

# Lane Transit District

Eugene, Oregon



## 2011-2012 Single Audit

*Fiscal year ended June 30, 2012*



**2011-2012**

***Single Audit***

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Lane Transit District  
Eugene, Oregon

For the Fiscal Year Ended  
June 30, 2012



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

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

### ***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  
Springfield, Oregon

We have audited the basic financial statements of the Lane Transit District (the District), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 12, 2012. 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**

Management of the District is responsible for establishing and maintaining effective 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 opinions 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 was not designed to 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*

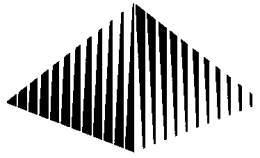
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 December 12, 2012.

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

December 12, 2012



**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 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  
Springfield, 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, 2012. 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, 2012.

### **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, 2012, and have issued our report thereon dated December 12, 2012 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

December 12, 2012

**Lane Transit District**  
**Schedule of Expenditures of Federal Awards**  
**For the fiscal year ended June 30, 2012**

<b><u>U.S. Department of Transportation</u></b>	<b>Pass Through Identifying Number</b>	<b>CFDA#</b>	<b>Federal Award</b>	<b>2011-2012 Expenditures</b>
<i>Federal Transit Cluster</i>				
Capital Improvement Grants				
	OR-03-0122	20.500	\$ 29,597,040	\$ 1,117,313
	OR-04-0026	20.500	3,490,170	742,063
	OR-04-0035	20.500	5,000,000	4,971,178
	OR-04-0041	20.500	1,088,000	3,367
Capital and Operating Assistance Formula Grants				
	OR-90-X152	20.507	14,857,509	2,010,708
	OR-90-X161	20.507	6,073,000	2,205,254
	OR-90-X164	20.507	1,294,470	1,281,525
	OR-95-X013	20.507	1,285,230	14,622
	OR-95-X019	20.507	3,215,297	29,645
	OR-95-X030	20.507	2,190,000	1,334,319
	OR-95-X035	20.507	971,101	808,708
	OR-96-X001 (ARRA)	20.507	6,467,817	61,888
	<i>Subtotal Federal Transit Cluster</i>			14,580,590
<i>Transit Services Programs Cluster</i>				
Capital and Operating Assistance Formula Grants				
	OR-37-X016	20.516	944,004	187,838
	OR-57-X001	20.521	196,663	15,588
Passed through Oregon Department of Transportation				
	26058 - 5310	26058	50,000	25,684
	26518 - 5310	26518	852,776	776,579
	27689 - 5310	27689	211,020	106,944
	27690 - 5310	27690	2,098,306	1,004,156
	<i>Subtotal Transit Services Programs Cluster</i>			2,116,789
<i>Highway Planning and Construction Cluster</i>				
Passed through Lane Council of Governments				
	LCOG RTOP 2011-49	unknown	25,000	17,621
	LCOG UPWP - STP	unknown	31,188	27,859
Passed through Oregon Department of Transportation				
	28006 ODOT - STP	28006	30,000	9,531
	ODOT BCC 2012 - STP	unknown	5,000	4,487
	ODOT Carshare - STP	unknown	8,973	188

*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, 2012**

<b><u>U.S. Department of Transportation</u></b>	<b>Pass Through Identifying Number</b>	<b>CFDA#</b>	<b>Federal Award</b>	<b>2011-2012 Expenditures</b>
Passed through Oregon Department of Transportation <i>Highway Planning and Construction Cluster (continued)</i>				
ODOT Connecting Communities - STP	unknown	20.205	5,000	4,487
ODOT Eye to Eye - STP	unknown	20.205	4,411	3,589
ODOT Springfield By Cycle - STP	unknown	20.205	1,500	1,346
				69,108
Passed through American Association of State Highway and Transportation Officials				
AASHTO - Federal	unknown	20.200	\$ 1,212	\$ 1,212
Capital Improvement Grants				
OR-58-0001 - 5308		20.519	3,320,275	3,320,274
OR-77-0001 - TIGGER - ARRA		20.523	3,000,000	3,000,000
Passed through Oregon Department of Transportation				
27406 ODOT - 5311	27406	20.509	80,028	80,028
27787 ODOT - 5311	27787	20.509	130,820	62,354
ODOT TAP - STP		20.509	1,080	1,080
				23,231,435
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed through Lane Council of Governments				
LCOG Livability Consortium - STP	unknown	14.703	20,500	761
<b><u>U.S. Department of Health and Human Services</u></b>				
Passed through Lane Council of Governments				
LCOG Volunteer Escort 11-12 - OAA	unknown	93.044	10,222	10,222
<b>Total Federal Awards</b>				\$ 23,242,418

*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, 2012**

**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, 2012.

**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, 2012**

**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 programs:

CFDA	Program Title
20.519	Clean Fuels
20.523	Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions

Dollar threshold used to distinguish between Type A and Type B programs:	\$697,273
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, 2012**

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

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