Lane Transit District
Eugene, Oregon

2011-2012 Comprehensive Annual Financial Report

Fiscal year ended June 30, 2012

2011-2012 Comprehensive Annual Financial Report

Lane Transit District
Eugene, Oregon

For the Fiscal Year Ended
June 30, 2012

Prepared by the Finance Department
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Cover Design: Hannah Bradford

Lane Transit District
Comprehensive Annual Financial Report
June 30, 2012 and 2011

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Introductory Section

Lane Transit District

December 19, 2012

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, 2012.

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 accounting principles generally accepted 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, 2012, 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, 2012, 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, 2012, indicated no instances 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.

The Best Way to Connect

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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 117 buses (93 in revenue service as of October) that travel 3.5 million miles annually. Passenger boardings were in excess of 11.4 million for FY 2011-12.

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.

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 from sixty-two hundreds of one percent to sixty-four hundredths of one percent on January 1, 2008; to sixty-five hundredths of one percent on January 1, 2009; to sixty-six hundredths of one percent on January 1, 2010; to sixty-seven hundredths on January 1, 2011; and to sixty-eight hundredths of one percent on January 1, 2012. The rate is scheduled to increase by .0001 percent each January 1 thereafter until the rate reaches seven tenths of one percent on January 1, 2014.

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 and continues to produce high local unemployment, there are no plans at this time to consider an ordinance amendment to codify a phased implementation to the new statutory tax rate limit.

LTD is governed by a Board of Directors comprised 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.

LTD provides effective and efficient solutions to the community’s transportation needs and advocates for policies and programs that promote a high quality of life, clean air, transportation-efficient land use, and the effective use of resources. In FY 2011-12, LTD provided more than 274,000 hours of fixed-route service.

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 Solutions*, a transportation management service that promotes the use of alternative modes to area residents, groups, and businesses.

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 2012, total nonfarm employment in Lane County was 142,800, or 8.7 percent of total state nonfarm employment. At the same time last year, Lane County's nonfarm employment was 144,800 representing a loss of 2,000 jobs in the last year.

	June 2008	June 2009	June 2010	June 2011	June 2012
Civilian labor force	185,592	185,812	184,116	184,816	180,480
Unemployment	10,728	23,235	19,804	17,490	15,431
Unemployment rate	5.8%	12.5%	10.8%	9.5%	8.5%
Total employment	174,864	162,577	164,312	167,326	165,049
Total nonfarm employment	158,300	143,800	143,800	144,800	142,800
Percent annual change	-0.6%	-9.2%	0.0%	0.7%	-1.4%

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 8.5 percent, a rate matched by the seasonally adjusted rate for the state of Oregon and 0.3 percent higher than the national rate. The June 2012 unemployment rate was 1 percent lower than for June 2011.

The State of Oregon Economic and Revenue Forecast published in September 2009 predicted that Oregon jobs lost since 2007 would not be regained until 2013. Since there have been only small improvements in the local economy since 2009, there is speculation that job recovery will not occur until 2015. The local economy is not likely to regain lost jobs any sooner.

Local job losses led to a significant reduction in payroll tax revenues. Total employer payroll and self-employment tax revenues in FY 2007-08 totaled $24.9 million. Five years later, similar revenues for FY 2011-12, although increasing from FY 2010-11 by more than $900,000, still totaled only $24.5 million. For the fiscal year ending June 30, 2012, total revenues increased $1.6 million, or 3.5 percent, compared to June 30, 2011.

Outlook

The local economy technically came out of recession in the 2009 calendar year, meaning the job losses substantially stopped. However, state and local economists believe that recovery statewide will be very slow. Major public construction projects will partially offset manufacturing job losses, but the payroll tax base growth rate will be negligible in the short term before positive growth resumes as a result of gradual economic recovery and the continuation of the step increases in the tax rate.

Unemployment rates remain high and have not changed in recent months. There are several high-profile construction projects underway that should help bolster or at least stabilize payroll tax receipts until other jobs return. The projects include several new student housing apartment complexes; the other half of a replacement Interstate 5 bridge over the Willamette River; new facilities at the University of Oregon; and a mental hospital in Junction City. Employment in the health care sector remains strong. However, recently the largest local health care employer announced that a number of local family wage jobs will be eliminated or transferred to Vancouver, Washington, as part of an administrative consolidation effort. *The Register Guard* (September 28, 2012) reported that PeaceHealth eliminated 120 jobs in Lane County since June 2011 as part of a restructuring and cost-cutting campaign. An additional 82 jobs have been lost due to lower patient count. Local higher education jobs have been strengthened by the return to school for retraining of displaced workers. The University of Oregon reported a record high enrollment for the 2011-2012 academic year, and overall enrollment has increased more than 14 percent since 2008.

Annually, as part of the budget process, the District updates the rolling twenty-year Long-Range Financial Plan. The first eight 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 twelve years are projected separately.

Major assumptions for the Long-Range Financial Plan, revised for the FY 2012-13 budget process, included the following:

- Tax (payroll, self-employment, and state in lieu) revenues were assumed to grow 3 percent for FY 2012-13; 4 percent for FY 2013-14; 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, 2014, with incremental annual increases. That assumption is still valid. Should the economy recover more quickly or more robustly than anticipated, 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 6.2 percent due to required increases in pension plan contributions, a 5 percent increase in health insurance premiums in calendar 2013, and settlement of a contract with Amalgamated Transit Union, Local 757. Total personnel services expenditure growth will be no more than 3.6 percent per year thereafter. (Lane Transit District was subsequently informed that there will be no health insurance premium increase in calendar year 2013.)

