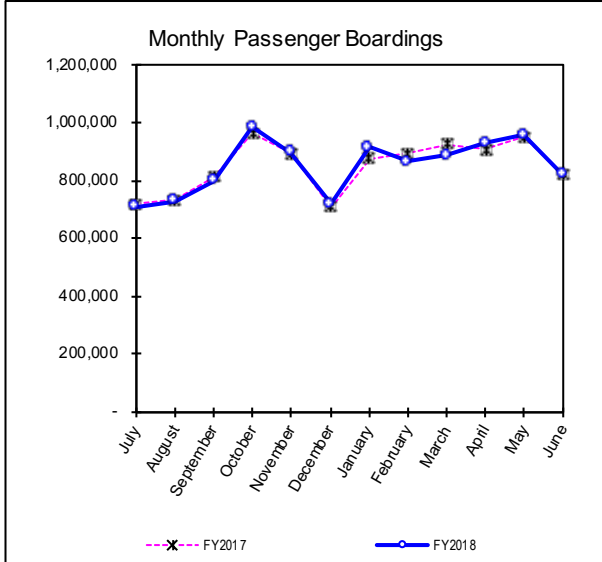
**Ridership, Fare, Service, and Productivity
Last Twenty Two Years**

| Fiscal Year | Revenue Hours | Percent Change | Passenger Boardings | Percent Change | System Productivity | Percent Change | Base Cash Fare |
|-------------|---------------|----------------|---------------------|----------------|---------------------|----------------|----------------|
| 2017-18 | 295,103 | 10.1% | 10,211,323 | -0.4% | 34.603 | -9.53% | \$ 1.75 |
| 2016-17 | 281,280 | 10.4% | 10,203,700 | -4.1% | 36.276 | -13.17% | 1.75 |
| 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 |

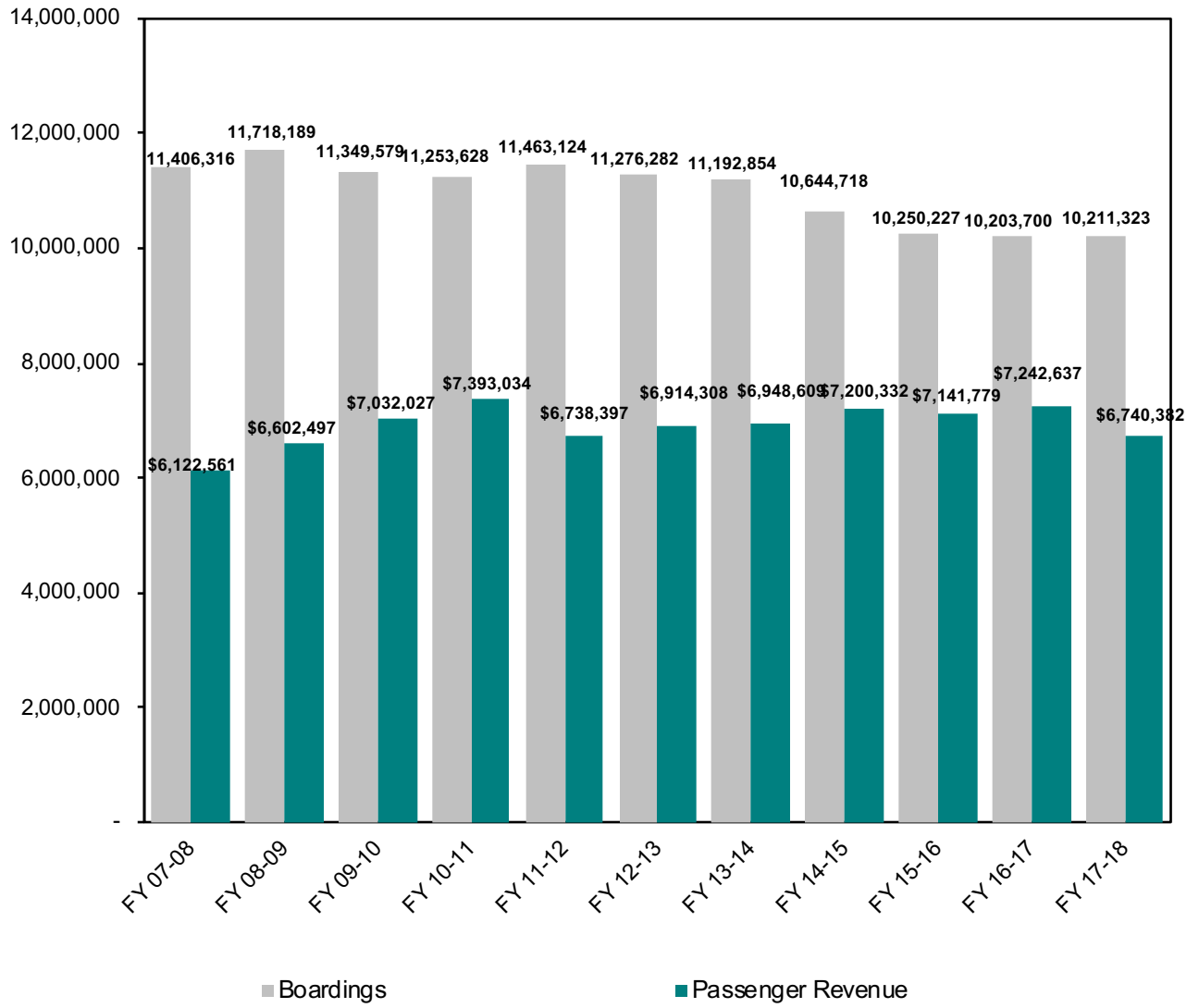
LANE TRANSIT DISTRICT
Ridership, Service, and Service Area Population
Last Twenty Years



