

LANE TRANSIT DISTRICT EUGENE, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended June 30, 2019 and 2018

(Including Audit Comments and Disclosures Required by State Regulations)



Lane Transit District

**2018-2019
Comprehensive
Annual
Financial
Report**

Lane Transit District
Eugene, Oregon

For Fiscal Years Ended June 30, 2019 and 2018

Prepared by the Finance Department
Christina Shew, Director of Finance

LANE TRANSIT DISTRICT
Comprehensive Annual Financial Report
June 30, 2019 and 2018

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January 30, 2020

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, 2019.

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, 2019, 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, 2019, 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 314,500 with a fleet of 102 buses in revenue service that travel more than 3.9 million miles annually. Passenger boardings were approximately 9.9 million for FY19. In FY19, LTD provided more than 283 thousand 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 provides bus rapid transit services, Point2point non single occupancy transportation options, and serves as the county's Medicaid non-emergency medical transportation brokerage. Recognizing that the future of transit is multi-modal, in 2019, LTD began piloting mobility-on-demand services in the cities of Cottage Grove and Eugene.

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 2018 were seventy-three one hundredths of one percent (.73%) and for calendar year 2019 were seventy-four one hundredths of one percent (.74%).

In 2017, the state legislature passed House Bill 2017 (HB 2017). Section 122 of HB 2017 known as "Keep Oregon Moving". This legislation provides a dedicated statewide funding stream for transit which is funded by an employee state payroll tax of one-tenth of one percent which went into effect on July 1, 2018. These additional funds are improving the environment, access and transportation services through the following:

- Mobility-on-demand pilots in Cottage Grove and Eugene
- Procurement of fixed-route and demand-response vehicles
- Student transit passes providing free rides for students K-12

- Low-income fare programs
- Increased fixed route services

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 level for current expenditures, with separate appropriations established for capital outlay, 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 314,500. In June 2019, total nonfarm employment in Lane County was 166,100 compared to 163,400 in June 2018, representing an increase of 2,700 jobs in the last year.

	<u>June 2015</u>	<u>June 2016</u>	<u>June 2017</u>	<u>June 2018</u>	<u>June 2019</u>
Civilian labor force	172,343	178,823	181,846	182,329	181,121
Unemployment	10,328	9,807	8,285	8,288	7,980
Unemployment rate	5.9%	5.4%	4.5%	4.4%	4.3%
Total employment	162,015	169,016	173,561	174,041	173,141
Total nonfarm employment	152,300	156,100	158,500	163,400	166,100
Percent annual change	3.0%	2.5%	1.5%	3.1%	1.7%

Source: Oregon Employment Department

The unemployment rate has stayed steady at 4.4 percent as of June 2019. This is slightly higher than the comparable rate of 4 percent for the State of Oregon and 3.8 percent for the United States as a whole. The June 2019 unemployment rate was 1 percentage point lower than for June 2018.

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 Business Plan which is expected to be completed in 2021.

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 how best to invest in the main corridors that connect neighborhoods, shopping areas and places of employment.. MovingAhead prioritizes investments in transit, walking and biking projects in each of five key corridors. Decision on a locally preferred alternative for the project is expected in early 2020.
- The District is constructing a new station along River Road in the Santa Clara community near Hunsaker Lane, including a Park & Ride. The new facility will accommodate EmX service, 40-foot and 60-foot buses, reducing operational delays and improving customer experience. This new station is expected to be operational in early 2021.
- The District conducted a comprehensive study of our transit system to identify existing strengths, areas for improvement and options to improve and increase usage utilizing a long-term view. This community conversation known as “Transit Tomorrow” will culminate in a service redesign that is planned to be presented to the LTD Board for approval in February 2020.
- The District’s local Statewide Transportation Improvement Fund (STIF) plan was approved by the Oregon Transportation Commission as presented. This plan includes projects that invest in operating and capital improvements which provide additional bus service within the LTD district and county-wide, replace aging buses, pilot alternative on-demand transit services, provide free K-12 student transit passes and increase low-income fare 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.
- LTD was selected to be the community partner with the University of Oregon for the 2019-2020 school year to collaboratively address questions facing LTD’s strategic planning efforts with student energy, enthusiasm and innovative approaches. 20 projects focused on making transit more efficient and sustainable are expected to deliver practical, tangible and implementable solutions. This partnership will wrap up in June 2020.

- The future of transit is part of a convenient, multi-modal system. In preparation for that future, LTD has added electronic fare collection, which improves reliability and convenience over paper bus passes, and is piloting the use of TransLoc, an on-demand mobility smartphone application. LTD is also engaged in two mobility-on-demand pilot projects in Cottage Grove and Eugene, as well as reimagining the downtown Eugene Station and surrounding areas as a future mobility hub.

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the years ended June 30, 2017 and 2018. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized CAFR 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, 2019, and therefore, the District will again be submitting its current CAFR 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 CAFR 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,



Aurora Jackson
General Manager



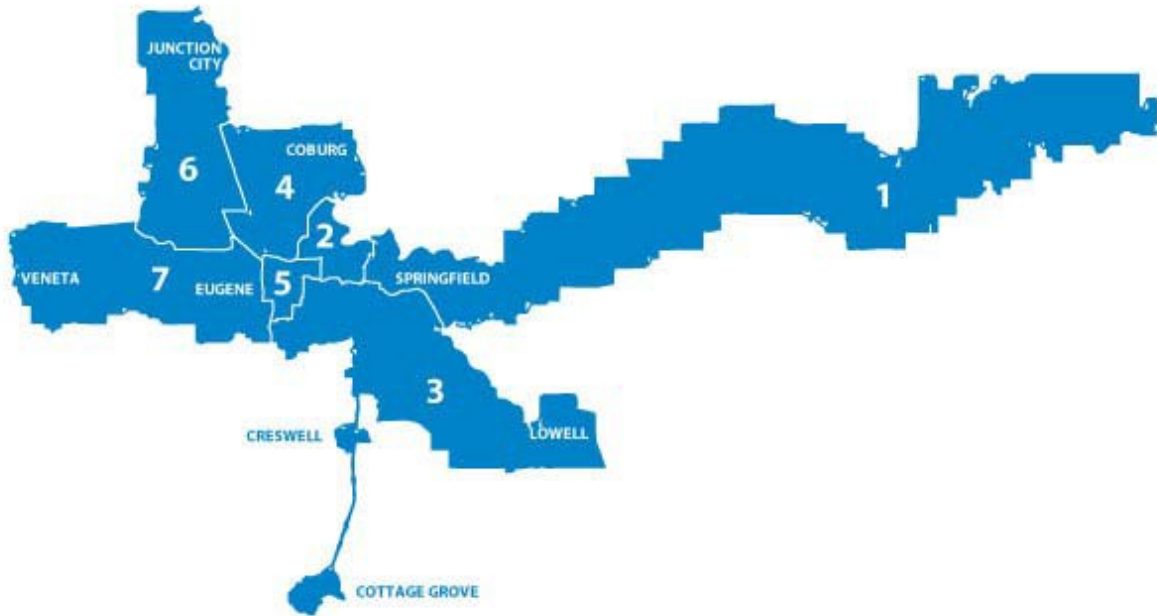
Christina Shew (Dec 16, 2019)

Christina Shew, CPA
Director of Finance

LTD Board of Directors

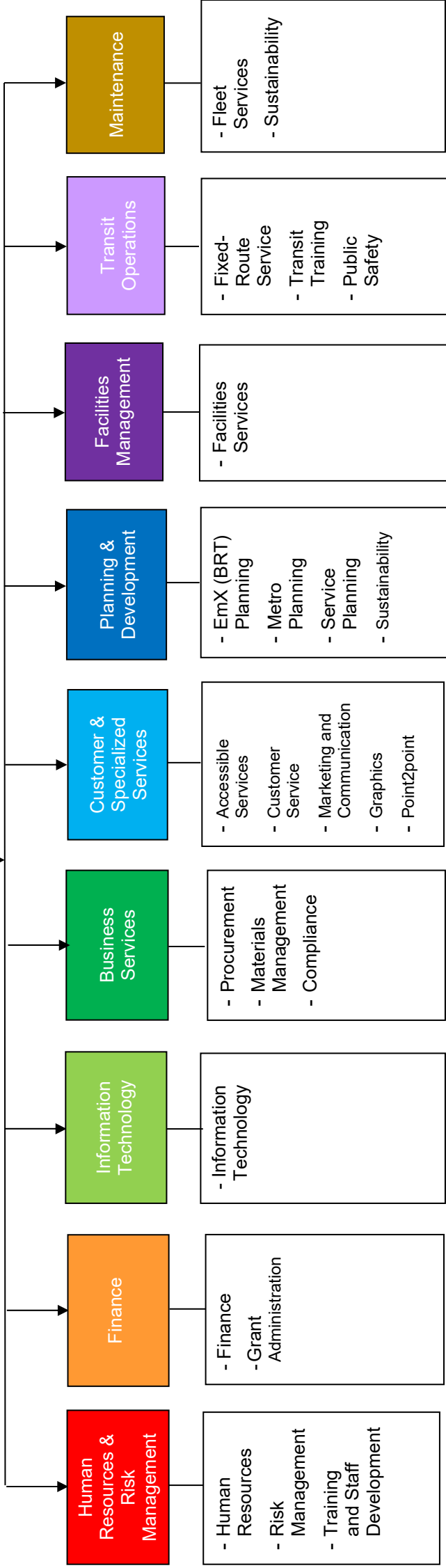
(Four-year Terms)

	<u>Sub-District</u>	<u>Term Expiration</u>
Steven Yett	1	12/31/21
Carl Yeh, President	2	12/31/20
Don Nordin, Treasurer	3	12/31/22
Emily Secord	4	12/31/22
Joshua Skov, Secretary	5	12/31/21
Caitlin Vargas	6	12/31/22
Kate Reid, Vice President	7	12/31/20



LTD
Board of Directors

Executive Office





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, 2018

Christopher P. Morrill

Executive Director/CEO

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 years ended June 30, 2019 and 2018, and the Amalgamated Transit Union, Local No. 757 Pension Trust Fund as of and for the years ended December 31, 2018 and 2017, 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, 2019 and 2018, and the Amalgamated Transit Union, Local No. 757 Pension Trust Fund as of December 31, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 4-12, the schedules of changes in the net pension liability and related ratios on pages 50 and 52, employer contributions on pages 51 and 53, total OPEB liability on page 54, and changes in total OPEB liability on page 55 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 91-92, 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 56 through 63; 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated January 30, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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 January 30, 2020, 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
January 30, 2020

FINANCIAL SECTION

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019 and 2018. 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. 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 18-49 of this report.

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Summary

Net Position

	<u>District Total</u>			Increase (decrease) 2019-2018	Percentage Change 2019-2018	Increase (decrease) 2018-2017	Percentage Change 2018-2017
	2019	2018	2017				
Assets							
Current assets	\$ 38,916,289	\$ 39,716,401	\$ 33,622,720	\$ (800,112)	-2.0%	\$ 6,093,681	18.1%
Capital assets, net of depreciation	162,507,251	176,573,417	182,179,014	(14,066,166)	-8.0%	(5,605,597)	-3.1%
Total assets	<u>201,423,540</u>	<u>216,289,818</u>	<u>215,801,734</u>	<u>(14,866,278)</u>	<u>-6.9%</u>	<u>488,084</u>	<u>0.2%</u>
Deferred Outflows of Resources	6,301,745	3,425,274	5,235,429	2,876,471	84.0%	(1,810,155)	-34.6%
Total assets and deferred outflows of resources	<u>207,725,285</u>	<u>219,715,092</u>	<u>221,037,163</u>	<u>(11,989,807)</u>	<u>-5.5%</u>	<u>(1,322,071)</u>	<u>-0.6%</u>
Liabilities							
Current liabilities	5,932,870	8,629,463	9,017,767	(2,696,593)	-31.2%	(388,304)	-4.3%
Noncurrent liabilities	37,147,793	30,342,493	28,793,940	6,805,300	22.4%	1,548,553	5.4%
Total liabilities	<u>43,080,663</u>	<u>38,971,956</u>	<u>37,811,707</u>	<u>4,108,707</u>	<u>10.5%</u>	<u>1,160,249</u>	<u>3.1%</u>
Deferred Inflows of Resources	1,181,933	2,236,492	696,930	(1,054,559)	-47.2%	1,539,562	220.9%
Net Position							
Investment in capital assets	162,507,251	176,573,417	182,179,014	(14,066,166)	-8.0%	(5,605,597)	-3.1%
Restricted for Accessible Services, Point2point and Medicaid programs	1,441,227	1,792,304	38,863	(351,077)	-19.6%	1,753,441	4511.9%
Unrestricted	(485,789)	140,923	310,649	(626,712)	-444.7%	(169,726)	-54.6%
Total net position	<u>163,462,689</u>	<u>178,506,644</u>	<u>182,528,526</u>	<u>(15,043,955)</u>	<u>-8.4%</u>	<u>(4,021,882)</u>	<u>-2.2%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 207,725,285</u>	<u>\$ 219,715,092</u>	<u>\$ 221,037,163</u>	<u>\$ (11,989,807)</u>	<u>-5.5%</u>	<u>\$ (1,322,071)</u>	<u>-0.6%</u>

FY19

The District's total assets decreased \$14.9 million. Current assets decreased \$800 thousand, predominately from decreases to grants receivable and accounts receivable. Grants receivable decreased as 2018 included \$1.1 million more in outstanding reimbursement for preventative maintenance than 2019. Significant grants receivables outstanding in FY19 were for the Glenwood facility building and bus lot, EmX West, and the Willow Creek Terminus. Total FY18 accounts receivable included a large outstanding payment in the Medicaid Fund due to the District at year-end, as a result of claims submittal delays. These delays were the result of challenges involved in the implementation of the NOVUS RideSource management software, and have subsequently been resolved.

The net book value of capital assets decreased \$14.1 million. This decrease was the result of asset depreciation. In FY19, construction-in-progress increased \$759,000 due to construction of the Santa Clara Transit Station, which is a new station along River Road in the Santa Clara community. This station is targeted for completion in early 2021.

The District's total liabilities increased \$4.1 million (10.5 percent) in FY19 from \$39 million to \$43.1 million. This is largely attributable to changes in noncurrent liabilities, which increased primarily due to the Amalgamated Transit Union (ATU) net pension liability and the Other Postemployment Benefits (OPEB) liability. The ATU pension liability increase was due to: 1) a change to the mortality

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

tables used from RP-2000 to RP-2014 and 2) a decrease to the long-term expected rate of return from 6.75 percent in FY18 to 6.50 percent in FY19. The net OPEB obligation increase is due to the medical premium increase assumption of 4.25 percent from FY18 to FY19.

Total current liabilities decreased \$2.7 million due to a reduction in accounts payable, predominately due to the EmX West project.

The net position of the District decreased \$15 million (8.4 percent) in FY19, from \$178.5 million to \$163.5 million. Of the \$163.5 million, \$162.5 million is invested in capital assets and the remaining balance is restricted for use in the Accessible Services, Medicaid, and Point2point programs.

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. This delay was due to the software transition challenges from 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 2018. 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 net OPEB obligation 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 \$388,000 due to a reduction in accounts payable, specifically for the EmX West project.

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, \$141,000 was unrestricted, a decrease of \$170,000 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.

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Changes in Net Position

	District Total			Increase (decrease) 2019-2018	Percentage Change 2019-2018	Increase (decrease) 2018-2017	Percentage Change 2018-2017
	2019	2018	2017				
Operating Revenues							
Passenger fares	\$ 6,755,899	\$ 6,839,353	\$ 7,319,892	\$ (83,454)	-1.22%	\$ (480,539)	-6.56%
Special services	288,310	229,062	154,541	59,248	25.87%	74,521	48.22%
Accessible Services and Medicaid	16,244,867	14,115,229	12,572,295	2,129,638	15.09%	1,542,934	12.27%
Advertising	300,000	270,000	447,000	30,000	11.11%	(177,000)	-39.60%
				-			
Nonoperating Revenues							
Employer payroll tax	37,749,489	35,797,722	32,827,455	1,951,767	5.45%	2,970,267	9.05%
Self-employment tax	1,932,829	2,072,662	1,983,365	(139,833)	-6.75%	89,297	4.50%
State payroll assessment	439,545	439,600	411,860	(55)	-0.01%	27,740	6.74%
Grant revenue	2,487,542	2,825,907	115,475	(338,365)	-11.97%	2,710,432	2347.20%
Interest	338,244	167,305	201,295	170,939	102.17%	(33,990)	-16.89%
Facility rental and other nonoperating revenues	263,414	166,934	349,986	96,480	57.80%	(183,052)	-52.30%
Miscellaneous income	375,977	-	-	375,977	NA	-	NA
Gain (loss) on disposal of capital assets	6,145	(1,066,785)	37,721	1,072,930	-100.58%	(1,104,506)	-2928.09%
Total operating and nonoperating revenues	67,182,263	61,856,989	56,420,885	5,325,274	8.61%	5,436,104	9.63%
Operating Expenses							
Personnel services	36,849,484	35,926,313	35,491,687	923,171	2.57%	434,626	1.22%
Materials and services	10,992,465	8,862,305	11,527,120	2,130,160	24.04%	(2,664,815)	-23.12%
Insurance	972,841	1,055,130	985,149	(82,289)	-7.80%	69,981	7.10%
Accessible Services and Medicaid	18,697,691	17,118,488	15,482,280	1,579,203	9.23%	1,636,208	10.57%
Depreciation	16,192,572	15,613,426	11,331,319	579,146	3.71%	4,282,107	37.79%
OPEB expense	2,159,635	-	-	2,159,635	0.00%	-	
Total operating expenses	85,864,688	78,575,662	74,817,555	7,289,026	9.28%	3,758,107	5.02%
Gain (loss) before contributions	(18,682,426)	(16,718,673)	(18,396,670)	(1,963,753)	11.75%	1,677,997	-9.12%
Capital contributions	3,638,471	17,681,023	27,832,523	(14,042,552)	-79.42%	(10,151,500)	-36.47%
Changes in net position	(15,043,955)	962,350	9,435,853	(16,006,305)	-1663.25%	(8,473,503)	-89.80%
Total net position - beginning of period	178,506,644	182,528,526	173,092,673	(4,021,882)	-2.20%	9,435,853	5.45%
Restatement - Note 4e	-	(4,984,232)	-	-		-	
Total net position - restated	178,506,644	177,544,294	173,092,673	962,350	0.54%	4,451,621	2.57%
Total net position - end of period	\$ 163,462,689	\$ 178,506,644	\$ 182,528,526	\$ (15,043,955)	-8.43%	\$ (4,021,882)	-2.20%

FY19

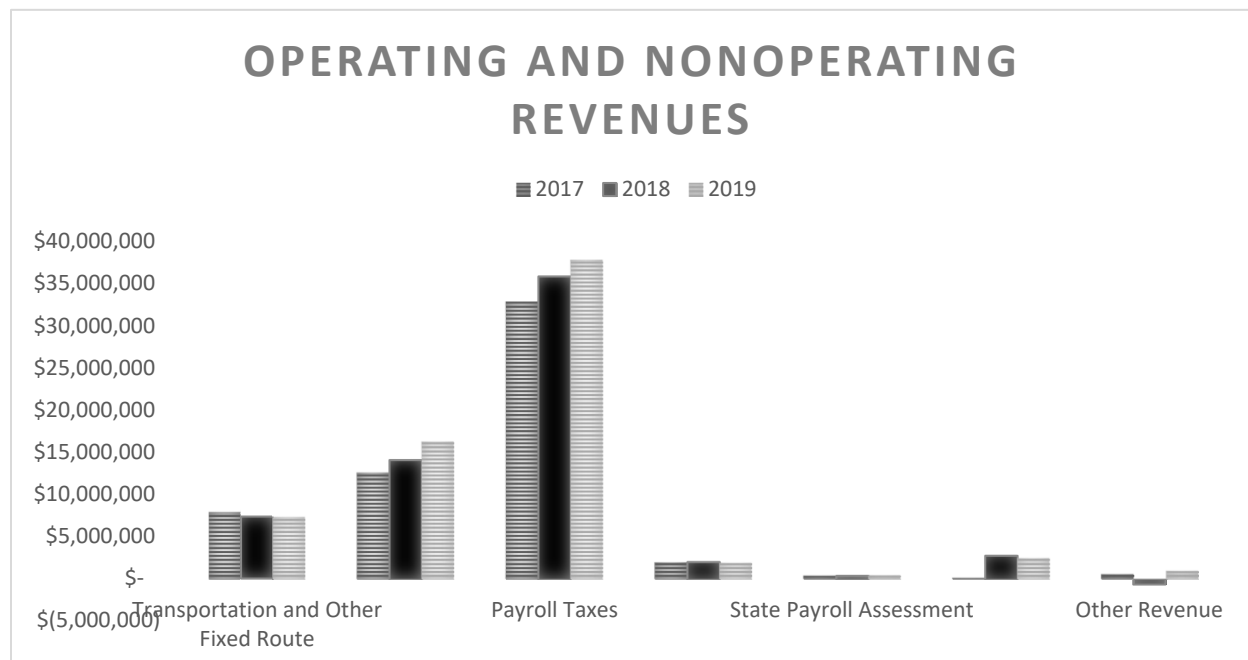
The District's net position decreased \$15 million in FY19 to \$163.5 million. Total revenues were up \$5.3 million (8.6 percent), accompanied by an increase in total expenses of \$7.3 million (9.3 percent). A decrease in capital contributions and increases in materials and supplies expense and OPEB expense are the primary reasons for the unfavorable change in net position.