- Average fuel expenditures per gallon will be $3.75 through FY 2012-13.

- 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 2011-12 included the following:

- Continue to assure high-quality, fixed-route and demand-response transportation services appropriate to the resources available to fund them.

- Complete the process for evaluating the Locally Preferred Alternative (LPA) for the third EmX corridor in West Eugene.

- Complete the acquisition of 24 new hybrid-electric buses, financed by discretionary federal grant funds.

- Complete the University of Oregon Station project, including expanding the current University of Oregon North Station site to accommodate seven bus pullouts and updating the appearance of the University of Oregon South Station.

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 very 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 continue to climb. 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 twenty-four 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, 2011. 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 fifteen years. The District believes its current report continues to conform to the Certificate of Achievement program requirements and is submitting it to GFOA.

Acknowledgments

The timely preparation of the "Comprehensive Annual Financial Report" was made possible by the efforts of the entire staff of the Finance & Information Technology and General Administration Departments. The Finance & Information Technology 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
Director of Finance & Information Technology

Carol A. James, CPA
Chief Accountant/Internal Auditor

DWH/CAJ/crt

LTD Board of Directors

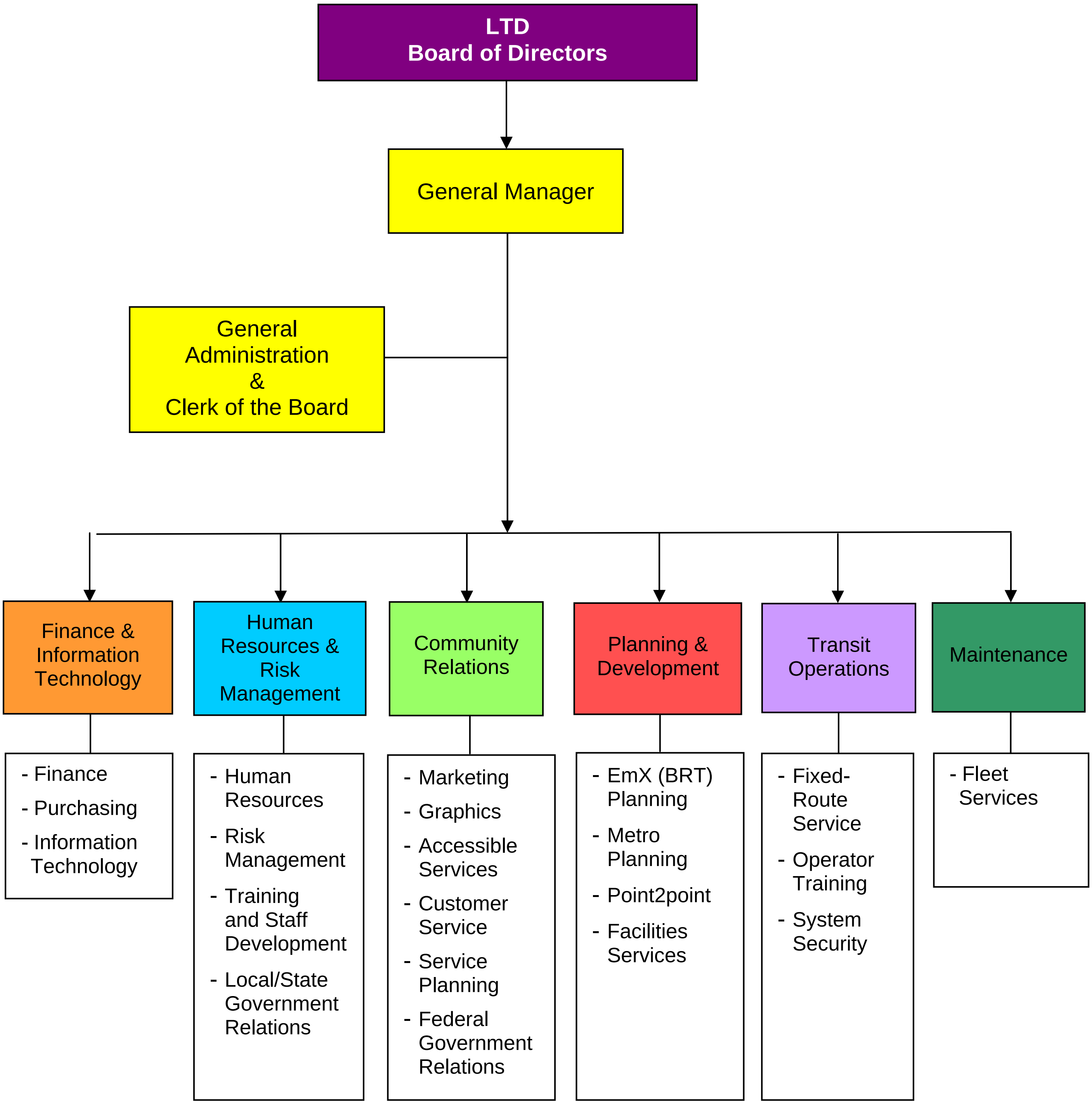
(Four-year Terms)