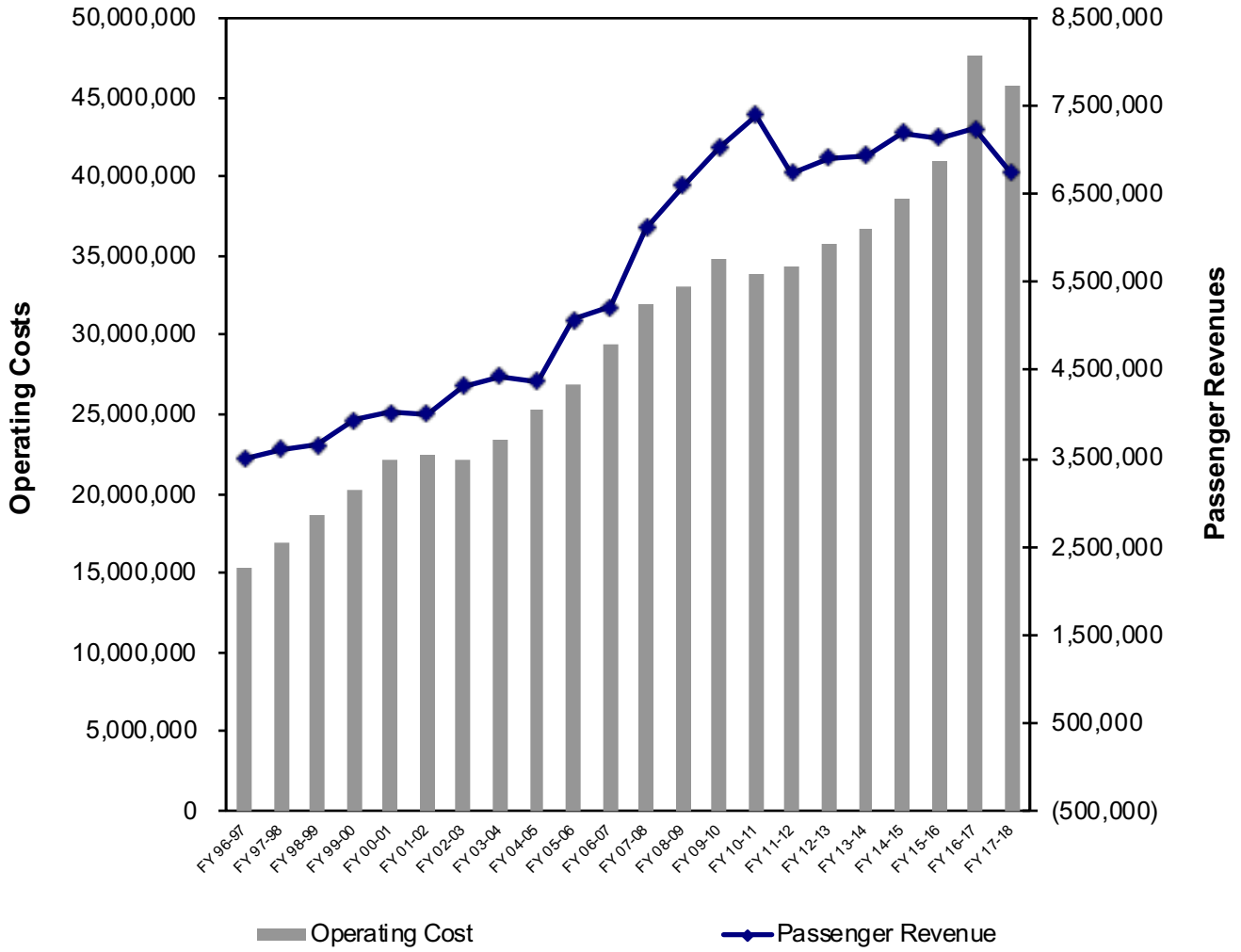
LANE TRANSIT DISTRICT Ridership Trends by Month For the fiscal years ended June 30, 2018 and 2017



