

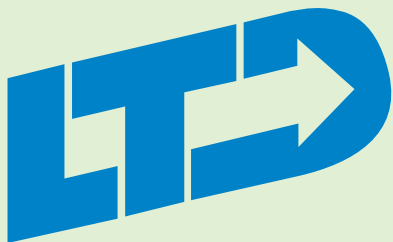
# ***Lane Transit District*** *Eugene, Oregon*

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## ***2012-2013 Comprehensive Annual Financial Report***

*Fiscal year ended June 30, 2013*







# ***2012-2013 Comprehensive Annual Financial Report***

Lane Transit District  
Eugene, Oregon

For the Fiscal Year Ended  
June 30, 2013

Prepared by the Finance Department  
Diane W. Hellekson, Director of Finance & Information Technology  
Carol A. James, Chief Accountant/Internal Auditor  
Cover Design: Hannah Bradford



**Comprehensive Annual Financial Report  
June 30, 2013 and 2012**

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# **INTRODUCTORY SECTION**

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Lane Transit District

December 18, 2013

Board of Directors  
Lane Transit District  
P.O. Box 7070  
Springfield, Oregon 97475-0470

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, 2013.

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 Grove, Mueller & Swank, P.C., a firm of licensed, certified public accountants. The goal of this independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2013, 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 unqualified opinion that the District's basic financial statements for the fiscal year ended June 30, 2013, 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) Circular A-133. These standards require the independent auditor's report not only on the fair presentation of the basic financial statements but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the independent audit for the fiscal year ended June 30, 2013, indicated no instances

A circular logo with a green border and a white background. Inside the circle, the text "The Best Way to Connect" is written in a green, sans-serif font. The logo is positioned in the bottom right corner of the page, partially overlapping a blue and green decorative bar.

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of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The independent auditor's reports, related specifically to the Single Audit and OMB Circular A-133, are contained in a separate report.

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

### **District Overview**

Lane Transit District (LTD) was founded 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 290,000 with a fleet of 111 buses (97 in revenue service as of October 2013) that travel 3.5 million miles annually. Passenger boardings were in excess of 11.2 million for FY 2012-13. In FY 2012-13, LTD provided more than 247,000 revenue hours of fixed-route service.

The boundaries of Lane Transit District fall entirely within Lane County, encompassing approximately 522 square miles. LTD serves the Eugene-Springfield metropolitan area, as well as the incorporated cities of Coburg, Creswell, Cottage Grove, Lowell, Veneta, and Junction City.

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

The District is committed to the successful implementation of total fixed-route accessibility and the successful operation of a demand-response/paratransit service for persons unable to use the fixed-route system. All of LTD's fixed-route buses are equipped with wheelchair lifts or ramps. The District also provides comparable demand-response services for those persons who are unable to use the fixed-route system. In addition to the fixed-route and demand-response services, LTD also offers Point2point at Lane Transit District, a transportation management service that promotes the use of alternative modes to area residents, groups, and businesses.

This District was empowered by State Statutes to impose an excise tax on every employer equal to but not more than six tenths of one percent of the wages paid with respect to employment of individuals until the 2003 State Legislative Session. In that session, the legislature amended Oregon Revised Statutes 267 to allow for the gradual increase in the maximum tax rate allowed to seven tenths of one percent over a ten-year period if the Board of Directors adopts a finding of local economic recovery. The District delayed consideration of a tax rate increase until Spring 2005, at which time the Board of Directors decided to implement a progressive rate increase on January 1, 2007, with the goal of attaining the new seven tenths of

one percent maximum rate on January 1, 2014. The tax rate was increased by .0002 percent on January 1, 2007, and again on January 1, 2008, and by .0001 percent on every January 1 after that, reaching sixty-nine hundredths of one percent on January 1, 2013. The rate is scheduled to increase by .0001 percent on January 1, 2014, on which it will become seven tenths of one percent.

The 2009 State Legislative Session amended ORS 267 to allow the two transit agencies that receive payroll tax receipts (TriMet in the Portland area and Lane Transit District) to again raise the tax rate for both employers and self-employed persons subject to the tax over a ten-year period. Again, the Board of Directors for each agency must adopt a finding of economic recovery. The new tax cap after the ten-year phased implementation is eight-tenths of one percent. Because of the severity of the local economic downturn that began in 2008 continues to produce high local unemployment, the Board has delayed consideration of this potential increase in tax rate.

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/object level for current expenditures, with separate appropriations established for the object level of capital projects, debt service, interfund transfers, and miscellaneous fiscal transactions. 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, with a 2010 U.S. census population of 296,243. In June 2013, total nonfarm employment in Lane County was 144,000, or 8.6 percent of total state nonfarm employment. At the same time last year, Lane County’s nonfarm employment was 143,800, representing an increase of 200 jobs in the last year.

	June 2009	June 2010	June 2011	June 2012	June 2013
Civilian labor force	185,309	183,209	182,842	179,352	173,304
Unemployment	23,251	19,852	17,614	15,731	14,117
Unemployment rate	12.5%	10.8%	9.6%	8.8%	8.1%
Total employment	162,058	163,357	165,228	163,621	159,187
Total nonfarm employment	143,800	144,100	144,800	143,800	144,000
Percent annual change	-9.2%	0.2%	0.5%	-0.7%	0.1%

*Source: Oregon Employment Department*

Local jobs began disappearing in Summer 2008. The unadjusted unemployment rate reached 13.5 percent in March 2009. Since then, job losses have bottomed out and the unemployment rate has fallen to 8.1 percent as of June 30, 2013. This is slightly higher than the comparable rate of 7.8 percent for the State of Oregon and 7.6 percent for the United States as a whole. The June 2013 unemployment rate was 0.7 percent lower than for June 2012.

### **Outlook**

The local economy technically came out of recession in the 2009 calendar year, meaning the job losses substantially stopped. However, the recovery statewide continues to be slow.

Annually, as part of the budget process, the District updates the rolling 20-year Long-Range Financial Plan. The first ten years of the Plan are reviewed in detail in a separate schedule that combines operating revenue and expenditure projections with capital outlay requirements as outlined in the Capital Improvements Program (CIP). Operational and capital requirements for the remaining 12 years are projected separately.

Major assumptions for the Long-Range Financial Plan, revised for the FY 2013-14 budget process, included the following:

- Tax (payroll, self-employment, and state in lieu) revenues were assumed to grow 4 percent for FY 2013-14; 5 percent for FY 2014-15; and 5 percent annually in the subsequent fiscal years.
- The tax rate was assumed to gradually rise to the new statutory maximum on January 1, 2024, with incremental annual increases. As previously mentioned, the District has the authority to increase the payroll and self-employment tax rates to eight tenths of one percent over a ten-year period. The state-in-lieu-of tax rate is set by a separate statute and is assumed to remain constant.
- The West Eugene EmX Extension project will be fully funded with a combination of federal and state grant funds.
- Total personnel services expenditure growth will be 5.2 percent due to increase in administrative personnel, the retirement payout of several staff, and contractually agreed to wage and salary increases. Total personnel services expenditure growth will be no more than 3.6 percent per year thereafter.
- Average fuel expenditures per gallon will be \$3.75 through FY 2013-14. Fuel price inflation will be 5 percent per year from FY 2014-15 through FY 2022-23.
- Service levels will remain constant with the exception of service additions associated with the implementation of West Eugene EmX Extension service in January 2017.

### ***Major Initiatives***

Major initiatives in FY 2012-13 included the following:

- Continue to assure high-quality, fixed-route and demand-response transportation services appropriate to the resources available to fund them.
- A new contract with Amalgamated Transit Union Local 757 was finalized in July 2012 covering the period July 1, 2011, through June 30, 2014. The new contract continued to provide for the control of health insurance premium rate growth. It also phased out premium pay for EmX vehicle operators and created a 1 percent District contribution to an employee's deferred compensation account in order to encourage individual saving for retirement.
- LTD was selected to attend the Federal Transit Administration Environmental Sustainability Management System program, a series of classes, assessments, plans, and energy efficiency improvement initiative implementation.
- LTD received BRING's Re:think Business certification and strove for American Public Transportation Association sustainability recognition, which could be awarded in the near future.
- After extensive off-route testing, an automated guidance system was tested on the Franklin EmX corridor. When finally approved, the system will allow for more precise docking at stations, which will improve safety and eliminate the need to deploy boarding ramps, thus reducing station dwell time.
- Several major improvements were made to LTD's facilities including an extensive remodeling of the Board Room, the addition of a new storage building, new Glenwood flooring and ceiling, and a retrofit of the Glenwood campus exterior lights with LED bulbs.

### ***Future***

The health of the local economy remains a critical factor in assessing Lane Transit District's ability to preserve and potentially enhance the services that the District provides. The slow growth means that District costs will have to continue to be carefully controlled, and it is likely to be years before additional service can be considered.

Unlike the recession that began in 2001 that was relatively mild and of short duration, it does not appear that our community will fare as well in recovering from the recession that began in 2008. While officially over, the end of the recession has brought back few of the thousands of local jobs that have been lost. Only the recession of the early 1980s, which necessitated a 30 percent fixed-route service cut, has challenged the District's Board of Directors and staff more in their efforts to continue to provide quality public transportation options to our community.

And, while it is encouraging that payroll tax receipts have stabilized, it is discouraging that fuel prices remain high. Lane Transit District has followed through on its commitment to reduce its

carbon footprint in as many ways as possible, including the acquisition of hybrid-electric vehicles for both fixed-route service and support services. A total of 24 new 40-foot hybrid-electric buses were added to the fleet in the fall of 2012. All of LTD's 60-foot articulated buses, including the EmX vehicles, have hybrid-electric propulsion. However, despite the commitment to reduce dependence on fossil fuels, it will not be possible in the foreseeable future to eliminate our dependence on diesel fuel. The consequence is that there remains a major and completely nondiscretionary business expense over which LTD essentially has no control.

Pension funding also continues to be a major concern. The volatility of the investment markets has damaged portfolios over the past three years, and the maintenance of existing pension plans requires more money every year. For administrative employees who began work at the District after January 1, 2012, the problem has been addressed by the creation of a second plan that caps LTD's investment at 9 percent, shifts all investment risk to the employee, and requires that all funds be disbursed when the employee terminates for any reason. In the short term, there will be no savings because the old plan will need to be maintained. However, as current administrative employees retire or leave, and more administrative employees are hired and covered by the new plan, costs over time will be reduced and market risk to LTD eventually eliminated. The pension plan that covers employees who are union represented is governed by a collective bargaining agreement that will need to be modified if the current defined benefit plan is to change in the future.

The District remains committed to providing quality service at the maximum level allowed by the resources available to fund it. Public transportation is of vital importance to our community's future. In addition, the opportunity to reduce carbon emissions is a community priority and brings public transportation to the table as an important participant. Guided by the Board of Directors' strategic vision, LTD began and continues the investment of time and resources into the community's transportation future. That vision includes the EmX component of fixed-route service, as well as other innovations and technological improvements that will allow Eugene-Springfield to be proactive about transportation needs and to maintain the quality of life and encourage economic vitality.

## **Other Issues**

### ***Award***

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 "Comprehensive Annual Financial Report" (CAFR) for the year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a certificate, a government unit must publish an easily read and efficiently organized CAFR, the contents of which conform to program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The District has received this certificate for the past 17 years. The District believes its current report continues to conform to the Certificate of Achievement program requirements and is submitting it to the GFOA.

***Acknowledgments***

The timely preparation of the "Comprehensive Annual Financial Report" was made possible by the efforts of the entire staff of the Finance and General Administration Departments. The Finance Department appreciates and thanks all staff who assisted and contributed to the report's presentation. Staff also thanks the members of the Board of Directors for their interest and support in managing the financial operations of the District in a responsible and progressive manner.

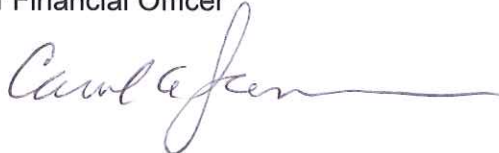
Respectfully submitted,



Ronald J. Kilcoyne  
General Manager



Diane W. Hellekson  
Chief Financial Officer



Carol A. James, CPA  
Chief Accountant/Internal Auditor

DWH/CAJ/crt



## LTD Board of Directors

(Four-year Terms)

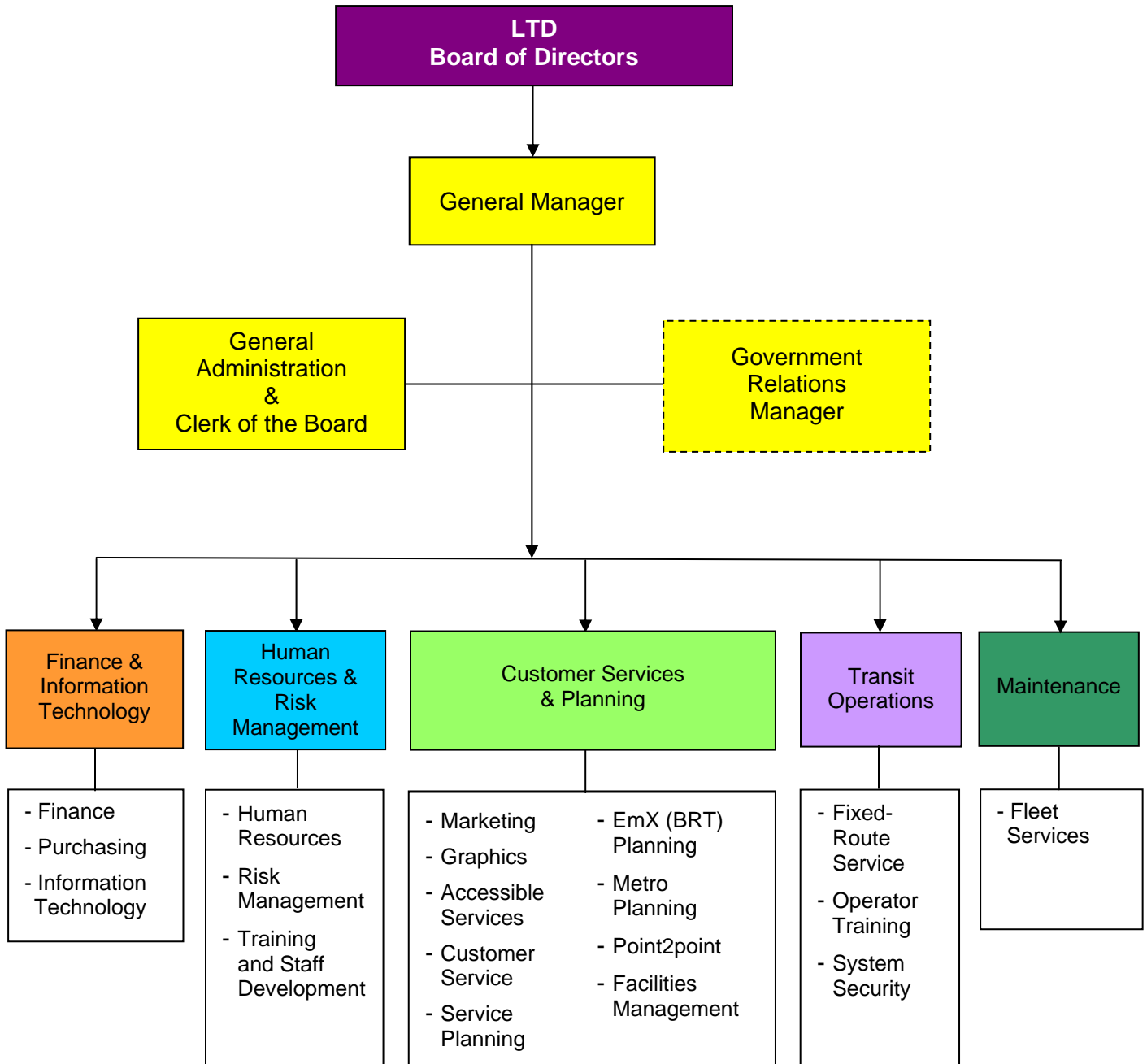
	<u>Sub-District</u>	<u>Term Expiration</u>
Doris Towery, President	1	12/31/16
Carl Yeh	2	12/31/16
Michael Dubick, Secretary	3	12/31/14
Ed Necker, Treasurer	4	12/31/13
Gary Gillespie, Vice President	5	12/31/13
Gary Wildish	6	12/31/14
Vacant	7	12/31/16

### **General Manager**

Ronald J. Kilcoyne



# LTD Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Lane Transit District  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Egan', is positioned above the title of the signatory.

Executive Director/CEO

# **FINANCIAL SECTION**

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## GROVE, MUELLER & SWANK, P.C.

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

### ***INDEPENDENT AUDITOR'S REPORT***

Board of Directors  
Lane Transit District  
Springfield, Oregon

#### ***Report on the Financial Statements***

We have audited the statements of net position, statements of revenue, expenses and changes in net position, and cash flows of Lane Transit District, as of and for the years ended June 30, 2013 and 2012, 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 audits 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Lane Transit District as of June 30, 2013 and 2012, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Management's Discussion and Analysis*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13-23 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.

*Required and Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The required supplementary information and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

This 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 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

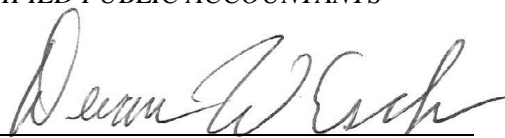
**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 11, 2013, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By:   
Devan W. Esch, A Shareholder  
December 11, 2013

## **Management's Discussion and Analysis**

The following Management's Discussion and Analysis (MD&A) provides an overview of the Lane Transit District (LTD or the District) financial performance for the fiscal years ended June 30, 2013 and 2012. It is designed to assist the reader in focusing on significant financial issues, providing an overview of the District's financial activity, and identifying changes in the District's financial position.

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

### **Overview of the Financial Statements**

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

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

The financial statements are found on pages 30-33 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the financial statements. The notes to the financial statements are found on pages 34-58 of this report.

### **Financial Highlights**

- Total operating and nonoperating revenues increased 9.5 percent, to \$52,419,095, during FY 2012-13, due primarily to increases of \$1,844,306 (8 percent) in employer payroll tax revenues; \$1,325,239 (16.4 percent) in Accessible Services and Medicaid revenues; and \$1,132,705 (20.9 percent) in operating assistance from federal grants over FY 2011-12. Approximately 4.5 percent of the increase in employer payroll tax revenues can be attributed to improving economic conditions in the region, with the remaining 1.5 percent attributable to an increase in the tax rate. Increase in operating assistance from federal grants is directly attributable to management decisions to allocate a larger percentage of available federal formula based grants for operating, making less funding available for capital projects.

Total operating and nonoperating revenues increased 3.5 percent, to \$47,878,216, during FY 2011-12, due primarily to an increase of \$1,422,850 in operating assistance from federal grants over FY 2010-11, a result of delays in federal approval of preventive maintenance grants in FY 2010-11. These grants were received in FY 2011-12.

- Fiscal year 2012-13 transportation revenue increased only slightly, \$26,078, or 0.4 percent, over FY 2011-12. Fiscal year 2012-13 total revenue hours were reduced slightly (-0.1 percent). Fixed-route ridership for FY 2012-13 decreased 1.6 percent.

Fiscal year 2011-12 transportation revenue decreased \$548,129, or 7 percent, over FY 2010-11, due to loss of funding for the Student Transit Pass Program. Fiscal year 2011-12 total revenue hours were increased slightly (0.4 percent). Fixed-route ridership for FY 2011-12 increased 1.9 percent.

- Employer payroll tax revenues for FY 2012-13 increased \$1,844,306, or 8 percent, over FY 2011-12 collections. On January 1, 2013, the employer payroll tax rate increased by .01 percent, from .0068 to .0069. The rate increase accounted for approximately 1.5 percent of the overall increase in employer tax revenues.

Employer payroll tax revenues for FY 2011-12 increased \$849,701, or 3.8 percent, over FY 2010-11 collections. On January 1, 2012, the employer payroll tax rate increased by .01 percent, from .0067 to .0068. The rate increase accounted for approximately 1.5 percent of the overall increase in employer tax revenues.

- In 2005, the Lane Transit District Board of Directors (Board) adopted Ordinance 39, increasing the District's employer payroll and self-employment tax rate. The increase went into effect January 1, 2007, and will be phased in over an eight-year period. The rate increased to .0069 on January 1, 2013. The last currently scheduled increase of .001 rate is scheduled for January 1, 2014, bringing the rate to .007.

The 2009 Oregon Legislature gave the Board the authority to increase the payroll tax for employers and self-employed individuals to .008. The increase must be phased in over a 10-year period and any incremental increase cannot exceed .02 percent. The increase was allowed to begin on or after January 1, 2010. The Board may not adopt an ordinance increasing the tax unless the Board makes a finding that the economy in the District's service area has recovered to an extent sufficient to warrant the increase in the tax. In making the finding, the Board must consider regional employment and income growth.

- Total operating and nonoperating expenses increased 4.9 percent, to \$57,831,650, during FY 2012-13. Personal Services increased by \$1,299,231, to \$26,666,847. Salaries and wages increased by \$565,604, an increase of 3.6 percent over FY 2011-12. Settlement of the union contract gave represented employees an across-the-board increase of 2 percent as of July 1. Administrative staff received a similar increase. Pension and retirement contributions increased \$589,575, up 18.3 percent over the previous year. Increases in materials and services (\$447,292), Accessible Services and Medicaid (\$875,761), and Depreciation (\$392,255) were partially offset by decreases in insurance (\$344,159). Total operating and nonoperating expenses increased 2.7 percent, to \$55,132,957, during FY 2011-12 due to union contract settlement, which granted salary and wages increases of 2.5 percent.
- As of June 30, 2013 and 2012, the assets of the District exceeded its liabilities by \$138,990,414 and \$142,237,093, respectively. Of these amounts, \$24,311,483 and \$19,132,127, respectively, was available to meet the District's ongoing obligations to provide service to the public.



Lane Transit District

- For the fiscal years ended June 30, 2013 and 2012, the District's total net position decreased \$3,246,679 and increased by \$9,111,842, respectively. For FY 2012-13, employer payroll tax revenues of \$24,891,777 and capital grants of \$2,165,876 offset a net operating loss of \$40,796,302. For FY 2011-12, employer payroll tax revenues of \$23,047,471 and capital grants of \$16,366,583 offset a net operating loss of \$39,454,926.
- In FY 2012-13, the District spent \$1,412,645 for new computer hardware and software, \$217,630 for new Accessible Services vehicles and equipment, and \$125,383 for energy conservation facility upgrades, approximately 80 percent of which was reimbursed by the federal government. In FY 2011-12, the District spent \$14,022,240 for new revenue vehicles, \$2,028,746 for engineering and construction of the new University of Oregon North Station, and \$866,278 for new Accessible Services vehicles, approximately 80 percent of which was reimbursed by the federal government.