	Sub- District	Term Expiration
Doris Towery	1	12/31/12
Michael Eyster, President	2	12/31/12
Michael Dubick	3	12/31/14
Ed Necker, Treasurer	4	12/31/13
Gary Gillespie	5	12/31/13
Greg Evans, Vice President	6	12/31/14
Dean Kortge, Secretary	7	12/31/12

General Manager

Ronald J. Kilcoyne

LTD Organizational Chart



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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

Linda C. Davison

President

Jeffrey R. Esser

Executive Director

Financial Section

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

We have audited the balance sheets, statements of revenues, expenses and changes in net assets, and cash flows of Lane Transit District as of and for the years ended June 30, 2012 and 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012 on our consideration of the District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis (MD&A) on pages 13 through 22 and the schedule of pension and OPEB funding progress on page 51 are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the MD&A, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory, other supplementary information, and statistical sections as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 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 express no opinion on them.

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

By: Devan W Esch

Devan Esch, A Shareholder
December 12, 2012

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, 2012 and 2011 (restated). 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 balance sheets; statements of revenues, expenses, and changes in net assets; 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 assets, as reported on the balance sheets, 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 24-27 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 28-50 of this report.

Financial Highlights

- Total operating and non-operating 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. Total operating and non-operating revenues decreased 2.2 percent, to $46,269,666 during FY 2010-11, due primarily to a decrease of $3,201,570 from the American Recovery and Reinvestment Act (ARRA).

- 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 service hours were reduced slightly (0.9 percent). Fixed-route ridership for FY 2011-12 increased 1.9 percent. Fiscal year 2010-11 transportation revenue increased $209,358, or 2.7 percent, over FY 2009-10, due to an increase in cash fare and an increase in student transit pass revenues. Fixed-route ridership for FY 2010-11 decreased 0.8 percent on an 11.2 percent reduction in total service hours over FY 2009-10.

- Employer payroll tax revenues 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. Employer payroll tax revenues increased $773,691, or 3.6 percent, from FY 2009-10. On January 1, 2011, the employer payroll tax rate increased by .01 percent, from .0066 to .0067.

- 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 was increased to .0062 on January 1, 2007; to .0064 on January 1, 2008; to .0065 on January 1, 2009; to .0066 on January 1, 2010; to .0067 on January 1, 2011; and to .0068 on January 1, 2012. The rate is scheduled to increase by .0001 each January 1 thereafter until the rate reaches .007 on January 1, 2014.

  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 may be 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 non-operating expenses increased 2.7 percent, to $55,132,957, during FY 2011-12. Personal Services increased by $602,441, to $25,367,616. Union contract settlement with the Amalgamated Transit Union, Local 457, in June 2012, and retroactive payment of granted wage and salary increases to both union and administrative staff accounts for $299,121 of this increase. Increases in Accessible Services and Medicaid ($404,295) and Depreciation ($611,933) were partially offset by decreases in materials and services ($77,486), OPEB expenses ($55,150), and loss attributed to disposal of property and equipment ($28,913). Total operating and non-operating expenses decreased 1.3 percent, to $53,669,471, during FY 2010-11, due to a reduction in service hours of 11.2 percent and related reduction in personal services and materials and services.

- As of June 30, 2012 and 2011 (restated), the assets of the District exceeded its liabilities by $142,237,093 and $133,125,251 respectively. Of these amounts, $19,132,127 and $19,471,285, respectively, was available to meet the District's ongoing obligations to provide service to the public.

- For the fiscal years ended June 30, 2012 and 2011 (restated), the District's total net assets increased by $9,111,842 and $8,187,513, respectively. 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. For FY 2010-11 (restated), employer payroll tax revenues of $22,197,770 and capital grants of $14,887,318 offset a net operating loss of $37,317,005.

- 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. In FY 2010-11, the District spent $4,770,140 for engineering and construction of the Gateway EmX Extension (formerly called Pioneer Parkway EmX Corridor); $4,055,843 for new revenue vehicles; and $873,526 for new Accessible Services vehicles, approximately 80 percent of which was reimbursed by the federal government.

Financial Summary

Net Assets

	District Total			Increase (decrease)	Percentage Change	Increase (decrease)	Percentage Change
	2012	Restated 2011	2010	2012 - 2011	2012 - 2011	2011 - 2010	2011 - 2010
Assets							
Current and other assets	$ 30,346,275	$ 28,380,179	$ 25,404,558	$ 1,966,096	6.9%	$ 2,975,621	11.7%
Capital assets, net of depreciation	122,613,663	113,197,851	110,201,071	9,415,812	8.3%	2,996,780	2.7%
Other assets	1,006,960	700,000	-	306,960	43.9%	700,000	NA
Total assets	153,966,898	142,278,030	135,605,629	11,688,868	8.2%	6,672,401	4.9%
Liabilities							
Current liabilities	8,224,324	6,160,791	8,273,281	2,063,533	33.5%	(2,112,490)	-25.5%
Noncurrent liabilities	3,505,481	2,991,988	2,394,610	513,493	17.2%	597,378	24.9%
Total liabilities	11,729,805	9,152,779	10,667,891	2,577,026	28.2%	(1,515,112)	-14.2%
Net Assets							
Invested in capital assets	122,613,660	113,197,851	110,201,071	9,415,809	8.3%	2,996,780	2.7%
Restricted for Accessible Services and Medicaid programs	491,306	456,115	449,066	35,191	7.7%	7,049	1.6%
Unrestricted	19,132,127	19,471,285	14,287,601	(339,158)	-1.7%	5,183,684	36.3%
Total net assets	142,237,093	133,125,251	124,937,738	9,111,842	6.8%	8,187,513	6.6%
Total liabilities and net assets	$ 153,966,898	$ 142,278,030	$ 135,605,629	$ 11,688,868	8.2%	$ 6,672,401	4.9%