LANE TRANSIT DISTRICT
Passenger Boardings and Passenger Revenues
Last Ten Years



LANE TRANSIT DISTRICT
Passenger Revenues and Operating Costs
Last Twenty Two Years

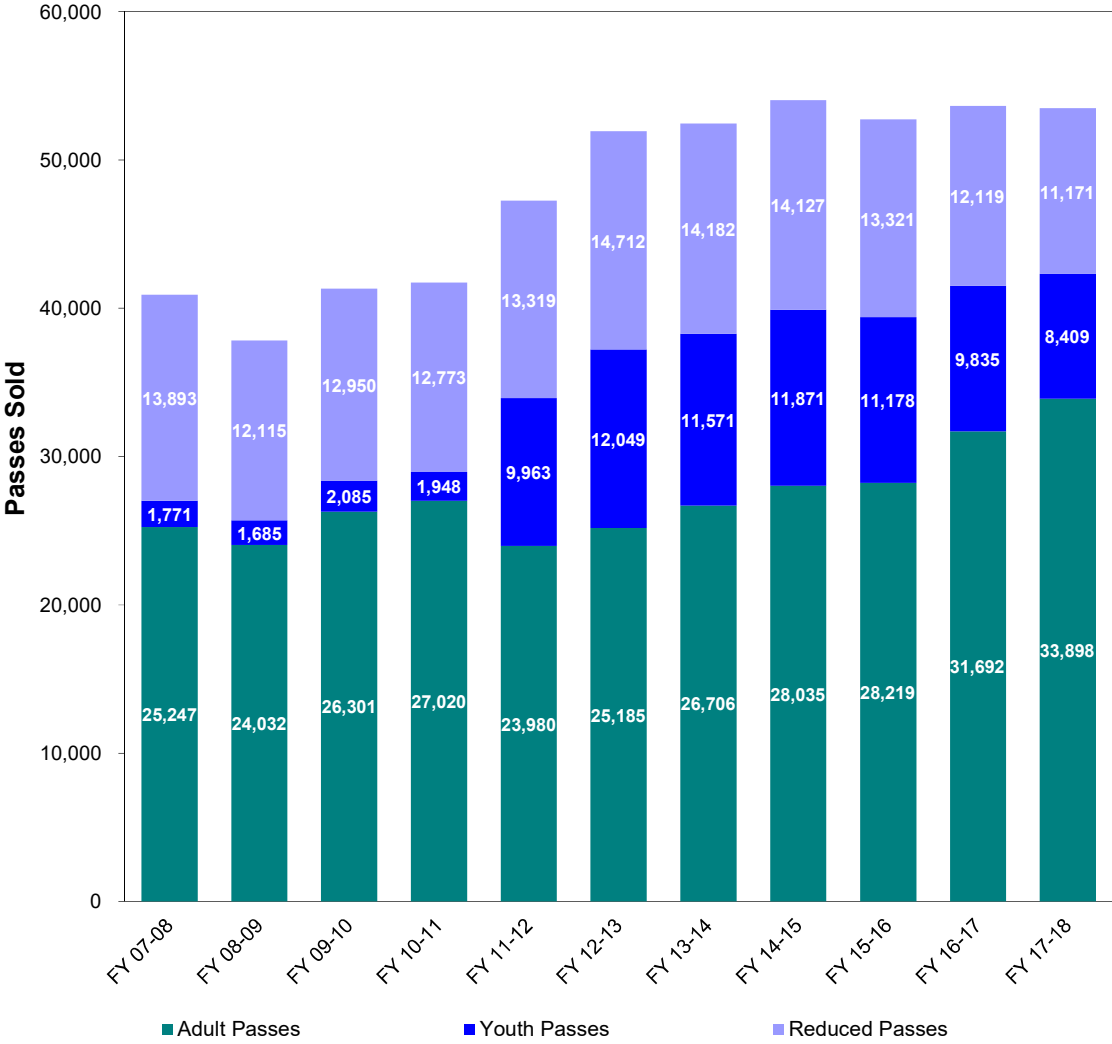


LANE TRANSIT DISTRICT
Transportation Revenues by Category
Last Ten Years

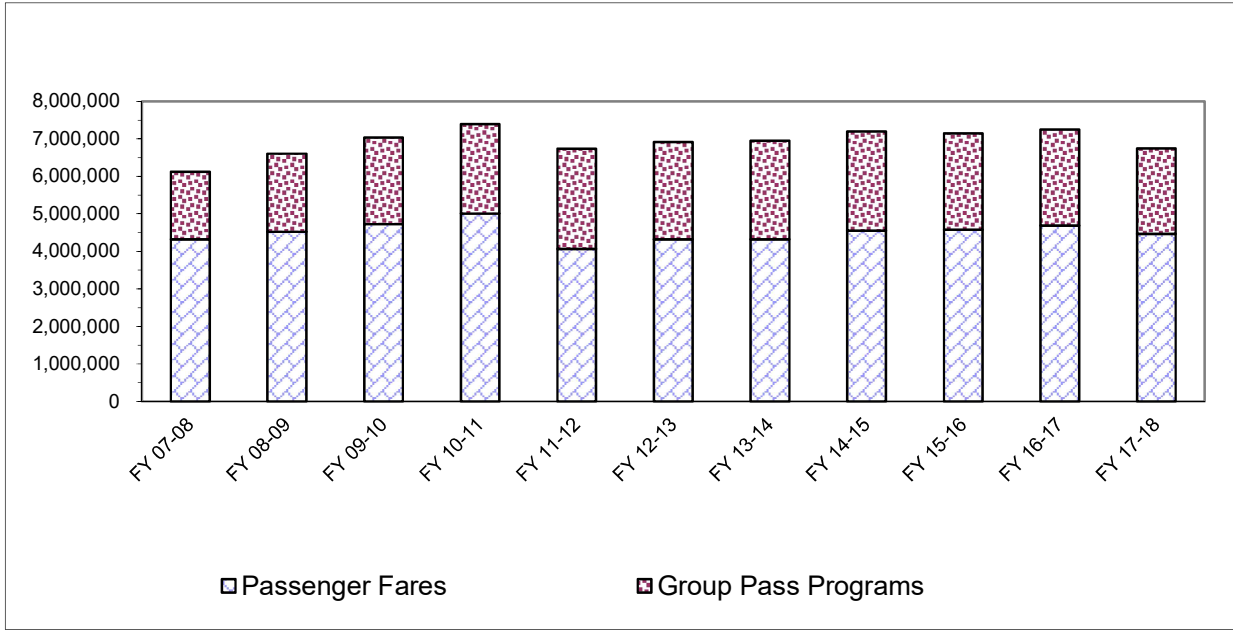
| Fiscal Year | Fare Box Cash | Percentage Change | Ten-Ride Ticket Books and Agency Day Passes | Percentage Change | Tokens | Percentage Change | Monthly Passes | Percentage Change |
|-------------|---------------|-------------------|---|-------------------|--------|-------------------|----------------|-------------------|
| 2017-18 | \$ 1,763,975 | -13.7% | \$ 356,350 | -1.5% | \$ - | - | \$ 2,344,198 | -18.0% |
| 2016-17 | 1,923,688 | -5.2% | 378,690 | 39.4% | \$ - | - | 2,385,603 | 5.7% |
| 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% |

| Fiscal Year | Student Transit Pass Program | Percentage Change | Group Pass | Percentage Change | Special Service | Percentage Change | Total Transportation Revenues | Percentage Change |
|-------------|------------------------------|-------------------|--------------|-------------------|-----------------|-------------------|-------------------------------|-------------------|
| 2017-18 | \$ - | | \$ 2,275,859 | -10.9% | \$ 328,033 | 41.5% | \$ 7,068,415 | -5.4% |
| 2016-17 | - | | 2,554,656 | -0.4% | 231,795 | -5.0% | 7,474,433 | 1.2% |
| 2015-16 | - | - | 2,565,681 | -2.9% | 243,928 | -4.6% | 7,385,707 | -0.9% |
| 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% |