**Financial Summary**

**Net Position**

	District Total			Increase (decrease) 2013 - 2012	Percentage Change 2013 - 2012	Increase (decrease) 2012 - 2011	Percentage Change 2012 - 2011
	2013	2012	Restated 2011				
<b>Assets</b>							
Current assets	\$ 37,774,109	\$ 30,346,275	\$ 28,380,179	\$ 7,427,834	24.5%	\$ 1,966,096	6.9%
Capital assets, net of depreciation	114,242,299	122,613,663	113,197,851	(8,371,364)	-6.8%	9,415,812	8.3%
Other assets	1,068,705	1,006,960	700,000	61,745	6.1%	306,960	NA
Total assets	<u>153,085,113</u>	<u>153,966,898</u>	<u>142,278,030</u>	<u>(881,785)</u>	-0.6%	<u>11,688,868</u>	8.2%
<b>Liabilities</b>							
Current liabilities	9,926,804	8,224,324	6,160,791	1,702,480	20.7%	2,063,533	33.5%
Noncurrent liabilities	4,167,895	3,505,481	2,991,988	662,414	18.9%	513,493	17.2%
Total liabilities	<u>14,094,699</u>	<u>11,729,805</u>	<u>9,152,779</u>	<u>2,364,894</u>	20.2%	<u>2,577,026</u>	28.2%
<b>Net Position</b>							
Net investment in capital assets	114,242,299	122,613,660	113,197,851	(8,371,361)	-6.8%	9,415,809	8.3%
Restricted for Accessible Services and Medicaid programs	436,632	491,306	456,115	(54,674)	-11.1%	35,191	7.7%
Unrestricted	24,311,483	19,132,127	19,471,285	5,179,356	27.1%	(339,158)	-1.7%
Total net position	<u>138,990,414</u>	<u>142,237,093</u>	<u>133,125,251</u>	<u>(3,246,679)</u>	-2.3%	<u>9,111,842</u>	6.8%
Total liabilities and net position	<u>\$ 153,085,113</u>	<u>\$ 153,966,898</u>	<u>\$ 142,278,030</u>	<u>\$ (881,785)</u>	-0.6%	<u>\$ 11,688,868</u>	8.2%

Net investment in capital assets consist of land and construction in progress at cost and property and equipment, net of accumulated depreciation, less related debt.

Net position restricted for Accessible Services and Medicaid programs represent amounts restricted by State of Oregon statutes for use for accessible services and Medicaid programs, projects, and capital expenditures.

The District's total assets at June 30, 2013, decreased \$881,785, from \$153,966,898 to \$153,085,113, or a change of -0.6 percent, from the prior year. Depreciation reduced the net book value of capital assets by \$10.6 million while only \$2.2 million in new capital assets were added during 2013. Current assets increased \$7.4 million, predominately from increases in cash from State of Oregon Lottery bond sales proceeds dedicated to the West Eugene EmX Extension (WEEE) project.

The District's total assets at June 30, 2012, increased \$11,688,868, from \$142,278,030 to \$153,966,898, or 8.2 percent, from the prior year. This increase is due mainly to the acquisition of twenty-four 40-foot hybrid-electric buses.

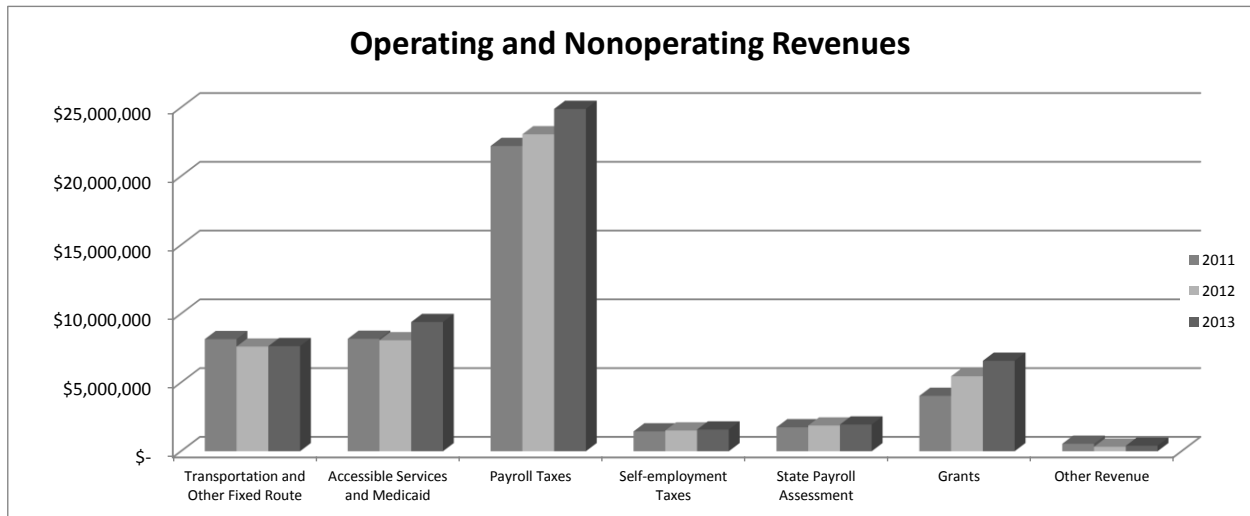
The District's total liabilities at June 30, 2013, increased \$2,364,894, from \$11,729,805 to \$14,094,699, or 20.2 percent, from the prior year. This increase is due to increases in unearned revenue related to the State of Oregon grants received but unearned awaiting project go ahead on the WEEE and increases in net other post-employment benefits (OPEB) obligations.

The District's total liabilities at June 30, 2012, increased \$2,577,026, from \$9,152,779 to \$11,729,805, or 28.2 percent, from the prior year. This increase is due to increases in unearned revenue related to the State of Oregon grants received but unearned awaiting project go ahead on the WEEE and increases in net OPEB obligations.

The net position of the District at June 30, 2013, decreased \$3,246,679, from \$142,237,093 to \$138,990,414, a change of -2.3 percent, from the prior year. At June 30, 2013, total net position of \$24,311,483 was unrestricted. This is an increase of \$5,179,356 from June 30, 2012, and reflects reduction of net investment in capital assets due to depreciation.

The net position of the District at June 30, 2012, increased \$9,111,842, from \$133,125,251 to \$142,237,093, or 6.8 percent, from the prior year. At June 30, 2012, total net position of \$19,132,127 was unrestricted. This is a decrease of \$339,158 from June 30, 2011, and reflects use of unrestricted position (cash) for capital asset purchase.

**Changes in Net Position**



Lane Transit District

	District Totals			Increase (decrease) 2013 - 2012	Percentage Change 2013 - 2012	Increase (decrease) 2012 - 2011	Percentage Change 2012 - 2011
	2013	2012	Restated 2011				
<b>Revenues</b>							
<b>Operating revenues</b>							
Transportation	\$ 7,353,418	\$ 7,327,340	\$ 7,875,469	\$ 26,078	0.4%	\$ (548,129)	-7.0%
Other fixed route	287,500	281,500	275,500	6,000	2.1%	6,000	2.2%
Accessible Services and Medicaid	9,394,430	8,069,191	8,172,584	1,325,239	16.4%	(103,393)	-1.3%
<b>Nonoperating revenues</b>							
Employer payroll tax revenues	24,891,777	23,047,471	22,197,770	1,844,306	8.0%	849,701	3.8%
Self-employment payroll tax revenues	1,576,826	1,507,575	1,440,902	69,251	4.6%	66,673	4.6%
State payroll assessment	1,941,063	1,869,854	1,740,509	71,209	3.8%	129,345	7.4%
Federal grants - bus and facilities maintenance	6,563,936	5,431,231	4,008,381	1,132,705	20.9%	1,422,850	35.5%
State grants	-	1,992	350	(1,992)	-100.0%	1,642	NA
Local grants	13,700	17,500	17,500	(3,800)	-21.7%	-	0.0%
Interest	77,171	62,653	60,462	14,518	23.2%	2,191	3.6%
Facility rental and other nonoperating revenues	311,639	259,475	480,239	52,164	20.1%	(220,764)	-46.0%
Gain on disposal of property and equipment	7,635	2,434	-	5,201	213.7%	2,434	NA
<b>Total operating and nonoperating revenues</b>	<b>52,419,095</b>	<b>47,878,216</b>	<b>46,269,666</b>	<b>4,540,879</b>	<b>9.5%</b>	<b>1,608,550</b>	<b>3.5%</b>
<b>Expenses</b>							
Personnel services	26,666,847	25,367,616	24,765,175	1,299,231	5.1%	602,441	2.4%
Materials and services	8,313,177	7,865,885	7,943,371	447,292	5.7%	(77,486)	-1.0%
Insurance	833,689	1,177,848	1,171,482	(344,159)	-29.2%	6,366	0.5%
Accessible Services and Medicaid	10,841,746	9,965,985	9,561,690	875,761	8.8%	404,295	4.2%
Depreciation	10,561,286	10,169,031	9,557,098	392,255	3.9%	611,933	6.4%
OPEB expense	614,905	586,592	641,742	28,313	4.8%	(55,150)	-8.6%
Loss on disposal of property and equipment	-	-	28,913	-	NA	(28,913)	-100.0%
<b>Total expenses</b>	<b>57,831,650</b>	<b>55,132,957</b>	<b>53,669,471</b>	<b>2,698,693</b>	<b>4.9%</b>	<b>1,463,486</b>	<b>2.7%</b>
Loss before contributions	(5,412,555)	(7,254,741)	(7,399,805)	1,842,186	-25.4%	145,064	-2.0%
Capital contributions	2,165,876	16,366,583	14,887,318	(14,200,707)	-86.8%	1,479,265	9.9%
Changes in net position	(3,246,679)	9,111,842	7,487,513	(12,358,521)	-135.6%	1,624,329	21.7%
Total net position -- beginning of period	-	-	124,937,738	-	NA	(124,937,738)	-100.0%
Prior period adjustment	-	-	700,000	-	NA	(700,000)	-100.0%
Total net position -- beginning of period (restated)	142,237,093	133,125,251	125,637,738	9,111,842	6.8%	7,487,513	6.0%
Total net position -- end of period	\$ 138,990,414	\$ 142,237,093	\$ 133,125,251	\$ (3,246,679)	-2.3%	\$ 9,111,842	6.8%

The District's total operating and nonoperating revenue increased \$4,540,879, or 9.5 percent, during FY 2012-13 over FY 2011-12. The District's total operating and nonoperating revenue increased \$1,608,550, or 3.5 percent, during FY 2011-12 over FY 2010-11.

Fiscal year 2012-13 transportation revenues increased \$26,078, a change of 0.4 percent, over FY 2011-12. For FY 2012-13, revenue hours decreased slightly (-0.1 percent) over FY 2011-12. Boardings for FY 2012-13 decreased 1.6 percent. Cash fares increased 16.6 percent to \$1.75 for a one-way adult fare on July 1, 2012. Pass prices remained unchanged from the prior year. Revenues from cash fares and pass sales increased 6.1 percent, from \$4,069,258 in FY 2011-12 to \$4,317,886 in FY 2012-13. Group pass revenues decreased \$72,717, or -2.7 percent, and special services revenues decreased \$149,833, or 25.5 percent, over the previous year.

Fiscal year 2011-12 transportation revenues decreased \$548,129, a change of -7 percent, over FY 2010-11. For FY 2011-12, revenue hours increased slightly (0.4 percent), over FY 2010-11. Boardings for FY 2011-12 increased 1.9 percent. Funding for the Student Transit Pass Program was unexpectedly cut in June 2011. This program provided monthly bus passes to all public school students in the District's service area and was funded through the State of Oregon Business Energy Tax Credit Program (BETC). Fiscal year 2010-11 revenue from this program totaled \$1,281,331. Revenue loss for FY 2011-12, net of individual youth pass sales and new group pass participants, is estimated at \$600,000. Pass prices, cash fares, and group pass rates remained unchanged from the prior year. Revenues from cash fares and pass sales decreased 18.8 percent, from \$5,012,885 in FY 2010-11 to \$4,069,258 in FY 2011-12. Group pass revenues increased \$288,991, or

12.1 percent, and special services revenues increased \$106,508, or 22.1 percent, over the previous year.

For FY 2012-13, other fixed-route revenues increased \$6,000, or 2.1 percent, over FY 2011-12. For FY 2011-12, other fixed-route revenues increased \$6,000, or 2.2 percent, over FY 2010-11. Other fixed-route revenues account for on-bus advertising.

For FY 2012-13, Accessible Services and Medicaid revenues increased \$1.3 million, a change of 16.4 percent, from the previous year. The State of Oregon passed through additional federal Section 5310 – *Elderly and Persons with Disabilities Formula Program* funding, increasing this grant source from \$1.1 million in FY 2011-12 to \$1.7 million for FY 2012-13. This increase of 53.7 percent (\$611,016) is a one-time adjustment. The fifth full year of operations for the RideSource Call Center generated \$4,670,208 in Medicaid medical reimbursements. This is an increase of \$336,074, or 7.8 percent, over FY 2011-12.

For FY 2011-12, Accessible Services and Medicaid revenues decreased \$103,393, a change of -1.3 percent, from the previous year. The fourth full year of operations for the RideSource Call Center generated \$4,334,134 in Medicaid medical reimbursements. This is an increase of \$177,907, or 4.3 percent, over FY 2010-11. Final reconciliation and cost recovery between the State of Oregon and LTD for FY 2009-10 allowable covered costs and revenues resulted in an additional \$46,147 in revenues to be recognized as miscellaneous income in FY 2011-12.

Employer payroll tax revenues for fiscal year ended June 30, 2013, increased by \$1.8 million, or 8 percent. Approximately 1.5 percent of the 8 percent increase came from tax rate increase. The remaining increase results from increased salaries and wages for local workers, predominately in health care and communications industries. Locally, change in total nonfarm employment was again lack luster, increasing by 200 jobs. Unemployment in the metropolitan area dropped from 8.8 percent in June 2012 to 8.1 percent in June 2013.

Employer payroll tax revenues for fiscal year ended June 30, 2012, increased by \$849,701, or 3.8 percent. Locally, change in total nonfarm employment was lack luster, decreasing by 2,000 jobs. Unemployment in the metropolitan area dropped from 9.6 percent in June 2011 to 8.8 percent in June 2012.

Self-employment tax revenues for FY 2012-13 increased to \$1,576,826, an increase of 4.6 percent over the previous year. This gain is due to modest recovery in the economy, an increase in the tax rate, and increased collection efforts by the State. For FY 2012-13, state payroll assessment increased by 3.8 percent, from \$1,869,854 to \$1,941,063. The effective rate for the state payroll assessment remains at .006 of state payroll earned within the District.

Self-employment tax revenues for FY 2011-12 increased to \$1,507,575, an increase of 4.6 percent over the previous year. This gain is due to modest recovery in the economy, an increase in the tax rate, and increased collection efforts by the State. For FY 2011-12, state payroll assessment increased by 7.4 percent, from \$1,740,509 to \$1,869,854.

For FY 2012-13 federal grant revenues for bus maintenance increased by \$1,132,705 due primarily to an increase of operating assistance from federal grants over FY 2011-12.

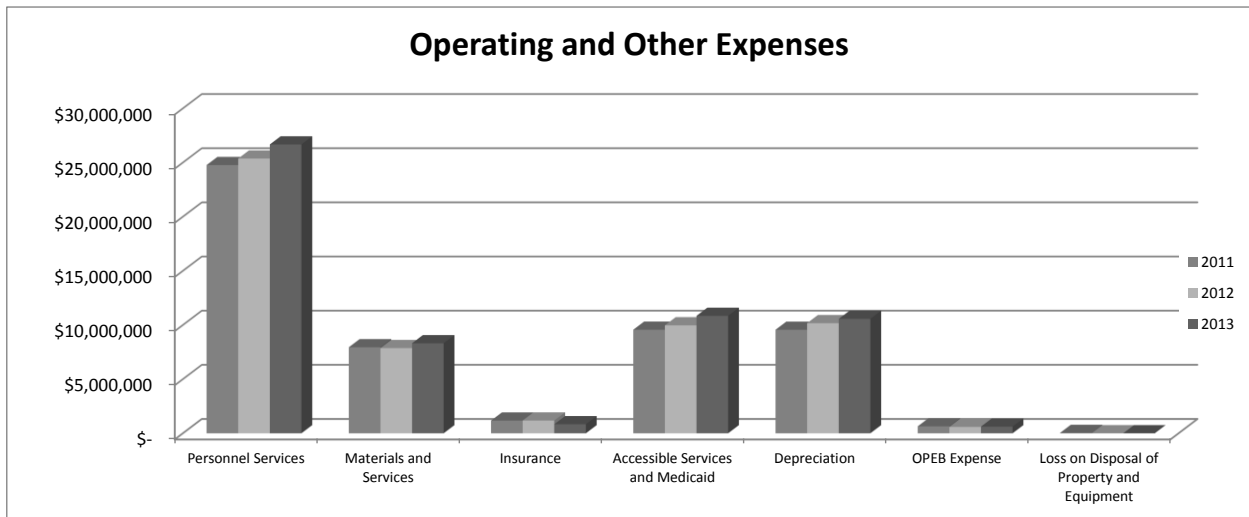
For FY 2011-12 federal grant revenues for bus maintenance increased by \$1,422,850 due primarily to an increase of operating assistance from federal grants over FY 2010-11, a result of delays in federal approval of preventive maintenance grants in FY 2010-11. These grants were received in FY 2011-12.

Interest revenue of \$77,171 for FY 2012-13 was substantially unchanged from the previous period. Local Government Investment Pool (LGIP) interest rates decreased from an annualized 0.6 percent as of June 30, 2012, to 0.54 percent as of February 4, 2013, and have remained at that level since.

Interest revenue of \$62,653 for FY 2011-12 was substantially unchanged from the previous period. Local Government Investment Pool (LGIP) interest rates rose from an annualized 0.5 percent as of June 30, 2011, to 0.6 percent as of March 22, 2012.

For FY 2012-13, federal and state grants for capital acquisition decreased \$14,200,707, from \$16,366,583 to \$2,165,876, a change of -86.8 percent. This decrease reflects a decrease in grant-funded capital activity in FY 2012-13 over FY 2011-12. Grant-funded activity for FY 2012-13 included \$1,412,644 for computer hardware and software, \$217,630 for Accessible Services paratransit vehicles and equipment, and \$125,383 for facility upgrades.

For FY 2011-12, federal and state grants for capital acquisition increased \$1,479,265, from \$14,887,318 to \$16,366,583, an increase of 9.9 percent. This increase reflects an increase in grant-funded capital activity in FY 2011-12 over FY 2010-11. Grant-funded activity for FY 2011-12 included \$14,022,240 for revenue vehicles, \$2,028,746 for engineering and construction related to the new University of Oregon North Station, and \$866,278 for Accessible Services paratransit vehicles.



For FY 2012-13, total expenses increased \$2,698,693, or 4.9 percent, over the previous year.

- Personnel services increased \$1,299,231, or 5.1 percent. Salaries and wages increased \$565,604, or 3.6 percent. Settlement of the union contract gave represented employees an across-the-board increase of 2 percent as of July 1. Administrative staff received a similar increase. Pension and retirement contributions increased \$589,575, up 18.3 percent over the previous year. Changes in the actuarial assumptions related to the unfunded liability in the closed-to-new-members existing defined benefit plan for administrative employees increased required annual contributions by approximately \$208,152. The required contribution rate for the union pension plan increased from \$4.26 per compensated hour to \$4.68 per compensated hour, an increase of 9.4 percent. Employer-provided health insurance premiums and health

reimbursement accounts (HRAs) or voluntary employee beneficiary association (VEBA) accounts for employees combined increased \$124,852, or 2.4 percent.

- Materials and services increased \$447,292, or 5.7 percent over the previous year. Preventive maintenance projects and noncapitalized equipment budgeted in the Capital Projects Fund but accounted for as materials and services increased \$909,792, or 918.2 percent. Fiscal year 2012-13 projects included reroofing River Road Station; pavement repairs at Eugene Station; repainting overhead busways structures at Eugene Station; and lighting, fencing, and carpet replacement at the Glenwood facility.
- Diesel fuel prices fell slightly from an average of \$3.2572 per gallon for FY 2011-12 purchases for immediate use to an average of \$3.1899 per gallon for FY 2012-13 purchases for immediate use. Miles driven decreased slightly (-1.1 percent). Fuel savings from the acquisition of twenty-four hybrid-electric revenue vehicles is also a factor, although data is limited to confirm an exact offset. As a result, expenditures for fuel decreased \$462,500, a change of -6 percent, for FY 2012-13.
- Insurance expenses decreased \$344,159, or -29.2 percent, over the previous year. A group of liability claims were consolidated in settlement, reducing the District's out-of-pocket deductible.
- Accessible Services and Medicaid expenses increased from \$9,965,985 in FY 2011-12 to \$10,841,746 in FY 2012-13, an increase of 8.8 percent. The majority of this increase is due to increased usage in the two programs.
- Depreciation expense increased by \$392,255 to \$10,561,286, an increase of 3.9 percent for FY 2012-13. This increase represented first-year depreciation on nine new revenue vehicles put into service in Spring 2012.

For FY 2011-12, total expenses increased \$1,463,486, or 2.7 percent, over the previous year.

- Personnel services increased \$602,441, or 2.4 percent. Salaries and wages increased \$611,752, or 4.1 percent. Contract settlement with union employees in June 2012 resulted in retroactive pay totaling \$299,121. Employer-provided health insurance premiums and health reimbursement accounts (HRAs) or voluntary employee beneficiary association (VEBA) accounts for employees combined increased \$123,343, or 2.5 percent. Pension and retirement contributions decreased \$132,089, or a change of -3.9 percent. The existing defined benefit plan for administrative employees was closed to new hires as of January 1, 2012, and a new defined contribution plan with a match was established for these employees.
- Diesel fuel prices increased from an average of \$2.8220 per gallon for FY 2010-11 purchases to an average of \$3.2572 per gallon for FY 2011-12 purchases. As a result, expenditures for fuel increased \$348,229, or 13.9 percent, for FY 2011-12 even though miles driven were reduced by 1 percent due to service cuts. Fuel savings from the acquisition of twenty-four hybrid-electric revenue vehicles is also a factor, although data is limited to confirm an exact offset.
- Accessible Services and Medicaid expenses increased from \$9,561,690 in FY 2010-11 to \$9,965,985 in FY 2011-12, an increase of 4.2 percent. The majority of this increase is due to increased usage and higher fuel costs in the two programs.
- Depreciation expense increased by \$611,933 to \$10,169,031, an increase of 6.4 percent for FY 2011-12. This increase represented first-year depreciation on fifteen new revenue vehicles put into service in November and December 2011.

**Capital Assets**

At June 30, 2013, the District had invested \$114,242,299 net of accumulated depreciation in a variety of capital assets.

	District Totals			Increase (decrease) 2013 - 2012	Percentage Change 2013 - 2012	Increase (decrease) 2012 - 2011	Percentage Change 2012 - 2011
	2013	2012	2011				
Land	\$ 8,708,370	\$ 8,708,370	\$ 8,708,370	\$ -	0.0%	\$ -	0.0%
Free-standing public art	366,917	366,917	366,917	-	0.0%	-	0.0%
Construction in progress	4,155,519	3,800,543	2,087,339	354,976	9.3%	1,713,204	82.1%
Busways	36,731,411	39,028,249	41,160,493	(2,296,838)	-5.9%	(2,132,244)	-5.2%
Rolling stock and related equipment	28,668,963	32,837,789	22,558,955	(4,168,826)	-12.7%	10,278,834	45.6%
Stations, shelters, and bus signs	10,603,767	11,831,750	10,989,756	(1,227,983)	-10.4%	841,994	7.7%
Buildings and improvements	20,873,130	22,305,002	23,480,423	(1,431,872)	-6.4%	(1,175,421)	-5.0%
Accessible Services vehicles	1,811,158	2,072,005	1,862,140	(260,847)	-12.6%	209,865	11.3%
Other equipment and support vehicles	2,323,064	1,663,038	1,983,458	660,026	39.7%	(320,420)	-16.2%
	\$ 114,242,299	\$ 122,613,663	\$ 113,197,851	\$ (8,371,364)	-6.8%	\$ 9,415,812	8.3%

In FY 2012-13, the District spent \$1,412,645 for new computer hardware and software, \$217,630 for new Accessible Services vehicles and equipment, and \$125,383 for energy conservation facility upgrades, approximately 80 percent of which was reimbursed by the federal government.