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

Net assets 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, 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 assets at June 30, 2011 (restated), increased $6,672,401 from $135,605,629 to $142,278,030, or 4.9 percent, from the prior year. This increase is due mainly to completion of construction related to the Gateway EmX Extension (busways and stations) and improved cash and receivables positions related to using federal grant funds to fund preventive maintenance programs.

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 West Eugene EmX Extension (WEEE) and increases in Net OPEB obligations.

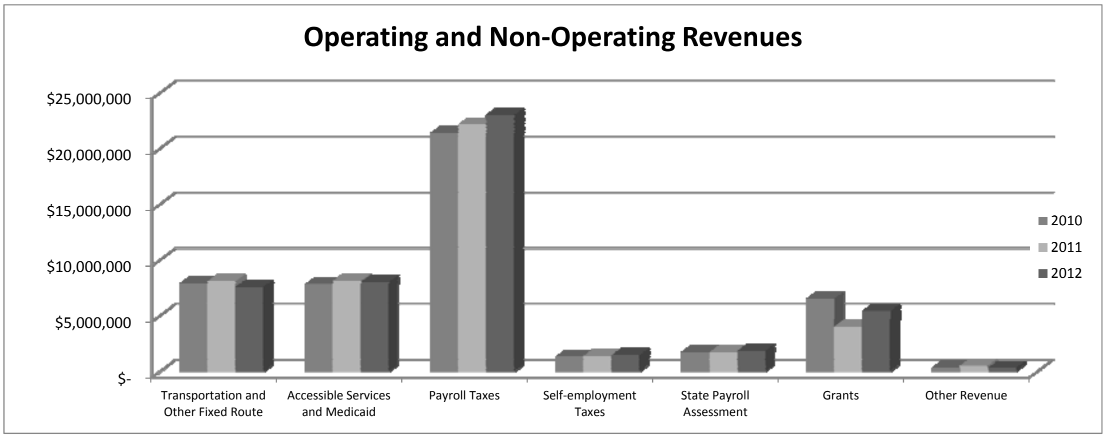
The District's total liabilities at June 30, 2011, decreased $1,515,112 from $10,667,891 to $9,152,779, a change of -14.7 percent, from the prior year. This decrease is due to decreases in vendor accounts payable related to Gateway EmX Extension construction.

The net assets of the District (assets less liabilities) 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 assets of $19,132,127 were unrestricted. This is a decrease of $339,158 from June 30, 2011, and reflects use of unrestricted assets (cash) for capital asset purchase.

The net assets of the District (assets less liabilities) at June 30, 2011 (restated), increased or were restated $8,187,513 from $124,937,738 to $133,125,251, or 6.6 percent, from the prior year. At June 30, 2011 (restated), total net assets of $19,471,285 were unrestricted. This is an increase of $5,183,684 and reflects cash inflow from grant proceeds for capital expenditures made in previous fiscal years.