Operating revenues of \$23.6 million reflect an increase of 10 percent in FY19. This increase was due to increased costs charged for the Medicaid Fund Trillium nonemergency medical provider services. LTD is reimbursed 100 percent for the qualified costs to provide the nonemergency medical services plus, a per member, per month administrative fee reimbursement.

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Non-operating revenues of \$43.6 million were up 7.9 percent in FY19. The increase in non-operating revenues was due to increases in payroll tax receipts. Compared to FY18, payroll tax receipts are higher by \$1.8 million. Favorability is due primarily to an increase in the tax rate in January 2019 and slowed but continued economic growth.

Interest is up \$171,000 (102 percent) due to a higher average cash balance in FY19 and interest rate increases coupled with a change to the banking structure in FY19. The new banking structure is full interest earnings rather than an earnings credit rate, which when not utilized is lost.



Operating expenses of \$85.9 million were up 9.3 percent in FY19. The largest increase is for Medicaid expenses which was up \$1.9 million due to increased costs charged for the Medicaid Fund Trillium nonemergency medical provider services. LTD does not control the costs charged by Trillium, and the Federal Government mandates that Medicaid Fund services be provided within three-quarter of a mile of our fixed-route service for all transit agencies receiving federal funds. Medicaid costs are for either provider payments or administrative costs. Medicaid provider payments are reimbursed 100 percent for qualified claims. Non-qualified claims are paid for by a general fund transfer totaling \$92,000 in FY19. Administrative costs are reimbursed on a negotiated per member per month basis. In FY19 this rate was \$1.35 per member per month. This rate does not fully cover the costs to administer the program. For FY19, 62 percent of administrative cost was reimbursed. The shortage of \$909,000 was covered by a general fund transfer.

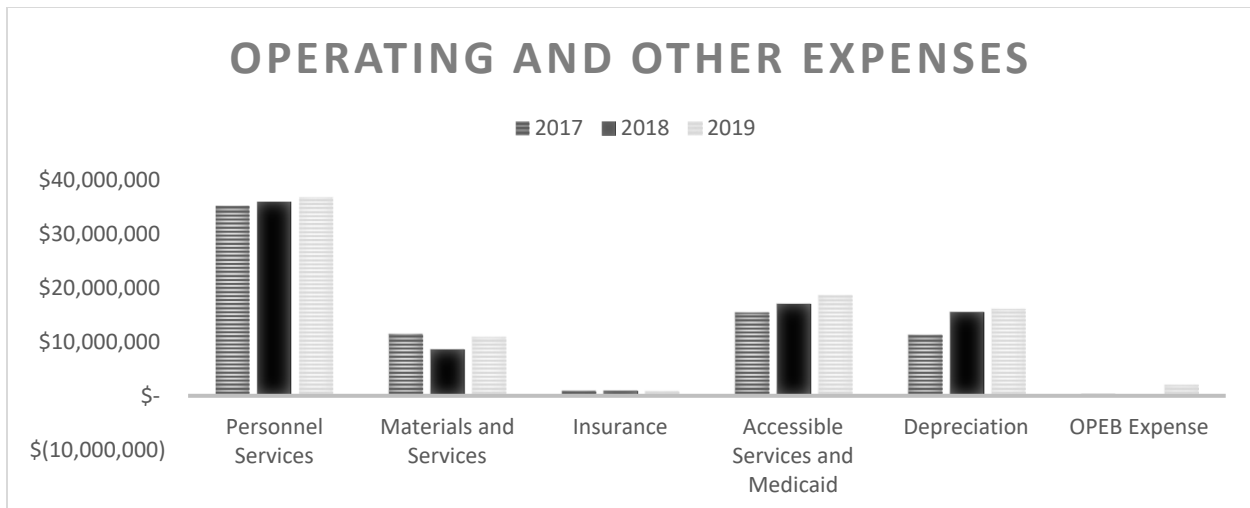
Depreciation is up \$579,000 (3.7 percent). EmX West assets were placed into service in September 2017, which made FY19 the first full year of depreciation for these assets.

Increases in Accessible Services, Point2point, and Medicaid of 9.2 percent was primarily driven by both an increase to the cost and an increase in demand for those programs.

**LANE TRANSIT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Personnel services were up 2.6 percent (\$923,000) as a result of a contractual ATU wage increase of 3 percent.

Materials and services were up \$2.1 million. The largest increase is for a number of projects planning for future transit improvement options, including the MovingAhead and Transit Tomorrow studies. Additional increases are for the Cottage Grove mobility-on-demand pilot, increased costs for fuel, the cost of parts to maintain our aging fleet, and increased costs for our aging infrastructure.



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 \$14 million in FY19 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.

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 \$3.6 million (4.9 percent). A decrease in capital contributions, increases in depreciation expense, and losses on disposal of capital assets were the primary reasons for the unfavorable change in net position. The increased depreciation was the result of EmX West assets placed into service in September 2018. The loss on disposal of capital assets were 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 declines were due to promotional passes in the first half of FY18 for the EmX launch, as well as an increase in transfers. Advertising was down \$177,000 (39.6 percent) as the University of Oregon EmX advertising contract expired in June 2018, and no advertising replaced this space. Non-operating revenues of \$40.4 million were up 12.5 percent in FY18. The increase in non-operating 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

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 2019 and slowed but continued economic growth.

Capital Assets

At June 30, 2019, the District had invested \$162.5 million, net of accumulated depreciation, in a variety of capital assets.

Capital Assets, net of depreciation							
As of June 30							
	District Total			Increase (decrease) 2019-2018	Percentage Change 2019-2018	Increase (decrease) 2018-2017	Percentage Change 2018-2017
	2019	2018	2017				
Land	\$ 17,612,178	\$ 17,612,178	\$ 12,105,276	\$ -	0.0%	\$ 5,506,902	45.5%
Freestanding public art	366,917	366,917	366,917	-	0.0%	-	0.0%
Construction in progress	901,964	30,552,357	88,711,001	(29,650,393)	-97.0%	(58,158,644)	-65.6%
Busways	96,503,958	72,872,739	27,449,945	23,631,219	32.4%	45,422,794	165.5%
Rolling stock and related equipment	17,008,961	21,469,722	25,731,739	(4,460,761)	-20.8%	(4,262,017)	-16.6%
Stations, shelters, and bus signs	9,084,882	10,882,501	6,884,493	(1,797,619)	-16.5%	3,998,008	58.1%
Buildings and improvements	17,911,467	19,580,868	17,477,399	(1,669,401)	-8.5%	2,103,469	12.0%
Accessible Services vehicles	1,477,251	725,772	763,020	751,479	103.5%	(37,248)	-4.9%
Other equipment and support vehicles	1,639,673	2,510,363	2,689,223	(870,690)	-34.7%	(178,860)	-6.7%
	<u>\$162,507,251</u>	<u>\$176,573,417</u>	<u>\$182,179,013</u>	<u>\$ (14,066,166)</u>	<u>-8.0%</u>	<u>\$ (5,605,596)</u>	<u>-3.1%</u>

FY19

In FY19, the District spent \$2.1 million for capital acquisition and construction, approximately 89 percent of which was reimbursed by federal and state governments. The reimbursement percentage is up from 81 percent, primarily due to the use of Special Transportation and Federal Funds in FY19 to purchase accessible service paratransit vehicles. Of the \$2.1 million spent, \$865,000 was spent for accessible service vehicles and \$674,000 was for activities related to the Santa Clara Transit station. Overall, the District's net position in capital assets decreased by \$14.1 million, primarily as a result of depreciation.

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 was 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.

Note 3(d) (page 29) contains additional detail information about capital assets activity.

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 FY20 budget on May 15, 2019. The total adopted budget for FY20 is \$114.3 million, which includes \$55.1 million in total appropriations, a 2.3 percent decrease from the FY19 budget. The FY20 adopted budget can be found under "Financials" and "Annual Budget" at: <https://www.ltd.org/financials/>. Budget highlights are listed below:

- Given the economic uncertainty and mixed economic indicators, payroll and self-employment taxes were held roughly flat inclusive of a .01 percent rate increase which takes effect January 2020. At the time of the FY20 budget adoption, the local economy was showing signs of weakening. An inverted yield curve, which has reliably predicted recessions since the 1960's was inverted. The Eugene-Springfield metropolitan employment and hiring demand was also trending downward.
- Operating revenues, including passenger fares, monthly passes, Group Pass Program, advertising, and special services, are forecast to decrease 6.8 percent to \$6.6 million from the prior-year budget. Reductions are predicted in passenger fares and group pass revenues due to the implementation of the student transit pass, which provides free fares for youth and 75 percent discounts for low income and non-profit organizations. The reduction in passenger fare revenue is funded by the Statewide Transportation Improvement Fund (STIF) grant. Partially offsetting this decrease is increases in fare revenues from anticipated service increases.
- The FY20 budget incorporates \$10.2 million related to the STIF grant. The STIF funding source is the statewide employee payroll tax of one-tenth of one percent (.1 percent) on eligible gross taxable employee wages and is expected to raise approximately \$13.4 million over three years.
- Personnel services costs are \$39.2 million, up over the amended FY19 budget by \$1.6 million. This increase is driven by: 1) planned increases in additional fixed-route service funded by STIF, 2) ATU contractual wage increases of 2 percent on July 1, 2019 and another 1.5 percent on January 1, 2020 and 3) increases to the LTD contribution rate to the ATU defined benefit plan of 3.1 percent. This increase is the actuarially recommended rate required to have a fully funded plan in 20 years.
- Partially offsetting the increased personnel costs is a reduction in the FY20 budgeted staff. The FY20 FTE's are 344, down 19 from the 363 budgeted for in FY19. This reduction is part of the plan to reduce FTE's through attrition.
- Fuels and lubricants, the District's single largest material expenditure line item, is budgeted to increase to \$2.5 million from the FY19 budget to account for increased consumption due to planned service increases. Fuel prices are planned to remain low as economists predict stability in diesel markets in FY20.
- Parts, general maintenance, and repair are budgeted to increase over FY19 by approximately \$1 million as the District's aging fleet requires major component replacements.
- \$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 FY20, \$5.1 million is budgeted to be spent. This new Santa Clara Transit station will accommodate both regular and EmX vehicles, reducing operational delays and improving the customer experience.

**LANE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

- \$4.6 million of grant funding and local match is allocated to purchase six electric 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.
- \$1.1 million is allocated to planning projects, including Main Street McVay, MovingAhead, and the Transit Tomorrow community engagement plan.
- \$765,000 is allocated for the new electronic fare management system

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, 2019 and 2018**

	2019	2018
Assets		
Current assets		
Cash and investments		
Unrestricted	\$ 13,446,770	\$ 7,878,024
Restricted	1,450,978	2,923,676
Accounts receivable	2,361,695	4,576,550
Taxes receivable	9,479,657	8,801,585
Grants receivable	10,377,079	14,103,997
Due from other governments	118,648	110,297
Inventory of parts and supplies	1,468,097	1,111,267
Prepaid expense	213,365	191,005
Deposits	-	20,000
Total current assets	38,916,289	39,716,401
Capital assets		
Land	17,612,178	17,612,178
Freestanding public art	366,917	366,917
Construction in progress	901,964	30,552,357
Other capital assets (net of depreciation)	143,626,192	128,041,965
Net capital assets	162,507,251	176,573,417
Total assets	201,423,540	216,289,818
Deferred outflows of resources		
Deferred outflows - LTD ATU Pension Trust	5,758,763	2,408,443
Deferred outflows - LTD Salaried Employees' Plan	-	526,150
Deferred outflows - OPEB	542,982	490,681
Total deferred outflows of resources	6,301,745	3,425,274
Total assets and deferred outflows of resources	\$ 207,725,285	\$ 219,715,092

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

Lane Transit District
Statements of Net Position (Continued)
June 30, 2019 and 2018

	2019	2018
Liabilities		
Accounts payable	\$ 3,322,472	\$ 5,412,014
Accrued payroll	863,519	876,569
Payroll withholdings and taxes	73,865	59,142
Accrued pension	167,866	151,718
Accrued vacation and sick leave	873,940	1,002,831
Unearned revenue	485,647	970,456
Other current liabilities	145,561	156,733
Total current liabilities	5,932,870	8,629,463
Noncurrent liabilities		
Accrued vacation and sick leave	1,965,086	1,872,076
Total OPEB liability	11,660,678	9,605,874
Net pension liability - LTD ATU Pension Trust	15,165,174	10,135,573
Net pension liability - LTD Salaried Employees' Plan	8,356,855	8,728,970
Total noncurrent liabilities	37,147,793	30,342,493
Total liabilities	43,080,663	38,971,956
Deferred inflows of resources		
Deferred inflows - LTD ATU Pension Trust	218,375	1,414,508
Deferred inflows - LTD Salaried Employees' Plan	87,655	103,213
Deferred inflows - OPEB	875,903	718,771
Total deferred outflows of resources	1,181,933	2,236,492
Net position		
Investment in capital assets	162,507,251	176,573,417
Restricted	579,853	1,792,304
Unrestricted	375,585	140,923
Total net position	163,462,689	178,506,644
Total liabilities, deferred inflows of resources and net position	\$ 207,725,285	\$ 219,715,092

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, 2019 and 2018

	2019	2018
Operating revenues		
Passenger fares	\$ 6,755,899	\$ 6,839,353
Special services	288,310	229,062
Accessible Services, Medicaid and Point2Point	16,244,867	14,115,229
Advertising	300,000	270,000
Total operating revenues	<u>23,589,076</u>	<u>21,453,644</u>
Operating Expenses		
Personnel services	36,849,484	35,926,313
Materials and services	10,992,464	8,862,305
Insurance	972,841	1,055,130
Accessible Services, Medicaid and Point2Point	18,697,692	17,118,488
Depreciation	16,192,571	15,613,426
OPEB expense	2,159,635	-
Total operating expenses	<u>85,864,687</u>	<u>78,575,662</u>
Operating loss	<u>(62,275,611)</u>	<u>(57,122,018)</u>
Nonoperating Revenues (Expenses)		
Employer payroll tax, net of state administrative fees (2019, \$622,211; 2018, \$552,119)	37,749,489	35,797,722
Self-employment tax, net of state administrative fees (2019, \$97,791; 2018, \$88,537)	1,932,829	2,072,662
State payroll assessment	439,545	439,600
Grant revenue	2,487,542	2,825,907
Interest	338,244	167,305
Facility rental and other nonoperating revenues	263,414	166,934
Miscellaneous income	375,977	-
(Loss)/gain on disposal of capital assets	6,145	(1,066,785)
Total nonoperating revenues	<u>43,593,185</u>	<u>40,403,345</u>
Loss before capital contributions	(18,682,426)	(16,718,673)
Capital contributions		
Federal and state grants for capital acquisition	<u>3,638,471</u>	<u>17,681,023</u>
Changes in net position	<u>(15,043,955)</u>	<u>962,350</u>
Total net position - beginning	178,506,644	182,528,526
Restatement - Note 4(e)	-	(4,984,232)
Total net position - restated	<u>178,506,644</u>	<u>177,544,294</u>
Total net position - ending	<u>\$ 163,462,689</u>	<u>\$ 178,506,644</u>

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, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Cash received from customers	\$ 25,795,580	\$ 18,756,041
Cash paid to suppliers for goods and services	(33,142,901)	(26,965,785)
Cash paid to employees for services	(36,225,919)	(36,314,995)
Cash received from other sources	639,391	166,934
Net cash used for operating activities	(42,933,849)	(44,357,805)
 Cash flows from noncapital financing activities		
Employer payroll tax	37,071,417	35,797,722
Self-employment tax	1,932,829	2,068,949
State payroll assessment	439,545	256,668
Federal operating grant	2,487,542	1,813,107
State operating grant	-	1,012,800
Net cash provided by noncapital financing activities	41,931,333	40,949,246
 Cash flows from capital and related financing activities		
Contribution from federal and state agencies	6,880,580	7,171,538
Proceeds from disposal of capital assets	6,145	8,559
Acquisition and construction of capital assets	(2,126,405)	(11,095,602)
Net cash used for capital and related financing activities	4,760,320	(3,915,505)
 Cash flows from investing activities		
Interest receipts	338,244	167,305
 Net change in cash and cash equivalents	4,096,048	(7,156,759)
Cash and cash equivalents, beginning of the year	10,801,700	17,958,459
Cash and cash equivalents, end of the year	\$ 14,897,748	\$ 10,801,700
 Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	(62,275,611)	(57,122,018)
Cash provided by rental activities	263,414	166,934
Miscellaneous income	375,977	-
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	16,192,571	15,613,426
Change in net pension liability and related deferred inflows and outflows	621,625	(72,505)
Change in net OPEB liability and related deferred inflows and outflows	2,159,635	(19,615)
Change in accounts receivable	2,206,504	(2,697,603)
Change in inventory of parts and supplies	(356,830)	(170,975)
Change in prepaid expenses	(22,360)	602,936
Change in deposits	20,000	40,000
Change in accounts payable	(2,089,542)	(1,072,792)
Change in accrued payroll and related liabilities	(18,060)	245,228
Change in other current liabilities	(11,172)	129,179
	\$ (42,933,849)	\$ (44,357,805)

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, 2019	Pension Trust Funds As of June 30, 2018
Assets		
Cash		
Cash and cash equivalents	\$ 1,488,057	\$ 1,204,326
Investments		
Shares of registered investment companies	46,490,701	47,334,524
Total Assets	<u>47,978,758</u>	<u>48,538,850</u>
Liabilities		
Accrued expenses	<u>6,341</u>	<u>11,697</u>
Fiduciary Net Position - Restricted for Pensions	<u><u>\$ 47,972,417</u></u>	<u><u>\$ 48,527,153</u></u>

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

	Pension Trust Funds For the Year Ended June 30, 2019	Pension Trust Funds For the Year Ended June 30, 2018
Additions		
Employer contributions	<u>\$ 4,401,841</u>	<u>\$ 4,231,412</u>
Net change in fair value of investments	(1,993,364)	4,779,995
Interest, dividends and other income	1,181,483	907,376
Investment expenses	<u>(153,507)</u>	<u>(160,934)</u>
Net investment income (loss)	<u>(965,388)</u>	<u>5,526,437</u>
Total Additions	<u>3,436,453</u>	<u>9,757,849</u>
Deductions		
Benefits paid to participants	3,854,238	3,724,045
Administrative expenses	<u>136,951</u>	<u>106,445</u>
Total deductions	<u>3,991,189</u>	<u>3,830,490</u>
Net increase (decrease) in fiduciary net position	(554,736)	5,927,359
Fiduciary Net Position - Restricted for Pensions Beginning of the year	<u>48,527,153</u>	<u>42,599,794</u>
Fiduciary Net Position - Restricted for Pensions End of the year	<u><u>\$ 47,972,417</u></u>	<u><u>\$ 48,527,153</u></u>

LANE TRANSIT DISTRICT

Notes to Basic Financial Statements

Years Ended June 30, 2019 and 2018

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 0.74 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 trueed 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.