In the period from November 2011 to May 2012, the District put into service twenty-four 40-foot hybrid-electric revenue vehicles, and related new video equipment, adding a total of \$14,022,240 to revenue rolling stock.

In August 2011, the District opened the new University of Oregon North Station, adding \$2,028,746 to stations, shelters, and bus signs.

For FY 2011-12, an increase in Accessible Services vehicles includes additions of \$866,278 for fourteen new paratransit vehicles.

In January 2011, the District brought the multi-year Gateway EmX Extension project online, adding a total of \$23,589,896 for new busways and \$6,341,878 for stations, shelters, and bus signs to capital assets. These amounts included \$29,104,329 in prior year capital expenditures previously held as construction in progress.

Note 3(d) (page 44) contains additional detail information about capital assets activity.

**Economic Factors and Related Budget Impact**

The national recession continued to buffet Lane County in FY 2012-13. Total nonfarm payroll employment increased by 200 jobs, from 143,800 in June 2012 to 144,000 in June 2013. This increase came after a decline of 1,000 jobs in FY 2011-12. The unemployment rate declined from 8.8 percent in June 2012 to 8.1 percent for June 2013.

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 following are the major assumptions used in developing the FY 2013-14 budget:

- The local economy came out of recession in calendar year 2009, meaning the job losses stopped. However, state and local economists believe that recovery will continue to be very slow. The state economic forecast predicts that jobs lost since 2007 will not be regained until 2015 at the earliest. As a result, the payroll tax base will grow by 4 percent tax growth in FY 2013-14 and then 5 percent in the subsequent fiscal years. An additional increase of approximately 1.5 percent in payroll tax revenues due to tax rate increase from 0.69 percent to 0.7 percent on January 1, 2014, is included in the long-range plan revenue assumptions.
- The modest growth in payroll tax revenues will be sufficient so that no new service cuts will be needed in FY 2013-14. FY 2010-11 service reductions included reduction of service hours totaling 34,964, or 11.2 percent, and elimination of twenty-two full-time equivalent position, resulting in a decrease of total personnel services by 2.5 percent over FY 2009-10 expenditures.
- Federal Urbanized Area Formula Funds (5307) in the amount of \$5,000,000 will be used to fund preventive maintenance activities. These federal funds will continue to replace General Fund resources (payroll tax revenues) that can then be used to fund fixed-route service. The use of federal formula grant funds for preventive maintenance is expected to continue beyond FY 2013-14.
- Contractual agreement with Amalgamated Transit Union, Local No. 757, was reached in June 2012, which will limit the overall increase in personnel services costs (including salary, pension, and health insurance) to amounts anticipated in the budget.
- Fuel prices will stabilize and will remain below an average of \$3.75 per gallon through FY 2013-14.

In December 2008, the Federal Transit Administration (FTA) and the District signed a project construction grant agreement (PCGA) for the Pioneer Parkway EmX project. The PCGA funding plan as of June 30, 2013, is as follows:

<u>Funding Source</u>	<u>Amount</u>
Section 5309 Small Starts grant	\$ 32,537,040
Other federal grants	44,672
<i>Connect</i> Oregon state grant	5,400,000
District local funds	2,805,306
	<u>\$ 40,787,018</u>

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



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*Basic Financial Statements*

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**Statements of Net Position**  
**June 30, 2013 and 2012**

	2013	2012
<b>Assets</b>		
Current assets		
Cash and cash equivalents		
Unrestricted	\$ 18,048,822	\$ 11,153,928
Restricted	4,407,882	2,141,722
Accounts receivable	1,958,556	2,313,915
Taxes receivable	5,936,000	5,343,999
Grants receivable	3,481,587	5,358,129
Due from other governments	538,289	515,160
Inventory of parts and supplies	3,054,615	2,750,860
Prepaid expenses	288,358	678,562
Deposits	60,000	90,000
Total current assets	37,774,109	30,346,275
Noncurrent assets		
Capital assets		
Land	8,708,370	8,708,370
Free-standing public art	366,917	366,917
Construction in progress	4,155,519	3,800,543
Other capital assets (net of depreciation)	101,011,493	109,737,833
Net of accumulated depreciation	114,242,299	122,613,663
Other assets		
Pension contribution in excess of annual required contribution -- LTD ATU Pension Trust	753,326	687,335
Pension contribution in excess of annual required contribution -- LTD Salaried Employees' Plan	315,379	319,625
Total other assets	1,068,705	1,006,960
Total noncurrent assets	115,311,004	123,620,623
Total assets	\$ 153,085,113	\$ 153,966,898

	<u>2013</u>	<u>2012</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 1,544,076	\$ 1,583,687
Accrued payroll	362,649	600,818
Payroll withholdings and taxes	27,562	45,972
Accrued pension	88,893	93,007
Accrued interest payable		
Accrued vacation and sick leave	2,551,183	2,482,584
Unearned revenue	4,763,125	2,425,665
Employee HRA liability	415,071	417,923
Other current liabilities	<u>164,417</u>	<u>567,460</u>
Total current liabilities	<u>9,926,804</u>	<u>8,224,324</u>
Noncurrent liabilities		
Accrued vacation and sick leave	1,064,350	1,016,841
Net OPEB obligation	<u>3,103,545</u>	<u>2,488,640</u>
Total noncurrent liabilities	<u>4,167,895</u>	<u>3,505,481</u>
Total liabilities	<u>14,094,699</u>	<u>11,729,805</u>
<b>Net position</b>		
Net investment in capital assets	114,242,299	122,613,660
Restricted for Accessible Services and Medicaid programs	436,632	491,306
Unrestricted	<u>24,311,483</u>	<u>19,132,127</u>
Total net position	<u>138,990,414</u>	<u>142,237,093</u>
Total liabilities and net position	<u>\$ 153,085,113</u>	<u>\$ 153,966,898</u>

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

**Statements of Revenues, Expenses, and Changes in Net Position  
For the fiscal years ended June 30, 2013 and 2012**

	2013	2012
Operating revenues		
Transportation	\$ 7,353,418	\$ 7,327,340
Other fixed route	287,500	281,500
Accessible Services and Medicaid	9,394,430	8,069,191
Total operating revenues	17,035,348	15,678,031
Operating expenses		
Personnel services	26,666,847	25,367,616
Materials and services	8,313,177	7,865,885
Insurance	833,689	1,177,848
Accessible Services and Medicaid	10,841,746	9,965,985
Depreciation	10,561,286	10,169,031
OPEB expense	614,905	586,592
Total operating expenses	57,831,650	55,132,957
Operating loss	(40,796,302)	(39,454,926)
Nonoperating revenues (expenses)		
Employer payroll tax, net of state administrative fees (2013, \$531,896; 2012, \$516,110)	24,891,777	23,047,471
Self-employment tax, net of state administrative fees (2013, \$83,217; 2012, \$73,979)	1,576,826	1,507,575
State payroll assessment	1,941,063	1,869,854
Federal grants - bus and facilities maintenance	6,563,936	5,431,231
State grants	-	1,992
Local grants	13,700	17,500
Interest earnings	77,171	62,653
Facility rental and other nonoperating revenues	311,639	259,475
Gain on disposal of capital assets	7,635	2,434
Total nonoperating revenues (expenses)	35,383,747	32,200,185
Loss before capital contributions	(5,412,555)	(7,254,741)
Capital contributions		
Federal and state grants for capital acquisition	2,165,876	16,366,583
Changes in net position	(3,246,679)	9,111,842
Total net position -- beginning of period	142,237,093	133,125,251
Total net position -- end of period	\$ 138,990,414	\$ 142,237,093

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

**Statements of Cash Flows**  
**For the fiscal years ended June 30, 2013 and 2012**

	2013	2012
Cash flows from operating activities		
Cash received from customers	\$ 17,100,805	\$ 15,846,053
Cash received from other sources	311,639	259,475
Cash paid to suppliers for goods and services	(20,716,830)	(19,687,263)
Cash paid to employees for services	(26,814,284)	(25,417,425)
Net cash used for operating activities	(30,118,670)	(28,999,160)
Cash flows from noncapital financing activities		
Employer payroll tax	24,299,776	22,942,471
Self-employment tax	1,576,826	1,508,744
Federal operating grant	7,704,917	4,743,313
State payroll assessment	1,917,934	1,828,905
State operating grant	-	36,028
Local operating grant	13,700	17,500
Net cash provided by noncapital financing activities	35,513,153	31,076,961
Cash flows from capital and related financing activities		
Contribution from federal and state agencies	5,528,800	17,915,377
Proceeds from disposal of capital assets	39,635	43,753
Acquisition and construction of capital assets	(1,817,290)	(20,085,165)
Net cash provided by (used for) capital and related financing activities	3,751,145	(2,126,035)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	-	1,000,274
Pension contributions in excess of annual required contribution	(61,745)	(306,960)
Interest receipts	77,171	62,653
Net cash provided by investing activities	15,426	755,967
Net change in cash and cash equivalents	9,161,054	707,733
Cash and cash equivalents, beginning of year	13,295,650	12,587,917
Cash and cash equivalents, end of year	\$ 22,456,704	\$ 13,295,650
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (40,796,302)	\$ (39,454,926)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	10,561,286	10,169,031
OPEB expense	614,905	586,592
Facility rental and other nonoperating revenues	311,639	259,475
(Increase) decrease in accounts receivable	355,359	7,047
(Increase) decrease in inventory of parts and supplies	(303,755)	(1,382,519)
(Increase) decrease in prepaid expenses	390,204	(15,043)
(Increase) decrease in deposits	30,000	(1,684)
Increase (decrease) in accounts payable	(441,622)	610,217
Increase (decrease) in accrued payroll and related liabilities	(144,585)	(26,409)
Increase (decrease) in unearned revenue	(289,904)	160,975
Increase in employee health reimbursement account liability	(2,852)	(23,400)
Increase (decrease) in other current liabilities	(403,043)	111,484
Net cash used for operating activities	\$ (30,118,670)	\$ (28,999,160)

LTD disposed of capital assets with a net book value of \$4,955,007 and \$41,319 in years ended June 30, 2013 and 2012, respectively.

Cash and cash equivalents consist of unrestricted and restricted amounts.

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

## **Notes to Basic Financial Statements Years Ended June 30, 2013 and 2012**

### **1. Summary of Significant Accounting Policies**

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

#### **(a) Financial Reporting Entity**

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

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

#### **(b) Organization and Operation**

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

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

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



**(c) Basis of Accounting and Revenue Recognition**

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

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

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

**(d) Tax Revenues**

Funding of day-to-day operations is primarily provided by the payroll tax imposed by the District pursuant to ORS 267.380 and the self-employment tax imposed by the District pursuant to ORS 267.385. The payroll tax is imposed on employers with respect to wages earned within the District service area. An employer is not permitted to deduct any portion of the tax from the wages of an employee. The self-employment tax is imposed on self-employed individuals with respect to their net earnings generated within the District service area. The District currently imposes these taxes at a rate of 0.69 percent of the wages paid to individuals (for payroll tax) and net earnings from self-employed individuals (for self-employment tax). The taxes are collected on the District's behalf by the Department of Revenue of the State of Oregon under an agreement entered into pursuant to ORS 305.620. Imposed tax revenues are recorded as assets and revenues in the period that the obligation is incurred by the employers and the self-employed individuals. Amounts accrued are estimated based upon current cash receipts and are trued up in the period that cash is collected.

**(e) Restricted Assets**

Restricted assets are assets set aside to meet externally imposed legal and contractual obligations. Restricted assets are used in accordance with their requirements and 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 State of Oregon special transportation programs.

**(f) Cash and Investments**

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

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

Investments with original maturities of less than one year are accounted for at amortized cost in accordance with GASB Statement No 31. Remaining investments are accounted for at fair value.

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

**(g) Grant Receivables**

Grant receivables are recorded in accordance with the non-exchange guidance. Accordingly, receivables are recorded when all eligible criteria have been met.

**(h) Inventories and Prepaid Expenses**

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

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

**(i) Capital Assets and Depreciation**

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

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

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

**(j) 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 non-union 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 deferred and recognized when earned. Receipts in excess of related Medicaid program expenditures are deferred and recognized as revenues or refunded when program review is completed by the Oregon Department of Human Services. Manufacturers' rebates are deferred and recognized as revenue when grant-related conditions for application are met. Pass thru proceeds from the sale of State of Oregon Lottery bonds are deferred and recognized as revenues when grant-related conditions are met.

**(l) Employee HRA Liability**

Expense for eligible employees' health reimbursement accounts (HRAs) is recorded in the month earned by the employee. A liability is recorded when made available to the employee for disbursement.

**(m) 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.

**(n) 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 as of and for the years ended June 30, 2013 and 2012. Actual results may differ from such estimates.

**(o) New Pronouncements**

During FY 2012-13, the District implemented the following GASB pronouncements:

- GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This statement establishes guidance for accounting and financial reporting for service concession arrangements (SCAs). The District has not entered into any SCAs, and, as a result, there was no significant impact on the District's financial statements.

- GASB Statement No. 61, “The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No 14 and No 34.” This statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete presentation), and certain disclosure requirements. The District has determined that there is no significant impact of the District’s financial statements.
- GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” This Statement codifies into GASB accounting and financial reporting standards the “legacy” standards from the private sector. The objective of this statement is to improve financial reporting by codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. It eliminates the need for financial statement preparers and auditors to determine which Financial Accounting Standards Board (FASB) and American Institute of CPAs (AICPA) pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. Although the District previously elected not to follow subsequent private-sector guidelines, there was no impact on the financial statements in the current year as a result of the application of this statement.
- GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.” This statement establishes accounting and reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that may have been previously reported as assets and liabilities. The District has modified financial statement terminology to be consistent with the requirements of this statement.
- GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities.” This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. While a conceptual understanding of the definition of deferred outflows of resources might lead to the reclassification of pension contribution in excess of annual required contribution as such, the modification of GASB Statement No. 27 and the creation of this amount as an asset are not specifically listed as modified in GASB Statement No. 65. As such the pension contribution in excess of annual required contribution remains classified as an asset for financial statement presentation. The District has determined that there is no significant impact of GASB Statement No. 65 on the District’s financial statements.

## 2. Stewardship, Compliance, and Accountability

### (a) Budgets and Appropriations

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

- **General Fund:** This fund accounts for the financial resources of the District that are not accounted for in any other fund. Principal sources of revenue are passenger fares, advertising and special services, employer payroll and self-employment taxes, State of Oregon payroll assessments, federal operating assistance, and interest. Primary expenditures are for personnel services, materials and services, insurance,

and interfund transfers to support accessible services and capital acquisition programs.

- **Accessible Services Fund:** This fund is used to account for the financial resources received primarily from federal and state grants restricted to use for accessible services programs, primarily for seniors and persons with disabilities, which complement regular fixed-route service. Primary revenue sources include State of Oregon Special Transportation Fund (STF) dollars, federal grants, and interfund transfers from the General Fund. Primary expenditures are for contract services, program administration, and interfund transfers of local match funds for program capital asset acquisitions.
- **Medicaid Fund:** This fund is used to account for the financial resources received from federal and state Medicaid programs and 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 countrywide broker for all Medicaid nonemergency medical transportation (NEMT) trips. Trips are provided door to door in most cases. Primary revenue sources are reimbursements for services provided; federal, state, and local grants; and interfund transfers from the General Fund. Primary expenditures are for contract services and program administration.
- **Capital Projects Fund:** This fund is used to account for financial resources to be used for the acquisition or construction of capital assets. The primary revenue sources are federal and state grants and transfers from the General Fund and Accessible Services Fund.

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

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

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

The Board of Directors, by resolution, may amend the budget as originally adopted. No amendments were made to the budget during FY 2012-13.

**(b) Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and commitments for the expenditure of monies are recorded to restrict a portion of the appropriation, is

employed for administrative control purposes during the year. Encumbrances at year-end do not constitute expenses or liabilities.

### 3. Detail Notes

#### (a) Cash

Cash at June 30 consisted of the following:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Cash:				
Cash on hand	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100
Demand deposits with financial institutions	1,191,083	1,191,083	403,888	403,888
State of Oregon Local Government Investment Pool	<u>21,261,521</u>	<u>21,399,721</u>	<u>12,887,662</u>	<u>12,897,972</u>
Total cash	<u>\$ 22,456,704</u>	<u>\$ 22,594,904</u>	<u>\$ 13,295,650</u>	<u>\$ 13,305,960</u>

Cash is reflected in the balance sheet as follows:

Cash and cash equivalents		
Unrestricted	\$ 18,048,822	\$ 11,153,928
Restricted	<u>4,407,882</u>	<u>2,141,722</u>
Total cash	<u>\$ 22,456,704</u>	<u>\$ 13,295,650</u>

#### Deposits

At June 30, 2013 and 2012, the District's book balance in the general operating account was \$1,191,083 and \$403,888, respectively, and the bank balance was \$1,767,243 and \$1,513,009, respectively. The difference is due to transactions in process. As of June 30, 2013, the District had deposits of \$250,000 insured by federal depository insurance and \$1,517,243 collateralized in accordance with Oregon Revised Statutes. As of June 30, 2012, the District had deposits of \$1,513,009 insured by federal depository insurance.

#### 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, 2013 and 2012, is stated at cost.

### Interest Rate Risk

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

### Credit Risk

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

### Concentration of Credit Risk

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

### Custodial Credit Risk – Deposits and Investments

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

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

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

The Oregon Audits Division of the Secretary of State's Office audits the OSTF annually. The Division's report on the OSTF as of and for the year ended June 30, 2013, was

unqualified and may be obtained on-line at the State of Oregon's website at [www.oregon.gov](http://www.oregon.gov).

**(b) Receivables**

Accounts

Unrestricted accounts receivable at June 30 consisted of the following:

	<u>2013</u>	<u>2012</u>
Passenger fares	\$ 291,152	\$ 255,766
Advertising	24,000	25,500
State of Oregon Business Energy Tax Credit (BETC) from Student Transit Pass Program	571,261	1,281,331
Medicaid reimbursement	65,703	102,309
Medicaid non-medical reimbursement	432,234	285,885
Medicaid developmental disability reimbursement	526,292	293,758
Miscellaneous	47,914	69,366
Total accounts receivable	<u>\$ 1,958,556</u>	<u>\$ 2,313,915</u>

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

Taxes

Unrestricted taxes receivable at June 30 consisted of the following:

	<u>2013</u>	<u>2012</u>
Employer payroll taxes	\$ 5,914,000	\$ 5,322,000
Self-employment taxes	22,000	21,999
Total unrestricted	<u>\$ 5,936,000</u>	<u>\$ 5,343,999</u>

Grants

Unrestricted grants receivable at June 30 consisted of the following:

	<u>2013</u>	<u>2012</u>
Unrestricted Federal grants	\$ 2,961,614	\$ 4,714,500
Grants restricted for Accessible Services and Medicaid	519,973	643,629
Total grants receivable	<u>\$ 3,481,587</u>	<u>\$ 5,358,129</u>



**(c) Restricted Assets**

Restricted assets consist of current assets that are restricted for accessible services and Medicaid programs.

The components of the restricted assets, liabilities payable from restricted assets, and restricted net positions as of June 30, 2013, were as follows:

	Total Restricted Assets	Less Total Current Liabilities Payable from Restricted Assets	Net Restricted Assets (Liabilities)
Restricted for Accessible Services and Medicaid:			
Cash and investments	\$ 175,927	\$ (340,074)	\$ (164,147)
Accounts receivable	1,024,754	(152,175)	872,579
Federal and state grants receivable	519,973	(791,773)	(271,800)
Total restricted for Accessible Services and Medicaid	1,720,654	(1,284,022)	436,632
Restricted for capital projects			
Cash and investments	4,231,955	(4,231,955)	-
Total restricted for capital projects	4,231,955	(4,231,955)	-
Total net restricted assets	\$ 5,952,609	\$ (5,515,977)	\$ 436,632

The components of the restricted assets, liabilities payable from restricted assets, and restricted net positions as of June 30, 2012, were as follows:

	Total Restricted Assets (restated)	Less Total Current Liabilities Payable from Restricted Assets (restated)	Net Restricted Assets (Liabilities)
Restricted for Accessible Services and Medicaid:			
Cash and investments	\$ 540,944	\$ (625,175)	\$ (84,231)
Accounts receivable	645,685	(66,825)	578,860
Federal and state grants receivable	643,630	(646,953)	(3,323)
Total restricted for Accessible Services and Medicaid	1,830,259	(1,338,953)	491,306
Restricted for Capital Projects			
Cash and investments	1,600,778	(1,600,778)	-
Total restricted for Capital Projects	1,600,778	(1,600,778)	-
Total net restricted assets	\$ 3,431,037	\$ (2,939,731)	\$ 491,306

**(d) Capital Assets**

Major classes of property and equipment and accumulated depreciation as of June 30, 2013 and 2012:

2013	Balance 7/1/12	FY 12-13 Additions or Expenses	FY 12-13 Disposals	Transfers	Balance 6/30/13
<b>Capital assets, not being depreciated:</b>					
Land	\$ 8,708,370	\$ -	\$ -	\$ -	\$ 8,708,370
Public art	366,917	-	-	-	366,917
Construction in progress	3,800,543	1,302,553	-	(947,577)	4,155,519
<b>Total capital assets, not being depreciated</b>	<b>12,875,830</b>	<b>1,302,553</b>	<b>-</b>	<b>(947,577)</b>	<b>13,230,806</b>
<b>Capital assets, being depreciated:</b>					
Busways	46,882,982	42,641	-	-	46,925,623
Rolling stock and related equipment	58,659,560	-	(4,698,061)	-	53,961,499
Stations, shelters, and bus signs	19,320,213	-	-	-	19,320,213
Buildings and improvements	40,054,596	107,704	-	17,679	40,179,979
Accessible Services vehicles	5,504,431	217,630	(109,632)	-	5,612,429
Other equipment and support vehicles	9,780,386	551,394	(147,314)	929,898	11,114,364
<b>Total capital assets, being depreciated</b>	<b>180,202,168</b>	<b>919,369</b>	<b>(4,955,007)</b>	<b>947,577</b>	<b>177,114,107</b>
<b>Less accumulated depreciation for:</b>					
Busways	7,854,733	2,339,479	-	-	10,194,212
Rolling stock and related equipment	25,821,771	4,136,826	(4,666,061)	-	25,292,536
Stations, shelters, and bus signs	7,488,463	1,227,983	-	-	8,716,446
Buildings and improvements	17,749,594	1,557,255	-	-	19,306,849
Accessible Services vehicles	3,432,426	478,477	(109,632)	-	3,801,271
Other equipment and support vehicles	8,117,348	821,266	(147,314)	-	8,791,300
<b>Total accumulated depreciation</b>	<b>70,464,335</b>	<b>10,561,286</b>	<b>(4,923,007)</b>	<b>-</b>	<b>76,102,614</b>
<b>Total capital assets, being depreciated, net</b>	<b>109,737,833</b>	<b>(9,641,917)</b>	<b>(32,000)</b>	<b>947,577</b>	<b>101,011,493</b>
<b>Total capital assets, net</b>	<b>\$ 122,613,663</b>	<b>\$ (8,339,364)</b>	<b>\$ (32,000)</b>	<b>\$ -</b>	<b>\$ 114,242,299</b>
<b>2012</b>					
	<b>Balance 7/1/11</b>	<b>FY 11-12 Additions or Expenses</b>	<b>FY 11-12 Disposals</b>	<b>Transfers</b>	<b>Balance 6/30/12</b>
<b>Capital assets, not being depreciated:</b>					
Land	\$ 8,708,370	\$ -	\$ -	\$ -	\$ 8,708,370
Public art	366,917	-	-	-	366,917
Construction in progress	2,087,339	2,307,273	(9,217)	(584,852)	3,800,543
<b>Total capital assets, not being depreciated</b>	<b>11,162,626</b>	<b>2,307,273</b>	<b>(9,217)</b>	<b>(584,852)</b>	<b>12,875,830</b>
<b>Capital assets, being depreciated:</b>					
Busways	46,680,802	202,180	-	-	46,882,982
Rolling stock and related equipment	47,350,698	14,059,376	(2,639,302)	(111,212)	58,659,560
Stations, shelters, and bus signs	17,606,321	1,475,114	(427,194)	665,972	19,320,213
Buildings and improvements	39,699,221	374,453	(20,255)	1,177	40,054,596
Accessible Services vehicles	5,203,319	862,419	(565,166)	3,859	5,504,431
Other equipment and support vehicles	9,409,983	345,347	-	25,056	9,780,386
<b>Total capital assets, being depreciated</b>	<b>165,950,344</b>	<b>17,318,889</b>	<b>(3,651,917)</b>	<b>584,852</b>	<b>180,202,168</b>
<b>Less accumulated depreciation for:</b>					
Busways	5,520,309	2,334,424	-	-	7,854,733
Rolling stock and related equipment	24,791,743	3,645,330	(2,615,302)	-	25,821,771
Stations, shelters, and bus signs	6,616,565	1,299,092	(427,194)	-	7,488,463
Buildings and improvements	16,218,798	1,542,949	(12,153)	-	17,749,594
Accessible Services vehicles	3,341,179	656,413	(565,166)	-	3,432,426
Other equipment and support vehicles	7,426,525	690,823	-	-	8,117,348
<b>Total accumulated depreciation</b>	<b>63,915,119</b>	<b>10,169,031</b>	<b>(3,619,815)</b>	<b>-</b>	<b>70,464,335</b>
<b>Total capital assets, being depreciated, net</b>	<b>102,035,225</b>	<b>7,149,858</b>	<b>(32,102)</b>	<b>584,852</b>	<b>109,737,833</b>
<b>Total capital assets, net</b>	<b>\$ 113,197,851</b>	<b>\$ 9,457,131</b>	<b>\$ (41,319)</b>	<b>\$ -</b>	<b>\$ 122,613,663</b>

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

There is no property and equipment under capital lease.