Changes in Net Assets

	District Totals						
	2012	Restated 2011	2010	Increase (decrease) 2012 - 2011	Percentage Change 2012 - 2011	Increase (decrease) 2011 - 2010	Percentage Change 2011 - 2010
Revenues							
Operating revenues							
Transportation	$ 7,327,340	$ 7,875,469	$ 7,666,111	$ (548,129)	-7.0%	$ 209,358	2.7%
Other fixed route	281,500	275,500	267,500	6,000	2.2%	8,000	3.0%
Accessible Services and Medicaid	8,069,191	8,172,584	7,859,572	(103,393)	-1.3%	313,012	4.0%
Nonoperating revenues							
Employer payroll tax revenues	23,047,471	22,197,770	21,424,079	849,701	3.8%	773,691	3.6%
Self-employment payroll tax revenues	1,507,575	1,440,902	1,381,109	66,673	4.6%	59,793	4.3%
State payroll assessment	1,869,854	1,740,509	1,755,311	129,345	7.4%	(14,802)	-0.8%
Federal grants - bus maintenance	5,431,231	4,008,381	6,567,015	1,422,850	35.5%	(2,558,634)	-39.0%
State grants	1,992	350	-	1,642	469.1%	350	NA
Local grants	17,500	17,500	18,000	-	0.0%	(500)	-2.8%
Interest	62,653	60,462	56,200	2,191	3.6%	4,262	7.6%
Facility rental and other nonoperating revenues	259,475	480,239	325,208	(220,764)	-46.0%	155,031	47.7%
Gain on disposal of property and equipment	2,434	-	-	2,434	NA	-	NA
Total operating and nonoperating revenues	47,878,216	46,269,666	47,320,105	1,608,550	3.5%	(1,050,439)	-2.2%
Expenses							
Personnel services	25,367,616	24,765,175	25,348,385	602,441	2.4%	(583,210)	-2.3%
Materials and services	7,865,885	7,943,371	8,248,268	(77,486)	-1.0%	(304,897)	-3.7%
Insurance	1,177,848	1,171,482	1,196,302	6,366	0.5%	(24,820)	-2.1%
Accessible Services and Medicaid	9,965,985	9,561,690	8,571,459	404,295	4.2%	990,231	11.6%
Depreciation	10,169,031	9,557,098	7,313,600	611,933	6.4%	2,243,498	30.7%
OPEB expense	586,592	641,742	624,953	(55,150)	-8.6%	16,789	2.7%
Loss on disposal of property and equipment	-	28,913	3,060,580	(28,913)	-100.0%	(3,031,667)	-99.1%
Total expenses	55,132,957	53,669,471	54,363,547	1,463,486	2.7%	(694,076)	-1.3%
Loss before contributions	(7,254,741)	(7,399,805)	(7,043,442)	145,064	-2.0%	(356,363)	5.1%
Capital contributions	16,366,583	14,887,318	22,568,387	1,479,265	9.9%	(7,681,069)	-34.0%
Changes in net assets	9,111,842	7,487,513	15,524,945	1,624,329	21.7%	(8,037,432)	-51.8%
Total net assets -- beginning of period		124,937,738					
Prior period adjustment		700,000					
Total net assets -- beginning of period (restated)	133,125,251	125,637,738	109,412,793	7,487,513	6.0%	16,224,945	14.8%
Total net assets -- end of period	$ 142,237,093	$ 133,125,251	$ 124,937,738	$ 9,111,842	6.8%	$ 8,187,513	6.6%



The District's total operating and non-operating revenue increased $1,608,550, or 3.5 percent, during FY 2011-12 over FY 2010-11. By comparison, the District's total revenue decreased $1,050,439, a change of -2.2 percent, during FY 2010-11 from 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, service hours were reduced 0.9 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 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.

Fiscal year 2010-11 (restated) transportation revenues increased $209,358, or 2.7 percent, over FY 2009-10. For fiscal year 2010-11, service hours were reduced 11.2 percent over FY 2009-10. Boardings for FY 2010-11 decreased 0.8 percent. Pass prices increased by 6.7 percent from the prior year. Cash fares and group pass rates remained unchanged from the prior year. Revenues from cash fares and pass sales, including student transit passes, increased 6 percent, from $4,730,625 in FY 2009-10 to $5,012,885 in FY 2010-11. Group pass revenues increased $78,746, or 3.4 percent, and special services revenues decreased $168,022, a change of -26.5 percent, over the previous year.

For FY 2011-12, other fixed-route revenues increased $6,000, or 2.2 percent, over FY 2010-11. For FY 2010-11, other fixed-route revenues increased $8,000, or 3 percent, over FY 2009-10. Other fixed-route revenues account for on-bus advertising.

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 Ride*Source* 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.

For FY 2010-11, Accessible Services and Medicaid revenues increased $313,012, or 4 percent, from the previous year. The third full year of operations for the Ride*Source* Call Center generated $4,156,227 in Medicaid medical reimbursements. This is an increase of $397,415, or 10.5 percent, over FY 2009-10. State of Oregon Business Energy Tax Credit (BETC) funding for previously approved special transportation applications was not renewed in FY 2010-11, resulting in a loss of $126,962. Other program revenues were substantially unchanged from previous years.

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 9.5 percent in June 2011 to 8.5 percent in June 2012.

Employer payroll tax revenues for fiscal year ended June 30, 2011, increased by $773,691, or 3.6 percent. Locally, there was no change in nonfarm employment, as the total decreased by 100 jobs. Unemployment in the metropolitan area dropped from 10.8 percent in June 2010 to 9.5 percent in June 2011.

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 very 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.

Self-employment tax revenues for FY 2010-11 increased to $1,440,902, an increase of 4.3 percent over the previous year. This gain was due to increased collection efforts by the State. For FY 2010-11, state payroll assessment decreased by 0.8 percent, from $1,755,311 to $1,740,509.

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.