Fixed route 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. Demand Response 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. 83 – Certain Asset Retirement Obligations. This statement establishes new accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of tangible capital assets. This statement is not currently applicable to the District.

GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct 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.
- **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.

2. Stewardship, Compliance, and Accountability (Continued)

- **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 March 2019, the Board adopted an amendment to the budget necessitated by increases in costs charged by Trillium for nonemergency medical services provider services.

(b) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and commitments for the expenditure of monies are recorded to restrict a portion of the appropriation, is employed for administrative control purposes during the year. Encumbrances 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>2019</u>	% of <u>portfolio</u>	<u>2018</u>	% of <u>portfolio</u>
<u>Cash and investments</u>				
Cash on hand	\$ 4,550	0.0%	\$ 4,550	0.0%
Demand deposits with financial institutions	1,366,971	9.2%	3,423,464	31.7%
Oregon local government investment pool	<u>13,526,227</u>	90.8%	<u>7,373,686</u>	68.3%
Total cash and investments	<u>\$ 14,897,748</u>		<u>\$ 10,801,700</u>	

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

Cash and cash equivalents		
Unrestricted	\$ 13,446,770	\$ 7,878,024
Restricted	<u>1,450,978</u>	<u>2,923,676</u>
Total cash and cash equivalents	<u>\$ 14,897,748</u>	<u>\$ 10,801,700</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, 2019 and 2018 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>2019</u>	<u>2018</u>
Passenger fares	\$ 588,985	\$ 200,225
Medicaid reimbursement	1,128,456	3,385,676
Medicaid nonmedical reimbursement	309,113	240,632
Medicaid developmental disability reimbursement	333,906	686,882
Miscellaneous	1,235	63,135
Net total accounts receivable	<u>\$ 2,361,695</u>	<u>\$ 4,576,550</u>

3. Detail Notes (Continued)

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

	2019	2018
Employer payroll taxes	\$ 9,429,339	\$ 8,739,859
Self-employment taxes	50,319	61,726
Total unrestricted	<u>\$ 9,479,657</u>	<u>\$ 8,801,585</u>

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

	2019	2018
Unrestricted federal grants	\$ 8,534,222	\$ 12,156,836
Unrestricted state grants	523,689	1,200,318
Total unrestricted grants	9,057,911	13,357,154
Grants restricted for Accessible Services, Medicaid, and Point2Point	1,319,168	746,843
Total grants receivable	<u>\$ 10,377,079</u>	<u>\$ 14,103,997</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, 2019, were as follows:

	Accessible Services, Medicaid and Point2point	Capital Projects	Total
Restricted assets			
Cash and investments	\$ -	\$ 589,604	\$ 589,604
Accounts receivable	1,462,862	-	1,462,862
Federal and state grants receivable	1,319,168	-	1,319,168
Total restricted assets	<u>2,782,030</u>	<u>589,604</u>	<u>3,371,634</u>
Liabilities payable from restricted assets			
Accounts payable	\$ (1,617,523)	\$ (855,832)	\$ (2,473,355)
Deposits	-	(5,541)	(5,541)
Unearned revenue	(148,998)	(163,887)	(312,885)
Total liabilities payable from restricted assets	<u>(1,766,521)</u>	<u>(1,025,260)</u>	<u>(2,791,781)</u>
Total net restricted assets	<u>\$ 1,015,509</u>	<u>\$ (435,656)</u>	<u>\$ 579,853</u>

3. Detail Notes (Continued)

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 and Medicaid	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)

(d) Capital Assets

Major classes of capital assets and accumulated depreciation as of June 30, 2019 and 2018:

	Balance				Balance
	June 30, 2018	Additions	Deletions	Transfers	June 30, 2019
Capital assets not being depreciated:					
Land	\$ 17,612,178	\$ -	\$ -	\$ -	\$ 17,612,178
Public art	366,917	-	-	-	366,917
Construction in progress	<u>30,552,357</u>	<u>759,106</u>	<u>-</u>	<u>(30,409,499)</u>	<u>901,964</u>
Total capital assets not being depreciated	<u>48,531,452</u>	<u>759,106</u>	<u>-</u>	<u>(30,409,499)</u>	<u>18,881,059</u>
Capital assets being depreciated:					
Busways	98,993,222	-	-	30,173,683	129,166,905
Rolling stock and related equipment	64,905,520	-	-	-	64,905,520
Stations, shelters, and bus signs	26,402,484	-	-	(21,011)	26,381,473
Buildings and improvements	47,173,936	-	-	252,113	47,426,049
Accessible Services vehicles	5,265,851	1,139,787	(62,523)	(85,550)	6,257,565
Other equipment and support vehicles	<u>15,560,820</u>	<u>227,512</u>	<u>(5,651)</u>	<u>122,215</u>	<u>15,904,896</u>
Total capital assets being depreciated	<u>258,301,833</u>	<u>1,367,299</u>	<u>(68,174)</u>	<u>30,441,450</u>	<u>290,042,408</u>
Less accumulated depreciation for:					
Busways	26,120,483	6,542,967	-	(503)	32,662,947
Rolling stock and related equipment	43,435,798	4,460,761	-	-	47,896,559
Stations, shelters, and bus signs	15,519,983	1,776,608	-	-	17,296,591
Buildings and improvements	27,593,068	1,921,012	-	502	29,514,582
Accessible Services vehicles	4,540,079	379,752	(62,523)	(76,994)	4,780,314
Other equipment and support vehicles	<u>13,050,457</u>	<u>1,111,471</u>	<u>(5,651)</u>	<u>108,946</u>	<u>14,265,223</u>
Total accumulated depreciation	<u>130,259,868</u>	<u>16,192,571</u>	<u>(68,174)</u>	<u>31,951</u>	<u>146,416,216</u>
Total capital assets being depreciated, net	<u>128,041,965</u>	<u>(14,825,272)</u>	<u>-</u>	<u>30,409,499</u>	<u>143,626,192</u>
Total capital assets, net	<u>\$ 176,573,417</u>	<u>\$ (14,066,166)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,507,251</u>

3. Detail Notes (Continued)

	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	<u>101,183,194</u>	<u>682,048</u>	<u>(1,079,214)</u>	<u>(52,254,576)</u>	<u>48,531,452</u>
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	<u>195,907,373</u>	<u>10,404,995</u>	<u>(265,111)</u>	<u>52,254,576</u>	<u>258,301,833</u>
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	<u>114,911,553</u>	<u>15,613,426</u>	<u>(265,111)</u>	<u>-</u>	<u>130,259,868</u>
Total capital assets being depreciated, net	<u>80,995,820</u>	<u>(5,208,431)</u>	<u>-</u>	<u>52,254,576</u>	<u>128,041,965</u>
Total capital assets, net	<u>\$ 182,179,014</u>	<u>\$ (4,526,383)</u>	<u>\$ (1,079,214)</u>	<u>\$ -</u>	<u>\$ 176,573,417</u>

Depreciation expense was \$16,192,571 and \$15,613,426, for fiscal years ended June 30, 2019 and 2018, 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>2019</u>	<u>2018</u>
Accrued vacation and sick leave payable at beginning of period	\$ 2,874,907	\$ 2,805,134
Total vacation accrued for period	1,639,342	1,561,728
Total sick leave accrued for period	691,989	568,326
Total vacation taken for period	(1,609,226)	(1,510,913)
Total sick leave taken for period	(668,222)	(486,763)
Total sick leave lost for period	<u>(89,764)</u>	<u>(62,605)</u>
Accrued vacation and sick leave payable at end of period	<u>\$ 2,839,026</u>	<u>\$ 2,874,907</u>
Vacation time - union-represented employees	\$ 1,111,936	\$ 1,062,008
Combined annual leave - nonunion employees	711,887	731,699
Sick leave - union-represented employees	582,378	582,124
Extended illness bank - nonunion employees	<u>432,825</u>	<u>499,076</u>
Total accrued vacation and sick leave	<u>\$ 2,839,026</u>	<u>\$ 2,874,907</u>
Current portion vacation and sick leave	\$ 873,940	\$ 1,002,831
Noncurrent vacation and sick leave	<u>1,965,086</u>	<u>1,872,076</u>
Total	<u>\$ 2,839,026</u>	<u>\$ 2,874,907</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)

The Lane Transit District Salaried Employee's Retirement Plans' (LTDSP) financial statements and required supplementary information for the LTDSP is included on pages 62 and 63 of the Lane Transit District comprehensive annual financial report. LTDSP does not issue stand-alone financial statements.

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

4. Other Information (Continued)

calendar months of employment. For the years ended June 30, 2019 and 2018, employer contributions to this plan recognized as expense were \$307,773 and \$286,116, respectively.

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

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	81
Inactive employees entitled to but not yet receiving benefits	42
Active employees	37
	<u>160</u>

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, 2019:

	Balance at June 30, 2019	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measured at Fair Value Level:				
Cash and Equivalents	\$ 52	\$ 52	\$ -	\$ -
Mutual Funds - Fixed income	4,839,327	-	4,839,327	-
Mutual Funds - Equities	8,895,408	-	8,895,408	-
Mutual Funds - Balanced	3,893,722	-	3,893,722	-
Total Fair Value of Investments	<u>\$ 17,628,509</u>	<u>\$ 52</u>	<u>\$ 17,628,457</u>	<u>\$ -</u>

4. Other Information (Continued)

Of the \$18,579,186 in LTDSP Pension Trust investments at June 30, 2018, a significant portion was also invested in Level 2 mutual funds.

Net Pension Liability

The District's net pension liability for the LTDSP Part 1 at June 30, 2019, 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	Long-Term Expected Real Rate of Return
Full Market Equity	20.0%	8.70%
Domestic Large Cap Equity	8.0%	6.40%
International Equity	22.0%	9.50%
Fixed Income	20.0%	3.90%
Real Return (all asset strategies)	10.0%	4.90%
Global Tactical Asset Allocation (GTAA)	20.0%	5.20%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate were based on the District's funding policy. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

4. Other Information (Continued)

Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/18	\$ 27,855,215	\$ 19,126,245	\$ 8,728,970
Changes for the year:			
Service cost	396,714	-	396,714
Interest	1,718,740	-	1,718,740
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Employer contributions	-	1,506,168	(1,506,168)
Net investment income	-	1,051,294	(1,051,294)
Benefit payments	(1,504,188)	(1,504,188)	-
Administrative expense	-	(69,893)	69,893
Net changes	<u>611,266</u>	<u>983,381</u>	<u>(372,115)</u>
Balances at 6/30/19	<u>\$ 28,466,481</u>	<u>\$ 20,109,626</u>	<u>\$ 8,356,855</u>

	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>

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, 2019 and 2018 respectively. The District makes an additional level dollar contribution to further reduce the unfunded accrued liability. For the years ended June 30, 2019 and 2018, 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	
2019		
1% decrease (5.25%)	\$	11,565,126
Current discount rate (6.25%)		8,356,855
1% increase (7.25%)		5,647,103
2018		
1% decrease (5.25%)	\$	11,868,349
Current discount rate (6.25%)		8,728,970
1% increase (7.25%)		6,077,405

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

For the years ended June 30, 2019 and 2018, the District recognized pension expense of \$1,644,645 and \$2,394,907, 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>
2019		
Net difference between projected and actual earnings	\$ -	(87,655)
Total	<u>\$ -</u>	<u>\$ (87,655)</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>

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,		
2020	\$	103,268
2021		(197,781)
2022		(21,536)
2023		28,394
	\$	<u>(87,655)</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, 2019 and 2018, employer contributions recognized as expense were \$307,773 and \$286,117, 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

The Amalgamated Transit Union, Local No. 757 Pension Trust Fund (ATU) financial statements and required supplementary information for the ATU is included on pages 62 and 63 of the Lane Transit District comprehensive annual financial report. ATU does not issue stand-alone financial statements.

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

4. Other Information (Continued)

(or designee) of the ATU, Local No. 757; an ATU, Local No. 757 member; and an executive board officer of ATU, Local No. 757.

Benefits Provided

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

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

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	234
Inactive employees entitled to but not yet receiving benefits	37
Active employees	<u>262</u>
	<u>533</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, 2018:

	Balance at December 31, 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	\$ 5,153,163	\$ -	\$ 5,153,163	\$ -
Mutual Funds - Equities	10,699,455	-	10,699,455	-
Mutual Funds - Balanced	8,170,907	-	8,170,907	-
Miscellaneous	519,493	-	519,493	-
	<u>\$ 24,543,018</u>	<u>\$ -</u>	<u>\$ 24,543,018</u>	<u>\$ -</u>

Of the \$28,755,338 in LTD ATU Pension Trust investments at December 31, 2018, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.50%
Salary increases	3.00%
Future benefit rate increases	3.00%
Investment rate of return, net	6.50%
Mortality	RP-2014 Combined Mortality with Blue Collar Adjustment, generational projection using MP-2017 starting at the 2006 base year, and a one-year set-forward

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Full Market Equity	20.0%	8.70%
Domestic Large Cap Equity	8.0%	6.40%
International Equity	22.0%	9.50%
Fixed Income	20.0%	3.90%
Real Return (all asset strategies)	10.0%	4.90%
Global Tactical Asset Allocation (GTAA)	20.0%	5.20%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 6.50 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

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at December 31, 2017	\$ 39,548,178	\$ 29,412,605	\$ 10,135,573
Changes for the year:			
Service cost	1,021,112	-	1,021,112
Interest	2,655,520	-	2,655,520
Employer contributions	-	2,895,673	(2,895,673)
Net investment income	-	(1,845,557)	1,845,557
Benefit payments	(2,456,503)	(2,456,503)	-
Administrative expense	-	(137,086)	137,086
Effect of economic/demographic (gains) or losses	73,889	-	73,889
Effect of assumptions changes or inputs	2,192,110	-	2,192,110
Net changes	<u>3,486,128</u>	<u>(1,543,473)</u>	<u>5,029,601</u>
Balances at December 31, 2018	<u>\$ 43,034,306</u>	<u>\$ 27,869,132</u>	<u>\$ 15,165,174</u>

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
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>

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 \$5.44 and \$5.31 for the years ended December 31, 2018 and 2017, 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 6.50 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	
	2019	2018
1% decrease (5.50%)	\$ 19,564,761	\$ 14,056,623
Current discount rate (6.50%)	15,165,174	10,135,573
1% increase (7.50%)	11,397,798	6,751,552

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
2019		
Differences between expected and actual experience	\$ 58,810	\$ (218,375)
Changes in assumptions or inputs	2,354,404	-
Net difference between projected and actual earnings	1,949,638	-
Total (prior to post-measurement date contributions)	4,362,852	(218,375)
Contributions made subsequent to the measurement date	1,395,911	
Total	<u>\$ 5,758,763</u>	<u>\$ (218,375)</u>
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>

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,	
2020	\$ 1,408,968
2021	861,198
2022	704,666
2023	1,169,645
2024	-
Thereafter	-
	\$ 4,144,477

Aggregate Deferred Inflows, Deferred Outflows, Net Pension Liability, and Pension Expense:

June 30, 2019	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Pension Liability	Pension Expense
Salaried	\$ -	\$ (87,655)	\$ 8,356,855	\$ 2,394,907
ATU	5,758,763	(218,375)	15,165,174	1,923,379
Total	\$ 5,758,763	\$ (306,030)	\$ 23,522,029	\$ 4,318,286

June 30, 2018	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Pension Liability	Pension Expense
Salaried	\$ 526,150	\$ (103,213)	\$ 8,728,970	\$ 2,394,907
ATU	2,408,443	(1,414,508)	10,135,573	1,923,379
Total	\$ 2,934,593	\$ (1,517,721)	\$ 18,864,543	\$ 4,318,286

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, 2019 and 2018, employer contributions recognized as expense were \$328,682 and \$317,364, respectively.

4. Other Information (Continued)

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

(b) Other Post-Employment Benefits

Plan Description

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

- Up to \$275 per month per pre-Medicare retiree until the retiree becomes eligible for Medicare, typically age 65. Once they become Medicare-eligible the benefit reduces to \$140 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:

4. Other Information (Continued)

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, 2019 was \$11,660,678.

Actuarial assumptions and other inputs: The total OPEB liability was determined by an actuarial valuation, as of the valuation date of January 1, 2018, calculated based on the discount rate of 3.87% and actuarial assumptions below, and was then projected forward to the measurement date of June 30, 2018.