**(e) Accrued Vacation and Sick Leave Liabilities**

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

	<u>2013</u>	<u>2012</u>
Accrued vacation and sick leave payable at beginning of period	\$ 3,499,425	\$ 3,284,894
Total vacation accrued for period	1,820,526	1,893,027
Total sick leave accrued for period	535,512	584,258
Total vacation taken for period	(1,804,603)	(1,776,239)
Total sick leave taken for period	(407,903)	(461,779)
Total sick leave lost for period	<u>(27,424)</u>	<u>(24,736)</u>
Accrued vacation and sick leave payable at end of period	<u>\$ 3,615,533</u>	<u>\$ 3,499,425</u>
Vacation time - union-represented employees	\$ 1,237,066	\$ 1,231,138
Combined annual leave - non-union employees	896,426	886,431
Sick leave - union-represented employees	787,309	748,525
Extended illness bank - non-union employees	<u>694,732</u>	<u>633,331</u>
Total accrued vacation and sick leave	<u>\$ 3,615,533</u>	<u>\$ 3,499,425</u>
Current portion vacation and sick leave	\$ 2,551,183	\$ 2,482,584
Non-current vacation and sick leave	<u>1,064,350</u>	<u>1,016,841</u>
Total	<u>\$ 3,615,533</u>	<u>\$ 3,499,425</u>

**4. Other Information**

**(a) Pension Benefits**

The District contributes to two single-employer public employee retirement plans. One, the Lane Transit District Salaried Employees' Retirement Plan (LTDSP), combines a defined benefit plan (Part 1) and a defined contribution plan (Part 2) for all members who entered the plan prior to January 1, 2012. New members joining this plan after December 31, 2011, are covered by a discretionary contribution program and a matching provision. The second plan, the Lane Transit District and Amalgamated Transit Union, Local No. 757, Pension Trust (LTD ATU Pension Trust), is a defined benefit plan.

Each plan is administered by appointed Trustees. The three Trustees of the LTDSP are a member of the Lane Transit District Board of Directors, and the general manager and the director of human resources and risk management of LTD. The four Trustees of the LTD ATU Pension Trust are a member of the Lane Transit District Board of Directors; the general manager of LTD; the president (or designee) of the ATU, Local No. 757; and an executive board officer of ATU, Local No. 757.

Each plan's assets are held in trust, independent of the District, and solely for the purpose of paying each plan's benefits and administrative expenses. The plans are not included in the reporting entity of the District. The assets are invested in a variety of stocks, bonds, and other securities. Neither plan includes in its assets any District securities or securities of any related parties. No loans have been granted to the District from plan funds.

The District's contributions to the LTD ATU Pension Trust and to the LTDSP Part 1 (a defined benefit plan) are actuarially determined and recognized in the current reporting period. The District funds the LTDSP Part 1 based on an annual contribution, made on a biweekly basis with each payroll. The District funds the LTD ATU Pension Trust based on an annual contribution per covered hour worked, made on a biweekly basis with each payroll. The District funds both plans based on actuarially determined annual required contributions (ARC). The District's Board of Director's has formally adopted the actuarial methods and investment rate assumptions used for the LTDSP Part 1 plan. The District funds the LTDSP Part 2 (a defined contribution plan) and the new discretionary and matching contributions each payroll period.

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

*Plan Description*

The LTDSP Part 1 provides retirement, disability, and death benefits to plan members and beneficiaries and covers all District non-union employees hired before January 1, 2012. Participation begins on the first January 1 or July 1 after beginning work for the District. Benefits are 100 percent vested when the plan member earns five years of vesting credit 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, 1999, with 30 years of vesting credit, are entitled to an annual retirement benefit, payable monthly for life. Benefits are the higher of (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) (a) the number of years of benefit credit (not exceeding 25) times average annual salary times 3 percent less (b) the plan member's Primary Social Security Benefit. Vested plan members may also retire with a reduced benefit as early as age 55. 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. 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 LTDSP Part 2 requires the District to contribute, to an account invested at the plan member's direction, 6 percent of a plan member's salary for each payroll period that begins after six calendar months of employment. One half of this 6 percent contribution is a required employee contribution that is "picked up" and funded by the District.

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

The Trustees of the LTDSP issue a publicly available financial report that includes financial statements and required supplementary information for the LTDSP. The report may be obtained by writing to Trustees of the Lane Transit District Salaried Employees' Retirement Plan, P.O. Box 7070, Springfield, Oregon 97475-0470.

*Funding Policy and Annual Pension Cost*

The funding policy of the LTDSP Part 1 provides for an actuarially computed recommended contribution determined using the individual entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each plan member is allocated on a level basis over the earnings of the plan member between entry age and assumed exit age. The normal cost for a year is the portion of this actuarial present value allocated to the year. The actuarial accrued liability is the excess of this actuarial present value over the actuarial present value of future normal costs. The unfunded actuarial accrued liability is the excess of this actuarial accrued liability over the actuarial value of assets. The recommended contribution consists of the normal cost plus an amortization of the unfunded actuarial accrued liability.

Funding progress, as reported in the most recent actuarial valuations, is shown below:

Actuarial valuation date	<u>June 30, 2013</u>	<u>June 30, 2011</u>	<u>June 30, 2009</u>
Actuarial value of assets	\$ 13,352,400	\$ 11,551,800	\$ 9,532,400
Actuarial value of liabilities	19,603,400	16,746,400	14,036,000
Unfunded actuarial accrued liabilities	6,251,000	5,194,600	4,503,600
Amortization period, years	19	20	20
Funded ratio	68.1%	69.0%	67.9%
Valuation payroll	5,063,700	4,653,100	5,216,600
UAAL as a percentage of covered payroll	123.4%	111.6%	86.3%

Based on the actuarially determined annual required contribution (ARC), for FY 2012-13, the District made employer contributions based of a) Normal Costs as a percentage of actual covered payroll and b) Employer Level Dollar Payment towards the unfunded actuarial accrued liability (UAAL). The actuarially determined percentage for Normal Costs for FY 2012-13 was 11.5 percent of covered payroll. The Employer Level Dollar Payment towards the UAAL for FY 2012-13 was \$556,426. The District contributed \$5 in excess of the ARC for year ended June 30, 2013.

For FY 2011-12, the District made employer contributions as a percentage of actual payroll at a percentage greater than recommended in the applicable actuarial valuation. The actuarially determined percentage for FY 2011-12 was 18.3 percent. For FY 2011-12, the actual employer contribution was approximately 20 percent of actual covered payroll, which resulted in a contribution in excess of the Annual Required Contribution by \$94,625.

The District's annual pension cost and net pension obligation to the LTDSP Part 1 for the fiscal years ended June 30 were as follows:

	2013	2012
Annual required contribution	\$ 1,156,122	\$ 931,962
Interest on net pension obligation	(24,128)	(17,003)
Adjustment to annual required contribution	30,456	16,633
Annual pension cost	1,162,450	931,592
Total LTD contribution to trust	(1,156,127)	(1,026,587)
(Decrease) increase in net pension obligation	6,323	(94,995)
Net pension obligation beginning of year	(321,702)	(226,707)
Net pension obligation end of year	\$ (315,379)	\$ (321,702)

The contribution rate for period FY 2013-14 has been determined to be a level payment of \$556,426 to cover amortization of the unfunded liability and payment of administrative costs plus 11.5 percent of actual covered payroll for normal costs to cover the ongoing costs of accruing benefits.

The schedule of District contributions is as follows:

	2013	2012	2011
Covered payroll	\$ 5,214,746	\$ 5,092,690	\$ 5,187,894
Employer Required Contribution rate	n/a	18.3%	18.3%
Normal Cost Contribution rate	11.5%	n/a	n/a
Actual LTD rate of covered payroll	11.5%	20.2%	18.3%
Employer Level Dollar payment	556,426	n/a	n/a
Annual Required Contribution (ARC)	1,156,122	931,962	949,385
Actual LTD contributions	1,156,127	1,026,587	949,698
Contribution in excess of ARC	5	94,625	313
Percentage of ARC contributed	100%	110%	100%
Annual pension cost	1,162,450	931,592	949,016
Percentage of annual pension cost contributed	99%	110%	100%
Change in Net Pension Obligation	6,323	(94,995)	(682)
Net pension obligation (asset)	(315,379)	(321,702)	(226,707)

#### *Actuarial Methods and Assumptions*

Significant actuarial assumptions used in the valuation include (a) a 7.25 percent investment rate of return (net of investment expenses), and (b) projected annual salary increases ranging from 11 percent to 3.5 percent per year, based on age and with 1.5 percent lower increases expected during 2011-2013. Both (a) and (b) included an inflation component of 3 percent. The LTDS Part 1's unfunded actuarial accrued liability and actuarial gains and losses are being amortized as a level dollar amount over a closed amortization period of twenty years beginning July 1, 2012. The actuarial value of plan assets is a market-related value using three-year smoothing of market returns. 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). Plan improvements are amortized in the manner determined above.

Lane Transit District Salaried Employee's Retirement Plan  
(plan entrants after December 31, 2011)

*Plan Description*

The Lane Transit District Salaried Employees' Defined Contribution Program became effective on January 1, 2012. Any new entrants into the Salaried plan after December 31, 2011, are eligible participant's for this Defined Contribution Program and not the Part 1 and Part 2 programs. This program provides contributions to a discretionary account and the opportunity to receive contributions to a matching account. The discretionary contribution made by Lane Transit District is expected to be as follows:

Years of Vesting	
Service on Payday	% of Base Pay Contributed
0-4	4.5%
5-9	5.6%
10-14	6.7%
15-19	7.8%
20 or more	9.0%

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 payday.

The vesting schedule for the discretionary and matching accounts is as follows:

Years of Vesting Service	Discretionary Account Vesting	Matching Account Vesting
0	0%	25%
1	10%	50%
2	20%	75%
3	30%	100%
4	40%	100%
5	60%	100%
6	80%	100%
7 or more	100%	100%

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

*Plan Description*

The LTD ATU Pension Trust provides retirement, disability, and death benefits to plan members and beneficiaries and covers all District union employees. 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 after July 1, 2009, is \$64 per month per year of credited service. Plan members with 10 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. Ad hoc cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Trustees. The most recent cost of living increase was granted in 2006. No employee contributions are required or permitted. The plan was created effective March 1, 1972, by collective bargaining agreement, was amended on several subsequent occasions, was last restated effective January 1, 2008, and has not been amended since.

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.

The Trustees of the LTD ATU Pension Trust issue a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to Trustees of the Lane Transit District and Amalgamated Transit Union, Local No. 757, Pension Trust, P.O. Box 7070, Springfield, Oregon 97475-0470.

*Funding Policy and Annual Pension Cost*

Pursuant to the terms of the Working and Wage Agreement between the ATU and the District for the period July 1, 2011, through June 30, 2014, the District is required to fund the LTD ATU Pension Trust in accordance with actuarial principles, amortizing past service liabilities over a period of 40 years or less. As of June 30, 2013, the District is amortizing past service liabilities over twenty years.

The funding policy of the LTD ATU Pension Trust provides for an actuarially computed recommended contribution determined using the individual entry age normal actuarial cost method, which is described above in the discussion of the funding policy and annual



pension cost for the LTDSP Part 1. However, for the LTD ATU Pension Trust, normal costs are determined based upon a flat dollar amount per compensated hour.

Funding progress, as reported in the most recent actuarial valuations, is shown below:

Actuarial valuation date	<u>January 1, 2012</u>	<u>January 1, 2010</u>	<u>January 1, 2008</u>
Actuarial value of assets	\$ 17,091,632	\$ 14,693,502	\$ 14,578,000
Actuarial value of liabilities	31,312,641	28,711,174	26,177,300
Unfunded actuarial accrued liabilities	14,221,009	14,017,672	11,599,300
Amortization period, years	20	20	20
Funded ratio	54.6%	51.2%	55.7%
Valuation payroll	10,933,900	11,719,200	10,761,600
UAAL as a percentage of covered payroll	130.1%	119.6%	107.8%

The District makes employer contributions as an amount per compensable hour. Effective July 1, 2001, the amount equals the amount per compensable hour recommended by the plan's actuary. Thus, as long as actual contributions per compensable hour are made at the rate assumed in the actuarial valuation, the dollar amount of the annual recommended contributions (ARCs) is equal to the actual dollar amount of the employer contributions. Since Lane Transit District contributed at a rate 5 percent above the recommended amount per compensable hour, the amount contributed to the LTD ATU pension plan in excess of the ARC for the year ended June 30, 2013, is \$97,911.

Since Lane Transit District contributed at a rate 10 percent above the recommended amount per compensable hour, the amount contributed to the LTD ATU pension plan in excess of the ARC for the year ended June 30, 2012, is \$212,335.

The District's annual pension cost and net pension obligation to the LTD ATU Pension plan for the fiscal years ended June 30 were as follows:

	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ 2,130,945	\$ 1,981,455
Interest on net pension obligation	(48,511)	(34,708)
Adjustment to annual required contribution	<u>62,216</u>	<u>40,701</u>
Annual pension cost	2,144,650	1,987,448
Total LTD contribution to trust	<u>(2,228,856)</u>	<u>(2,193,790)</u>
(Decrease) increase in net pension obligation	(84,206)	(206,342)
Net pension obligation beginning of year	<u>(669,120)</u>	<u>(462,778)</u>
Net pension obligation end of year	<u><u>\$ (753,326)</u></u>	<u><u>\$ (669,120)</u></u>

The actuarially determined required contributions in effect for FY 2012-13 and FY 2011-12 are listed below:

FY 2012-13	\$4.68 per compensated hour
FY 2011-12	\$4.26 per compensated hour

The actual contribution rate used by the District in effect for FY 2012-13 and FY 2011-12 are listed below:

FY 2012-13	\$4.89 per compensated hour
FY 2011-12	\$4.70 per compensated hour

The schedule of District contributions is as follows:

	2013	2012	2011
Covered payroll	\$ 10,629,043	\$ 10,288,538	\$ 10,998,431
Covered hours	455,330	465,130	475,242
Annual required rate per hour	\$ 4.68	\$ 4.26	\$ 4.28
Actual LTD rate per hour	4.89	4.70	4.28
Annual Required Contribution (ARC)	2,130,945	1,981,455	2,034,036
Actual LTD contributions	2,228,856	2,193,790	2,034,037
Contribution in excess of ARC	97,911	212,335	1
Percentage of ARC contributed	105%	110%	100%
Annual pension cost	2,144,650	1,987,448	2,040,108
Percentage of annual pension cost contributed	104%	110%	100%
Change in Net Pension Obligation	(84,206)	(206,342)	6,071
Net pension obligation (asset)	(753,326)	(669,120)	(462,778)

*Actuarial Methods and Assumptions*

The actuarial assumptions for the January 1, 2012, 2010, and 2008, valuations include an investment rate of return of 7.25 percent, 7.5 percent, and 7.5 percent (all net of investment expenses), respectively. No projected salary increases are assumed because benefits are not salary related. The assumed inflation component was 3 percent. Unfunded actuarial accrued liability and actuarial gains and losses are being amortized as a level dollar amount over a closed amortization period of twenty years. The actuarial value of plan assets is a market-related value using three-year smoothing of market returns.

The plan does not provide for automatic post-retirement benefit increases, although the plan requires the Trustees to consider a cost-of-living adjustment once per plan year. The Trustees last adopted an ad hoc increase of 2 percent on January 1, 2006. Plan improvements are amortized in the manner determined above.

**(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 of up to \$250 per month

per pre-Medicare retiree toward post-retirement healthcare insurance for eligible retirees, their spouses, domestic partners, and dependents through the District's group health insurance plans, which cover both active and retired participants. Premiums beyond the monthly explicit employer-paid benefit are paid by the retiree. The level of benefits provided by the plan are the same as those afforded to active employees. This level of coverage is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and eligible dependents until age 26.

The plan also provides an explicit employer-paid benefit of up to \$125 per month per Medicare-eligible retiree applied toward offered Medicare supplements.

Retirees may not convert the benefit to an in-lieu payment to secure coverage under independent plans.

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

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

At the January 1, 2012, actuarial valuation date, there were 109 retirees receiving benefits under the plan and 299 active employees who may be eligible for future retirement benefits.

At the January 1, 2010, actuarial valuation date, there were 95 retirees receiving benefits under the plan and 330 active employees who may be eligible for future retirement benefits.

#### Funding Policy

The District collects insurance premiums, net of applied explicit employer-paid benefits, from all retirees each month. The District then pays health insurance premiums for all retirees at the blended rate for each family classification. The annual required contribution (ARC) for the plan is an amount calculated to prefund future benefits as determined by the actuary. The District has elected not to pre-fund the actuarially determined future cost.

#### Annual OPEB Cost and Net OPEB Obligation

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

	2013	2012	2011
Annual required contribution	\$ 1,087,302	\$ 1,044,515	\$ 982,451
Interest earned on net OPEB obligation	87,102	85,593	56,714
Adjustment to the annual required contribution	<u>(216,077)</u>	<u>(146,222)</u>	<u>(96,887)</u>
Annual OPEB cost (expense)	958,327	983,886	942,278
Contribution made	<u>(343,421)</u>	<u>(397,294)</u>	<u>(300,536)</u>
Increase in net OPEB obligation	614,906	586,592	641,742
Net OPEB obligation, beginning of year	<u>2,488,640</u>	<u>1,902,048</u>	<u>1,260,306</u>
Net OPEB obligation, end of year	<u>\$ 3,103,546</u>	<u>\$ 2,488,640</u>	<u>\$ 1,902,048</u>
Percentage of annual OPEB cost contributed	35.8%	40.4%	31.9%

### Funding Status and Funding Progress

The schedule of funding progress is presented below:

Actuarial valuation date	<u>January 1, 2012</u>	<u>January 1, 2010</u>	<u>January 1, 2008</u>
Actuarial value of assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	<u>7,210,300</u>	<u>6,584,300</u>	<u>6,096,400</u>
Unfunded AAL (UAAL)	7,210,300	6,584,300	6,096,400
Funded ratio	0%	0%	0%
Covered payroll	15,381,200	16,783,500	14,878,300
UAAL as a percentage of covered payroll	46.9%	39.2%	41.0%

### Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The January 1, 2012, actuarial valuation used the projected unit credit cost method, an assumed 3.5 percent rate of return, and a healthcare cost inflation trend of 7 percent premiums for calendar year 2012, 7.5 percent in the second year, 6 percent in the third through eleventh year, 6.75 percent in the twelfth year, 7 percent in the thirteenth year, 6.75 percent for the fourteenth year grading down to 5 percent after the sixty-eighth year. The general inflation rate is assumed to be 2.75 percent per year. The projected unit credit method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on the expected long-term annual investment returns for Oregon's Local Government Investment Pool and comparable investment vehicles. The unfunded actuarially accrued liability and the gains and losses are amortized as a level dollar amount over fifteen years on an open basis.

The January 1, 2010, actuarial valuation used the projected unit credit cost method, an assumed 4.5 percent rate of return, and a healthcare cost inflation trend of 6.5 percent premiums for calendar year 2011, reduced by decrements to an ultimate rate of 5 percent in 2041. The general inflation rate is assumed to be 2.75 percent per year. The projected unit credit method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on the expected long-term annual investment returns for Oregon's Local Government Investment Pool and comparable investment vehicles. The unfunded actuarially accrued liability and the gains and losses are amortized as a level dollar amount over twenty years on a rolling basis.

**(c) Risk Management**

Risk is managed through a combination of purchased commercial insurance coverage and self-insurance with risk reserves. Insurance coverage was maintained during FY 2012-13 at approximately the same level as FY 2011-12. The limits are consistent with coverage carried by other public entities of the District's size and type in Oregon.