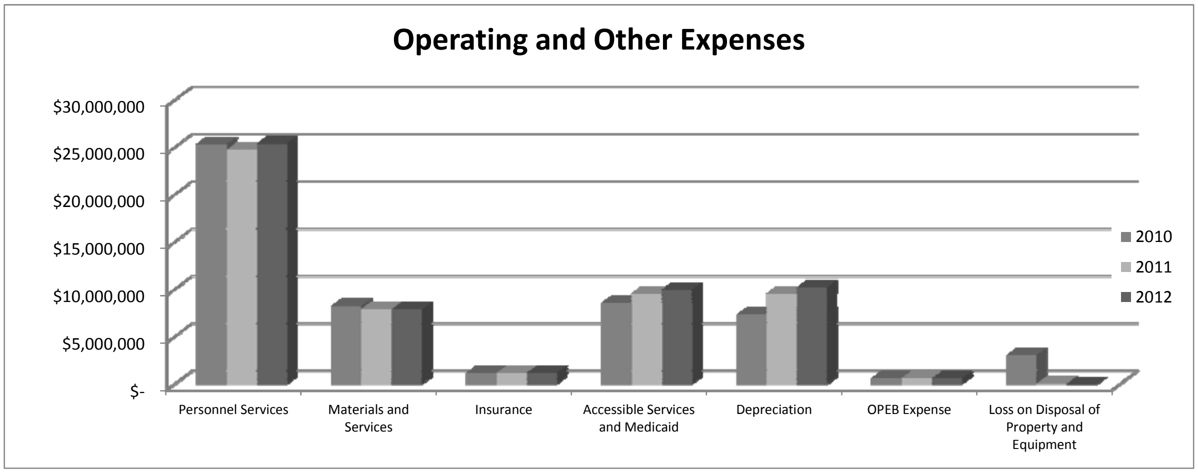
For FY 2010-11 federal grant revenues for bus maintenance decreased by $2,558,634. This amount includes the loss of $3,201,570 in American Recovery and Reinvestment Act (ARRA) funds.

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, and have remained at that level since.

Interest revenue of $60,462 for FY 2010-11 was substantially unchanged from the previous period. Local Government Investment Pool (LGIP) interest rates fell from an annualized 0.55 percent as of June 30, 2010, to 0.5 percent as of June 30, 2011.

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 2010-11, federal and state grants for capital acquisition decreased $7,681,069 from $22,568,387 to $14,887,318, a change of -56.7 percent. This decrease reflects a decrease in grant-funded capital activity in FY 2010-11 over FY 2009-10. Grant-funded activity for FY 2010-11 included $4,770,140 for engineering and construction related to the Gateway EmX Extension, $4,055,843 for revenue vehicles, and $873,526 for Accessible Services revenue vehicles.



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 24 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 15 new revenue vehicles put into service in November and December 2011.

For FY 2010-11 (restated), total expenses decreased $694,076, or a change of -1.3 percent, over the previous year.

- Personnel services decreased $583,210, a change of -2.3 percent. Service reductions eliminated 22 full-time equivalent positions. Salaries and wages decreased $697,126, a change of -4.4 percent. Employer-provided health insurance premiums and health reimbursement accounts (HRAs) or voluntary employee beneficiary association (VEBA) accounts for employees combined increased $38,256, or 0.8 percent. Pension and retirement contributions increased $152,455, or 4.8 percent.

- Diesel fuel prices increased from an average of $2.0424 per gallon for FY 2009-10 purchases to an average of $2.8220 per gallon for FY 2010-11 purchases. As a result, expenditures for fuel increased $560,550, or 28.9 percent, for FY 2010-11 even though miles driven were reduced by 11.5 percent due to service cuts.

- Materials and services expenses for capital projects less than $5,000 not capitalized decreased from $1,544,349 in FY 2009-10 to $677,409 in FY 2010-11. For FY 2009-10 this amount included $1,937,202 in planning and environmental activities related to the West Eugene EmX Extension.

- Depreciation expense increased by $2,243,498 to $9,557,098, an increase of 30.7 percent for FY 2010-11. This increase represented first-year depreciation on busways and stations for the Gateway EmX Extension service, which came online in January 2011.

- Loss on disposal of property and equipment for FY 2010-11 decreased by $3,031,667, or 99.1 percent, as loss related to disposal of property and equipment for FY 2009-10 of $3,060,580 included the one-time write off of $2,852,596 of previously capitalized planning and environmental activities related to the West Eugene EmX Extension.

Capital Assets

At June 30, 2012, the District had invested $122,613,660 net of accumulated depreciation in a variety of capital assets.

	District Totals						
	2012	2011	2010	Increase (decrease) 2012 - 2011	Percentage Change 2012 - 2011	Increase (decrease) 2011 - 2010	Percentage Change 2011 - 2010
Land	$ 8,708,370	$ 8,708,370	$ 8,708,370	$ -	0.0%	$ -	0.0%
Free-standing public art	366,917	366,917	30,977	-	0.0%	335,940	1084.5%
Construction in progress	3,800,543	2,087,339	29,235,680	1,713,204	82.1%	(27,148,341)	-92.9%
Busways	39,028,249	41,160,493	18,231,423	(2,132,244)	-5.2%	22,929,070	125.8%
Rolling stock and related equipment	32,837,789	22,558,955	21,332,709	10,278,834	45.6%	1,226,246	5.7%
Stations, shelters, and bus signs	11,831,750	10,989,756	4,643,456	841,994	7.7%	6,346,300	136.7%
Buildings and improvements	22,305,002	23,480,423	24,999,492	(1,175,421)	-5.0%	(1,519,069)	-6.1%
Accessible Services vehicles	2,072,005	1,862,140	1,567,584	209,865	11.3%	294,556	18.8%
Other equipment and support vehicles	1,663,038	1,983,458	1,451,380	(320,420)	-16.2%	532,078	36.7%
	$ 122,613,663	$ 113,197,851	$ 110,201,071	$ 9,415,812	8.3%	$ 2,996,780	2.7%

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 14 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.

For FY 2010-11, an increase of $1,226,246 in rolling stock and related equipment includes a $4,067,449 increase for the acquisition of five 60-foot articulated, hybrid-electric revenue vehicles.