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

Changes in Total OPEB Liability:

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at 6/30/18	<u>\$ 9,605,874</u>
Changes for the year:	
Service cost	753,687
Interest	355,173
Changes to benefit terms	1,762,864
Changes of assumptions	(326,239)
Benefit payments	<u>(490,681)</u>
Net changes	<u>2,054,804</u>
Balance at 6/30/19	<u><u>\$ 11,660,678</u></u>

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at 6/30/17	<u>\$ 9,853,579</u>
Changes for the year:	
Service cost	792,964
Interest	296,401
Changes of assumptions	(840,597)
Benefit payments	<u>(496,473)</u>
Net changes	<u>(247,705)</u>
Balance at 6/30/18	<u><u>\$ 9,605,874</u></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

4. Other Information (Continued)

percentage point lower or one percentage point higher than the current discount rate of 3.87%:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	13,137,646	11,660,678	10,429,202

Sensitivity of the total OPEB liability to changes in the health care cost trend rates (4.25% in first year, 7.25% in second year, 5.00% in third year, 6.50% in fourth year, 6.00% in fifth through eleventh years, grading down to 4.25% after the 55th year):

The following is 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 1 point lower or 1 point higher than the current health care trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	11,447,138	11,660,678	11,909,838

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2019 and 2018, the District recognized an OPEB expense of \$2,159,635 and \$967,539 respectively. The District reported deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2019		
Changes in assumptions or inputs	\$ -	\$ (875,903)
Contributions made subsequent to the measurement date	542,982	
Total	<u>\$ 542,982</u>	<u>\$ (875,903)</u>
2018		
Changes in assumptions or inputs	\$ -	\$ (718,771)
Contributions made subsequent to the measurement date	490,681	
Total	<u>\$ 490,681</u>	<u>\$ (718,771)</u>

The amount \$542,982 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

4. Other Information (Continued)

Year ended June 30,	
2020	\$ (169,107)
2021	(169,107)
2022	(169,107)
2023	(169,107)
2024	(156,922)
Thereafter	(42,553)
	<u>\$ (875,903)</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	3.87%
Valuation Date	January 1, 2018
Measurement Date	June 30, 2018
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
Mortality Rates	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. 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. For disabled retirees: RP-2014 Disabled Mortality Tables and generational projection using MP-2017 mortality improvement projection scales starting at the 2006 base year. Mortality assumptions include a margin for the expectation of future decreases in mortality rates.
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.

4. Other Information (Continued)

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

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

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

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

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

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

	Automobile/Bus Liability		
	2019	2018	2017
Unpaid claims and claim adjustment expenses, beginning of the year	\$ 172,107	\$ 22,455	\$ 22,455
Incurred claims (including IBNRs)	-	172,107	-
Claim payments	(1,245)	(22,455)	-
Total unpaid claims and claim adjustment expenses, end of the year	<u>\$ 170,862</u>	<u>\$ 172,107</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, 2019, the District has commitments of \$6 million for the purchase of 6 diesel and 1 hybrid bus and \$1 million for architectural service work on the Santa Clara Station. There was also a contract for \$3.4 million for the purchase of 5 all electric buses. That contract has since been canceled as the electric buses did not meet requirements.

(e) Net Position 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 required 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.

*Required Supplementary
Information*

LANE TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019
Schedule of Changes in the Net Pension Liability and Related
Ratios LTD Salaried Employees' Retirement Plan Trust Fund
Last 10 Fiscal Years ¹

	2019	2018 ²	2017	2016 ²	2015	2014 ²	2013	2012
Total pension liability								
Service cost	\$ 396,714	\$ 445,756	\$ 486,472	\$ 521,040	\$ 545,340	\$ 538,088	\$ 527,537	\$ -
Interest	1,718,740	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	(1,504,188)	(1,413,238)	(1,332,068)	(1,224,898)	(1,182,843)	(939,485)	(690,418)	-
Net change in total pension liability	611,266	1,466,558	805,629	3,912,492	867,385	1,885,248	1,181,057	-
Total pension liability - beginning	<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>	-
Total pension liability - ending	<u>\$ 28,466,481</u>	<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	\$ 1,506,168	\$ 1,577,474	\$ 1,842,970	\$ 1,174,309	\$ 1,333,241	\$ 1,161,609	\$ 1,165,565	\$ -
Net investment income	1,051,294	1,357,720	1,893,124	(361,265)	222,900	2,081,971	1,298,746	-
Benefit payments	(1,504,188)	(1,413,238)	(1,332,068)	(1,224,898)	(1,182,843)	(939,485)	(690,418)	-
Administrative expense	(69,893)	(84,998)	(54,251)	(105,822)	(55,910)	(87,860)	(92,282)	-
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	983,381	1,436,958	2,349,775	(517,676)	317,388	2,216,235	1,681,611	-
Plan fiduciary net position - beginning	<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>	-
Plan fiduciary net position - ending	<u>\$ 20,109,626</u>	<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>\$ 8,356,855</u>	<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	70.64%	68.66%	67.03%	59.96%	73.17%	74.70%	70.43%	65.64%
Covered payroll	\$ 3,166,571	\$ 3,331,000	\$ 3,717,503	\$ 5,860,715	\$ 4,263,366	\$ 5,226,297	\$ 5,214,746	\$ 5,092,690
District's net pension liability as a percentage of covered payroll	263.91%	262.05%	234.01%	174.78%	136.36%	100.71%	107.28%	119.68%

Notes to Schedule:

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

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

**LANE TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019
Schedule of Employer Contributions
LTD Salaried Employees' Retirement Plan Trust Fund
Last 10 Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 1,525,000	\$ 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
Contribution in relation to the actuarially determined contribution	<u>1,506,168</u>	<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>
Contribution deficiency (excess)	<u>\$ 18,832</u>	<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>
Covered payroll	3,166,571	3,331,000	3,717,503	3,717,503	4,263,366	5,226,297	5,214,746	5,092,690	5,187,894	5,463,292
Contributions as a percentage of covered payroll	47.56%	47.36%	49.58%	49.58%	27.54%	25.51%	22.28%	22.70%	19.79%	17.38%

Notes to Schedule:

Valuation date	7/1/2017	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
Investment rate of return assumption	6.25%	6.25%	6.50%	7.25%	7.25%	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
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, 2017: 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 July 1, 2017: 2.50% per year Effective July 1, 2015: 2.75% per year Through July 1, 2013: 3.00% per year
Salary increases	Effective July 1, 2017: Age-based, with an ultimate rate of 2.75% per year at ages 50+ Effective July 1, 2015: Age-based, with an ultimate rate of 3.00% per year at ages 50+ Effective July 1, 2011: Age-based, with an ultimate rate of 3.50% per year at ages 50+ Effective July 1, 2009: Generally 5.00% per year

LANE TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019
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

	2019	2018	2017	2016	2015	2014	2013
Total pension liability							
Service cost	\$ 1,021,112	\$ 991,371	\$ 817,980	\$ 794,155	\$ 853,018	\$ 828,173	\$ -
Interest	2,655,520	2,574,590	2,586,906	2,495,722	2,424,057	2,326,828	-
Changes of benefit terms	-	-	-	-	356,341 ²	-	-
Economic/demographic losses	73,889	-	-	-	-	-	-
Differences between expected and actual experience	-	-	(627,827)	-	(646,134)	-	-
Changes of assumptions	2,192,110	-	1,752,783	-	-	-	-
Benefit payments	(2,456,503)	(2,336,977)	(2,148,257)	(1,963,737)	(1,916,128)	(1,761,397)	-
Net change in total pension liability	3,486,128	1,228,984	2,381,585	1,326,140	1,071,154	1,393,604	-
Total pension liability - beginning	39,548,178	38,319,194	35,937,609	34,611,469	33,540,315	32,146,711	-
Total pension liability - ending	<u>\$ 43,034,306</u>	<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	\$ 2,895,673	\$ 2,653,938	\$ 3,089,304	\$ 2,309,003	\$ 2,222,585	\$ 2,248,159	\$ -
Net investment income	(1,845,557)	4,247,805	1,506,119	(577,624)	1,008,693	2,498,570	-
Benefit payments	(2,456,503)	(2,336,977)	(2,148,257)	(1,963,737)	(1,916,128)	(1,761,397)	-
Administrative expense	(137,086)	(112,050)	(110,564)	(70,779)	(115,303)	(82,478)	-
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(1,543,473)	4,452,716	2,336,602	(303,137)	1,199,847	2,902,854	-
Plan fiduciary net position - beginning	29,412,605	24,959,889	22,623,287	22,926,424	21,726,577	18,823,723	-
Plan fiduciary net position - ending	<u>\$ 27,869,132</u>	<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>\$ 15,165,174</u>	<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	64.76%	74.37%	65.14%	62.95%	66.24%	64.78%	58.56%
Covered payroll	\$ 13,176,000	\$ 13,292,000	\$ 11,661,000	\$ 10,999,000	\$ 10,526,000	\$ 10,554,000	\$ 10,450,000
District's net pension liability as a percentage of covered payroll	115.10%	76.25%	114.56%	121.05%	111.01%	111.94%	127.49%

Notes to Schedule:

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

**LANE TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019
Schedule of Employer Contributions
Amalgamated Transit Union, Local No. 757 Pension Trust Fund
Last 10 Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 2,896,000	\$ 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>2,895,673</u>	<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>\$ 327</u>	<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	13,176,000	13,292,000	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	21.98%	19.97%	26.07%	20.23%	20.97%	21.03%	20.97%	21.32%	18.49%	16.44%	21.62%

Notes to Schedule:

Valuation date	1/1/18	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	6.50%	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
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 The actuarial asset method was reset to the market value of assets effective January 1, 2018
Mortality	Effective January 1, 2018: RP-2014 Combined Mortality with Blue Collar Adjustment, generational projection using MP-2017 starting at the 2006 base year, and a one-year set-forward 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, 2018: 2.50% per year 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, 2019
Schedule of Total OPEB Liability (TOL)
Last 10 Fiscal Years ¹**

Fiscal Year Ended	Total OPEB Liability	Covered Payroll	TOL as a percent of covered payroll
6/30/2019	\$ 11,660,678	\$ 16,342,571	71.35%
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, 2019
Schedule of Changes in Total OPEB Liability (TOL)
Last 10 Fiscal Years ¹

Fiscal Year Ended	TOL Beginning Balance	Service Costs	Interest on the TOL	Benefit Payments	Changes of Assumptions	Changes to Benefit Terms	TOL Ending Balance
6/30/2019	\$ 9,605,874	\$ 753,687	\$ 355,173	\$ (490,681)	\$ (326,239)	\$ 1,762,864	\$ 11,660,678
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.

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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Passenger fares	\$ 6,469,011	\$ 6,469,011	\$ 6,755,899	\$ 286,888
Special services	238,000	238,000	288,310	50,310
Advertising	420,000	420,000	300,000	(120,000)
Employer payroll tax	36,490,588	36,490,588	37,749,489	1,258,901
Self-employment tax	2,307,567	2,307,567	1,932,829	(374,738)
State payroll assessment	433,000	433,000	439,545	6,545
Federal assistance	4,225,000	4,225,000	2,487,542	(1,737,458)
State assistance	2,500,000	2,500,000	-	(2,500,000)
Miscellaneous	232,500	232,500	610,466	377,966
Interest	144,000	144,000	338,244	194,244
Sale of assets	-	-	6,145	6,145
Total revenues	53,459,666	53,459,666	50,908,469	(2,551,197)
Expenditures				
Personnel services	36,057,218	37,622,568	36,263,740	1,358,828
Materials and services	10,494,497	10,850,291	9,031,722	1,818,569
Insurance	1,186,016	1,174,816	972,841	201,975
Other uses				
Transfer to Accessible Services Fund	2,550,288	2,550,288	1,961,573	588,715
Transfer to Medicaid Fund	406,500	775,500	1,007,028	(231,528)
Transfer to Point2point Fund	190,000	190,000	190,000	-
Transfer to Capital Projects Fund	5,414,168	-	-	-
Operating contingency	52,457	52,457	-	52,457
Working capital contingency	7,026,933	13,057,778	-	13,057,778
Total expenditures and other uses	63,378,077	66,273,698	49,426,904	16,846,794
Excess (deficiency) of revenues over expenditures	(9,918,411)	(12,814,032)	1,481,565	14,295,597
Fund balance, beginning of year	9,918,411	12,814,032	12,814,032	-
Fund balance, end of year	\$ -	\$ -	\$ 14,295,597	\$ 14,295,597

**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, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal assistance	\$ 828,443	\$ 828,443	\$ 603,521	\$ (224,922)
State assistance	364,655	364,655	15,362	(349,293)
Local assistance	28,000	28,000	26,032	(1,968)
Other sources				
Transfer from General Fund	190,000	190,000	190,000	-
Total revenues	<u>1,411,098</u>	<u>1,411,098</u>	<u>834,915</u>	<u>(576,183)</u>
Expenditures				
Point2Point Administration	450,735	450,735	272,704	178,031
Business Commute Challenge	19,100	19,100	55,177	(36,077)
Emergency Home Ride	2,000	2,000	161	1,839
Employer Transportation Coordinators	5,000	5,000	-	5,000
Safe Routes to School	347,159	347,159	370,073	(22,914)
Vanpool	186,304	186,304	118,970	67,334
Projects:				
Carshare	3,500	3,500	-	3,500
Driveless Connection	39,000	39,000	46,649	(7,649)
SmartTrips Main Street 3	285,370	285,370	66,491	218,879
Transportation Coordinator Pilot	21,300	21,300	24,034	(2,734)
Digital Marketing Pilot	6,915	6,915	-	6,915
Safe Ways to School	8,000	8,000	-	8,000
Be Safe Be Seen Rural Safety	3,200	3,200	863	2,337
Total Expenditures	<u>1,377,583</u>	<u>1,377,583</u>	<u>955,122</u>	<u>422,461</u>
Other uses				
Operating contingency	33,515	33,515	-	33,515
Total expenditures and other uses	<u>1,411,098</u>	<u>1,411,098</u>	<u>955,122</u>	<u>455,976</u>
Excess (deficiency) of revenues over expenditures	-	-	(120,207)	(120,207)
Fund balance, beginning of year	-	-	351,981	351,981
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,774</u>	<u>\$ 231,774</u>

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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Passenger fares	\$ 388,790	\$ 388,790	\$ 339,967	\$ (48,823)
Federal assistance	2,880,096	2,880,096	2,727,730	(152,366)
State assistance	1,418,850	1,418,850	1,139,095	(279,755)
Local assistance	123,550	123,550	125,793	2,243
Other sources				
Transfer from General Fund	<u>2,550,288</u>	<u>2,550,288</u>	<u>1,961,573</u>	<u>(588,715)</u>
Total revenues	<u>7,361,574</u>	<u>7,361,574</u>	<u>6,294,158</u>	<u>(1,067,416)</u>
Expenditures				
Eugene-Springfield services				
ADA RideSource	5,798,356	5,798,356	4,692,825	1,105,531
Transit training and hosts	154,438	154,438	121,789	32,649
Special transportation	98,350	98,350	72,924	25,426
LTD staff time	<u>33,000</u>	<u>33,000</u>	<u>-</u>	<u>33,000</u>
Total Eugene-Springfield services	<u>6,084,144</u>	<u>6,084,144</u>	<u>4,887,538</u>	<u>1,196,606</u>
Rural Lane County services				
South Lane	152,014	152,014	138,716	13,298
Florence	216,538	216,538	217,917	(1,379)
Oakridge	215,298	215,298	220,226	(4,928)
Florence/Yachats	286,410	286,410	113,217	173,193
Volunteer coordinator	116,000	116,000	76,389	39,611
Service animal program	<u>86,500</u>	<u>86,500</u>	<u>43,090</u>	<u>43,410</u>
Total rural Lane County services	<u>1,072,760</u>	<u>1,072,760</u>	<u>809,555</u>	<u>263,205</u>
Other services				
Mobility management	189,670	189,670	136,793	52,877
Crucial connections	5,000	5,000	5,255	(255)
Veterans transportation	10,000	10,000	4,024	5,976
Lane County coordination	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other services	<u>204,670</u>	<u>204,670</u>	<u>146,072</u>	<u>58,598</u>
Other uses				
Operating contingency	130,000	130,000	-	130,000
Reserve for future expenditure	<u>162,623</u>	<u>162,623</u>	<u>-</u>	<u>162,623</u>
Total other uses	<u>292,623</u>	<u>292,623</u>	<u>-</u>	<u>292,623</u>
Total expenditures and other uses	<u>7,654,197</u>	<u>7,654,197</u>	<u>5,843,165</u>	<u>1,811,032</u>
Excess (deficiency) of revenues over expenditures	(292,623)	(292,623)	450,993	743,616
Fund balance, beginning of year	<u>292,623</u>	<u>292,623</u>	<u>146,644</u>	<u>(145,979)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,637</u>	<u>\$ 597,637</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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Medicaid nonemergency medical transportation (NEMT)	\$ 9,429,775	\$ 9,429,775	\$ 10,436,111	\$ 1,006,336
Medicaid waived transportation	788,500	788,500	831,256	42,756
Other sources				
Transfer from General Fund	406,500	775,500	1,007,028	231,528
Total revenues and other sources	10,624,775	10,993,775	12,274,395	1,280,620
Expenditures				
Medicaid nonemergency medical transportation (NEMT)				
Services	7,307,500	7,307,500	8,710,243	(1,402,743)
Mobility management	98,000	98,000	96,701	1,299
Program administration	2,024,275	2,024,275	1,912,298	111,977
Total Medicaid NEMT	9,429,775	9,429,775	10,719,242	(1,289,467)
Medicaid waived transportation				
Services	733,000	733,000	867,887	(134,887)
Mobility management	50,000	50,000	41,476	8,524
Program administration	5,000	5,000	10,060	(5,060)
Grant program match requirements	275,000	275,000	260,740	14,260
Total Medicaid waived transportation	1,063,000	1,063,000	1,180,163	(117,163)
Other uses				
Operating contingency	132,000	132,000	-	132,000
Total expenditures and other uses	10,624,775	10,624,775	11,899,405	(1,274,630)
Excess (deficiency) of revenues over expenditures	-	369,000	374,990	5,990
Fund balance, beginning of year	-	(369,000)	(369,159)	(159)
Fund balance, end of year	\$ -	\$ -	\$ 5,831	\$ 5,831

