

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



2010-2011
Single Audit

Fiscal year ended June 30, 2011





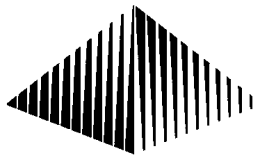
2010-2011

Single Audit

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Lane Transit District
Eugene, Oregon

For the Fiscal Year Ended
June 30, 2011



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Lane Transit District
Eugene, Oregon

We have audited the basic financial statements of the Lane Transit District, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we communicated to management in a separate letter dated November 30, 2011.

This report is intended solely for the information and use of the District, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

November 30, 2011



GROVE, MUELLER & SWANK, P.C.

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***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133***

Board of Directors
Lane Transit District
Eugene, Oregon

Compliance

We have audited Lane Transit District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the District as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of Lane Transit District, federal awarding agencies, pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

November 30, 2011

Lane Transit District
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2011

U.S. Department of Transportation	Pass Through Identifying Number	CFDA#	Federal Award	2010-2011 Expenditures
<i>Federal Transit Cluster</i>				
Capital Improvement Grants				
	OR-03-0122	20.500	\$ 29,597,040	\$ 8,920,737
	OR-04-0026	20.500	3,490,170	2,188,177
	OR-04-0030	20.500	1,000,000	672,001
	OR-04-0035	20.500	5,000,000	6,115
Capital and Operating Assistance Formula Grants				
	OR-90-X137	20.507	5,100,706	133,408
	OR-90-X151	20.507	1,781,291	112,668
	OR-90-X152	20.507	14,857,509	4,345,639
	OR-95-X013	20.507	1,285,230	21,697
	OR-95-X019	20.507	3,215,297	2,339,188
	OR-95-X030	20.507	2,100,000	386,955
	OR-96-X006 (ARRA)	20.507	6,467,817	1,162
<i>Subtotal Federal Transit Cluster</i>				19,127,747
<i>Transit Services Programs Cluster</i>				
Capital and Operating Assistance Formula Grants				
	OR-37-X016	20.516	603,362	64,932
	OR-57-X001	20.521	196,663	67,213
Passed through Oregon Department of Transportation				
	26058 - 5310	26058	50,000	19,528
	26075 - 5310	26075	911,916	117,869
	26076 - 5310	26076	176,442	84,357
	26518 - 5310	26518	852,776	60,756
	26519 - 5310	26519	20,001	20,001
	26520 - 5310	26520	914,246	914,246
	27073 - 5310	27073	55,000	15,165
<i>Subtotal Transit Services Programs Cluster</i>				1,364,067
<i>Highway Planning and Construction Cluster</i>				
Passed through Lane Council of Governments				
	LCOG UPWP (FY 10-11)	20.205	25,000	18,812
Passed through Oregon Department of Transportation				
	ODOT BCC 2011	20.205	7,000	7,000
	ODOT TGM Grant	20.205	26,400	22,900
	ODOT Congestion Mitigation	20.205	2,002	2,002
<i>Subtotal Highway Planning and Construction Cluster</i>				50,714

See Notes to Schedule of Expenditures of Federal Awards.

Lane Transit District
Schedule of Expenditures of Federal Awards (Continued)
For the fiscal year ended June 30, 2011

<u>U.S. Department of Transportation</u>	Pass Through Identifying Number	CFDA#	Federal Award	2010-2011 Expenditures
Capital Improvement Grants OR-39-0003		20.522	\$ 1,520,000	\$ 2,338
Passed through Oregon Department of Transportation				
25632 - 5311 ARRA	25632	20.509	262,836	8,628
25898 - 5311	25898	20.509	132,818	47,231
25966 - 5311	25966	20.509	5,760	2,860
26679 - 5311	26679	20.509	79,562	79,562
RTAP		20.509	3,068	3,068
Total U.S. Department of Transportation				20,686,215
 <u>U.S. Department of Health and Human Services</u>				
Passed through Lane Council of Governments 85091-5 OAA, Title III-B, State of Oregon	85091	93.044	10,222	10,222
Total Federal Awards				\$ 20,696,437

See Notes to Schedule of Expenditures of Federal Awards.

Lane Transit District
Notes to Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2011

PURPOSE OF THE SCHEDULE

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to Lane Transit District's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of Lane Transit District, it is not intended to and does not present either the financial position or the results of operations of the District.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Federal Financial Assistance

Pursuant to the Single Audit Act Amendments of 1996 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for Lane Transit District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. Additionally, the Schedule includes all federal programs administered by Lane Transit District for the year ended June 30, 2011.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the accrual basis of accounting.

**Lane Transit District
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2011**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issues: Unqualified
 Internal control reporting:
 • Material weakness(es) identified? No
 • Significant deficiency(ies) identified? None reported
 • Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
 • Material weakness(es) identified? No
 • Significant deficiency(ies) identified? None reported
 Type of auditor's report issued on compliance for major programs: Unqualified
 Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? No

Identification of major program:

CFDA	Program Title
20.500 & 20.507	Federal Transit Cluster
20.513, 20.516 & 20.521	Federal Transit Services Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$620,893
 Auditee qualified as low-risk auditee? Yes

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**Lane Transit District
Summary Schedule of Prior Audit Findings
June 30, 2011**

There were no findings or questioned costs reported in the prior year.

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