



LANE TRANSIT DISTRICT

EUGENE, OREGON

AUDIT OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2022



**LANE TRANSIT DISTRICT, OREGON
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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 its fiduciary fund comprised of Lane Transit District Salaried Employee's Retirement Plan Trust Fund as of and for the year ended June 30, 2022 and the Amalgamated Transit Union Local No. 757 Pension Trust Fund as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
December 20, 2022

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

The Board of Directors
Lane Transit District, Oregon

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Lane Transit District, Oregon's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Lane Transit District, Oregon (the District) and its fiduciary fund comprised of Lane Transit District Salaried Employee's Retirement Plan Trust Fund as of and for the year ended June 30, 2022 and the Amalgamated Transit Union Local No. 757 Pension Trust Fund as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 20, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Portland, Oregon
January 30, 2023

**Lane Transit District
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2022**

Federal Grantor/Pass-Through Agency/Program or Cluster Title	Pass Through Identifying Number	Assistance Listing Number	Federal Award	Award Date	2021-2022 Expenditures
<u>U.S. Department of Transportation</u>					
<i>Federal Transit Cluster</i>					
Capital Improvement Grants					
OR-04-0049 - 5309		20.500	1,064,145	Nov-15	\$ 11,738
Capital and Operating Assistance Formula Grants					
OR-95-X030 - 5307	Gateway Smarttrips	20.507	2,190,000	May-12	82
OR-2018-025-00 - 5307	Moving Ahead	20.507	2,300,000	Aug-18	12,437
OR-2018-035-00 - 5307	MainMcVay	20.507	315,000	Aug-18	589
OR-2020-039-00 - 5307	SRTS-Springfield	20.507	106,268	Jul-20	12,685
OR-2020-040-00 - 5307	Santa Clara	20.507	3,600,000	Jul-20	3,353
OR-2020-041-00 - 5307	Fleet Procurement	20.507	125,000	Jul-20	74,974
OR-2020-052-00 - 5307	BRT Bus	20.507	3,925,201	Sep-20	30,449
OR-2020-056-00 - 5307	SRTS-Regional	20.507	594,468	Sep-20	43,993
OR-2020-057-00 - 5307	TDM	20.507	900,000	Sep-20	16,778
OR-2021-016-00 - 5307	CRRSAA	20.507	17,349,885	May-21	17,349,885
OR-2021-039-00 - 5307	Bike Pkng/SRTS	20.507	269,807	Sep-21	269,807
OR-2021-040-00 - 5307	Dexp	20.507	127,039	Sep-21	51,386
<i>Subtotal ALN 20.507</i>					17,866,418
Passed through Oregon Department of Transportation					
Capital Improvement Grants					
<i>Capital Improvement Grants</i>					
OR-2019-027 - 5339		20.526	1,817,451	Aug-19	14,668
OR-2021-031 - 5337		20.525	3,498,776	Sep-21	3,498,776
OR-2021-032 - 5339		20.526	3,952,851	Sep-21	12,555
OR-2021-034 - 5339		20.526	1,753,795	Sep-21	2,513
<i>Subtotal ALN 20.526</i>					3,528,512
<i>Subtotal Federal Transit Cluster</i>					21,406,668
<i>Transit Services Program Cluster</i>					
Passed through Oregon Department of Transportation					
35200 ODOT - 5310	35200	20.513	2,023,050	Jul-21	795,054
<i>Subtotal Transit Services Program Cluster</i>					795,054
<i>Highway Planning and Construction Cluster</i>					
Passed through Oregon Department of Transportation					
32517 ODOT	32517	20.205	524,824	Jul-18	65,743
<i>Subtotal Highway Planning and Construction Cluster</i>					65,743
Passed through Oregon Department of Transportation					
35006 ODOT - 5311	35006	20.509	285,041	Jul-21	142,520
35113 ODOT - 5311	35113	20.509	312,000	Jul-21	121,060
<i>Formula Grants for Rural Areas and Tribal Transit Program</i>					263,580
Total U.S. Department of Transportation					22,531,045
<u>U.S. Department of Health and Human Services</u>					
Passed through Lane Council of Governments					
LCOG Volunteer Escort		93.044		Jul-19	6,672
Total expenditures of federal awards					\$ 22,537,717

See accompanying notes to 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, 2022**

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, 2022. 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, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor 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 major federal programs:

- 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:

Assistance Listing Numbers	Name of Federal Program or Cluster	Type of Auditor’s Report Issued on Compliance for the Major Federal Program
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

None reported.



LANE TRANSIT DISTRICT, OREGON SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2022

2021-001 – Financial Close and Reporting, Material Weakness in Internal Control over Financial Reporting

Condition:

Management identified an error related to its recognition of grant revenue, whereby the District had inappropriately recorded revenue for the year ended June 30, 2020, for which it had not met all eligibility requirements in accordance with GASB Statement No. 33 as of June 30, 2020. Amounts recognized related to certain expenditures that had been incurred as of June 30, 2020, but for which the underlying agreements had not been fully executed until subsequent to June 30, 2020.

Recommendation:

It was recommended that the District implement a policy to review grant awards for the execution date to ensure only grants that have been fully executed are evaluated for revenue recognition.

Status of Finding:

Resolved.