**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, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal assistance	\$ 3,268,505	\$ 3,268,505	\$ 2,483,547	\$ (784,958)
State assistance	664,350	664,350	1,145,009	480,659
Local assistance	38,202	38,202	9,914	(28,288)
Miscellaneous	-	-	28,925	28,925
Other sources				
Transfer from General Fund	5,414,168	-	-	-
Total revenues and other sources	<u>9,385,225</u>	<u>3,971,057</u>	<u>3,667,395</u>	<u>(303,662)</u>
Expenditures				
Community Investments:				
Frequent transit network				
Franklin Blvd. Phase 1 Transit Station	550,000	550,000	59,356	490,644
MovingAhead	500,000	500,000	395,298	104,702
West Eugene EmX extension	660,000	660,000	654,605	5,395
Mobility on Demand	-	-	92,298	(92,298)
Transit Tomorrow	-	-	154,432	(154,432)
Main Street/McVay transit study	206,874	206,874	3,200	203,674
River Road Transit Community Implementation Plan	270,000	270,000	271,712	(1,712)
Total frequent transit network	<u>2,186,874</u>	<u>2,186,874</u>	<u>1,630,901</u>	<u>555,973</u>
Facilities				
SantaClara Community Transit Center	940,000	940,000	514,913	425,087
Passenger Boarding Improvements	50,000	50,000	32,001	17,999
Miscellaneous improvements	50,000	50,000	121,205	(71,205)
Total facilities	<u>1,040,000</u>	<u>1,040,000</u>	<u>668,119</u>	<u>371,881</u>
Technology Infrastructure & Systems				
Fare management system	750,000	750,000	-	750,000
Total Community Investments	<u>3,976,874</u>	<u>3,976,874</u>	<u>2,299,020</u>	<u>1,677,854</u>
State of Good Repair				
Fleet				
Revenue vehicles - fixed route	6,599,115	6,599,115	80,879	6,518,236
Revenue vehicles - accessible services	1,310,000	1,310,000	1,146,002	163,998
Spare parts for vehicles	50,000	50,000	75,082	(25,082)
Replacement parts	275,000	275,000	220,609	54,391
Miscellaneous	220,000	220,000	67,639	152,361
Total fleet	<u>8,454,115</u>	<u>8,454,115</u>	<u>1,590,211</u>	<u>6,863,904</u>
Technology Infrastructure & Systems				
Computer hardware and software	620,000	620,000	197,917	422,083
Intelligent transportation systems	39,500	39,500	-	39,500
Total technology infrastructure & systems	<u>659,500</u>	<u>659,500</u>	<u>197,917</u>	<u>461,583</u>
Total State of Good Repair	<u>9,113,615</u>	<u>9,113,615</u>	<u>1,788,128</u>	<u>7,325,487</u>
Grant Funded Non-Capitalized				
Comprehensive operations analysis	150,000	150,000	-	150,000
Total expenditures	<u>13,240,489</u>	<u>13,240,489</u>	<u>4,087,148</u>	<u>9,153,341</u>
Other uses				
Reserve for future expenditure	1,543,274	1,543,274	-	1,543,274
Total expenditures and other uses	<u>14,783,763</u>	<u>14,783,763</u>	<u>4,087,148</u>	<u>10,696,615</u>
Excess (deficiency) of revenues over expenditures	<u>(5,398,538)</u>	<u>(10,812,706)</u>	<u>(419,753)</u>	<u>10,392,953</u>
Fund balance, beginning of year	<u>5,398,538</u>	<u>10,812,706</u>	<u>19,146,271</u>	<u>8,333,565</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,726,518</u>	<u>\$ 18,726,518</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, 2019

Excess (deficiency) of revenues over expenditures	
General Fund	\$ 1,481,565
Point2point Fund	(120,207)
Accessible Services Fund	450,993
Medicaid Fund	374,990
Capital Projects Fund	<u>(419,753)</u>
Total excess (deficiency) of revenues over expenditures	<u>1,767,588</u>
Reconciling items:	
Depreciation	(16,192,571)
Acquisition of capital assets	2,126,405
OPEB expense	(2,159,635)
Pension expense in excess of pension contribution	(621,625)
Compensated absences accrual	<u>35,883</u>
Total reconciling items	<u>(16,811,543)</u>
Change in net position on a GAAP basis	<u><u>\$ (15,043,955)</u></u>

Lane Transit District
Reconciliation of Budgetary Fund Balances to
Net Position on a GAAP Basis
June 30, 2019

Budgetary fund balances:	
General Fund	\$ 14,295,597
Point2point Fund	231,774
Accessible Services Fund	597,637
Medicaid Fund	5,831
Capital Projects Fund	<u>18,726,518</u>
Total budgetary fund balances	<u>33,857,357</u>
Reconciling items:	
Capital assets	162,507,251
Deferred outflows of resources	6,301,745
Compensated absences	(2,839,026)
Total OPEB liability	(11,660,678)
Net pension liability	(23,522,027)
Deferred inflows of resources	<u>(1,181,933)</u>
Total reconciling items	<u>129,605,332</u>
Net position on a GAAP basis	<u><u>\$ 163,462,689</u></u>

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

	Amalgamated Transit Union, Local No. 757 Pension Trust Fund As of December 31, 2018	Lane Transit District Salaried Employee's Retirement Plan Trust Fund As of June 30, 2019	Total June 30, 2019
Assets			
Cash			
Cash and cash equivalents	\$ 908,614	\$ 579,443	\$ 1,488,057
Investments			
Shares of registered investment companies	26,960,518	19,530,183	46,490,701
Total Assets	27,869,132	20,109,626	47,978,758
Liabilities			
Accrued expenses	6,341	-	6,341
Fiduciary Net Position - Restricted for Pensions	\$ 27,862,791	\$ 20,109,626	\$ 47,972,417

	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

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, 2018	For the Year Ended June 30, 2019	For the Year Ended June 30, 2019
Additions			
Employer contributions	\$ 2,895,674	\$ 1,506,167	\$ 4,401,841
Investment income			
Net change in fair value of investments	(2,494,632)	501,268	(1,993,364)
Interest, dividends and other income	718,357	463,126	1,181,483
Investment expenses	(95,196)	(58,311)	(153,507)
Net investment income	(1,871,471)	906,083	(965,388)
Total Additions	1,024,203	2,412,250	3,436,453
Deductions			
Benefits paid to participants	2,470,766	1,383,472	3,854,238
Administrative expenses	97,473	39,478	136,951
Total deductions	2,568,239	1,422,950	3,991,189
Net increase in fiduciary net position	(1,544,036)	989,300	(554,736)
Fiduciary Net Position - Restricted for Pensions			
Beginning of the year	29,406,827	19,120,326	48,527,153
Fiduciary Net Position - Restricted for Pensions			
End of the year	\$ 27,862,791	\$ 20,109,626	\$ 47,972,417

	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	\$ 29,406,827	\$ 19,120,326	\$ 48,527,153

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**

	2019	2018	2017	2016	2015	Restated 2014	2013	2012	Restated 2011	2010
Assets										
Current assets	\$ 38,916,289	\$ 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
Capital assets, net of accumulated depreciation	162,507,251	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
Other assets	-	-	-	-	-	-	1,068,705	1,006,960	700,000	-
Total assets	\$ 201,423,540	\$ 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
Deferred outflows of resources	6,301,745	3,425,274	5,235,429	6,267,714	1,540,509	1,693,168	-	-	-	-
Total assets and deferred outflows of resources	\$ 207,725,285	\$ 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
Liabilities										
Current liabilities	\$ 5,932,870	\$ 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
Noncurrent liabilities	37,147,793	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
Total liabilities	43,080,663	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
Deferred outflows of resources	1,181,933	2,236,492	696,930	351,796	712,072	1,784,272	-	-	-	-
Net position										
Investment in capital assets	162,507,251	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
Restricted for Accessible Services, Point2point and Medicaid programs	1,441,227	1,792,304	38,863	2,775,776	440,273	398,255	436,632	491,306	456,115	449,066
Unrestricted	(485,789)	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
Total net position	163,462,689	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
Total liabilities, deferred inflows of resources and net position	\$ 207,725,285	\$ 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

Source: Lane Transit District Financial Statements

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

	2019	2018	2017	2016	2015	Restated 2014	2013	2012	Restated 2011	2010
Operations										
Fixed route										
Revenue	\$ 7,344,209	\$ 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
Expense	<u>(48,814,789)</u>	<u>(45,931,894)</u>	<u>(47,650,802)</u>	<u>(40,932,868)</u>	<u>(38,541,017)</u>	<u>(36,660,628)</u>	<u>(35,813,713)</u>	<u>(34,411,349)</u>	<u>(33,880,028)</u>	<u>(34,792,955)</u>
Total fixed route	<u>(41,470,580)</u>	<u>(38,593,479)</u>	<u>(39,729,369)</u>	<u>(33,125,203)</u>	<u>(30,647,148)</u>	<u>(28,927,488)</u>	<u>(28,172,795)</u>	<u>(26,802,509)</u>	<u>(25,729,059)</u>	<u>(26,859,344)</u>
Accessible Services, Point2point and Medicaid										
Revenue	16,244,867	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
Expense	<u>(18,697,692)</u>	<u>(17,118,488)</u>	<u>(15,482,280)</u>	<u>(16,768,307)</u>	<u>(14,617,685)</u>	<u>(12,314,118)</u>	<u>(10,841,746)</u>	<u>(9,965,985)</u>	<u>(9,561,690)</u>	<u>(8,571,459)</u>
Total Accessible Services, Point2point and Medicaid	<u>(2,452,825)</u>	<u>(3,003,259)</u>	<u>(2,909,985)</u>	<u>(2,652,955)</u>	<u>(1,444,433)</u>	<u>(2,456,338)</u>	<u>(1,447,316)</u>	<u>(1,896,794)</u>	<u>(1,389,106)</u>	<u>(711,887)</u>
Loss from operations	<u>(43,923,405)</u>	<u>(41,596,738)</u>	<u>(42,639,354)</u>	<u>(35,778,158)</u>	<u>(32,091,581)</u>	<u>(31,383,826)</u>	<u>(29,620,111)</u>	<u>(28,699,303)</u>	<u>(27,118,165)</u>	<u>(27,571,231)</u>
Nonoperating revenues										
Employer payroll tax	37,749,489	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
Self-employment tax	1,932,829	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
State payroll assessment	439,545	439,600	411,860	400,795	609,978	1,914,665	1,941,063	1,869,854	1,740,509	1,755,311
Federal assistance	2,487,542	2,825,907	-	4,736,708	6,001,519	5,993,929	6,563,936	5,431,231	4,008,381	6,567,015
State assistance	-	-	115,475	154,426	29,688	723,888	-	1,992	350	-
Interest	338,244	167,305	201,295	99,207	52,359	85,619	77,171	62,653	60,462	56,200
Other revenues	<u>639,391</u>	<u>166,934</u>	<u>349,986</u>	<u>400,494</u>	<u>433,787</u>	<u>366,327</u>	<u>325,339</u>	<u>276,975</u>	<u>497,739</u>	<u>343,208</u>
Total nonoperating revenues	<u>43,587,040</u>	<u>41,470,130</u>	<u>35,889,436</u>	<u>42,089,054</u>	<u>39,792,878</u>	<u>36,106,494</u>	<u>35,376,112</u>	<u>32,197,751</u>	<u>29,946,113</u>	<u>31,526,922</u>
Income (loss) before capital contributions	(336,365)	(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
Capital contributions										
Federal and state grants for capital acquisition	<u>3,638,471</u>	<u>17,530,013</u>	<u>27,832,523</u>	<u>40,998,913</u>	<u>18,893,678</u>	<u>8,564,456</u>	<u>2,165,876</u>	<u>16,366,583</u>	<u>14,887,318</u>	<u>22,568,387</u>
Changes in net position before depreciation, OPEB expense, and gain (loss) on sale of assets	3,302,106	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
Depreciation	(16,192,571)	(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)
OPEB expense	(2,159,635)	247,705	(353,155)	(395,154)	(461,715)	(555,778)	(614,905)	(586,592)	(641,742)	(624,953)
Gain (loss) on disposal of capital assets	<u>6,145</u>	<u>(1,075,334)</u>	<u>37,721</u>	<u>6,644</u>	<u>(2,877)</u>	<u>13,052</u>	<u>7,635</u>	<u>2,434</u>	<u>(28,913)</u>	<u>(3,060,580)</u>
Changes in net position	<u>\$ (15,043,955)</u>	<u>\$ 962,350</u>	<u>\$ 9,435,853</u>	<u>\$ 35,791,596</u>	<u>\$ 14,977,950</u>	<u>\$ 2,224,462</u>	<u>\$ (3,246,679)</u>	<u>\$ 9,111,842</u>	<u>\$ 7,487,513</u>	<u>\$ 15,524,945</u>

Source: Lane Transit District Financial Statements

*Demographic and Economic
Information*

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

Employer	2019			2009		
	Employees	Rank	Percentage of Lane County Employment	Employees	Rank	Percentage of Lane County Employment
PeaceHealth Corp	5,855	1	3.7%	4,893	1	3.0%
University of Oregon	5,573	2	3.5%	4,038	2	2.5%
Eugene 4J School District	2,283	3	1.4%	2,794	3	1.7%
City of Eugene	1,866	4	1.2%	1,547	8	1.0%
U.S. Government	1,747	5	1.1%	1,800	7	1.1%
Oregon State Government	1,715	6	1.1%	1,118	10	0.7%
Lane County Government	1,678	7	1.1%	2,000	6	1.2%
Springfield School District	1,670	8	1.1%	1,500	9	0.9%
Lane Community College	1,500	9	1.0%	1,118	10	0.7%
Mckenzie-Willamette Med Ctr	1,066	10	0.7%	N/A	N/A	N/A
	<u>24,953</u>		<u>15.8%</u>	<u>20,808</u>		<u>12.9%</u>
Total Employees	<u>157,749</u> ¹			<u>161,255</u> ¹		

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

Source: Eugene Chamber of Commerce, Oregon Employment Department

**Demographic and Economic Statistics
Last Ten Years**

Fiscal Year	Lane Transit District Population (a)(b)	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%
2018	314,500	379,611	17,431,415	45,919	4.3%

Notes

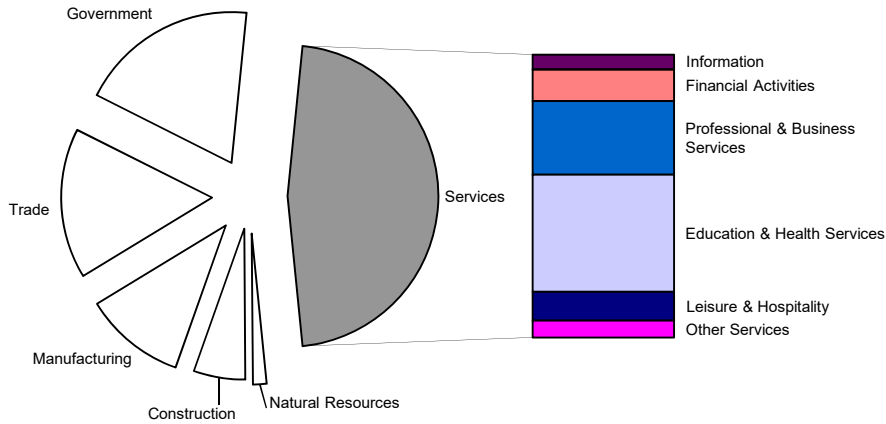
- a. District population in census years determined by Lane Council of Governments from U.S. Census Bureau census tract information. Intervening years are an estimate using information from the Census and the annual estimates published by the Population Research Center at Portland State University.
- 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 Transit District

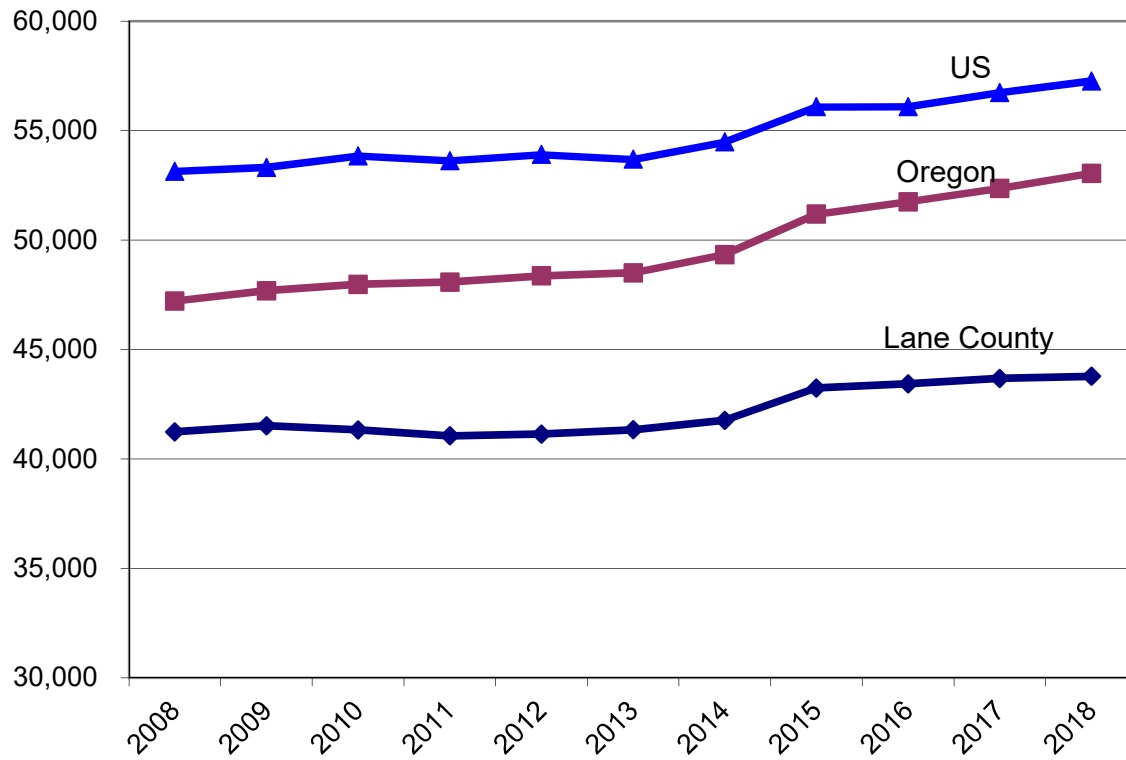
Lane County 2018 Covered Payroll



2018 Covered Employment and Wages Summary Report for Lane County

	Covered Employment			Covered Payroll		Average Pay
	Units	Count	Percent	Total in Millions	Percent	
Natural Resources	287	2,360	1.5%	\$ 102	1.5%	\$ 43,067
Construction	1,030	7,204	4.6%	\$ 380	5.5%	\$ 52,687
Manufacturing	559	14,195	9.1%	\$ 746	10.9%	\$ 52,577
Trade	2,036	29,873	19.1%	\$ 1,106	16.1%	\$ 37,017
Service					0.0%	
Information	227	2,411	1.5%	\$ 170	2.5%	\$ 70,559
Financial Activities	1,122	6,200	4.0%	\$ 359	5.2%	\$ 57,826
Professional & Business Services	1,752	18,188	11.6%	\$ 834	12.2%	\$ 45,872
Education & Health Services	1,428	27,763	17.7%	\$ 1,331	19.4%	\$ 47,959
Leisure & Hospitality	1,190	17,558	11.2%	\$ 327	4.8%	\$ 18,605
Other Services	2,245	6,630	4.2%	\$ 190	2.8%	\$ 28,665
Total Service	7,964	78,750	50.2%	\$ 3,211	46.8%	\$ 40,777
Unclassified/other	50	52				
Government	404	24,328	15.5%	\$ 1,316	19.2%	\$ 54,114
Total 2018 Covered Employment	12,330	156,762	100%	\$ 6,863	100.0%	\$ 43,782