Note 4(d) (page 38) contains additional detail information about capital assets activity.

Economic Factors and Related Budget Impact

The national recession continued to buffet Lane County in FY 2011-12. Total nonfarm payroll employment declined by 2,000 jobs, from 144,800 in June 2011 to 142,800 in June 2012. This decline came after the addition of 1,000 jobs in FY 2010-11. The unemployment rate declined from 9.5 percent in June 2011 to 8.5 percent for June 2012.

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 2012-13 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 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 3 percent in FY 2012-13; then 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 0.68 percent to 0.69 percent on January 1, 2013, and 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 2012-13. FY 2010-11 service reductions included reduction of service hours totaling 34,964, or 11.2 percent, and elimination of 22 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 $4,000,000 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 2012-13.

- 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 2012-13.

In December 2008, 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, 2012, is as follows:

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

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:

Carol A. James, CPA
Chief Accountant/Internal Auditor
Lane Transit District
3500 East 17th Avenue
P.O. Box 7070
Springfield, OR 97475-0470

Basic Financial Statements

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Lane Transit District
Balance Sheets
June 30, 2012 and 2011 (Restated)

	2012	Restated 2011
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	$ 11,616,501	$ 12,498,272
Restricted	1,679,149	89,645
Investments	-	1,000,274
Accounts receivable	2,313,915	2,320,962
Taxes receivable	5,343,999	5,240,168
Grants receivable	5,358,129	4,636,471
Due from other governments	515,160	474,211
Inventory of parts and supplies	2,750,860	1,368,341
Prepaid expenses	678,562	663,519
Deposits	90,000	88,316
Total current assets	30,346,275	28,380,179
Noncurrent assets		
Capital assets		
Land	8,708,370	8,708,370
Free-standing public art	366,917	366,917
Construction in progress	3,800,543	2,087,339
Other capital assets (net of depreciation)	109,737,833	102,035,225
Net of accumulated depreciation	122,613,663	113,197,851
Other assets		
Pension contribution in excess of annual required contribution -- LTD ATU Pension Trust	687,335	475,000
Pension contribution in excess of annual required contribution -- LTD Salaried Employees' Plan	319,625	225,000
Total other assets	1,006,960	700,000
Total noncurrent assets	123,620,623	113,897,851
Total assets	$ 153,966,898	$ 142,278,030

	2012	Restated 2011
Liabilities		
Current liabilities		
Accounts payable	$ 1,583,687	$ 1,356,128
Accrued payroll	597,980	805,037
Payroll withholdings and taxes	48,810	74,066
Accrued pension	93,007	101,634
Retainage payable	7,208	83,550
Accrued vacation and sick leave	2,482,584	2,194,954
Unearned revenue	2,425,665	648,123
Employee HRA liability	417,923	441,323
Other current liabilities	567,460	455,976
Total current liabilities	8,224,324	6,160,791
Noncurrent liabilities		
Accrued vacation and sick leave	1,016,841	1,089,940
Net OPEB obligation	2,488,640	1,902,048
Total noncurrent liabilities	3,505,481	2,991,988
Total liabilities	11,729,805	9,152,779
Net assets		
Invested in capital assets	122,613,660	113,197,851
Restricted for Accessible Services and Medicaid programs	491,306	456,115
Unrestricted	19,132,127	19,471,285
Total net assets	142,237,093	133,125,251
Total liabilities and net assets	$ 153,966,898	$ 142,278,030

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

Lane Transit District
Statements of Revenues, Expenses, and Changes in Net Assets
For the fiscal years ended June 30, 2012 and 2011 (Restated)

	2012	Restated 2011
Operating revenues		
Transportation	$ 7,327,340	$ 7,875,469
Other fixed route	281,500	275,500
Accessible Services and Medicaid	8,069,191	8,172,584
Total operating revenues	15,678,031	16,323,553
Operating expenses		
Personnel services	25,367,616	24,765,175
Materials and services	7,865,885	7,943,371
Insurance	1,177,848	1,171,482
Accessible Services and Medicaid	9,965,985	9,561,690
Depreciation	10,169,031	9,557,098
OPEB expense	586,592	641,742
Total operating expenses	55,132,957	53,640,558
Operating loss	(39,454,926)	(37,317,005)
Nonoperating revenues (expenses)		
Employer payroll tax, net of state administrative fees (2012, $516,110; 2011, $488,024)	23,047,471	22,197,770
Self-employment tax, net of state administrative fees (2012, $73,979; 2011, $58,496)	1,507,575	1,440,902
State payroll assessment	1,869,854	1,740,509
Federal grants - bus maintenance	5,431,231	4,008,381
State grants	1,992	350
Local grants	17,500	17,500
Interest earnings	62,653	60,462
Facility rental and other nonoperating revenues	259,475	480,239
Gain (loss) on disposal of capital assets	2,434	(28,913)
Total nonoperating revenues (expenses)	32,200,185	29,917,200
Loss before capital contributions	(7,254,741)	(7,399,805)
Capital contributions		
Federal and state grants for capital acquisition	16,366,583	14,887,318
Changes in net assets	9,111,842	7,487,513
Total net assets -- beginning of period (restated)	133,125,251	125,637,738
Total net assets -- end of period	$ 142,237,093	$ 133,125,251