Oregon tort liability law generally limits claims for one incident to \$500,000. Additional coverage is for federal claims, out-of-state claims, or contractual liability. This coverage is tabulated as follows:

Retention Level (Deductible)	Description	Limits of Coverage
\$ 1,000	Property and contents	\$ 34,748,657
100,000	General and tort liability	10,000,000
50,000	Bus - physical damage	Stated value
1,000	Inland marine	75,000
1,000	Pollution liability (fuel storage tanks)	1,000,000
-	Earthquake/flood	10,000,000
-	Public employee blanket	250,000

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 between 5 and 8 percent of the operating budget. In the last three fiscal years, no settlements have exceeded the 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		
	2013	2012	2011
Unpaid claims and claim adjustment expenses, beginning of the year	\$ 467,386	\$ 318,378	\$ 194,711
Incurred claims (including IBNRs)	(97,053)	285,662	248,500
Claim payments	(280,793)	(136,654)	(124,833)
Total unpaid claims and claim adjustment expenses, end of the year	<u>\$ 89,540</u>	<u>\$ 467,386</u>	<u>\$ 318,378</u>

Unpaid claims are carried at estimated gross settlement value.

**(d) Commitments and Contingencies**

Management has evaluated subsequent events through December 11, 2013, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

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, 2013 the District had commitments of approximately \$7.5 million for design and engineering related to the West Eugene EmX Extension.

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

- GASB Statement No. 66, "Technical Corrections – 2012—An Amendment of GASB Statement 10 and No. 62," The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012.
- GASB Statement No. 68, "Accounting and Reporting for Pension Plans—An Amendment of GASB Statement No. 27." The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2014.
- GASB Statement No. 69, "Government Combinations and Disposals of Government Operations." This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.
- GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of the statement is to improve accounting and financial reporting by state and local governments that extend and receive

nonexchange financial guarantees. The statement is effective for reporting periods beginning after June 15, 2013.

**(e) Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**(f) Expenditures as Appropriated**

The presentation of the budget to actual schedules in the supplemental information section of the financial statements differs in format from the appropriations adopted by the Board of Directors. The following table shows the appropriated expenditures for the fiscal year ending June 30, 2013 as adopted:

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>General Fund</b>				
Personnel Services	\$ 27,574,800	\$ 27,574,800	\$ 26,612,484	\$ 962,316
Materials and Services	10,675,900	10,675,900	8,515,832	2,160,068
Transfer to Accessible Services Fund	2,501,300	2,501,300	1,395,490	1,105,810
Transfer to Capital Projects Fund	1,600,000	1,600,000	1,600,000	-
Contingencies	8,944,400	8,944,400	-	8,944,400
<b>Accessible Services Fund</b>				
Materials and Services	6,008,900	6,008,900	5,449,754	559,146
Transfer to Capital Projects Fund	40,000	40,000	7,236	32,764
Contingencies	176,300	176,300	-	176,300
<b>Medicaid Fund</b>				
Materials and Services	5,061,300	5,061,300	5,391,992	(330,692)
Contingencies	151,800	151,800	-	151,800
<b>Capital Projects Fund</b>				
Capital Outlay	29,198,600	29,198,600	3,230,802	25,967,798
Debt Service	-	-	-	-
Capital Reserve	564,100	564,100	-	564,100

**(g) Expenditures in Excess of Appropriations**

Oregon law prohibits expenditures of a fund in excess of Board of Directors approved appropriations. The District's Board of Directors approves appropriations by expenditure category for all funds.

Medicaid Fund	
Materials and Services	\$ (330,692)

Because of these over-expenditures, the District may not be in compliance with ORS 294.435.



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*Required Supplementary  
Information*

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**Schedule of Pension and OPEB Funding Progress**
**Salaried Employees' Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll (Previous 26 payrolls)	Unfunded Actuarial Liability as a Percentage of Covered Payroll
6/30/2013	\$ 13,352,400	\$ 19,603,400	\$ 6,251,000	68.1%	\$ 5,063,700	123.4%
6/30/2011	11,551,800	16,746,400	5,194,600	69.0%	4,653,100	111.6%
6/30/2009	9,532,400	14,036,000	4,503,500	67.9%	5,216,600	86.3%

**Amalgamated Transit Union Local No. 757 Pension Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll (Previous 26 payrolls)	Unfunded Actuarial Liability as a Percentage of Covered Payroll
1/1/2012	\$ 17,091,600	\$ 31,312,600	\$ 14,221,000	54.6%	\$ 10,933,900	130.1%
1/1/2010	14,693,500	28,711,200	14,017,700	51.2%	11,719,200	119.6%
1/1/2008	14,578,000	26,177,300	11,599,300	55.7%	10,761,600	107.8%

**Other Post-employment Benefit (OPEB) Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll (Previous 26 payrolls)	Unfunded Actuarial Liability as a Percentage of Covered Payroll
1/1/2012	\$ -	\$ 7,210,300	\$ 7,210,300	0.0%	\$ 15,381,200	46.9%
1/1/2010	-	6,584,300	6,584,300	0.0%	16,783,500	39.2%
1/1/2008	-	6,096,400	6,096,400	0.0%	14,878,300	41.0%

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*Other Supplementary  
Information*

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**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Non-GAAP Budget Basis**  
**For the fiscal year ended June 30, 2013**

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
<b>Revenues</b>				
Passenger fares	\$ 7,197,200	\$ 7,197,200	\$ 6,914,308	\$ (282,892)
Special services	572,500	572,500	439,110	(133,390)
Advertising	279,100	279,100	287,500	8,400
Employer payroll taxes	24,046,500	24,046,500	24,891,777	845,277
Self-employment taxes	1,672,800	1,672,800	1,576,826	(95,974)
State payroll assessment	1,820,000	1,820,000	1,941,063	121,063
Federal operating assistance	5,102,200	5,102,200	5,107,370	5,170
Other operating grants	75,000	75,000	121,152	46,152
Other jurisdictions (local grants)	15,000	15,000	13,700	(1,300)
Miscellaneous	134,800	134,800	311,389	176,589
Interest	60,000	60,000	72,833	12,833
Sale of assets	15,000	15,000	39,635	24,635
<b>Total revenues and other sources</b>	<u>40,990,100</u>	<u>40,990,100</u>	<u>41,716,663</u>	<u>726,563</u>
<b>Expenditures</b>				
Personnel services	27,574,800	27,574,800	26,612,484	962,316
Materials and services	9,259,700	9,259,700	7,304,297	1,955,403
Insurance	1,416,200	1,416,200	1,211,535	204,665
<b>Other uses</b>				
Interfund transfers out	4,101,300	4,101,300	2,995,490	1,105,810
Operating contingency	1,000,000	1,000,000	-	1,000,000
Working capital contingency	6,944,400	6,944,400	-	6,944,400
Self-insurance contingency	1,000,000	1,000,000	-	1,000,000
<b>Total expenditures and other uses</b>	<u>51,296,400</u>	<u>51,296,400</u>	<u>38,123,806</u>	<u>13,172,594</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(10,306,300)</b>	<b>(10,306,300)</b>	<b>3,592,857</b>	<b>13,899,157</b>
<b>Fund balance, beginning of year</b>	<u>10,306,300</u>	<u>10,306,300</u>	<u>17,058,646</u>	<u>6,752,346</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,651,503</u>	<u>\$ 20,651,503</u>

**Accessible Services Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Non-GAAP Budget Basis**  
**For the fiscal year ended June 30, 2013**

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
<b>Revenues</b>				
State Special Transportation Funds (STF)	\$ 539,500	\$ 539,500	\$ 425,301	\$ (114,199)
State Transportation Operation (STO)	-	-	55,848	55,848
Federal pass-through grants - 5310	1,522,300	1,522,300	1,747,800	225,500
Federal pass-through grants - 5311	154,900	154,900	147,142	(7,758)
Federal Job Access/Reverse Commute (JARC) grant - 5316	25,000	25,000	235,399	210,399
Federal New Freedom grant - 5317	152,000	152,000	3,866	(148,134)
Other federal grants	704,100	704,100	983,184	279,084
Farebox	319,500	319,500	336,202	16,702
Local grants	90,300	90,300	90,000	(300)
Miscellaneous income	-	-	50	50
Interest income	-	-	1,096	1,096
Transfer from General Fund	2,501,300	2,501,300	1,395,490	(1,105,810)
<b>Total revenues</b>	<u>6,008,900</u>	<u>6,008,900</u>	<u>5,421,378</u>	<u>(587,522)</u>
<b>Expenditures</b>				
Eugene/Springfield-based services				
ADA Ride <i>Source</i>	4,989,600	4,989,600	4,486,213	503,387
Transit training and hosts	130,000	130,000	138,669	(8,669)
Special transportation	86,600	86,600	86,599	1
<b>Total Eugene/Springfield-based services</b>	<u>5,206,200</u>	<u>5,206,200</u>	<u>4,711,481</u>	<u>494,719</u>
Rural Lane County services				
South Lane	104,000	104,000	102,210	1,790
Florence	188,000	188,000	165,576	22,424
Oakridge	172,000	172,000	196,855	(24,855)
<b>Total rural Lane County services</b>	<u>464,000</u>	<u>464,000</u>	<u>464,641</u>	<u>(641)</u>
Mobility management	170,000	170,000	160,413	9,587
Lane County coordination	168,700	168,700	113,219	55,481
<b>Total services</b>	<u>6,008,900</u>	<u>6,008,900</u>	<u>5,449,754</u>	<u>559,146</u>
Interfund transfers out	40,000	40,000	7,236	32,764
Operating contingency	176,300	176,300	-	176,300
<b>Total expenditures</b>	<u>6,225,200</u>	<u>6,225,200</u>	<u>5,456,990</u>	<u>768,210</u>
Excess (deficiency) of revenues over expenditures	(216,300)	(216,300)	(35,612)	180,688
Fund balance, beginning of year	216,300	216,300	290,630	74,330
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,018</u>	<u>\$ 255,018</u>



**Medicaid Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual on a Non-GAAP Budget Basis**  
**For the fiscal year ended June 30, 2013**

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
<b>Revenues</b>				
Medicaid medical reimbursement	\$ 4,521,100	\$ 4,521,100	\$ 4,670,208	\$ 149,108
Medicaid non-medical reimbursement	419,800	419,800	552,160	132,360
State Special Transportation Fund (STF) Operating	88,200	88,200	115,130	26,930
State Discretionary Fund	32,200	32,200	32,191	(9)
Interest	-	-	3,241	3,241
<b>Total revenues</b>	<u>5,061,300</u>	<u>5,061,300</u>	<u>5,372,930</u>	<u>311,630</u>
<b>Expenditures</b>				
Medicaid medical services				
Services	3,735,400	3,735,400	3,843,869	(108,469)
Mobility management	43,700	43,700	57,344	(13,644)
RideSource Call Center administration	574,100	574,100	620,054	(45,954)
Lane Transit District administration	167,900	167,900	167,838	62
<b>Total Medicaid medical (NEMT)</b>	<u>4,521,100</u>	<u>4,521,100</u>	<u>4,689,105</u>	<u>(168,005)</u>
Medicaid non-medical (waivered) services				
Services	324,700	324,700	375,176	(50,476)
Mobility management	17,400	17,400	23,598	(6,198)
Grant program match requirements	191,500	191,500	195,952	(4,452)
RideSource Call Center Administration	-	-	103,279	(103,279)
Lane Transit District administration	6,600	6,600	4,882	1,718
<b>Total Medicaid non medical (waivered)</b>	<u>540,200</u>	<u>540,200</u>	<u>702,887</u>	<u>(162,687)</u>
<b>Total operating requirements</b>	<u>5,061,300</u>	<u>5,061,300</u>	<u>5,391,992</u>	<u>(330,692)</u>
Operating contingency	151,800	151,800	-	151,800
<b>Total expenditures</b>	<u>5,213,100</u>	<u>5,213,100</u>	<u>5,391,992</u>	<u>(178,892)</u>
Excess (deficiency) of revenues over expenditures	(151,800)	(151,800)	(19,062)	132,738
Fund balance, beginning of year	151,800	151,800	200,676	48,876
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,614</u>	<u>\$ 181,614</u>

Actual expenditures exceeded appropriations by \$330,692.

**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, 2013**

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
<b>Revenues</b>				
Capital assistance - FTA:				
Formula funding - Section 5307	\$ 4,663,700	\$ 4,663,700	\$ 1,335,527	\$ (3,328,173)
American Recovery and Reinvestment Act (ARRA)	69,400	69,400	66,306	(3,094)
Discretionary funding - Section 5309	17,481,400	17,481,400	289,324	(17,192,076)
Discretionary funding - other	929,500	929,500	194,219	(735,281)
State of Oregon grants	3,934,300	3,934,300	1,600,000	(2,334,300)
Local capital grants	-	-	15,914	15,914
Miscellaneous income	-	-	200	200
Transfer from Accessible Services Fund	40,000	40,000	7,236	(32,764)
Transfer from General Fund	1,600,000	1,600,000	1,600,000	-
<b>Total revenues</b>	<u>28,718,300</u>	<u>28,718,300</u>	<u>5,108,726</u>	<u>(23,609,574)</u>
<b>Expenditures</b>				
Capital outlay:				
EmX construction - Gateway Extension	2,080,000	2,080,000	165,126	1,914,874
EmX development - West Eugene Extension	18,280,800	18,280,800	934,113	17,346,687
Main Street/McVay Alternatives Analysis	937,500	937,500	45,932	891,568
	<u>21,298,300</u>	<u>21,298,300</u>	<u>1,145,171</u>	<u>20,153,129</u>
Revenue vehicles	125,000	125,000	-	125,000
Passenger boarding improvements/facilities	2,791,800	2,791,800	1,232,014	1,559,786
Computer hardware and software	3,080,800	3,080,800	382,592	2,698,208
Intelligent Transportation Systems	526,600	526,600	19,119	507,481
Transit security projects	652,600	652,600	332,477	320,123
Miscellaneous equipment	305,000	305,000	14,384	290,616
Radio/communications	80,000	80,000	-	80,000
Shop equipment	78,500	78,500	40,859	37,641
Support vehicles	60,000	60,000	19,763	40,237
Accessible Services - vehicles and projects	200,000	200,000	44,423	155,577
<b>Total capital outlay</b>	<u>29,198,600</u>	<u>29,198,600</u>	<u>3,230,802</u>	<u>25,967,798</u>
<b>Total expenditures</b>	<u>29,198,600</u>	<u>29,198,600</u>	<u>3,230,802</u>	<u>25,967,798</u>
Excess of revenues over expenditures	(480,300)	(480,300)	1,877,924	2,358,224
Fund balance, beginning of year	1,044,400	1,044,400	1,516,795	472,395
Fund balance, end of year	<u>\$ 564,100</u>	<u>\$ 564,100</u>	<u>\$ 3,394,719</u>	<u>\$ 2,830,619</u>

Certain equipment, budgeted as capital outlay did not meet the \$5,000 minimum for capitalization as a capital asset. As such, \$1,008,880 presented above as capital outlay was reclassified as materials and services for financial statement purposes.

**Reconciliation of Excess of Revenues Over Expenditures on a  
Non-GAAP Budgetary Basis to Changes in Net Position  
on a GAAP Basis  
For the fiscal year ended June 30, 2013**

General Fund	\$ 3,592,857
Accessible Services Fund	(35,612)
Medicaid Fund	(19,062)
Capital Projects Fund	<u>1,877,924</u>
Excess of revenues over expenditures	5,416,107
Reconciling items:	
Depreciation	(10,561,286)
Acquisition of capital assets	2,221,922
OPEB expense	(614,905)
Contribution in excess of annual required contribution	61,745
Compensated absences accrual	(116,108)
Insurance reserve accrual	377,846
Gain on disposal of assets	7,635
Proceeds from disposal of assets	<u>(39,635)</u>
Change in net position	<u>\$ (3,246,679)</u>

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## STATISTICAL SECTION

This part of the Lane Transit District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

### Contents

#### Financial Trend Information

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

#### Demographic and Economic Information

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

#### Operating Information

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

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

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*Financial Trend Information*

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**Lane Transit District  
Comparative Statements of Net Position  
Last Ten Years Ended June 30**

	2004	2005	2006	2007	2008	2009	2010	Restated 2011	2012	2013
<b>Assets</b>										
Current assets	\$ 25,524,551	\$ 27,721,741	\$ 29,034,981	\$ 26,585,090	\$ 27,312,219	\$ 26,310,655	\$ 25,404,558	\$ 28,380,179	\$ 30,346,275	\$ 37,774,109
Capital assets, net of accumulated depreciation	56,769,923	61,832,700	68,817,518	81,869,746	87,082,507	92,451,905	110,201,071	113,197,851	122,613,663	114,242,299
Other assets	33,333	27,083	20,833	14,583	8,333	2,083	-	700,000	1,006,960	1,068,705
<b>Total assets</b>	<b>\$ 82,327,807</b>	<b>\$ 89,581,524</b>	<b>\$ 97,873,332</b>	<b>\$ 108,469,419</b>	<b>\$ 114,403,059</b>	<b>\$ 118,764,643</b>	<b>\$ 135,605,629</b>	<b>\$ 142,278,030</b>	<b>\$ 153,966,898</b>	<b>\$ 153,085,113</b>
<b>Liabilities</b>										
Current liabilities	\$ 3,699,095	\$ 4,744,166	\$ 4,989,413	\$ 4,187,540	\$ 8,614,294	\$ 7,597,959	\$ 8,273,281	\$ 6,160,791	\$ 8,224,324	\$ 9,926,804
Noncurrent liabilities	867,244	865,577	940,672	3,978,388	1,044,793	1,753,891	2,394,610	2,991,988	3,505,481	4,167,895
<b>Total liabilities</b>	<b>4,566,339</b>	<b>5,609,743</b>	<b>5,930,085</b>	<b>8,165,928</b>	<b>9,659,087</b>	<b>9,351,850</b>	<b>10,667,891</b>	<b>9,152,779</b>	<b>11,729,805</b>	<b>14,094,699</b>
<b>Net position</b>										
Net investment in capital assets	56,769,923	61,832,700	68,817,518	78,869,746	84,082,507	92,451,905	110,201,071	113,197,851	122,613,660	114,242,299
Restricted for Accessible Services and Medicaid programs	164,515	95,695	80,215	80,911	529,014	302,918	449,066	456,115	491,306	436,632
Unrestricted	20,827,030	22,043,386	23,045,514	21,352,834	20,132,451	16,657,970	14,287,601	19,471,285	19,132,127	24,311,483
<b>Total net position</b>	<b>77,761,468</b>	<b>83,971,781</b>	<b>91,943,247</b>	<b>100,303,491</b>	<b>104,743,972</b>	<b>109,412,793</b>	<b>124,937,738</b>	<b>133,125,251</b>	<b>142,237,093</b>	<b>138,990,414</b>
<b>Total liabilities and net position</b>	<b>\$ 82,327,807</b>	<b>\$ 89,581,524</b>	<b>\$ 97,873,332</b>	<b>\$ 108,469,419</b>	<b>\$ 114,403,059</b>	<b>\$ 118,764,643</b>	<b>\$ 135,605,629</b>	<b>\$ 142,278,030</b>	<b>\$ 153,966,898</b>	<b>\$ 153,085,113</b>

**Lane Transit District  
Changes in Net Position  
Last Ten Years**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Restated 2010-11	2011-12	2012-13
<b>Operations</b>											
Fixed route											
Revenue	\$ 5,245,568	\$ 5,262,403	\$ 5,248,594	\$ 5,961,498	\$ 6,226,293	\$ 7,320,990	\$ 7,723,787	\$ 7,933,611	\$ 8,150,969	\$ 7,608,840	\$ 7,640,918
Expense	(22,168,694)	(23,389,618)	(25,314,811)	(26,968,032)	(29,498,214)	(31,952,517)	(33,118,646)	(34,792,955)	(33,880,028)	(34,411,349)	(35,813,713)
Total fixed route	(16,923,126)	(18,127,215)	(20,066,217)	(21,006,534)	(23,271,921)	(24,631,527)	(25,394,859)	(26,859,344)	(25,729,059)	(26,802,509)	(28,172,795)
Accessible Services and Medicaid											
Revenue	754,930	1,171,061	1,258,544	1,415,320	1,713,431	3,408,944	6,120,502	7,859,572	8,172,584	8,069,191	9,394,430
Expense	(1,712,080)	(2,231,615)	(2,436,648)	(2,748,356)	(3,444,646)	(5,052,516)	(8,465,040)	(8,571,459)	(9,561,690)	(9,965,985)	(10,841,746)
Total Accessible Services	(957,150)	(1,060,554)	(1,178,104)	(1,333,036)	(1,731,215)	(1,643,572)	(2,344,538)	(711,887)	(1,389,106)	(1,896,794)	(1,447,316)
Loss from operations	(17,880,276)	(19,187,769)	(21,244,321)	(22,339,570)	(25,003,136)	(26,275,099)	(27,739,397)	(27,571,231)	(27,118,165)	(28,699,303)	(29,620,111)
<b>Nonoperating revenues</b>											
Employer payroll taxes	16,214,994	17,138,342	20,168,976	21,416,021	22,162,590	23,303,571	22,169,137	21,424,079	22,197,770	23,047,471	24,891,777
Self-employment taxes	1,028,534	1,119,274	1,153,652	1,512,419	1,543,520	1,618,655	1,444,342	1,381,109	1,440,902	1,507,575	1,576,826
State payroll assessment	1,172,952	1,198,075	1,227,385	1,236,672	1,338,318	1,432,590	1,490,098	1,755,311	1,740,509	1,869,854	1,941,063
Federal operating grant	287,170	575,659	556,797	775,223	439,135	639,972	572,074	6,567,015	4,008,381	5,431,231	6,563,936
State operating grant	-	26,271	33,728	-	-	-	-	-	350	1,992	-
Interest	388,698	192,523	395,673	730,232	900,290	686,566	293,980	56,200	60,462	62,653	77,171
Other revenues	96,310	89,843	174,657	360,292	169,956	118,835	306,755	343,208	497,739	276,975	325,339
Total nonoperating revenues	19,188,658	20,339,987	23,710,868	26,030,859	26,553,809	27,800,189	26,276,386	31,526,922	29,946,113	32,197,751	35,376,112
Income (loss) before capital contributions	1,308,382	1,152,218	2,466,547	3,691,289	1,550,673	1,525,090	(1,463,011)	3,955,691	2,827,948	3,498,448	5,756,001
<b>Capital contributions</b>											
Federal and state grants for capital acquisition	3,290,991	13,765,556	9,234,260	10,593,169	11,534,698	9,713,840	13,542,263	22,568,387	14,887,318	16,366,583	2,165,876
Changes in net position before depreciation, OPEB expense, and gain (loss) on sale of assets	4,599,373	14,917,774	11,700,807	14,284,458	13,085,371	11,238,930	12,079,252	26,524,078	17,715,266	19,865,031	7,921,877
Depreciation	(3,727,804)	(4,212,312)	(5,501,002)	(6,323,287)	(4,738,055)	(6,805,823)	(6,781,286)	(7,313,600)	(9,557,098)	(10,169,031)	(10,561,286)
OPEB expense	-	-	-	-	-	-	(635,353)	(624,953)	(641,742)	(586,592)	(614,905)
Gain (loss) on sale/disposal of assets	(11,701)	(3,895)	10,508	10,295	12,928	7,374	6,208	(3,060,580)	(28,913)	2,434	7,635
Changes in net position	\$ 859,868	\$ 10,701,567	\$ 6,210,313	\$ 7,971,466	\$ 8,360,244	\$ 4,440,481	\$ 4,668,821	\$ 15,524,945	\$ 7,487,513	\$ 9,111,842	\$ (3,246,679)