**Lane Transit District
Inflation Adjusted Annual Average Wages
(2018 Dollars)**



Source: Oregon Employment Department

LANE TRANSIT DISTRICT

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008 - 2018	
												Change:	% Change
Total population	348,804	350,952	352,010	353,155	354,200	356,125	358,805	362,150	365,940	370,600	375,120	26,316	7.0%
Births minus deaths												n/av	n/av
Net migration												n/av	n/av
Civilian labor force	183,901	183,890	178,304	177,473	172,255	167,211	169,238	172,546	178,622	181,623	181,761	(2,140)	-1.2%
Unemployment	12,403	22,635	19,648	17,158	15,349	13,423	11,715	10,041	9,048	8,058	8,165	(4,238)	-45.1%
Unemployment rate	6.7%	12.3%	11.0%	9.7%	8.9%	8.0%	6.9%	5.8%	4.8%	4.4%	4.5%	(0.0)	-14.4%
Total employment	171,498	161,255	158,656	160,315	156,906	153,788	157,523	162,505	169,574	173,565	173,596	2,098	1.2%
Total nonfarm employment	155,000	142,600	141,400	141,700	142,400	144,400	148,000	152,100	156,500	159,200	161,800	6,800	4.4%
Labor-management disputants	0	0	0	0	0	0	0	0	0	0	0	0	0%
Percent annual change	-1.4%	-8.0%	-0.8%	0.2%	0.5%	1.4%	2.5%	2.8%	2.8%				
Total personal income (millions)	\$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	\$16,512.0	\$17,431.4	5,480	NA
Percent annual change	3.5%	-3.0%	1.3%	3.7%	4.3%	0.5%	6.4%	7.5%	3.9%	8.9%	5.6%	0	NA
Per capita personal income - Lane County	\$34,327	\$33,037	\$33,355	\$34,430	\$35,805	\$35,878	\$37,867	\$40,259	\$41,027	\$43,430	\$45,919	11,592	NA
Per capita personal income - Oregon	\$37,149	\$35,409	\$35,692	\$37,387	\$39,105	\$39,498	\$41,690	\$44,424	\$45,482	\$46,361	\$50,843	13,694	38.2%
Per capita personal income - U.S.	\$41,082	\$39,376	\$40,277	\$42,453	\$44,267	\$44,462	\$46,414	\$48,112	\$49,204	\$50,392	\$54,446	10,571	26.5%
As percent of Oregon	92%	93%	93%	92%	92%	91%	91%	91%	90%	94%	90%		
As percent of U.S.	84%	84%	83%	81%	81%	81%	82%	84%	83%	86%	84%		
Total covered payroll (millions)	\$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	\$6,864.1	1,408	27.1%
Percent annual change	0.8%	-7.9%	0.3%	3.3%	3.2%	3.3%	5.2%	7.1%	\$0.1	4.8%	4.1%	0.0	0.0%
Average annual wage - Lane County	\$35,363	\$35,475	\$35,889	\$36,778	\$37,619	\$38,353	\$39,383	\$40,824	\$41,523	\$42,644	\$43,784	8,280	24.9%
Average annual wage - Oregon	\$40,486	\$40,742	\$41,668	\$43,077	\$44,230	\$45,008	\$46,515	\$48,322	\$49,467	\$51,117	\$53,054	11,555	29.2%
Average annual wage - U.S.	\$45,563	\$45,559	\$46,751	\$48,043	\$49,289	\$49,808	\$51,296	\$52,942	\$53,621	\$55,390	\$57,266	10,932	24.6%
As percent of Oregon	87%	87%	86%	85%	85%	85%	85%	84%	84%	83%	83%	(0.03)	NA
As percent of U.S.	78%	78%	77%	77%	76%	77%	77%	77%	77%	77%	76%	(0.01)	NA
Inflation adjusted wages and income (2007 Dollars)													
CPI-U; U.S. city average	215.303	214.537	218.056	224.939	229.594	232.957	236.736	237.017	240.007	245.12	251.107		
Blow-up factor; 2002 = 100	1.1385	1.1426	1.1241	1.0897	1.0676	1.0522	1.0354	1.0342	1.0231	1.0000	1.0000		
Inflation adjusted total covered payroll (millions)	\$5,820.0	\$5,390.0	\$5,320.0	\$5,320.0	\$5,380.0	\$5,480.0	\$5,670.0	\$6,070.0	\$6,420.0	\$6,590.0	\$6,860.0	460	7.5%
Percent annual change	-3.0%	-7.4%	-1.3%	0.0%	1.1%	1.9%	3.5%	7.1%	3.5%	2.6%	1.6%		
Inflation adjusted average annual wage - Lane County	\$39,420	\$39,690	\$39,500	\$39,240	\$39,320	\$39,510	\$39,930	\$41,340	\$42,420	\$42,640	\$43,780	2,540	5.8%
Inflation adjusted average annual wage - Oregon	\$45,130	\$45,580	\$45,860	\$45,960	\$46,240	\$46,370	\$47,160	\$48,930	\$50,520	\$51,120	\$53,050	5,830	11.0%
Inflation adjusted average annual wage - U.S.	\$50,790	\$50,970	\$51,460	\$51,260	\$51,520	\$51,320	\$52,000	\$53,610	\$54,760	\$55,390	\$57,270	4,130	7.2%
Inflation adjusted total personal income (millions)	13607.187	13243.758	13,196.66	13267.87	13555.214	13426.139	14056.17	14651.499	15678.57	16915.3499	17431.415	3587	20.6%
Inflation adjusted per capita personal income - Lane County	\$38,270	\$36,960	\$36,710	\$36,740	\$37,430	\$36,960	\$38,390	\$40,370	\$41,900	45030	45920	6160	13.4%
Inflation adjusted per capita personal income - Oregon	\$41,410	\$39,610	\$39,280	\$39,890	\$40,880	\$40,690	\$42,270	\$44,340	\$46,450	\$49,550	\$50,840	7610	15.0%
Inflation adjusted per capita personal income - U.S.	\$45,800	\$44,050	\$44,330	\$45,300	\$46,270	\$45,810	\$47,060	\$48,720	\$50,250	\$53,150	\$54,450	6740	12.4%
	7530	7090	7620	8560	8840	8850	8670	8350	8350	8120	8530	580	6.80%

Source: Oregon Employment Department

Operating Information

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

	2019	2018	2017	2016	2015	2014	2013	2012	Restated 2011	2010	2009	2008
Operations												
Transportation	\$23,817,103	\$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	\$ 16,164,511
Percent of total operations	36.7%	37.4%	39.5%	37.4%	36.7%	36.3%	37.6%	38.3%	39.1%	41.7%	41.6%	44.2%
FTEs at end of period	232.0	234.5	255.5	203.6	203.6	202.0	202.0	196.0	192.0	218.0	220.0	230.0
Maintenance	\$12,276,394	\$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	8,774,908
Percent of total operations	18.9%	18.0%	16.9%	17.6%	19.1%	19.8%	20.6%	22.0%	21.4%	19.9%	20.1%	24.0%
FTEs at end of period	56.0	54.0	54.0	52.5	52.5	51.1	51.3	51.3	50.3	52.3	52.3	53.3
Customer Service, Marketing, and Planning	\$2,854,091	\$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	1,909,113
Percent of total operations	4.4%	6.6%	7.1%	6.4%	6.3%	7.6%	6.9%	5.2%	4.9%	5.0%	5.1%	5.2%
FTEs at end of period	21.0	33.2	33.2	27.9	27.9	22.2	22.3	20.9	18.2	19.2	19.2	19.2
Administration	\$6,347,874	\$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	3,856,919
Percent of total operations	9.8%	10.6%	8.7%	7.3%	7.4%	9.0%	8.7%	9.6%	9.8%	10.1%	9.9%	10.5%
FTEs at end of period	31.0	30.7	31.7	25.8	25.8	35.0	31.0	31.5	32.0	34.0	34.0	35.0
Insurance and Risk	\$974,086	\$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	851,032
Percent of total operations	1.5%	1.7%	1.7%	1.7%	2.1%	2.2%	2.7%	2.4%	2.5%	2.7%	2.7%	2.3%
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	0.0	0.0
Accessible Services, Medicaid and P2p	18,697,683	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	5,052,516
Percent of total operations	28.8%	25.8%	26.1%	29.6%	28.3%	25.1%	23.6%	22.5%	22.4%	20.6%	20.5%	13.8%
FTEs at end of period	8.0	2.6	2.6	2.6	2.6	3.0	3.0	3.4	3.0	3.0	3.0	4.0
Total operations	64,967,231	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	36,608,999
Total FTEs at end of period	348.0	355.0	377.0	312.4	312.4	313.3	309.5	303.0	295.5	326.5	328.5	341.5
Transfers from General Fund	3,158,602	8,739,050	18,487,923	1,667,600	3,351,100	1,792,700	1,600,000	3,031,900	-	-	1,752,000	2,211,600
	-	-	-	-	-	-	7,236	25,062	4,769	33,899	-	12,979
Total operations and capital transfers	\$ 68,125,833	\$ 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	\$ 38,833,578

LANE TRANSIT DISTRICT
Capital Asset Statistics
Last Ten Years Ended June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Miles of busway	13.99	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	78	77	78	73	75	79	79	113	89	97	97
60-foot buses	18	18	18	18	24	15	15	15	15	12	15
< 40-foot buses	0	0	0	0	3	6	6	6	6	7	7
EmX vehicles	18	18	18	18	11	11	11	11	11	11	6
Total rolling stock	114	113	114	109	113	111	111	145	121	127	125
Accessible Services vehicles	77	71	73	88	79	82	82	95	83	80	67
Primary stations	2	2	2	2	2	2	2	2	2	2	2
EmX station platforms	59	59	59	31	31	31	31	31	31	10	10
Other stations	9	9	9	6	9	9	9	9	9	9	9
Shelters	184	184	183	181	183	193	193	193	193	193	193
Signed stops	1137	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	1
Administration facility	1	1	1	1	1	1	1	1	1	1	1
Brokerage/paratransit facility	1	1	1	1	1	1	1	1	1	1	1

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

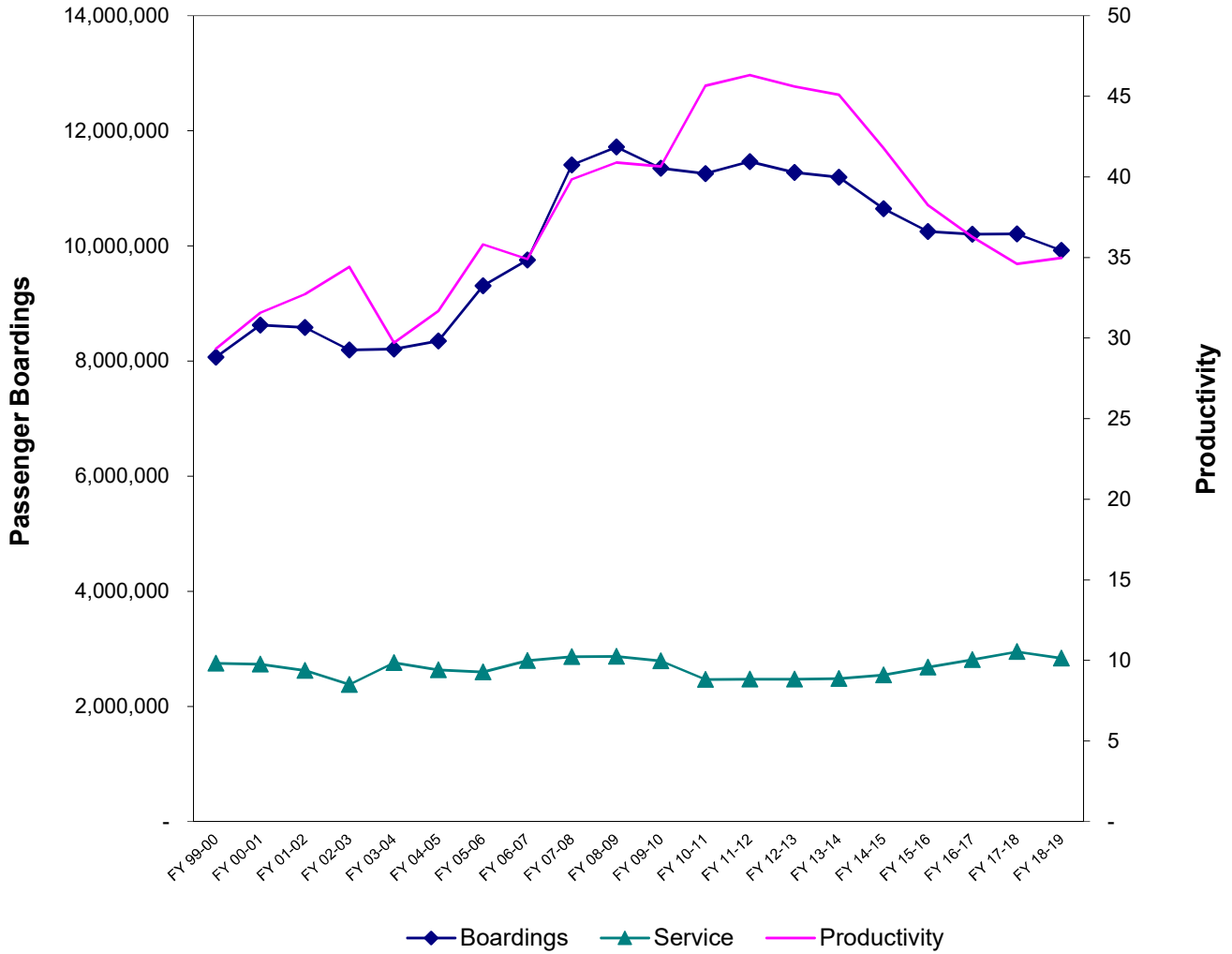
Fiscal Year	Operating* Revenues	Operating* Expenses	Revenue Margin	Revenue Hours	Percent Change	Operating Revenue / Service Hour	Percent Change	Operating Expenses / Revenue Hour	Percent Change
2018-19	\$ 7,344,209	\$ 47,990,148	15.3%	283,835	-3.8%	\$25.87	4.1%	169.08	9.2%
2017-18	7,338,415	45,692,449	16.1%	295,103	4.9%	24.87	-11.7%	154.84	-7.5%
2016-17	7,921,433	47,085,831	16.8%	281,280	5.0%	28.16	-3.3%	167.40	12.3%
2015-16	7,807,665	39,957,976	19.5%	268,010	5.2%	29.13	-6.0%	149.09	0.9%
2014-15	7,893,869	37,640,553	21.0%	254,779	3.0%	30.98	-0.9%	147.74	-1.4%
2013-14	7,733,140	37,042,352	20.9%	247,286	0.0%	31.27	1.2%	149.80	6.4%
2012-13	7,640,918	34,804,833	22.0%	247,303	-0.1%	30.90	0.5%	140.74	1.5%
2011-12	7,608,840	34,312,262	22.2%	247,480	0.4%	30.75	-7.0%	138.65	3.1%
2010-11	8,150,969	33,144,263	24.6%	246,556	-11.7%	33.06	16.4%	134.43	12.9%
2009-10	7,933,611	33,248,606	23.9%	279,241	-2.6%	28.41	5.4%	119.07	3.1%

Fiscal Year	Employees	Revenue Hours / Employees	Percent Change	Passenger Fares	Passenger Boardings	Passenger Fares / Boarding	Operating Expenses / Boarding	Percent Change	Revenue Hours / Trip
2018-19	348	815.62	-1.9%	\$ 6,755,899	9,923,771	0.68	4.84	7.4%	0.029
2017-18	355	831.28	1.1%	6,740,382	10,146,391	0.66	4.50	-2.4%	0.029
2016-17	342	822.46	-3.0%	7,242,637	10,203,700	0.71	4.61	18.4%	0.028
2015-16	316	848.13	3.9%	7,141,779	10,250,227	0.70	3.90	10.2%	0.026
2014-15	312	816.60	3.4%	7,200,332	10,644,718	0.68	3.54	6.8%	0.024
2013-14	313	790.05	-1.0%	6,948,609	11,192,854	0.62	3.31	7.2%	0.022
2012-13	310	797.75	-2.3%	6,914,308	11,276,282	0.61	3.09	3.1%	0.022
2011-12	303	816.77	-1.3%	6,738,397	11,463,124	0.59	2.99	1.6%	0.022
2010-11	298	827.37	-7.0%	7,393,034	11,253,628	0.66	2.95	0.5%	0.022
2009-10	314	889.30	4.2%	7,032,027	11,349,579	0.62	2.93	3.7%	0.025

Fiscal Year	Miles	Operating Expenses / Mile	Percent Change	Fleet Maintenance Costs	Fleet Maintenance Cost / Mile	Percent Change	Fuel Cost	Fuel Cost / Mile	Percent Change
2018-19	3,896,512	12.316	-0.6%	\$ 7,078,508	1.817	1.2%	\$ 1,956,438	0.502	-4.3%
2017-18	3,688,939	12.386	3.4%	6,621,367	1.795	14.2%	1,935,857	0.525	-15.5%
2016-17	3,930,595	11.979	12.4%	6,175,683	1.571	3.7%	2,441,661	0.621	11.6%
2015-16	3,750,517	10.654	0.6%	5,683,792	1.515	-6.2%	2,086,824	0.556	-2.6%
2014-15	3,554,759	10.589	1.0%	5,740,550	1.615	10.1%	2,030,066	0.571	-21.8%
2013-14	3,534,864	10.479	5.8%	5,186,756	1.467	3.0%	2,580,822	0.730	-1.4%
2012-13	3,512,473	9.909	2.5%	5,002,973	1.424	-1.5%	2,601,015	0.741	-7.8%
2011-12	3,549,802	9.666	4.6%	5,134,802	1.447	3.0%	2,850,255	0.803	15.1%
2010-11	3,587,553	9.239	12.7%	5,040,041	1.405	11.7%	2,502,026	0.697	45.7%
2009-10	4,054,883	8.200	1.5%	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, OPEB expense, expensed capital outlay, non operational planning activities