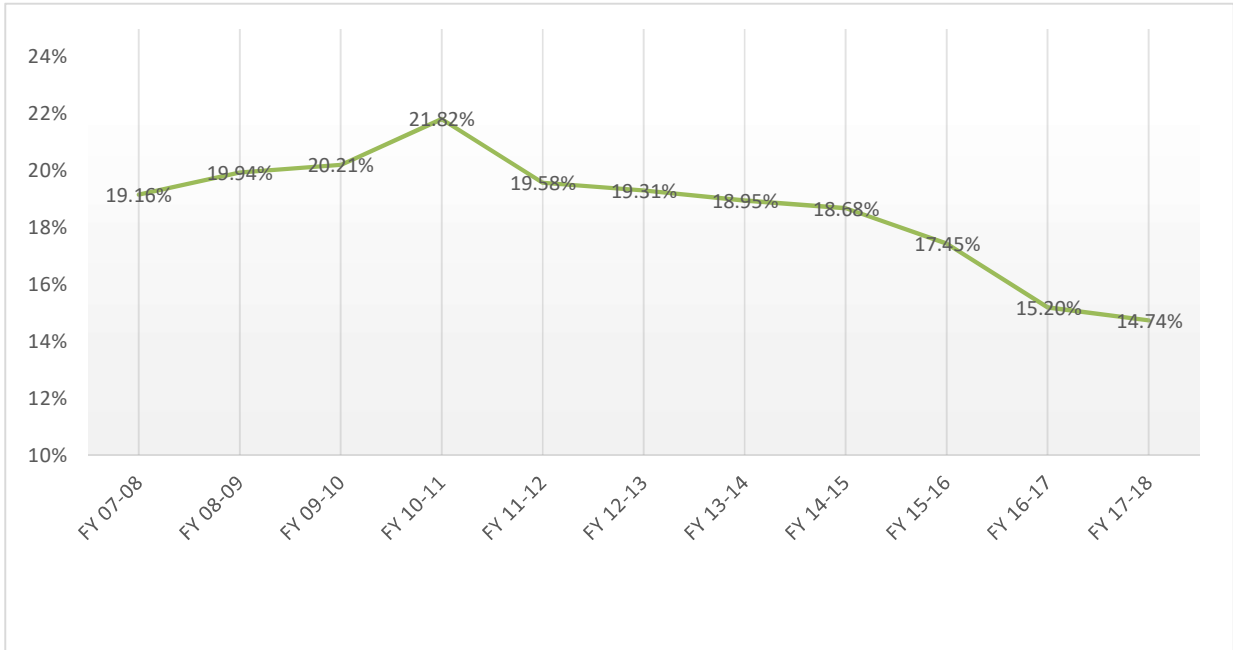
**LANE TRANSIT DISTRICT
Annual Monthly Pass Sales
Last Ten Years**