Total Debt Outstanding  
Last Ten Years

	<u>Outstanding at June 30</u>
FY 2012-13	\$ -
FY 2011-12	-
FY 2010-11	-
FY 2009-10	-
FY 2008-09	-
FY 2007-08	3,000,000
FY 2006-07	3,000,000
FY 2005-06	-
FY 2004-05	-
FY 2003-04	-

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**Lane Transit District**  
**Schedule of District Contributions Toward Pension Required Contributions**  
**Last Ten Years**

**Contributions to the Lane Transit District Employee's Retirement Plan (Part 1)**

	2013	2012	restated 2011	2010	2009	2008	2007	2006	2005	2004
Covered payroll	\$ 5,214,746	\$ 5,092,690	\$ 5,187,894	\$ 5,463,292	\$ 5,463,589	\$ 5,130,173	\$ 4,774,027	\$ 4,630,506	\$ 4,310,301	\$ 4,219,817
Employer required contribution rate	n/a	18.3%	18.3%	16.8%	16.8%	16.5%	16.5%	13.3%	13.3%	11.6%
Normal cost contribution rate	11.5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Actual LTD rate of covered payroll	11.5%	20.2%	18.3%	16.8%	20.9%	16.5%	16.5%	13.3%	13.3%	11.6%
Employer level dollar payment	556,426	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Annual required contribution (ARC)	1,156,122	931,962	949,385	918,391	917,967	846,480	784,355	614,912	573,928	485,876
Actual LTD contributions	1,156,127	1,026,587	949,698	918,391	1,142,967	846,480	784,355	614,912	573,928	485,876
Contribution in excess of ARC	5	94,625	313	-	225,000	-	-	-	-	-
Percentage of ARC contributed	100%	110%	100%	100%	125%	100%	100%	100%	100%	100%
Annual pension cost	1,162,450	931,592	949,016	917,500	1,142,967	846,480	784,355	614,912	573,928	485,876
Percentage of annual pension cost contributed	99%	110%	100%	100%	100%	100%	100%	100%	100%	100%
Change in net pension obligation	6,323	(94,995)	(682)	-	-	-	-	-	-	-
Net pension obligation (asset)	(315,379)	(321,702)	(226,707)	-	-	-	-	-	-	-

**Contributions to the Lane Transit District and Amalgamated Transit Union, Local No. 757, Pension Trust**

	2013	2012	restated 2011	2010	2009	2008	2007	2006	2005	2004
Covered payroll	\$ 10,629,043	\$ 10,288,538	\$ 10,998,431	\$ 11,724,870	\$ 11,171,828	\$ 10,953,639	\$ 10,419,432	\$ 9,633,000	\$ 9,513,410	\$ 9,523,217
Covered hours	455,330	465,130	475,242	522,220	525,700	504,200	508,400	480,800	484,000	499,400
Annual required rate per hour	\$ 4.68	\$ 4.26	\$ 4.28	\$ 3.69	\$ 3.69	\$ 3.21	\$ 2.85	\$ 2.35	\$ 2.05	\$ 1.74
Actual LTD rate per hour	4.89	4.70	4.28	3.69	3.69	3.21	2.85	2.35	2.05	1.74
Annual required contribution (ARC)	2,130,945	1,981,455	2,034,036	1,926,992	1,939,870	1,618,642	1,448,985	1,130,096	992,252	869,062
Actual LTD contributions	2,228,856	2,193,790	2,034,037	1,926,992	2,414,870	1,618,642	1,448,985	1,130,096	992,252	869,062
Contribution in excess of ARC	97,911	212,335	1	-	475,000	-	-	-	-	-
Percentage of ARC contributed	105%	110%	100%	100%	125%	100%	100%	100%	100%	100%
Annual pension cost	2,144,650	1,987,448	2,040,108	1,933,100	2,414,870	1,618,642	1,448,985	1,130,096	992,252	869,062
Percentage of annual pension cost contributed	104%	110%	100%	100%	100%	100%	100%	100%	100%	100%
Change in net pension obligation	(84,206)	(206,342)	6,071	-	-	-	-	-	-	-
Net pension obligation (asset)	(753,326)	(669,120)	(462,778)	-	-	-	-	-	-	-

**Total Contributions**

Total covered payroll	15,843,789	15,381,228	16,186,325	17,188,162	16,635,416	16,083,812	15,193,459	14,263,506	13,823,711	13,743,034
Total ARC	3,287,067	2,913,417	2,983,421	2,845,383	2,857,837	2,465,122	2,233,340	1,745,008	1,566,180	1,354,938
Total LTD contributions	3,384,983	3,220,377	2,983,735	2,845,383	3,557,837	2,465,122	2,233,340	1,745,008	1,566,180	1,354,938
Percentage of ARC contributed	103%	110%	100%	100%	125%	100%	100%	100%	100%	100%

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*Demographic and Economic  
Information*

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

Employer	2013			2004		
	Employees*	Rank	Percentage of Lane County Employment	Employees*	Rank	Percentage of Lane County Employment
University of Oregon	4,847	1	3.1%	3,676	2	2.3%
PeaceHealth Oregon	4,212	2	2.7%	4,125	1	2.6%
Lane County	2,000	3	1.3%	1,786	6	1.1%
Eugene School District	1,900	4	1.2%	1,651	7	1.0%
U.S. Government	1,625	5	1.0%	2,000	4	1.3%
Springfield School District	1,500	6	1.0%	1,500	8	1.0%
City of Eugene	1,427	7	0.9%	1,465	9	0.9%
Lane Community College	1,151	8	0.7%	2,000	5	1.3%
State of Oregon	1,100	9	0.7%	1,200	10	0.8%
Walmart	1,050	10	0.7%			
Monaco Coach Corporation				2,200	3	1.4%
	<u>20,812</u>		<u>13.1%</u>	<u>21,603</u>		<u>13.6%</u>
Total Employees	<u>158,703</u>			<u>158,405</u>		

\*Employee count and percent of Lane County employment is as of January 1 of each year.

Source: Eugene Chamber of Commerce and Oregon Employment Department

Lane Transit District

**Demographic and Economic Statistics**

Fiscal Year	Lane Transit District	Cities	Lane County, Oregon			
	Population (a)	Population (b)(c)	Population (c)	Personal Income (,000) (d)	Per Capita Income (d)	Unemployment Rate (e)
2000	272,272	212,083	320,970	\$ 8,407,229	\$ 25,988	5.4%
2001	273,100	213,845	323,950	8,653,233	26,639	6.8%
2002	274,700	216,140	325,900	8,928,466	27,262	7.1%
2003	276,600	218,830	328,150	9,154,193	27,669	8.0%
2004	277,700	221,820	329,400	9,597,634	28,880	7.3%
2005	281,000	223,640	333,350	10,096,400	30,064	6.3%
2006	283,300	226,540	336,085	11,005,200	32,375	5.4%
2007	286,400	230,670	339,740	11,406,100	33,076	5.0%
2008	289,300	236,845	343,140	12,014,900	34,508	5.8%
2009	291,600	237,935	345,880	11,370,100	32,407	12.5%
2010	296,243	240,925	347,690	11,679,700	33,193	10.8%
2011	296,300	241,495	348,550	12,214,300	34,561	9.5%
2012	297,500	242,565	353,155			8.5%
2013	298,300	245,620	356,125			8.1%

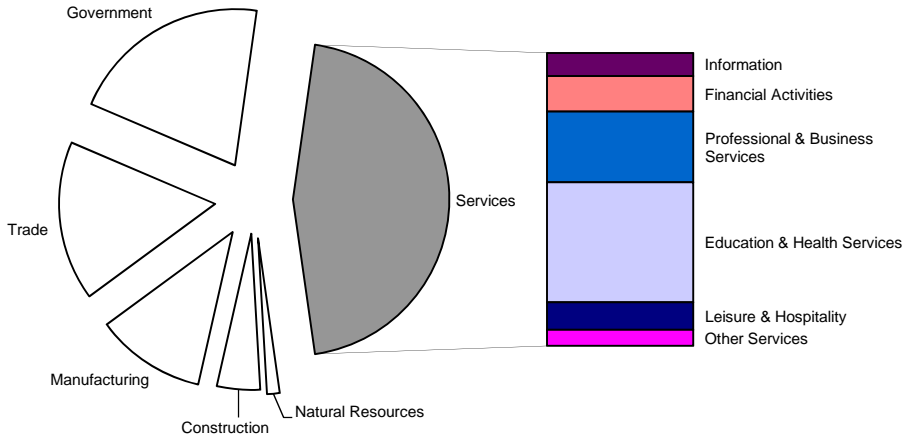
**Notes**

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

**Source**

- c. Population Research Center, Portland State University. Estimates are for July 1 of the fiscal year.
- d. Bureau of Economic Analysis, U.S. Department of Commerce.
- e. Bureau of Labor Statistics, U.S. Department of Labor. Rates presented are annualized for the calendar year.

### Lane County 2012 Covered Payroll

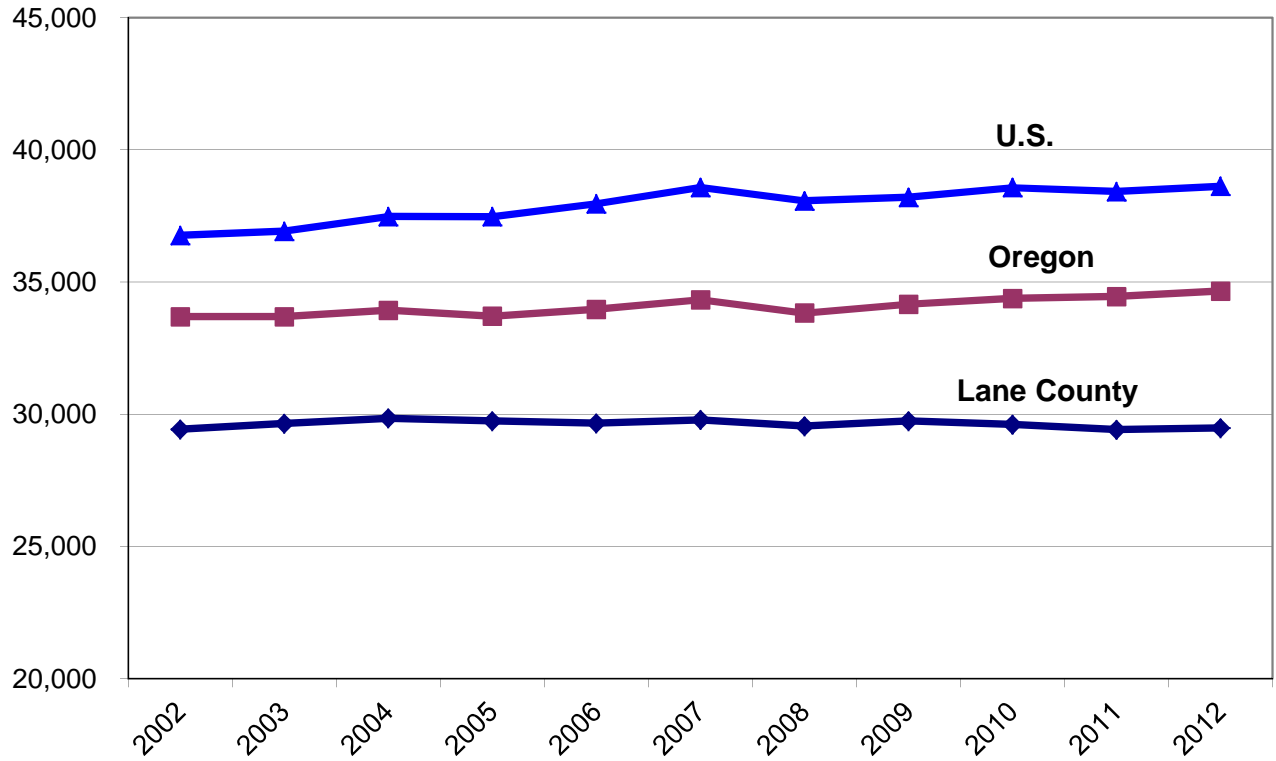


#### 2012 Covered Employment and Wages Summary Report for Lane County

	Units	Covered Employment		Covered Payroll		Average Pay
		Count	Percent	Total in Millions	Percent	
Natural Resources	224	1,984	1.4%	\$ 67	1.3%	\$ 33,807
Construction	890	5,073	3.7%	\$ 230	4.5%	\$ 45,322
Manufacturing	540	12,273	9.0%	\$ 584	11.4%	\$ 47,584
Trade	1,962	26,685	19.5%	\$ 848	16.6%	\$ 31,767
<b>Service</b>						
Information	155	3,241	2.4%	\$ 185	3.6%	\$ 57,068
Financial Activities	1,008	6,013	4.4%	\$ 283	5.5%	\$ 47,051
Professional & Business Services	1,562	14,795	10.8%	\$ 564	11.0%	\$ 38,103
Education & Health Services	1,252	22,266	16.3%	\$ 958	18.6%	\$ 43,021
Leisure & Hospitality	1,019	14,499	10.6%	\$ 218	4.2%	\$ 15,026
Other Services	1,554	5,482	4.0%	\$ 129	2.5%	\$ 23,580
<b>Total Service</b>	<b>6,550</b>	<b>66,296</b>	<b>48.5%</b>	<b>\$ 2,337</b>	<b>45.4%</b>	<b>\$ 35,246</b>
Government	352	24,530	17.9%	\$ 1,069	21.0%	\$ 44,129
<b>Total 2012 Covered Employment</b>	<b>10,518</b>	<b>136,841</b>	<b>100.0%</b>	<b>\$ 5,134.2</b>	<b>100.2%</b>	<b>\$ 37,619</b>

Source: Oregon Employment Department

### Inflation Adjusted Annual Average Wages (2002 Dollars)



Source: Oregon Employment Department

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total population	330,634	334,922	337,995	341,988	345,726	348,804	350,952	352,010	353,155	354,200
Civilian labor force	172,852	173,279	174,568	178,147	181,401	183,803	183,508	181,780	180,149	177,073
Unemployment	13,866	12,598	10,772	9,692	9,428	12,335	22,237	20,061	17,338	15,225
Unemployment rate	8.0	7.3	6.2	5.4	5.2	6.7	12.1	11.0	9.6	8.6
Total employment	158,986	160,681	163,796	168,455	171,973	171,468	161,271	161,719	162,811	161,848
Total nonfarm employment	142,000	145,100	149,900	154,000	156,800	154,500	142,100	140,900	141,100	141,700
Labor-management disputants	0	0	0	0	0	0	0	0	0	0
Percent annual change	-0.8%	2.2%	3.3%	2.7%	1.8%	-1.5%	-8.0%	-0.8%	0.1%	0.4%
Total personal income (millions)	\$9,154.1	\$9,597.6	\$10,096.4	\$11,005.2	\$11,406.1	\$12,014.9	\$11,370.1	\$11,679.7	\$12,214.3	NA
Percent annual change	2.5%	4.8%	5.2%	9.0%	3.6%	5.3%	-5.4%	2.7%	4.6%	
Per capita personal income - Lane County	\$27,669	\$28,880	\$30,064	\$32,375	\$33,076	\$34,508	\$32,407	\$33,193	\$34,561	NA
Per capita personal income - Oregon	\$30,144	\$31,597	\$32,542	\$34,644	\$35,796	\$36,772	\$35,621	\$35,869	\$37,744	\$39,166
Per capita personal income - U.S.	\$32,676	\$34,300	\$35,888	\$38,127	\$39,804	\$40,873	\$39,357	\$40,163	\$42,298	\$43,735
As percent of Oregon	92%	91%	92%	93%	92%	94%	91%	93%	92%	NA
As percent of U.S.	85%	84%	84%	85%	83%	84%	82%	83%	82%	NA
Total covered payroll (millions)	\$4,137.9	\$4,371.3	\$4,691.1	\$4,947.8	\$5,185.8	\$5,225.4	\$4,814.6	\$4,829.6	\$4,987.2	\$5,148.6
Percent annual change	1.9%	5.6%	7.3%	5.5%	4.8%	0.8%	-7.9%	0.3%	3.3%	3.2%
Average annual wage - Lane County	\$30,325	\$31,339	\$32,302	\$33,240	\$34,324	\$35,363	\$35,475	\$35,889	\$36,778	\$37,617
Average annual wage - Oregon	\$34,455	\$35,627	\$36,593	\$38,070	\$39,564	\$40,486	\$40,742	\$41,669	\$43,077	\$44,229
Average annual wage - U.S.	\$37,765	\$39,354	\$40,677	\$42,535	\$44,458	\$45,563	\$45,559	\$46,751	\$48,043	\$49,289
As percent of Oregon	88%	88%	88%	87%	87%	87%	87%	86%	85%	85%
As percent of U.S.	80%	80%	79%	78%	77%	78%	78%	77%	77%	76%
Inflation adjusted wages and income (2002 Dollars)										
CPI-U; U.S. city average	184	188.9	195.3	201.6	207.3	215.3	214.537	218.056	224.939	229.594
Blow-up factor; 2002 = 100	0.9777	0.9524	0.9211	0.8924	0.8678	0.8356	0.8385	0.8250	0.7998	0.7836
Inflation adjusted total covered payroll (millions)	\$4,050.0	\$4,160.0	\$4,320.0	\$4,420.0	\$4,500.0	\$4,370.0	\$4,040.0	\$3,980.0	\$3,990.0	\$4,030.0
Percent annual change	-0.2%	2.7%	3.8%	2.3%	1.8%	-2.9%	-7.6%	-1.5%	0.3%	1.0%
Inflation adjusted average annual wage - Lane County	\$29,650	\$29,850	\$29,750	\$29,660	\$29,790	\$29,550	\$29,750	\$29,610	\$29,420	\$29,480
Inflation adjusted average annual wage - Oregon	\$33,690	\$33,930	\$33,710	\$33,970	\$34,330	\$33,830	\$34,160	\$34,380	\$34,450	\$34,660
Inflation adjusted average annual wage - U.S.	\$36,920	\$37,480	\$37,470	\$37,960	\$38,580	\$38,070	\$38,200	\$38,570	\$38,420	\$38,620
Inflation adjusted per capita personal income - Lane County	\$27,050	\$27,510	\$27,690	\$28,890	\$28,700	\$28,830	\$27,170	\$27,380	\$27,640	NA
Inflation adjusted per capita personal income - Oregon	\$29,470	\$30,090	\$29,970	\$30,920	\$31,060	\$30,730	\$29,870	\$29,590	\$30,190	\$30,690
Inflation adjusted per capita personal income - U.S.	\$31,950	\$32,670	\$33,060	\$34,020	\$34,540	\$34,150	\$33,000	\$33,130	\$33,830	\$34,270

Source: Oregon Employment Department

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## *Operating Information*

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**Lane Transit District  
Expenditures and Full-Time Equivalent Employees (FTEs) by Organizational Units  
Budgetary Basis  
Last Ten Fiscal Years**

Operations	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Restated 2010-11	2011-12	2012-13	Percent of Total Operations
<b>Transportation</b>	\$ 11,783,423	\$ 12,601,497	\$ 13,415,302	\$ 13,711,174	\$ 15,121,010	\$ 16,164,511	\$ 17,136,681	\$ 17,382,338	\$ 16,670,775	\$ 16,942,573	\$ 17,278,362	
Percent of total operations	49.9%	49.6%	48.5%	46.1%	42.1%	44.2%	41.6%	41.7%	39.1%	38.3%	37.6%	
FTEs at end of period	213.0	206.0	206.0	216.0	222.0	230.0	220.0	218.0	192.0	196.0	202.0	
<b>Maintenance</b>	5,197,683	5,521,170	6,095,926	7,021,403	7,639,613	8,774,908	8,294,280	8,273,970	9,120,608	9,720,961	9,472,080	
Percent of total operations	22.0%	21.7%	22.1%	23.6%	21.3%	24.0%	20.1%	19.9%	21.4%	22.0%	20.6%	
FTEs at end of period	49.8	50.8	50.8	52.3	53.3	53.3	52.3	52.3	50.3	51.3	51.3	
<b>Marketing and planning</b>	1,287,465	1,413,583	1,558,854	1,776,182	5,137,385	1,909,113	2,120,225	2,095,936	2,086,436	2,314,056	3,150,530	
Percent of total operations	5.4%	5.6%	5.6%	6.0%	14.3%	5.2%	5.1%	5.0%	4.9%	5.2%	6.9%	
FTEs at end of period	18.5	19.2	19.2	21.2	19.2	19.2	19.2	19.2	18.2	20.9	22.3	
<b>Administration</b>	2,863,609	2,766,314	3,118,413	3,423,425	3,592,291	3,856,919	4,068,295	4,193,529	4,190,798	4,249,252	4,002,512	
Percent of total operations	12.1%	10.9%	11.3%	11.5%	10.0%	10.5%	9.9%	10.1%	9.8%	9.6%	8.7%	
FTEs at end of period	33.4	33.4	33.4	31.4	32.8	35.0	34.0	34.0	32.0	31.5	31.0	
<b>Insurance and risk</b>	785,574	860,892	1,014,685	894,346	1,003,228	851,032	1,110,076	1,140,688	1,054,273	1,083,175	1,224,832	
Percent of total operations	3.3%	3.4%	3.7%	3.0%	2.8%	2.3%	2.7%	2.7%	2.5%	2.4%	2.7%	
FTEs at end of period	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Accessible Services and Medicaid</b>	1,712,080	2,231,616	2,436,648	2,928,999	3,444,846	5,052,516	8,465,040	8,571,459	9,561,690	9,965,985	10,841,746	
Percent of total operations	7.2%	8.8%	8.8%	9.8%	9.6%	13.8%	20.5%	20.6%	22.4%	22.5%	23.6%	
FTEs at end of period	1.6	1.6	1.6	1.6	3.0	4.0	3.0	3.0	3.0	3.4	3.0	
<b>Total operations</b>	<u>23,629,834</u>	<u>25,395,072</u>	<u>27,639,828</u>	<u>29,755,529</u>	<u>35,938,373</u>	<u>36,608,999</u>	<u>41,194,597</u>	<u>41,657,920</u>	<u>42,684,580</u>	<u>44,276,002</u>	<u>45,970,062</u>	
Total FTEs at end of period	316.3	311.0	311.0	322.5	330.2	341.5	328.5	326.5	295.5	303.0	309.5	
Capital transfers from general operations	-	-	1,245,800	2,605,600	-	2,211,600	1,752,000	-	-	3,031,900	1,600,000	
Capital transfers from Accessible Services operations	43,077	240,659	93,835	13,221	109,144	12,979	-	33,899	4,769	25,062	7,236	
<b>Total operations and capital transfers</b>	<u>\$ 23,672,911</u>	<u>\$ 25,635,731</u>	<u>\$ 28,979,463</u>	<u>\$ 32,374,350</u>	<u>\$ 36,047,517</u>	<u>\$ 38,833,578</u>	<u>\$ 42,946,597</u>	<u>\$ 41,691,819</u>	<u>\$ 42,689,349</u>	<u>\$ 47,332,964</u>	<u>\$ 47,577,298</u>	