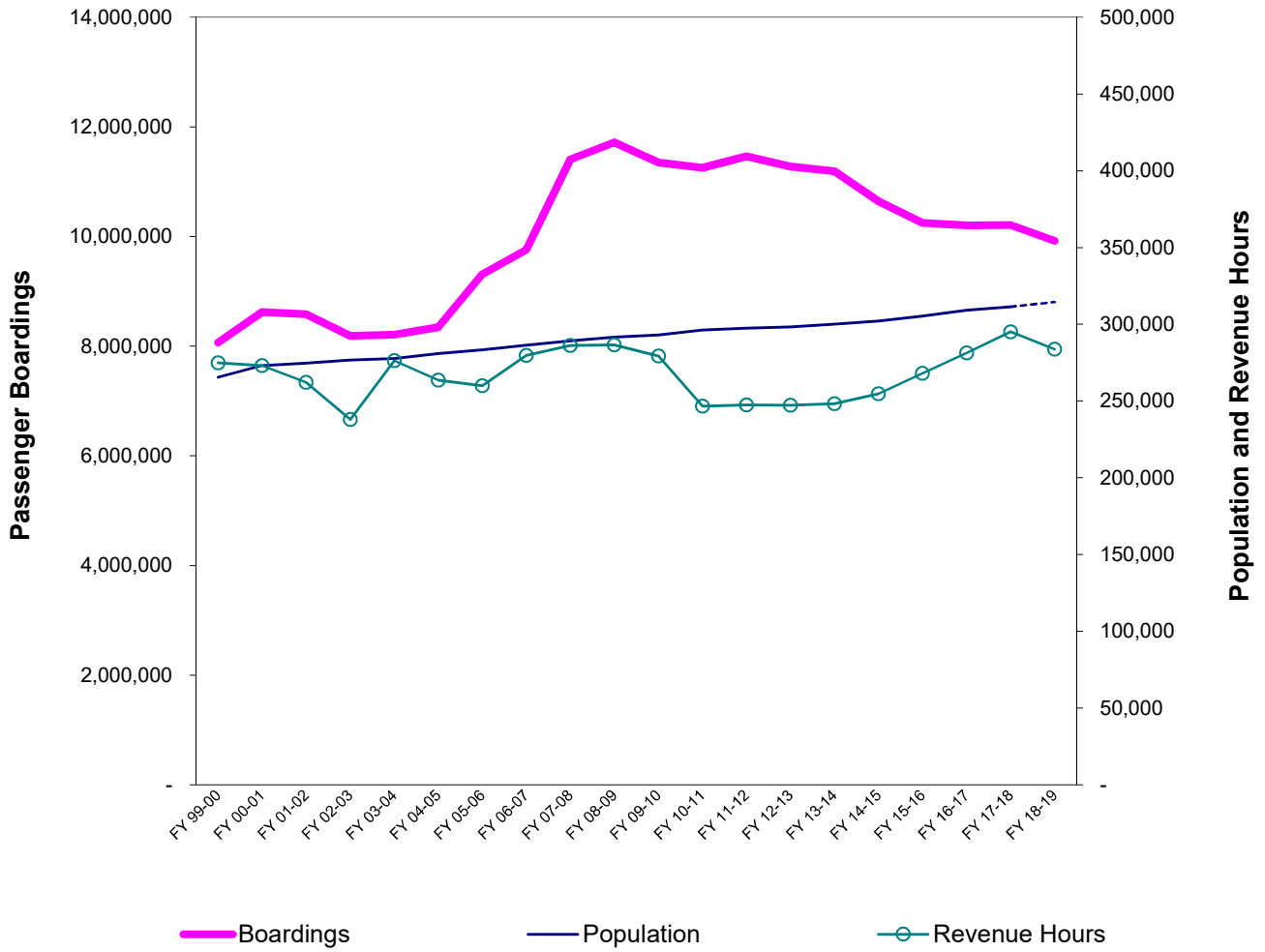
LANE TRANSIT DISTRICT Ridership, Service, and Productivity Last Twenty Years



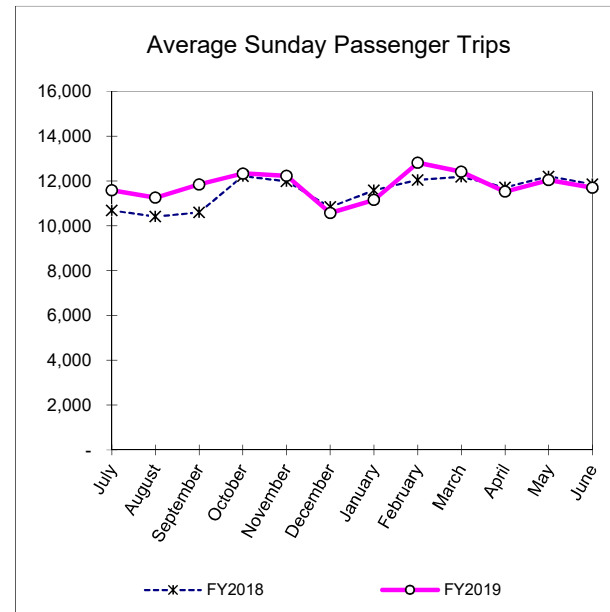
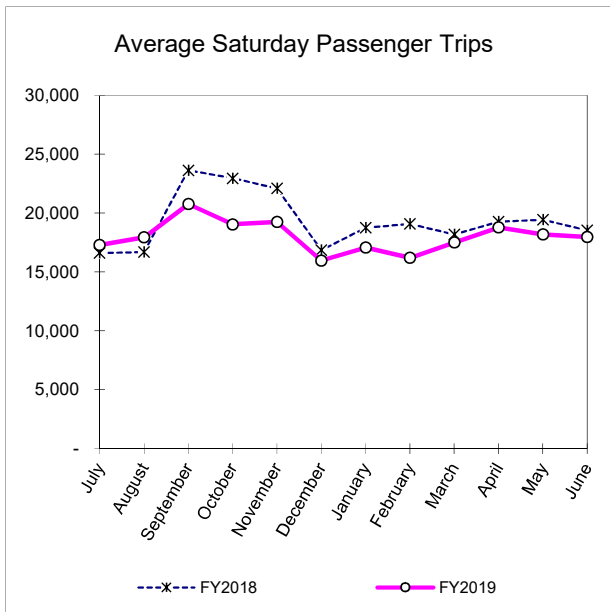
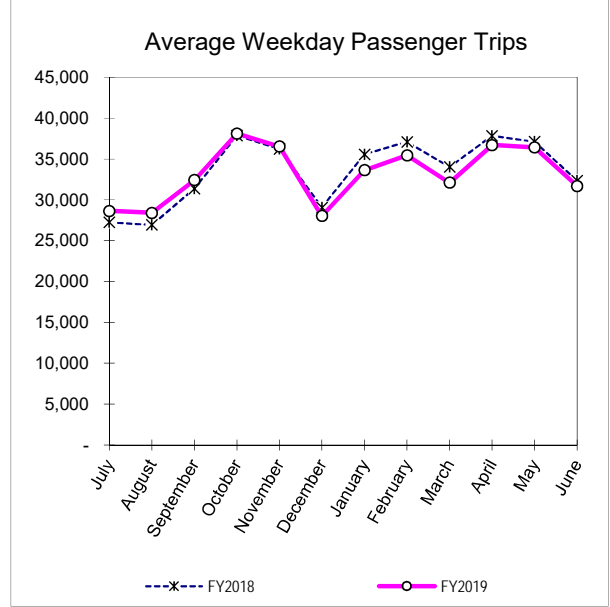
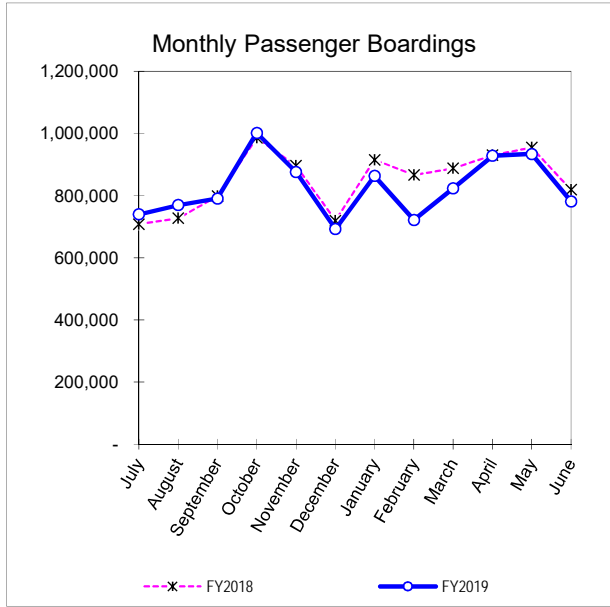
LANE TRANSIT DISTRICT
Ridership, Fare, Service, and Productivity
Last Twenty Years

Fiscal Year	Revenue Hours	Percent Change	Passenger Boardings	Percent Change	System Productivity	Percent Change	Base Cash Fare
2018-19	283,835	-3.8%	9,923,771	-2.8%	34.963	1.04%	\$ 1.75
2017-18	295,103	4.9%	10,211,323	0.1%	34.603	-4.61%	1.75
2016-17	281,280	5.0%	10,203,700	-0.5%	36.276	-5.15%	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

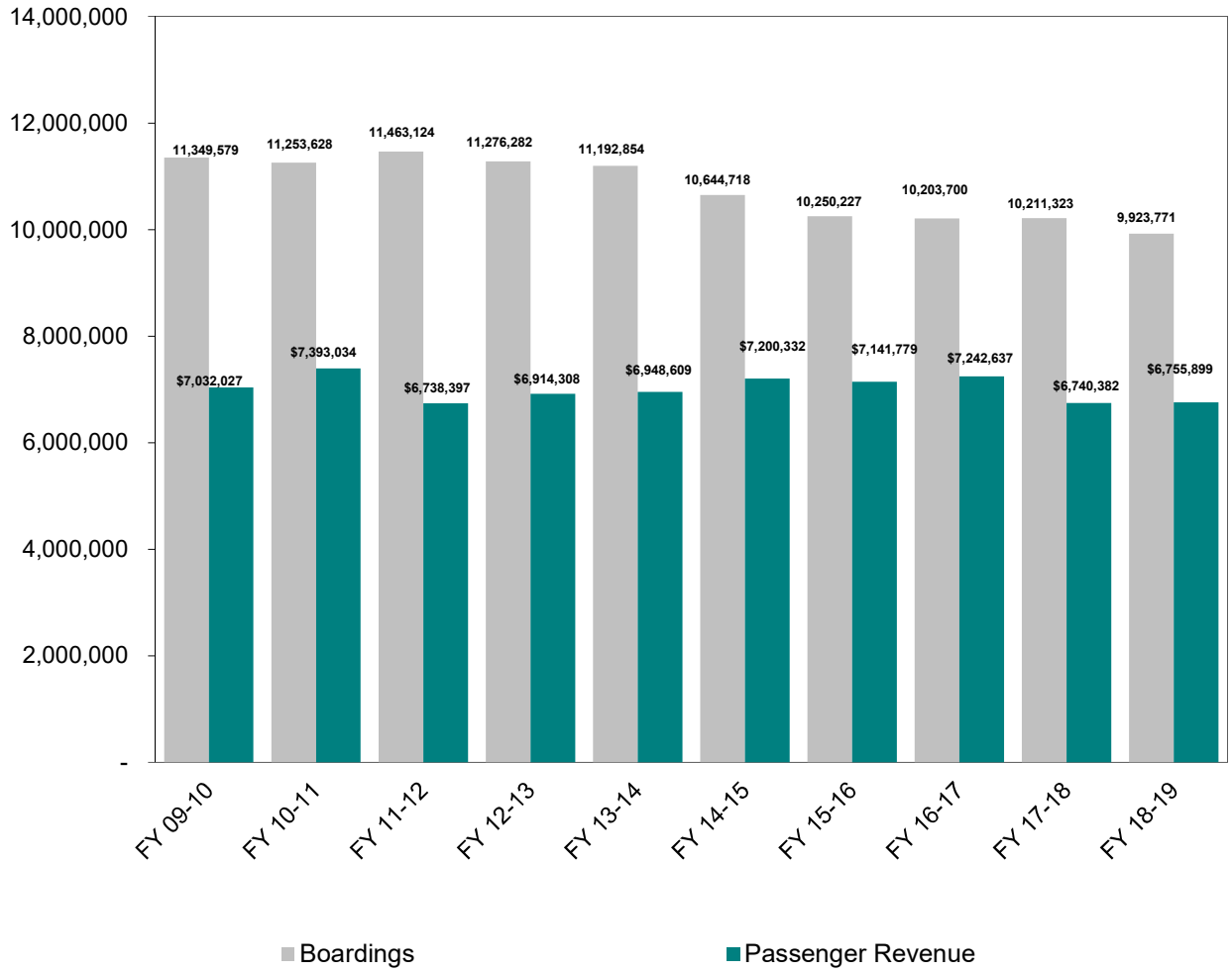
LANE TRANSIT DISTRICT Ridership, Service, and Service Area Population Last Twenty Years



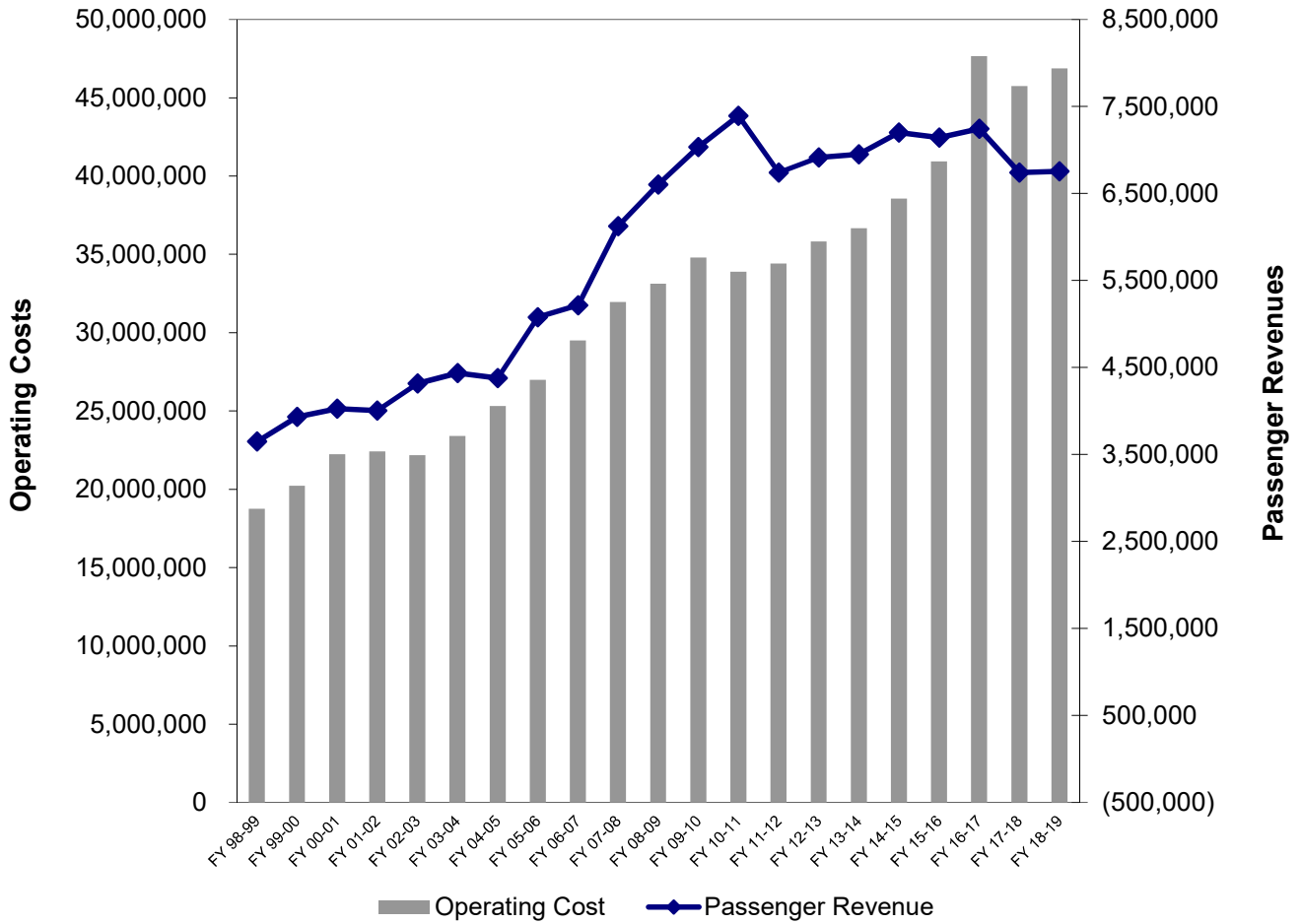
LANE TRANSIT DISTRICT Ridership Trends by Month For the fiscal years ended June 30, 2019 and 2018