LANE TRANSIT DISTRICT Passenger Revenues



Farebox Recovery Ratio



Fare Structure Last Ten Years

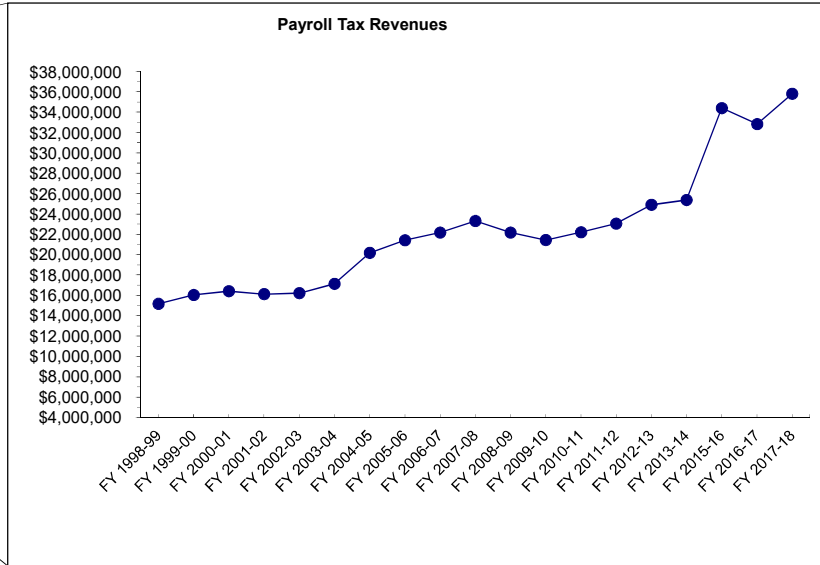
| June 30 | Cash Fare Adult | Age - Adult | Cash Fare Youth | Age - Youth | Cash Fare Senior | Age - Senior | Cash Fare Reduced | Age - Reduced |
|---------|--------------------|-------------|--------------------|-------------|---------------------|--------------|----------------------|---------------|
| 2018 | 1.75 | 19-64 | 0.85 | 6-18 | \$ free | 65 + | \$ 0.85 | NA |
| 2017 | 1.75 | 19-64 | 0.85 | 6-18 | \$ free | 65 + | \$ 0.85 | NA |
| 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 |

| 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 |
|---------|-------------------------|-------------------------|--------------------------|------------------------------|---------------------------|---------------------------|----------------------------|-----------------------------|
| 2018 | \$ 50.00 | \$ 25.00 | \$ free | \$ 25.00 | \$ 135.00 | \$ 67.50 | \$ free | \$ 67.50 |
| 2017 | \$ 50.00 | \$ 25.00 | \$ free | \$ 25.00 | \$ 135.00 | \$ 67.50 | \$ free | \$ 67.50 |
| 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 |

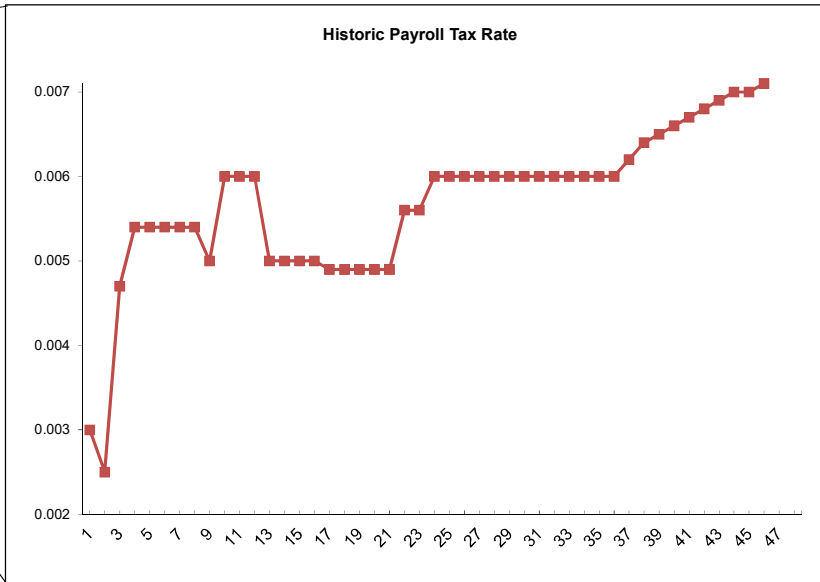
| June 30 | RideSource Regular Fare | RideSource Escort Fare | RideSource Shopper Fare (Roundtrip) | RideSource Ten-Ride Ticket Book | Tokens Package of 5 Adult | Ten-Ride Ticket Book Adult | Ten-Ride Ticket Book Reduced |
|---------|----------------------------|---------------------------|---|---------------------------------------|---------------------------------|----------------------------------|------------------------------------|
| 2018 | \$ 3.50 | \$ 3.50 | \$ 2.00 | \$ 35.00 | \$ discontinued | \$ 16.00 | \$ 8.00 |
| 2017 | \$ 3.50 | \$ 3.50 | \$ 2.00 | \$ 35.00 | \$ discontinued | \$ 16.00 | \$ 8.00 |
| 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 |

LANE TRANSIT DISTRICT 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 |
| FY 2016-17 | 32,827,455 |
| FY 2017-18 | 35,797,722 |



| HISTORIC PAYROLL TAX RATE | |
|---------------------------|-------|
| Date Implemented | Rate |
| January, 1 2018 | 0.73% |
| January, 1 2017 | 0.72% |
| 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% |



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.

Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Municipal Audit Standards*

Board of Directors
Lane Transit District, Oregon

We have audited the basic financial statements of Lane Transit District, Oregon (District), as of and for the year ended June 30, 2018, and have issued our report thereon dated December 20, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to the preparation, adoption, and execution of the annual budgets for fiscal years 2019 and 2018.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State.

Internal Control over Financial Reporting

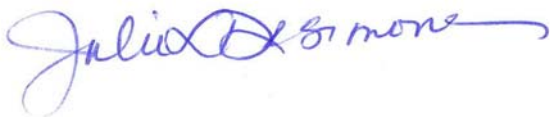
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, 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.

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

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

Purpose of the Report

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



Julie Desimone, Partner
for Moss Adams LLP
Portland, Oregon
December 20, 2018

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Lane Transit District, Oregon

We have audited, in accordance with the 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, the financial statements of Lane Transit District, Oregon (the District), and the Lane Transit District Salaried Employee's Retirement Plan, as of and for the year ended June 30, 2018, and the Lane Transit District and Amalgamated Transit Union, Local No. 757 Pension Trust as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2018.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Portland, Oregon
December 20, 2018

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Lane Transit District, Oregon

Report on Compliance for the Major Federal Program

We have audited Lane Transit District, Oregon's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2018. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Portland, Oregon
December 20, 2018

**Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2018**

| | Pass Through Identifying Number | CFDA # | Federal Award | 2017-2018 Expenditures |
|---|------------------------------------|---------------|---------------|----------------------------|
| U.S. Department of Transportation | | | | |
| <i>Federal Transit Cluster</i> | | | | |
| Capital Improvement Grants | | | | |
| OR-03-0122 - 5309 | | 20.500 | \$ 29,597,040 | \$ - |
| OR-03-0127 - 5309 | | 20.500 | 51,397,774 | 4,806,315 |
| OR-03-0128 - 5309 | | 20.500 | 1,546,565 | 61,471 |
| OR-04-0038 - 5309 | | 20.500 | 5,500,000 | 25,607 |
| OR-04-0041 - 5309 | | 20.500 | 1,088,000 | 5,630 |
| OR-04-0049 - 5309 | | 20.500 | 1,064,145 | 0 |
| OR-2017-019-00 - MAP 21 (5309) | | 20.500 | 450,000 | 0 |
| Capital and Operating Assistance Formula Grants | | | | |
| OR-90-X179 - 5307 | | 20.507 | 13,457,460 | 0 |
| OR-90-X030 - 5307 | | 20.507 | 2,190,000 | 29,682 |
| OR-90-X035 - 5307 | | 20.507 | 971,101 | 0 |
| OR-90-X055 - 5307 | | 20.507 | 5,649,011 | 211 |
| OR-2017-024-00 - 5307 | | 20.507 | 439,695 | 180,073 |
| Passed through Oregon Department of Transportation | | | | |
| Capital Improvement Grants | | | | |
| 31455 ODOT - 5309, 5339 | 31455 | 20.500/20.526 | 169,069 | 0 |
| <i>Subtotal Federal Transit Cluster</i> | | | | <u>5,108,989</u> |
| <i>Transit Services Program Cluster</i> | | | | |
| Capital and Operating Assistance Formula Grants | | | | |
| OR-37-X024 - 5316 | | 20.516 | 171,819 | 10,165 |
| OR-57-X014 - 5317 | | 20.521 | 78,524 | 0 |
| OR-16-X045 - 5310 | | 20.513 | 474,358 | 0 |
| OR-2017-026-00 - 5310 | | 20.513 | 232,854 | 0 |
| Passed through Oregon Department of Transportation | | | | |
| 32197 ODOT - 5310 | 32197 | 20.513 | 2,029,738 | 825,068 |
| <i>Subtotal Transit Services Program Cluster</i> | | | | <u>835,233</u> |
| <i>Highway Planning and Construction Cluster</i> | | | | |
| Passed through Oregon Department of Transportation | | | | |
| 30840 ODOT - STP | 30840 | 20.205 | 115,410 | 38,562 |
| 32306 ODOT - STP-U | 32306 | 20.205 | 394,571 | 394,571 |
| 32359 ODOT - STP | 32359 | 20.205 | 30,724 | 9,708 |
| ODOT Be Safe Be Seen | | 20.205 | 3,200 | 3,200 |
| ODOT HU-17-10-09 Springfield SRTS - Federal | | 20.205 | 132,652 | 46,117 |
| <i>Subtotal Highway Planning and Construction Cluster</i> | | | | <u>492,158</u> |
| <i>Capital Improvement Grants</i> | | | | |
| OR-39-0007 - 5339 | | 20.522 | 750,000 | 0 |
| OR-39-0008 - 5339 | | 20.522 | 16,834,000 | 0 |
| OR-2016-020 - 5339 | | 20.522 | 582,947 | 0 |
| OR-2017-016 - 5337 | | 20.525 | 331,113 | 0 |
| OR-2017-015 - 5339 | | 20.526 | 943,814 | 94 |
| Passed through Oregon Department of Transportation | | | | |
| 31675 ODOT - 5311 | 31675 | 20.509 | 89,730 | 0 |
| 31923 ODOT - 5311 | 31923 | 20.509 | 160,056 | 77,168 |
| 31971 ODOT - 5311 | 31971 | 20.509 | 582,947 | 93,865 |
| | | | | <u>171,127</u> |
| Total U.S. Department of Transportation | | | | <u>6,607,507</u> |
| U.S. Department of Health and Human Services | | | | |
| Passed through Lane Council of Governments | | | | |
| LCOG OAA Volunteer Escort | | 93.044 | | 10,200 |
| Total Federal Awards | | | | <u><u>\$ 6,617,707</u></u> |