**Lane Transit District  
Capital Asset Statistics  
Last Ten Years**

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
<b>Capital Assets</b>											
Miles of busway	-	-	-	-	1.71	1.71	1.71	1.71	8.45	8.45	8.45
Rolling stock	113	118	118	105	136	125	125	127	121	145	111
40-foot buses	96	101	101	89	114	97	97	97	89	113	79
60-foot buses	-	-	-	5	5	15	15	12	15	15	15
< 40-foot buses	17	17	17	11	11	7	7	7	6	6	6
EmX vehicles	-	-	-	-	6	6	6	11	11	11	11
Accessible Services vehicles	49	50	57	54	68	70	67	80	83	95	82
Primary stations	1	1	2	2	2	2	2	2	2	2	2
EmX station platforms	-	-	-	-	10	10	10	10	28	28	28
Other stations	10	10	9	9	9	9	9	9	9	9	9
Shelters	208	205	217	195	218	217	193	193	193	193	193
Signed stops	NA	1,557	1,507	1,501	1,511	1,511	1,511	1,517	1,387	1,261	1,261
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

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

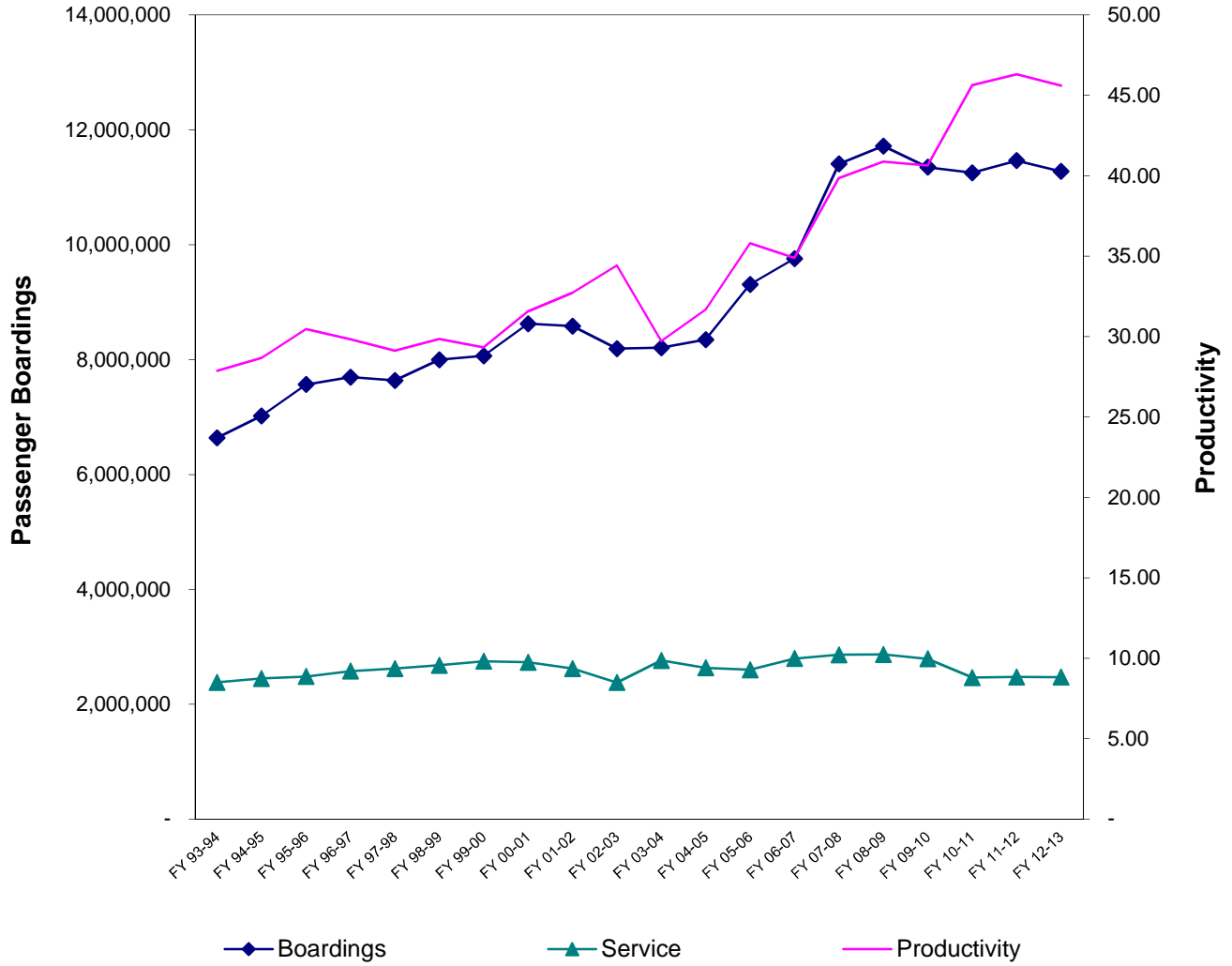
Fiscal Year	Operating* Revenues	Operating* Expenses	Revenue Margin	Revenue Hours	Percent Change	Operating Revenue / Service Hour	Percent Change	Operating Expenses / Revenue Hour	Percent Change
2012-13	\$ 7,640,918	\$ 34,980,024	21.8%	247,303	-0.1%	30.90	0.5%	141.45	1.7%
2011-12	7,608,840	34,411,349	22.1%	247,480	0.4%	30.75	-7.0%	139.05	1.2%
2010-11	8,150,969	33,880,028	24.1%	246,556	-11.7%	33.06	16.4%	137.41	10.3%
2009-10	7,933,611	34,792,955	22.8%	279,241	-2.6%	28.41	5.4%	124.60	7.8%
2008-09	7,723,787	33,118,646	23.3%	286,654	0.1%	26.94	5.3%	115.54	3.5%
2007-08	7,320,990	31,952,517	22.9%	286,226	2.3%	25.58	14.9%	111.63	5.8%
2006-07	6,226,293	29,498,214	21.1%	279,688	7.6%	22.26	-2.9%	105.47	1.7%
2005-06	5,961,498	26,968,032	22.1%	259,985	-1.3%	22.93	15.1%	103.73	8.0%
2004-05	5,248,594	25,314,811	20.7%	263,537	-4.6%	19.92	4.5%	96.06	13.4%
2003-04	5,262,403	23,389,618	22.5%	276,207	-10.2%	19.05	11.7%	84.68	17.5%

Fiscal Year	Employees	Revenue Hours / Employees	Percent Change	Passenger Fares	Passenger Boardings	Passenger Fares / Boarding	Operating Expenses / Boarding	Percent Change	Revenue Hours / Trip
2012-13	310	797.75	-2.3%	\$ 6,914,308	11,276,282	0.61	3.10	3.3%	0.022
2011-12	303	816.77	-1.3%	6,738,397	11,463,124	0.59	3.00	-0.3%	0.022
2010-11	298	827.37	-7.0%	7,393,034	11,253,628	0.66	3.01	-1.8%	0.022
2009-10	314	889.30	4.2%	7,032,027	11,349,579	0.62	3.07	8.5%	0.025
2008-09	336	853.14	1.9%	6,602,497	11,718,189	0.56	2.83	0.9%	0.024
2007-08	342	836.92	0.8%	6,122,561	11,406,316	0.54	2.80	-7.3%	0.025
2006-07	337	829.93	0.2%	5,213,706	9,757,984	0.53	3.02	4.4%	0.029
2005-06	314	827.98	-0.4%	5,078,340	9,309,528	0.55	2.90	-4.5%	0.028
2004-05	317	831.35	-5.8%	4,378,336	8,348,313	0.52	3.03	6.4%	0.032
2003-04	313	882.45	-9.6%	4,435,613	8,207,818	0.54	2.85	5.3%	0.034

Fiscal Year	Miles	Operating Expenses / Mile	Percent Change	Fleet Maintenance Costs	Fleet Maintenance Cost / Mile	Percent Change	Fuel Cost	Fuel Cost / Mile	Percent Change
2012-13	3,512,473	9.959	2.7%	\$ 5,002,973	1.424	-1.5%	\$2,601,015	0.741	-7.8%
2011-12	3,549,802	9.694	2.6%	5,134,802	1.447	3.0%	2,850,255	0.803	15.1%
2010-11	3,587,553	9.444	10.1%	5,040,041	1.405	11.7%	2,502,026	0.697	45.7%
2009-10	4,054,883	8.581	6.2%	5,100,175	1.258	6.5%	1,941,476	0.479	-9.3%
2008-09	4,097,838	8.082	3.1%	4,837,587	1.181	3.7%	2,162,213	0.528	-22.6%
2007-08	4,076,093	7.839	7.1%	4,638,977	1.138	7.1%	2,778,672	0.682	37.6%
2006-07	4,029,581	7.320	6.1%	4,281,047	1.062	0.2%	1,996,335	0.495	6.3%
2005-06	3,909,576	6.898	3.5%	4,145,377	1.060	4.3%	1,821,552	0.466	36.9%
2004-05	3,798,306	6.665	13.1%	3,861,994	1.017	7.1%	1,292,404	0.340	48.0%
2003-04	3,969,539	5.892	8.1%	3,769,973	0.950	7.2%	912,896	0.230	22.6%
2002-03	4,068,221	5.449	6.4%	3,602,812	0.886	8.5%	763,297	0.188	24.2%

\*Excludes Accessible Services, depreciation, and OPEB expense

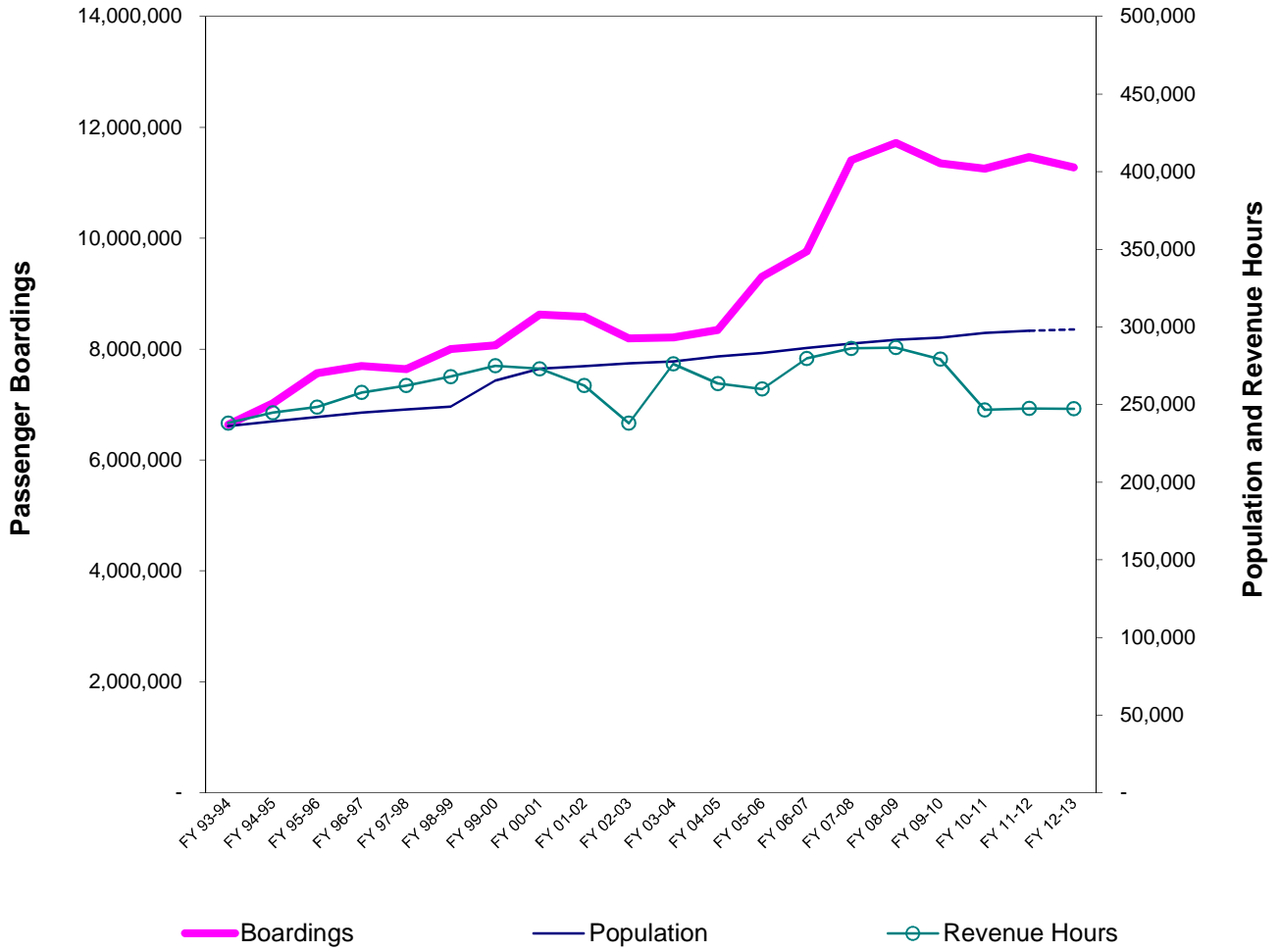
### Ridership, Service, and Productivity Last Twenty Years



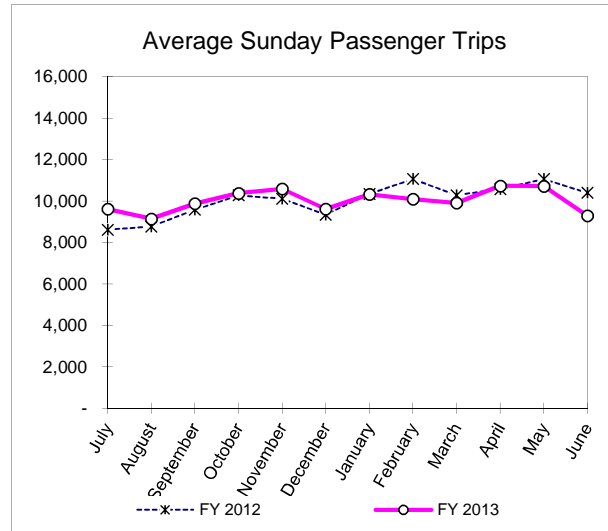
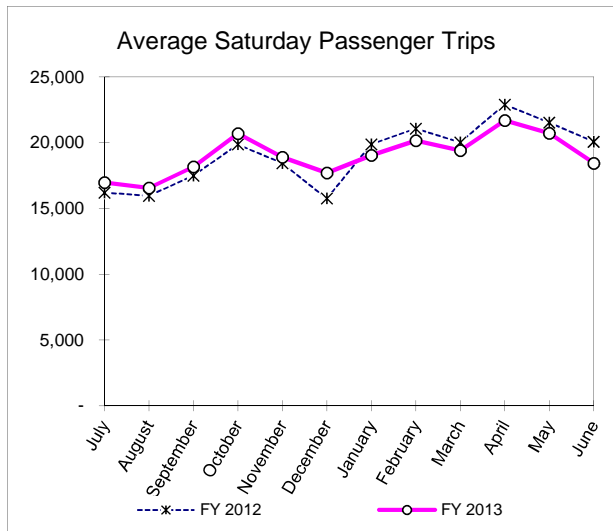
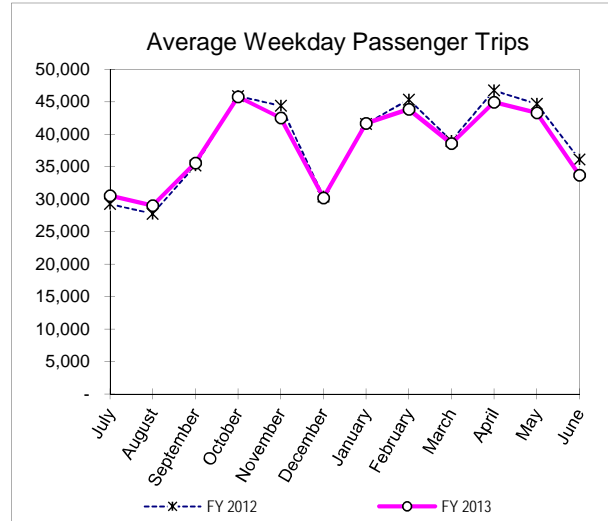
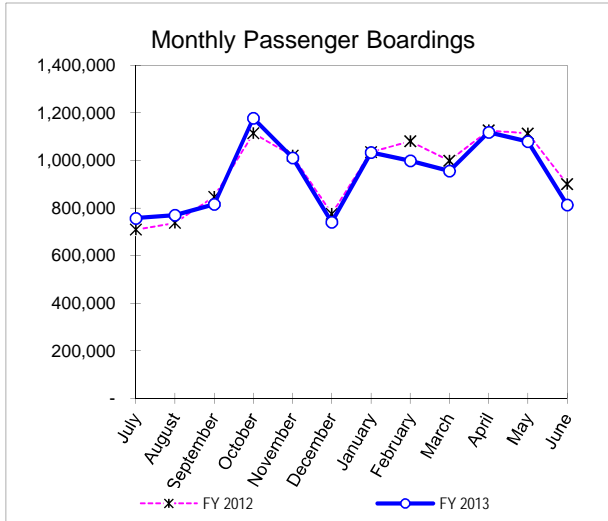
**Ridership, Fare, Service, and Productivity  
Last Twenty One Years**

Fiscal Year	Revenue Hours	Percent Change	Passenger Boardings	Percent Change	System Productivity	Percent Change	Base Cash Fare
2012-13	247,303	-0.1%	11,276,282	-1.6%	45.597	-1.56%	\$ 1.75
2011-12	247,480	0.4%	11,463,124	1.9%	46.319	1.48%	1.50
2010-11	246,556	-11.7%	11,253,628	-0.8%	45.643	12.30%	1.50
2009-10	279,241	-2.6%	11,349,579	-3.1%	40.644	-0.57%	1.50
2008-09	286,654	0.1%	11,718,189	2.7%	40.879	2.58%	1.50
2007-08	286,226	2.3%	11,406,316	16.9%	39.851	14.22%	1.25
2006-07	279,688	7.6%	9,757,984	4.8%	34.889	-2.57%	1.25
2005-06	259,985	-1.3%	9,309,528	11.5%	35.808	13.04%	1.25
2004-05	263,537	-4.6%	8,348,313	1.7%	31.678	6.60%	1.25
2003-04	276,207	16.1%	8,207,818	0.2%	29.716	-13.67%	1.25
2002-03	237,949	-9.3%	8,190,436	-4.6%	34.421	5.18%	1.25
2001-02	262,242	-4.0%	8,582,138	-0.5%	32.726	3.64%	1.25
2000-01	273,102	-0.7%	8,623,496	6.9%	31.576	7.63%	1.00
1999-00	274,939	2.6%	8,066,108	0.8%	29.338	-1.70%	1.00
1998-99	267,986	2.2%	7,998,370	4.7%	29.846	2.49%	1.00
1997-98	262,223	1.7%	7,635,934	-0.8%	29.120	-2.42%	1.00
1996-97	257,821	3.8%	7,693,820	1.7%	29.842	-2.06%	0.80
1995-96	248,365	1.5%	7,567,219	7.8%	30.468	6.22%	0.80
1994-95	244,778	2.8%	7,021,069	5.8%	28.683	2.86%	0.80
1993-94	238,083	4.8%	6,639,031	0.0%	27.885	-4.58%	0.75

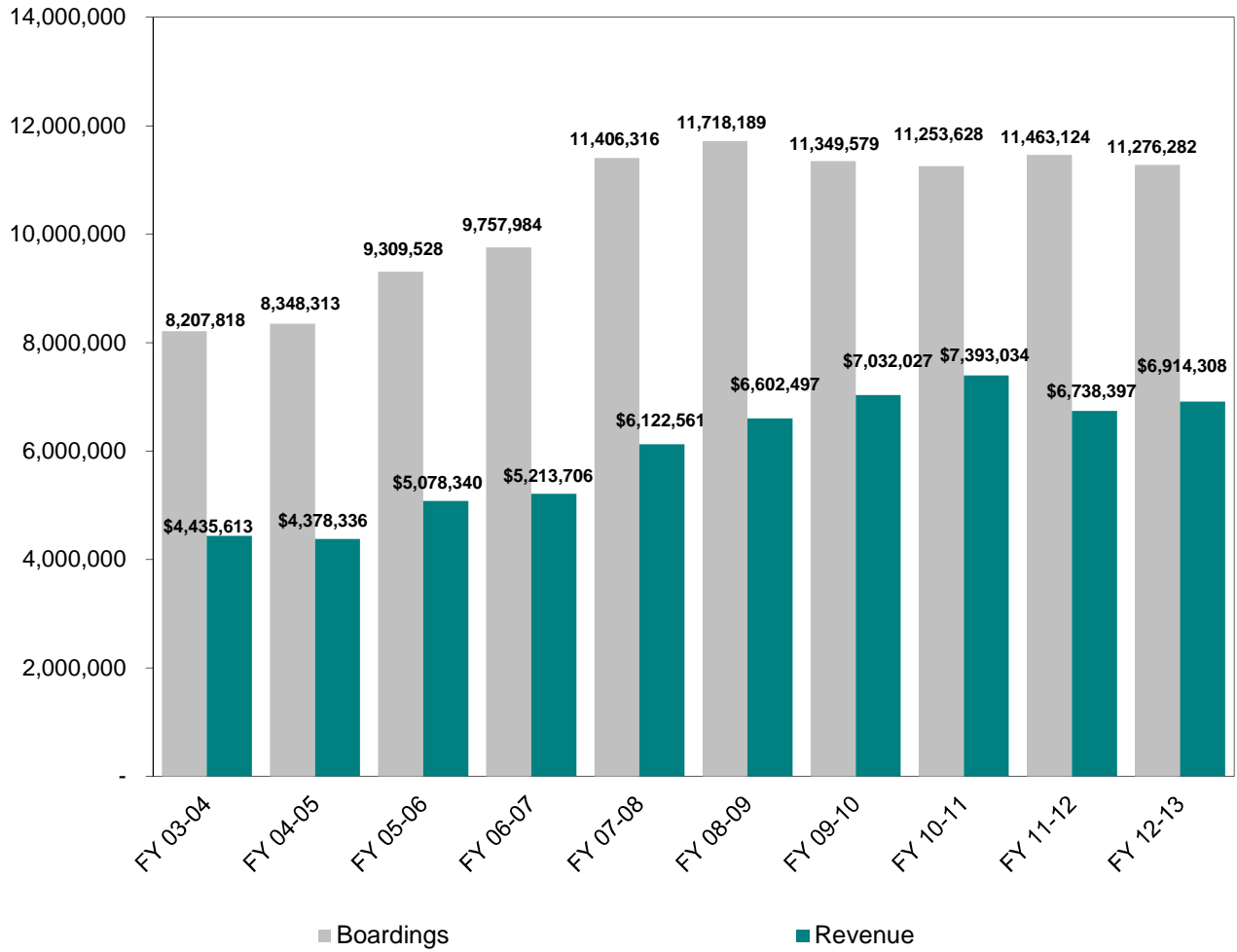
### Ridership, Service, and Service Area Population Last Twenty Years