**LANE TRANSIT DISTRICT
 Passenger Boardings and Passenger Revenues
 Last Ten Years**



LANE TRANSIT DISTRICT
Passenger Revenues and Operating Costs
Last Twenty Years

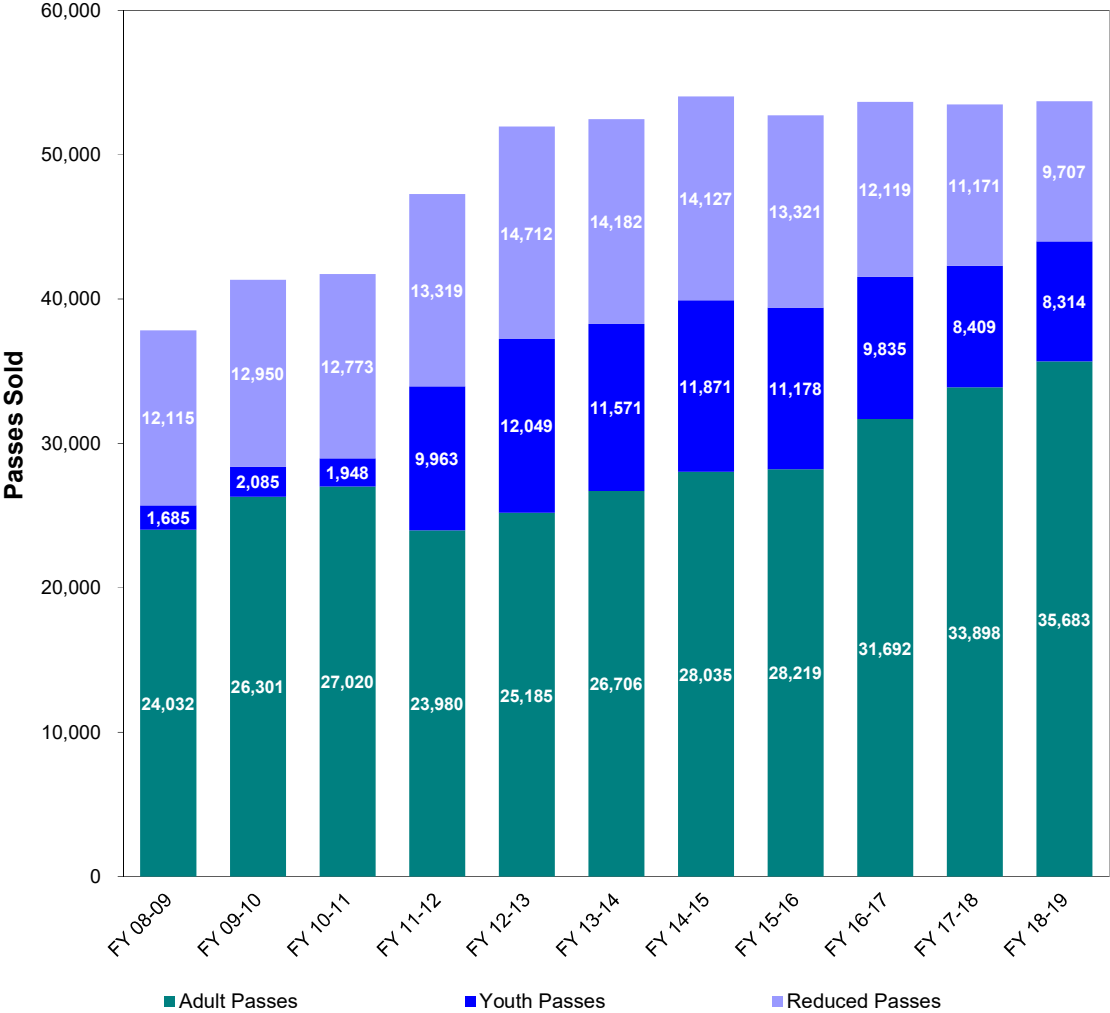


LANE TRANSIT DISTRICT
Transportation Revenues by Category
Last Ten Years

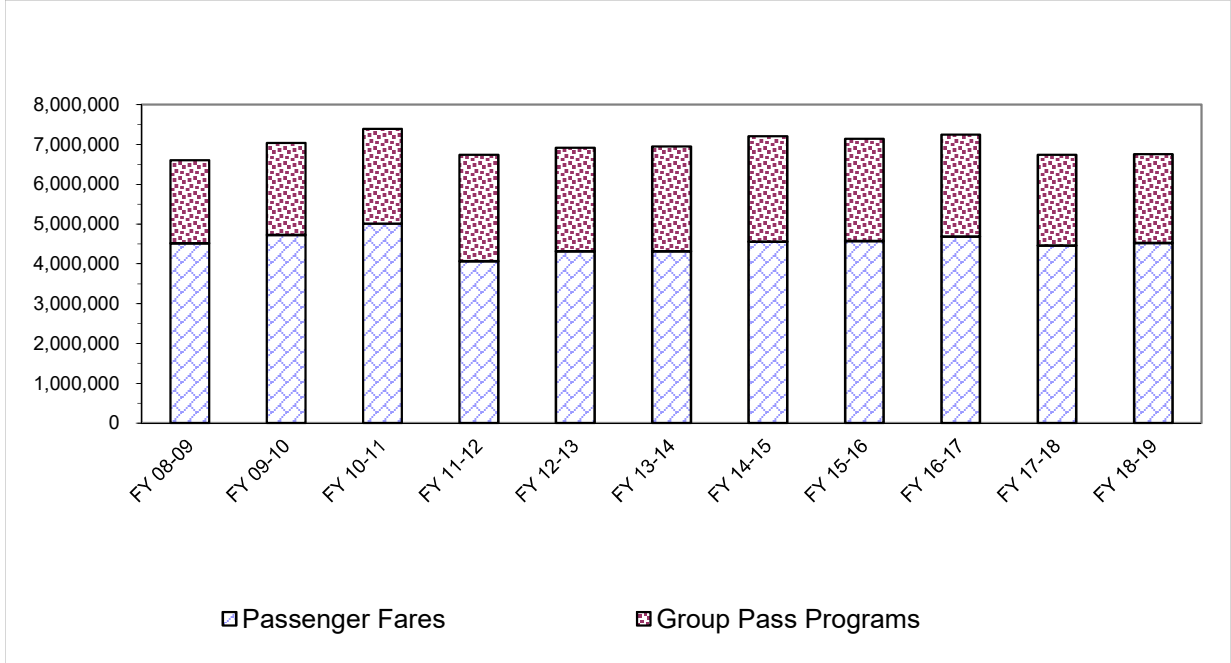
Fiscal Year	Fare Box Cash	Percentage Change	Ten-Ride Ticket Books	Percentage Change	Tokens	Percentage Change	Monthly Passes	Percentage Change
2018-19	\$ 1,603,722	-9.1%	\$ 374,176	5.0%			\$ 2,418,570	3.2%
2017-18	1,763,975	-8.3%	356,350	-5.9%	-	-	2,344,198	-1.7%
2016-17	1,923,688	-5.9%	378,690	4.7%	-	-	2,385,603	-16.5%
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%

Fiscal Year	Student Transit Pass Program	Percentage Change	Group Pass	Percentage Change	Special Service	Percentage Change	Total Transportation Revenues	Percentage Change
2018-19	\$ -	-	\$ 2,227,545	-2.1%	\$ 288,310	-12.1%	\$ 6,912,324	-2.2%
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%

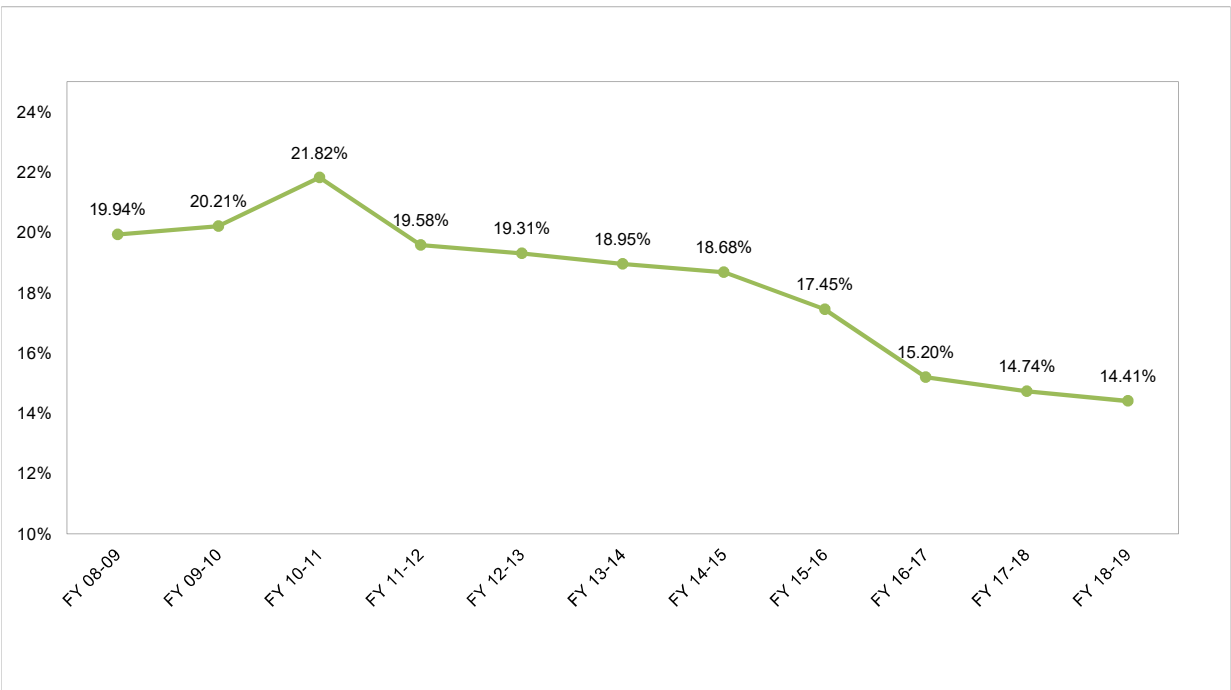
**LANE TRANSIT DISTRICT
Annual Monthly Pass Sales
Last Ten Years**



LANE TRANSIT DISTRICT Passenger Revenues



Farebox Recovery Ratio



LANE TRANSIT DISTRICT
Fare Structure
Last Ten Years

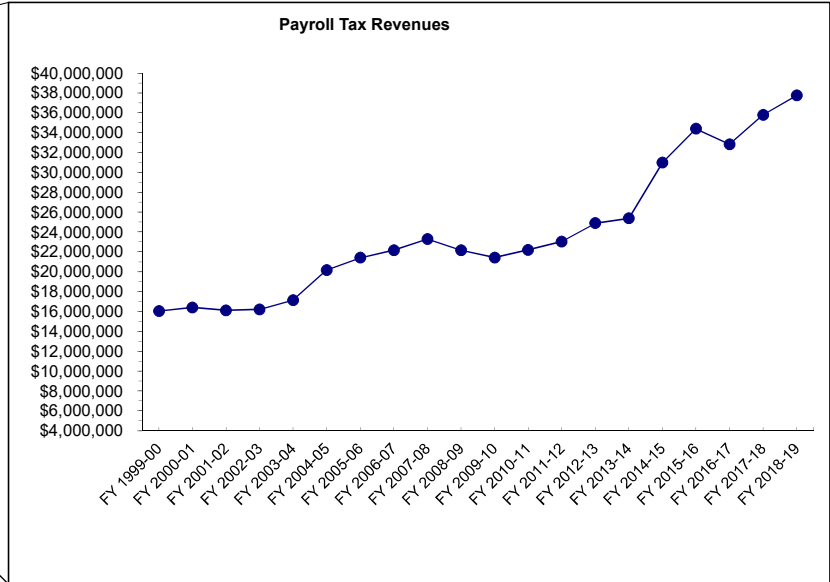
June 30	Cash Fare Adult	Age - Adult	Cash Fare Youth	Age - Youth	Cash Fare Senior	Age - Senior	Cash Fare Reduced	Age - Reduced
2019	\$ 1.75	19-64	\$ 0.85	6-18	free	65 +	\$ 0.85	NA
2018	1.75	19-64	0.85	6-18	free	65 +	0.85	NA
2017	1.75	19-64	0.85	6-18	free	65 +	0.85	NA
2016	1.75	19-64	0.85	6-18	free	65 +	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

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
2019	\$ 50.00	\$ 25.00	free	\$ 25.00	\$ 135.00	\$ 67.50	free	\$ 67.50
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

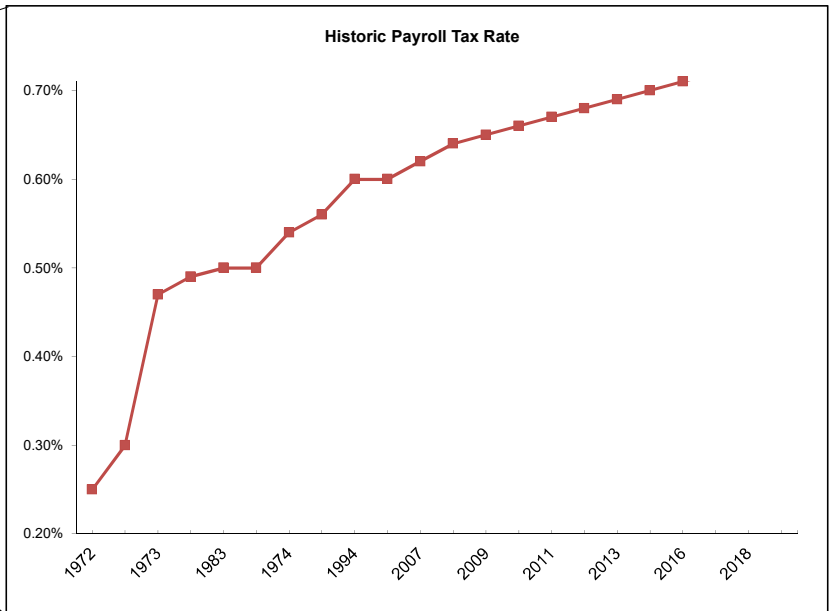
June 30	RideSource Regular Fare	RideSource Escort Fare	RideSource Shopper Fare (Roundtrip)	RideSource Ten-Ride Ticket Book	Ten-Ride Ticket Book Adult	Ten-Ride Ticket Book Reduced	Mobility on Demand Cottage Grove	Mobility on Demand Eugene
2019	\$ 3.50	\$ 3.50	\$ 2.00	\$ 35.00	\$ 16.00	\$ 8.00	\$ 1.00	free
2018	3.50	3.50	2.00	35.00	16.00	8.00	NA	NA
2017	3.50	3.50	2.00	35.00	16.00	8.00	NA	NA
2016	3.50	3.50	2.00	35.00	16.00	8.00	NA	NA
2015	3.50	3.50	2.00	35.00	16.00	8.00	NA	NA
2014	3.00	3.00	2.00	30.00	16.00	8.00	NA	NA
2013	3.00	3.00	2.00	30.00	16.00	8.00	NA	NA
2012	3.00	3.00	2.00	30.00	NA	NA	NA	NA
2011	3.00	3.00	2.00	30.00	NA	NA	NA	NA
2010	3.00	3.00	2.00	30.00	NA	NA	NA	NA

LANE TRANSIT DISTRICT Comparative Payroll Tax Information Last Twenty Years

PAYROLL TAX REVENUE	
Fiscal Year	Amount
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
FY 2018-19	37,749,489



HISTORIC PAYROLL TAX RATE	
Date Implemented	Rate
January, 1 2019	0.74%
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, 2019, and have issued our report thereon dated January 30, 2020. 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 2020 and 2019.
- 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
January 30, 2020

FEDERAL GRANT PROGRAMS

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, 2019, and the Lane Transit District and Amalgamated Transit Union, Local No. 757 Pension Trust as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 30, 2020.

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.

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.

Miss Adams UP

Portland, Oregon
January 30, 2020

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, 2019. 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 programs.

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 the 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's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Miss Adams UP

Portland, Oregon
January 30, 2020

**Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2019**

Federal Grantor/ Pass-through Agency/ Program or Cluster Title	Pass Through Identifying Number	CFDA #	Federal Award	2018-2019 Expenditures
<u>U.S. Department of Transportation</u>				
<i>Federal Transit Cluster</i>				
Capital Improvement Grants				
OR-03-0122 - 5309		20.500	\$ 29,597,040	\$ 720
OR-03-0127 - 5309		20.500	51,397,774	-
OR-04-0038 - 5309		20.500	5,500,000	91,785
OR-04-0049 - 5309		20.500	1,064,145	158,125
OR-2017-019-00 - MAP 21 (5309)		20.500	450,000	216,749
OR-2017-016 - 5337		20.525	331,113	-
OR-2017-015 - 5339		20.526	943,814	95
OR-2018-012 - 5339		20.526	3,479,675	64,126
OR-2018-021 - 5339		20.526	646,062	765
Capital and Operating Assistance Formula Grants				
OR-90-X179 - 5307		20.507	13,457,460	85,955
OR-90-X030 - 5307		20.507	2,190,000	13,767
OR-90-X055 - 5307		20.507	5,649,011	-
OR-2017-024-00 - 5307		20.507	439,695	597
OR-2018-023-00 - 5307		20.507	5,040,000	2,437,007
OR-2018-025-00 - 5307		20.507	2,300,000	279,534
OR-2018-026-00 - 5307		20.507	307,840	3,651
OR-2018-035-00 - 5307		20.507	315,000	2,871
Passed through Oregon Department of Transportation				
Capital Improvement Grants				
31455 ODOT - 5309, 5339	31455	20.500/20.526	169,069	169,069
<i>Subtotal Federal Transit Cluster</i>				3,524,816
<i>Transit Services Program Cluster</i>				
Capital and Operating Assistance Formula Grants				
OR-37-X024 - 5316		20.516	171,819	-
OR-16-X045 - 5310		20.513	474,358	252,012
OR-2017-026-00 - 5310		20.513	232,854	158,125
OR-2018-024-00 - 5311		20.513	232,138	232,138
Passed through Oregon Department of Transportation				
32197 ODOT - 5310	32197	20.513	2,029,738	1,103,669
<i>Subtotal Transit Services Program Cluster</i>				1,745,944
<i>Highway Planning and Construction Cluster</i>				
Passed through Oregon Department of Transportation				
32517 ODOT - STP-U	32517	20.205	524,824	173,091
32359 ODOT - STP	32359	20.205	30,724	21,016
ODOT HU-17/18/19-10-09 Springfield SRTS - Federal	n/a	20.205	132,652	49,069
<i>Subtotal Highway Planning and Construction Cluster</i>				243,176
<i>Capital Improvement Grants</i>				
OR-2016-020 - 5339		20.522	582,947	-
Passed through Oregon Department of Transportation				
31675 ODOT - 5311	31675	20.509	89,730	86,618
31923 ODOT - 5311	31923	20.509	160,056	81,484
31971 ODOT - 5311	31971	20.509	216,108	91,541
				259,643
Total U.S. Department of Transportation				5,773,579
<u>U.S. Department of Health and Human Services</u>				
Passed through Lane Council of Governments				
LCOG OAA Volunteer Escort		93.044		10,200
Total Federal Awards				5,783,779

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**LANE TRANSIT DISTRICT, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019. 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, 2019**

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:

CFDA Numbers	Name of Federal Program or Cluster	Type of Auditor’s Report Issued on Compliance for Major Federal Programs
20.500, 20.507, 20.525, 20.526	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

2019-001 – Allowable Costs – Payroll, Significant Deficiency in Internal Controls over Compliance

Federal Agency – Department of Transportation

Federal Program – CFDA 20.500, 20.507, 20.525, 20.526 – Federal Transit Cluster

Award Year – 2019

**LANE TRANSIT DISTRICT, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Criteria or specific requirement:

In accordance with Uniform Guidance Part 200.405, a cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to the Federal award or cost objective in accordance with relative benefits received.

Condition:

During our testing of a random sample of 25 transactions for the Federal Transit Cluster, we noted management was unable to provide the correct rates, specifically the fringe rate, to utilize in our recalculation of the amount being charged to the Federal award.

Context:

Using the complete population of 4,927 payroll disbursements charged to the Federal Transit Cluster, we tested a sample of 25 payroll disbursements to recalculate the amount of payroll charged to the Federal award. We obtained each of the selected employee's time card, approved pay rate, and the last-approved burden rate in order to perform this calculation.

Effect:

Of the 25 transactions randomly selected, our recalculations indicated that 21 transactions under-charged the Federal award and 4 transactions over-charged to the Federal award.

Questioned costs:

None.

Cause:

The District did not have adequate controls in place to verify amounts charged to the Federal award. It was noted that pay rates can change frequently due to the District's workforce and a control is needed to verify the payroll charges being allocated to the Federal award which are not calculated in the District's system agree with the payroll being recorded in the District's system. Regarding the burden rate specifically, the District's system does not maintain a history documenting when changes are made.

Recommendation:

We recommend a control be implemented to independently verify that payroll amounts charged to the Federal award are in agreement with the amounts supported by the District's general ledger. Additionally, we recommend a control be implemented to document the approval of the burden rate as evidence that it has been updated in the general ledger correctly.

Views of responsible officials:

Effective February 1, 2020 the following will be the new process:

- (1) The fringe rate calculation will be reviewed annually by Finance to see if any changes are needed.
- (2) Any changes to the fringe rate will be communicated to the Payroll Technician.
- (3) The Payroll Technician will print a new wage sheet each pay period showing the updated fully-burdened wage rate per employee and forward it to the Fleet Maintenance Business Process Specialist.
- (4) The Business Process Specialist will input any new fully-burdened wage rates into the EAM System for the pay period in which the new fully-burdened rate became effective.
- (5) The Fleet Director or designee, will approve the EAM PM Work Order report prior to any grant draw downs.
- (6) Grants personnel will periodically test EAM Work Orders to confirm the current fully-burdened wage rates have been entered.



**LANE TRANSIT DISTRICT, OREGON
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING 2019-001 – Allowable Costs - Payroll (Significant Deficiency in Internal Controls over Compliance)

Name of contact person responsible for correction action: Christina Shew, Director of Finance

Management’s Response:

Lane Transit District accepts the recommendations in finding 2019-001 and has put in the corrective action plan listed below.

Corrective Action Planned:

Effective February 1, 2020 the following will be the new process:

- (1) The fringe rate calculation will be reviewed annually by Finance to see if any changes are needed.
- (2) Any changes to the fringe rate will be communicated to the Payroll Technician.
- (3) The Payroll Technician will print a new wage sheet each pay period showing the updated fully- burdened wage rate per employee and forward it to the Fleet Maintenance Business Process Specialist.
- (4) The Business Process Specialist will input any new fully-burdened wage rates into the EAM System for the pay period in which the new fully-burdened rate became effective.
- (5) The Fleet Director or designee, will approve the EAM PM Work Order report prior to any grant draw downs.
- (6) Grants personnel will periodically test EAM Work Orders to confirm the current fully-burdened wage rates have been entered.