**LANE TRANSIT DISTRICT, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Lane Transit District, Oregon (the District) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the District it is not intended to and does not present the net position, changes in net position, and cash flows of the District.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where applicable.

The District has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

**LANE TRANSIT DISTRICT, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over the major federal program:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of Major Federal Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs:

| <i>CFDA Numbers</i> | <i>Name of Federal Program or Cluster</i> | <i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i> |
|---------------------|---|---|
| 20.500, 20.507 | Federal Transit Cluster | <i>Unmodified</i> |

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

**LANE TRANSIT DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Follow up finding reported June 30, 2017

Financial Statement Finding

FINDING 2017-001 – Financial Close and Reporting (Material Weakness in Internal Controls)

Condition: The District maintains the day-to-day transaction accounting in the general ledger on the budgetary basis of accounting. We found that while the District has an understanding of financial close and reporting elements necessary to adjust its budgetary basis general ledger balances to full accrual basis of accounting, they lacked an adequate plan or system designed specifically to allow the statements to be completed in a timely and accurate manner.

Cash fiscal year-end reconciling items – our testing of bank transfers identified a \$3 million transfer between the general operating bank account and the Oregon local government investment pool. Rather than reporting this as a transfer within the cash and investment balance at fiscal year-end, a \$3 million accounts receivable balance was erroneously recorded. An audit adjustment was recorded to reclassify the accounts receivable back to cash and investments.

Journal entries – evidence of journal entry review was inconsistent, and in some instances there was no evidence of review, including instances where the preparer and reviewer were the same individual.

OPEB obligation adjustment – in our financial statement review, we noted the reported OPEB obligation was unadjusted since the prior year, and no current year OPEB expense was recorded. This resulted in an audit adjustment of \$353,155.

Reconciliations – account balances require reconciliations during the financial close and reporting process throughout the year. We observed evidence of who prepared and reviewed various account balance reconciliations was inconsistent. We also noted a number of accounts were not reconciled timely throughout the year, however, noted improvement toward the end of the year. Finally, we identified the budgetary basis fund balances had an ongoing reconciling difference with the full accrual basis net position balances for a number of years.

Recommendation: We recommend the District revise its policies and procedures to continue to improve its ability to prepare financial statements and complete the audit by the State of Oregon's six-month filing deadline. Elements to the policies and procedures could include:

- Identification of information necessary to complete each step of the financial reporting process,
- the individual responsible for each step,
- an estimate of time required to prepare the information,
- scheduling the work assigned to each person for the step, and
- due to using external assistance for grants reporting, monitoring to ensure grants reporting is completed timely.

In addition, we encourage the District to reconcile account balances on a regular basis during the year, which should reduce the amount of time and effort in the financial close and reporting process.

Status of Finding: Resolved