### Ridership Trends by Month For the fiscal years ended June 30, 2013 and 2012

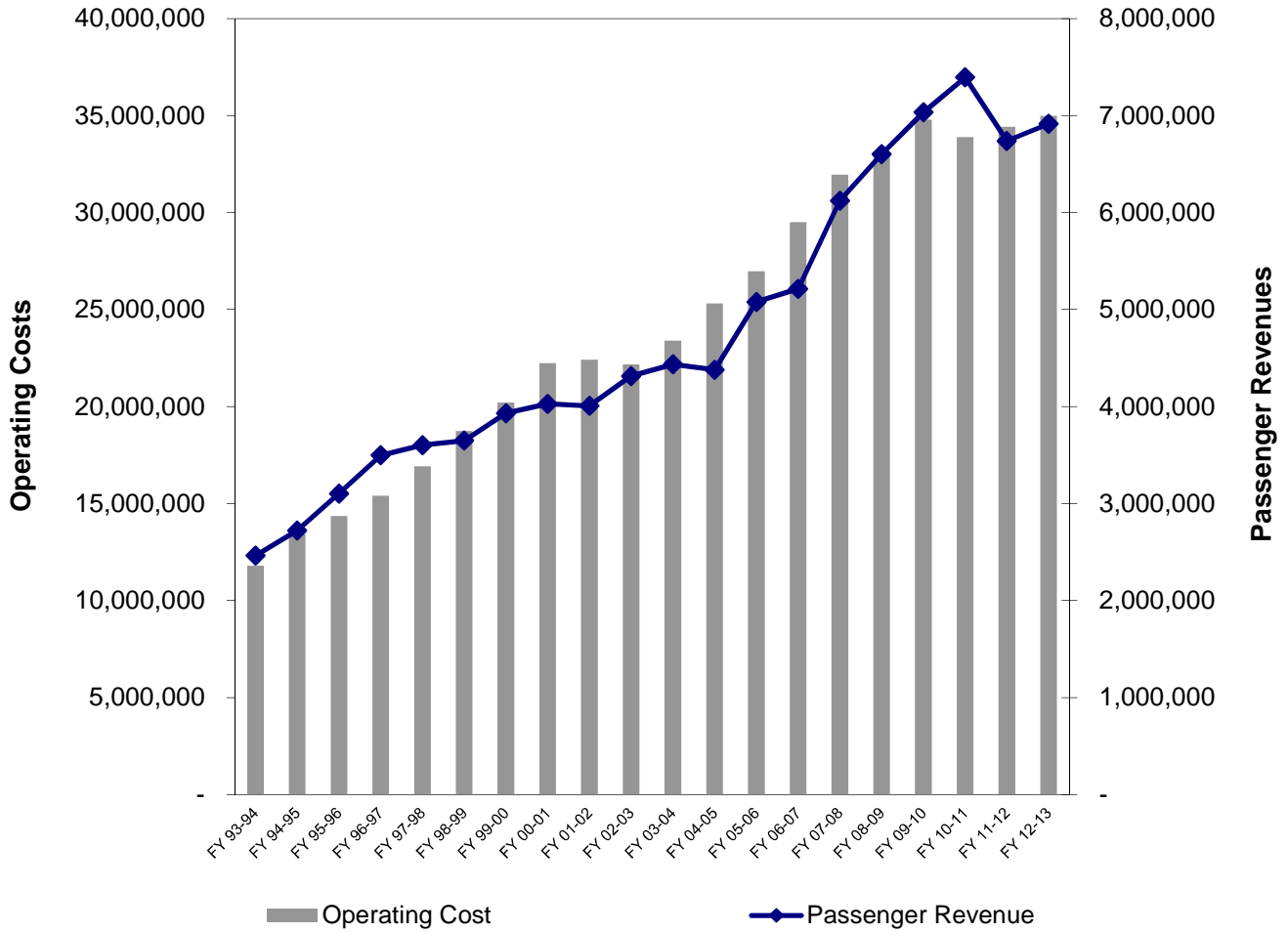


### Passenger Boardings and Passenger Revenues Last Ten Years





### Passenger Revenues and Operating Costs Last Twenty Years

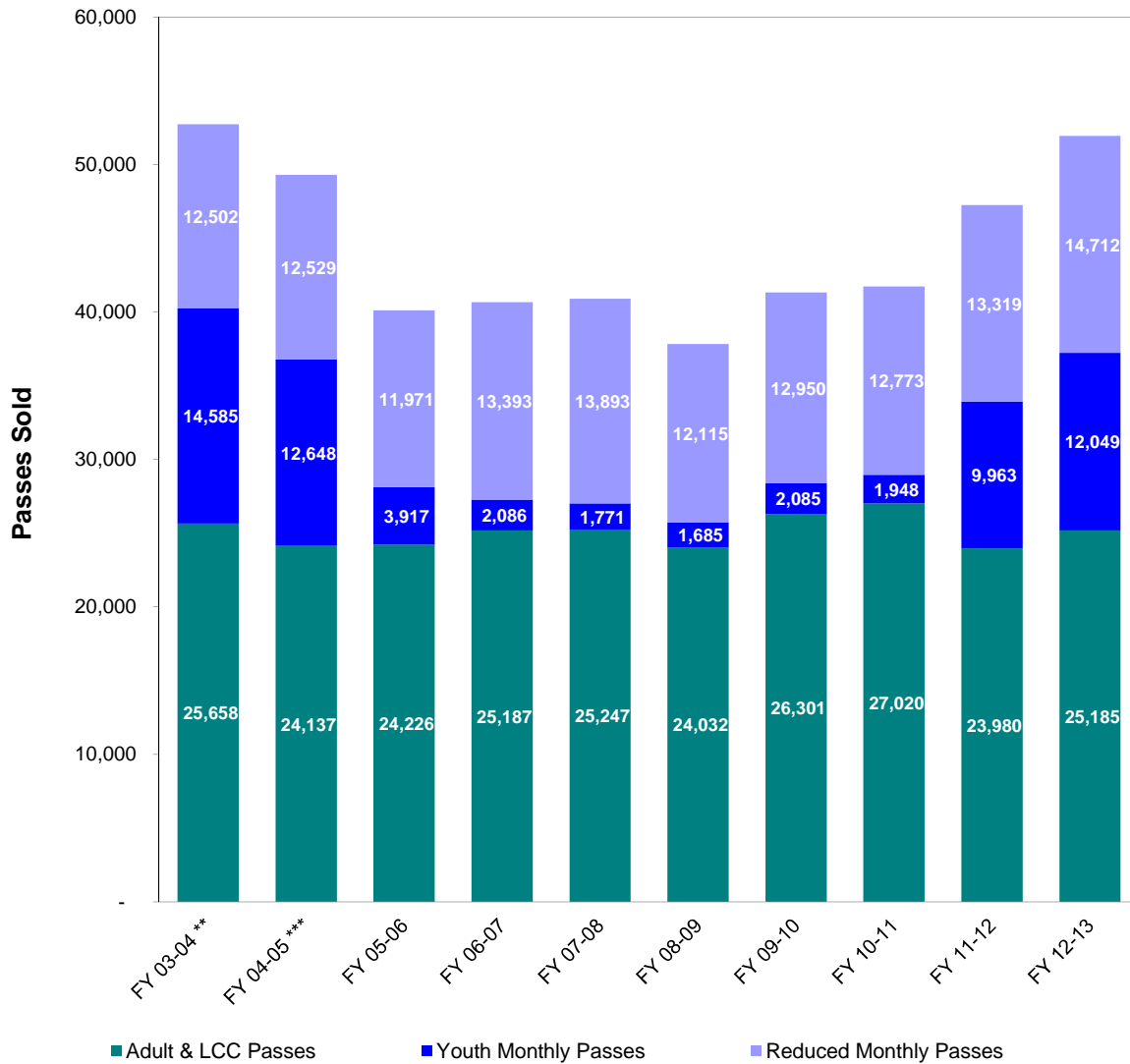


## Transportation Revenues by Category Last Ten Years

Fiscal Year	Fare Box Cash	Percentage Change	Ten-Ride Ticket Books and Agency Day Passes	Percentage Change	Tokens	Percentage Change	Monthly Passes	Percentage Change
2012-13	\$ 2,081,984	0.5%	\$ 227,321	46.1%	\$ -	-	\$ 2,008,581	9.1%
2011-12	2,072,448	12.3%	155,643	34.1%	-	-	1,841,167	4.0%
2010-11	1,845,360	-2.6%	116,097	-	-	-100.0%	1,770,098	12.2%
2009-10	1,894,748	7.0%	-	-	55	-99.9%	1,578,238	5.3%
2008-09	1,770,345	13.9%	-	-	96,410	-64.9%	1,499,146	12.2%
2007-08	1,554,195	7.5%	-	-	274,558	22.5%	1,336,334	-29.5%
2006-07	1,446,082	4.1%	-	-	224,071	-0.1%	1,894,398	-1.3%
2005-06	1,388,934	2.8%	-	-	224,200	0.1%	1,918,774	29.9%
2004-05	1,351,440	-0.3%	-	-	224,034	-4.7%	1,477,164	-4.8%
2003-04	1,355,351	9.1%	-	-	235,029	-8.4%	1,551,024	-17.6%

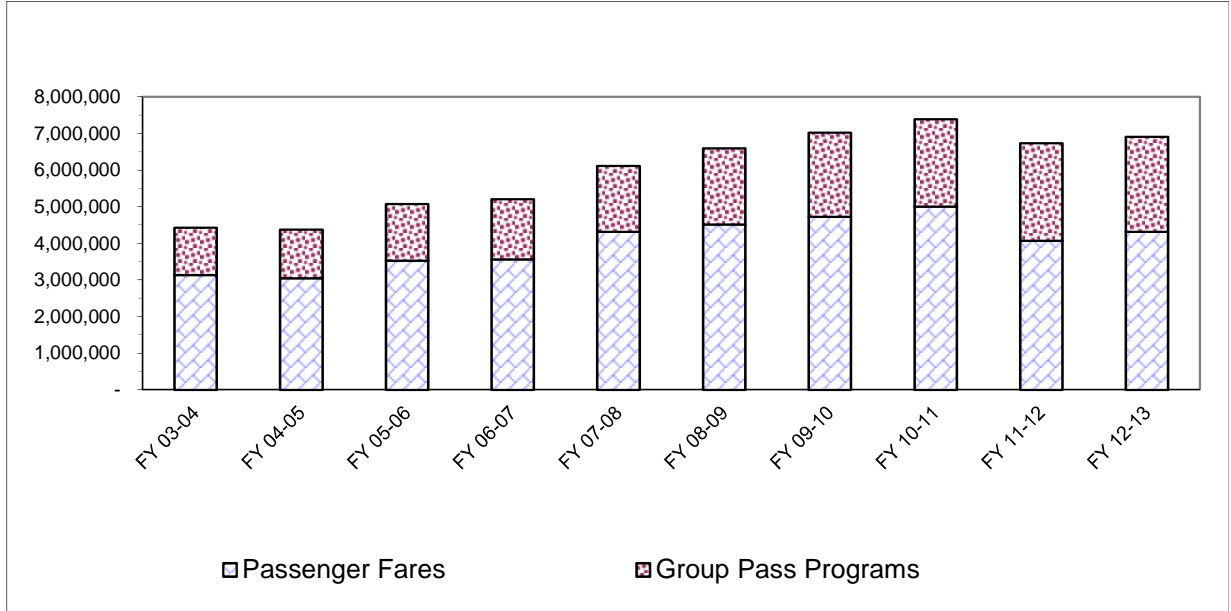
Fiscal Year	Student Transit Pass Program	Percentage Change	Group Pass	Percentage Change	Special Service	Percentage Change	Total Transportation Revenues	Percentage Change
2012-13	\$ -	-	\$ 2,596,422	-2.7%	\$ 439,110	-25.4%	\$ 7,353,418	0.4%
2011-12	-	-100.0%	2,669,139	12.1%	588,943	22.1%	7,327,340	-7.0%
2010-11	1,281,331	1.9%	2,380,148	3.4%	482,435	-23.9%	7,875,469	2.7%
2009-10	1,257,585	8.9%	2,301,401	10.6%	634,084	-17.7%	7,666,111	4.0%
2008-09	1,155,335	0.3%	2,081,261	15.3%	769,994	-11.2%	7,372,491	5.5%
2007-08	1,152,276	-	1,805,198	9.5%	867,501	25.0%	6,990,062	18.3%
2006-07	-	-	1,649,155	6.6%	693,785	11.1%	5,907,491	3.6%
2005-06	-	-	1,546,432	16.7%	624,564	5.8%	5,702,904	14.8%
2004-05	-	-	1,325,698	2.4%	590,225	9.5%	4,968,561	-0.1%
2003-04	-	-	1,294,209	38.6%	539,236	-5.2%	4,974,849	1.9%

**Annual Monthly Pass Sales  
Last Ten Years**

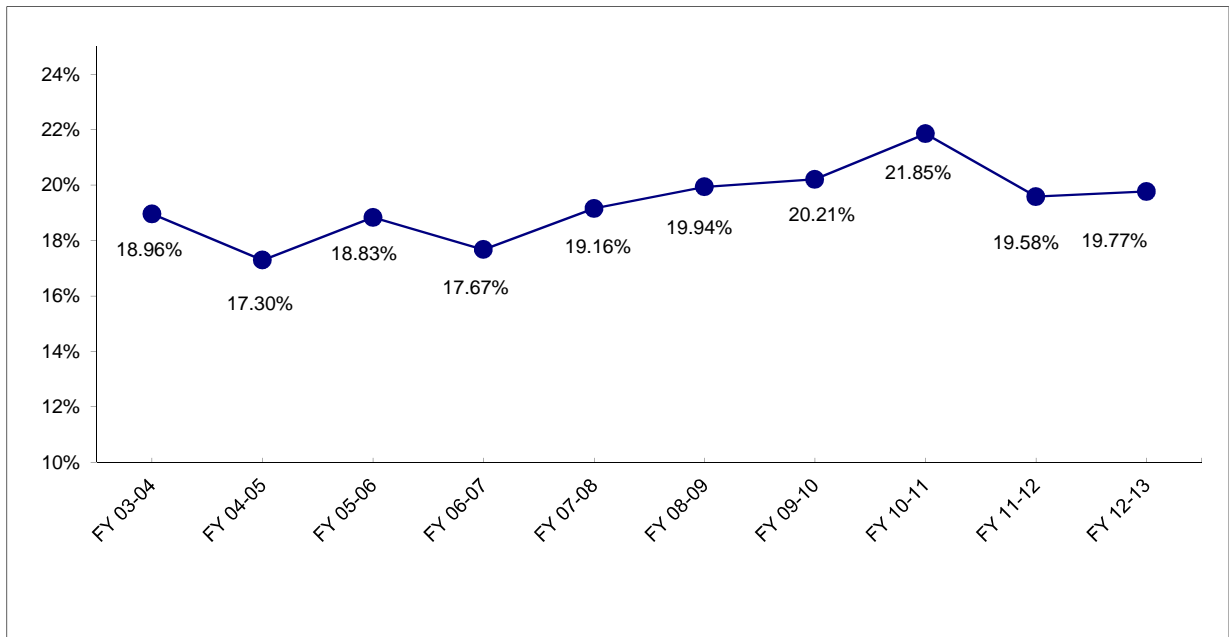


\*\* Lane Community College group pass begins  
 \*\*\* Student Transit Pass Program begins

### Passenger Revenues



### Farebox Recovery Ratio



**Fare Structure  
As of June 30**

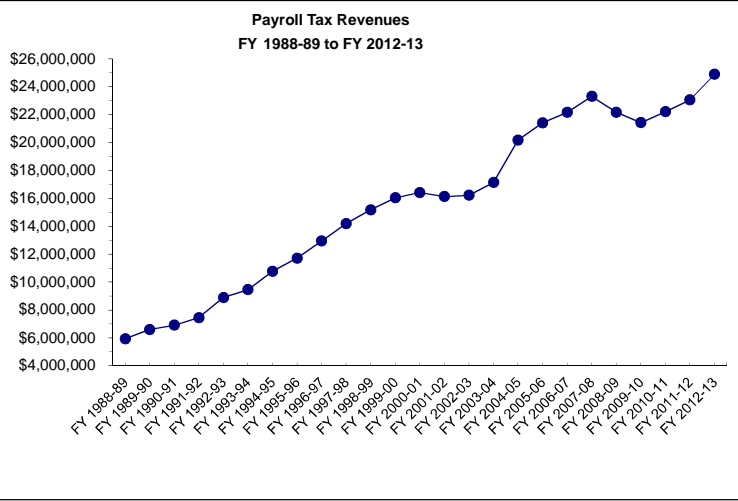
June 30	Cash Fare Adult	Age - Adult	Cash Fare Youth	Age - Youth	Cash Fare Senior	Age - Senior	Cash Fare Reduced	Age - Reduced
2013	\$ 1.75	19-64	\$ 0.85	6-18	\$ free	65 +	\$ 0.85	NA
2012	1.50	19-64	0.75	6-18	free	65 +	0.75	NA
2011	1.50	19-64	0.75	6-18	free	65 +	0.75	NA
2010	1.50	19-64	0.75	6-18	free	65 +	0.75	NA
2009	1.50	19-64	0.75	6-18	free	65 +	0.75	NA
2008	1.25	19-61	0.60	6-18	0.60	62-69	0.60	NA
2007	1.25	19-61	0.60	6-18	0.60	62-69	0.60	NA
2006	1.25	19-61	0.60	6-18	0.60	62-69	0.60	NA
2005	1.25	19-61	0.60	6-18	0.60	62-69	0.60	NA
2004	1.25	19-61	0.60	6-18	0.60	62-79	0.60	NA

June 30	One-Month Adult Pass	One-Month Youth Pass	One-Month Senior Pass	One-Month Reduced Pass	Three-Month Adult Pass	Three-Month Youth Pass	Three-Month Senior Pass	Three-Month Reduced Pass
2013	\$ 48.00	\$ 24.00	\$ free	\$ 24.00	\$ 130.00	\$ 65.00	\$ free	\$ 65.00
2012	48.00	24.00	free	24.00	130.00	65.00	free	65.00
2011	48.00	24.00	free	24.00	130.00	65.00	free	65.00
2010	45.00	22.50	free	22.50	130.00	65.00	free	65.00
2009	45.00	22.50	free	22.50	122.00	61.00	free	61.00
2008	38.00	19.00	19.00	19.00	103.00	51.50	51.50	51.50
2007	35.00	17.50	17.50	17.50	95.00	47.50	47.50	47.50
2006	35.00	17.50	17.50	17.50	95.00	47.50	47.50	47.50
2005	35.00	17.50	17.50	17.50	95.00	47.50	47.50	47.50
2004	35.00	17.50	17.50	17.50	85.00	42.50	42.50	42.50

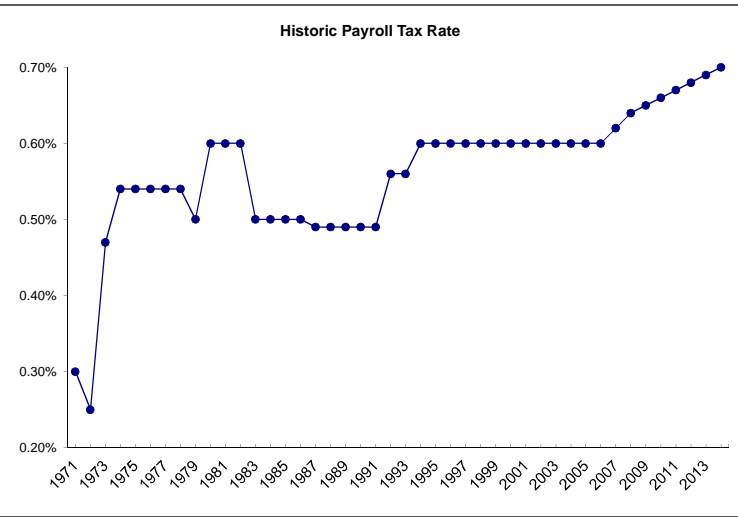
June 30	RideSource Regular Fare	RideSource Escort Fare	RideSource Shopper Fare (Roundtrip)	RideSource Book of 10 Tickets	Tokens Package of 5 Adult	Tokens Package of 5 Reduced	Ten-Ride Ticket Book Adult	Ten-Ride Ticket Book Reduced
2013	\$ 3.00	\$ 3.00	\$ 2.00	\$ 30.00	\$ discontinued	\$ discontinued	\$ 16.00	\$ 8.00
2012	3.00	3.00	2.00	30.00	discontinued	discontinued	NA	NA
2011	3.00	3.00	2.00	30.00	discontinued	discontinued	NA	NA
2010	3.00	3.00	2.00	30.00	discontinued	discontinued	NA	NA
2009	3.00	3.00	2.00	30.00	discontinued	discontinued	NA	NA
2008	2.50	2.50	2.00	20.00	5.50	discontinued	NA	NA
2007	2.50	2.50	2.00	20.00	5.50	discontinued	NA	NA
2006	2.50	2.50	2.00	20.00	5.50	discontinued	NA	NA
2005	2.50	2.50	2.00	20.00	5.00	discontinued	NA	NA
2004	2.50	2.50	2.00	20.00	5.00	2.50	NA	NA

Comparative Payroll Tax Information

PAYROLL TAX REVENUE	
Fiscal Year	Amount
FY 1988-89	5,932,304
FY 1989-90	6,602,535
FY 1990-91	6,910,234
FY 1991-92	7,447,224
FY 1992-93	8,895,338
FY 1993-94	9,457,364
FY 1994-95	10,769,903
FY 1995-96	11,709,671
FY 1996-97	12,938,315
FY 1997-98	14,187,312
FY 1998-99	15,178,987
FY 1999-00	16,040,086
FY 2000-01	16,409,144
FY 2001-02	16,121,110
FY 2002-03	16,214,994
FY 2003-04	17,138,342
FY 2004-05	20,168,976
FY 2005-06	21,416,021
FY 2006-07	22,162,590
FY 2007-08	23,303,571
FY 2008-09	22,169,136
FY 2009-10	21,424,079
FY 2010-11	22,197,770
FY 2011-12	23,047,471
FY 2012-13	24,891,777



HISTORIC PAYROLL TAX RATE	
Date Implemented	Rate
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%



**Schedule of Insurance and Miscellaneous Data  
June 30, 2013**

<u>SCHEDULE OF INSURANCE</u>	<u>COVERAGE</u>
Property damage:	\$34,748,657
Real, personal, and miscellaneous property and stock	
Liability:	
General and tort liability, including auto liability, personal injury, and property damage	\$10,000,000
The District is self-insured to the extent of the first \$50,000 for each incident.	
Bus physical damage/collision	Actual cash value of fleet
Other:	
Blanket honesty bond - all employees	\$250,000
Underground storage tank – pollution liability	\$1,000,000
Workers' compensation	\$500,000
 <u>MISCELLANEOUS DATA</u>	
Date of creation of District	November 23, 1970
Form of government	Board of Directors with full-time General Manager
Number of Board members	7
Type of tax support - employer payroll tax	0.69 percent tax rate
County in which the District operates	Lane
Square miles within the District boundaries	522
Service area of District (based on definitions contained in Americans with Disabilities Act [ADA])	241.28
Number of routes	35
Population of District (2010 U.S. Census)	296,243

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# **DISCLOSURES AND COMMENTS REQUIRED BY STATE MINIMUM STANDARDS**

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

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## GROVE, MUELLER & SWANK, P.C.

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

### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

Board of Directors  
Lane Transit District  
Springfield, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Lane Transit District (the District) as of and for the year ended June 30, 2013, and have issued our report thereon dated December 11, 2013.

#### **Compliance**

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

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

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

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

**OAR 162-10-0230 Internal Control**

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

Deficiencies in internal control were reported to management in a letter dated December 11, 2013.

**Restriction on Use**

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

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

By: 

Devan W. Esch, A Shareholder  
December 11, 2013