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

Lane Transit District
Statements of Cash Flows
For the fiscal years ended June 30, 2012 and 2011 (Restated)

	2012	Restated 2011
Cash flows from operating activities		
Cash received from customers	$ 17,462,619	$ 15,947,492
Cash received from other sources	259,475	480,239
Cash paid to suppliers for goods and services	(20,091,587)	(18,969,353)
Cash paid to employees for services	(25,417,424)	(24,915,265)
Net cash used for operating activities	(27,786,917)	(27,456,887)
Cash flows from noncapital financing activities		
Employer payroll tax	22,942,471	22,114,770
Self-employment tax	1,508,744	1,445,734
Federal operating grant	4,727,283	2,207,113
State payroll assessment	1,828,905	1,691,534
State operating grant	36,028	(19,402)
Local operating grant	17,500	17,500
Net cash provided by noncapital financing activities	31,060,931	27,457,249
Cash flows from capital and related financing activities		
Contribution from federal and state agencies	16,314,840	16,017,943
Proceeds from disposal of capital assets	43,753	25,393
Acquisition and construction of capital assets	(19,680,841)	(14,992,807)
Net cash provided by (used for) capital and related financing activities	(3,322,248)	1,050,529
Cash flows from investing activities		
Proceeds from sales and maturities of investments	1,000,274	2,000,416
Purchase of investments	-	(2,000,000)
Pension contributions in excess of annual required contribution	(306,960)	-
Interest receipts	62,653	60,462
Net cash provided by investing activities	755,967	60,878
Net change in cash and cash equivalents	707,733	1,111,769
Cash and cash equivalents, beginning of year	12,587,917	11,476,148
Cash and cash equivalents, end of year	$ 13,295,650	$ 12,587,917
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	$ (39,454,926)	$ (37,317,005)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	10,169,031	9,557,098
OPEB expense	586,592	641,742
Facility rental and other nonoperating revenues	259,475	480,239
(Increase) decrease in accounts receivable	7,047	(548,706)
(Increase) decrease in inventory of parts and supplies	(1,382,519)	(100,234)
(Increase) decrease in prepaid expenses	(15,043)	(385,292)
(Increase) decrease in deposits	(1,684)	(12,500)
Increase (decrease) in accounts payable	205,893	52,929
Increase (decrease) in accrued payroll and related liabilities	(26,409)	(144,560)
Increase (decrease) in unearned revenue	1,777,542	172,645
Increase in employee health reimbursement account liability	(23,400)	(5,530)
Increase (decrease) in other current liabilities	111,484	152,287
Net cash used for operating activities	$ (27,786,917)	$ (27,456,887)

LTD disposed of capital assets with a net book value of $41,319 and $54,306 in years ended June 30, 2012 and 2011, respectively.

Cash and cash equivalents consist of unrestricted and restricted amounts.

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

Lane Transit District
Notes to Basic Financial Statements
Years Ended June 30, 2012 and 2011

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, expenses and changes in net assets, and all assets and liabilities associated with the operation of the District are included in the balance sheets.

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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Accounting Standards Board (GASB) Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," requires that government's proprietary activities apply all GASB pronouncements, as well as the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. As allowed by GASB Statement No. 20, the District has elected not to implement FASB Statements and Interpretations issued after November 30, 1989. GASB Statement No. 62 supersedes GASB Statement No. 20 and is effective for periods beginning after December 15, 2011. Lane Transit District has not elected early adoption of this statement.

(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 0.68 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 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) Inventories and Prepaid Expenses

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

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

(h) Capital Assets and Depreciation

Capital assets are stated at cost, except for donated capital assets, 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 assets.

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.

(i) 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.

(j) 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 when grant-related conditions for application are met.

(k) 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.

(l) Net Assets

Net assets comprise the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net assets are classified in the following three components: investment in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Investment in capital assets, net of related debt, 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 assets consist of net assets 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 assets consist of all other net assets not included in the above categories.

(m) Restricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

(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, 2012 and 2011. Actual results may differ from such estimates.

(o) New Pronouncements

During FY 2010-11, the District implemented the following GASB pronouncements:

- GASB Statement No. 59, *Financial Instruments Omnibus.* This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. There was no significant impact 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 funds (STF), 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 Ride*Source* Call Center on May 19, 2008, the District became the countrywide broker for all Medicaid non-emergency 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. One amendment was made to the budget during FY 2011-12.

(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. Prior Period Restatement

Beginning net assets have been rested as follow:

Beginning net assets as of July 1, 2010, as previously reported	$ 124,937,738
Pension contribution in excess of annual required contribution, previously expensed in error --	
LTD ATU Pension Trust	475,000
LTD Salaried Employee's Retirement Plan	225,000
Beginning net assets as of July 1, 2010, as restated	125,637,738
Changes in net assets for FY 2010-11 as previously reported	7,536,270
Pension benefit related to June 30, 2011 retirements not properly accrued to FY 2010-11 expenses (Personnel services)	(48,757)
Changes in net assets for FY 2010-11, as restated	7,487,513
Beginning net assets as of July 1, 2011, as restated	$ 133,125,251

4. Detail Notes

(a) Cash and Investments

Cash and investments at June 30 consisted of the following:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Cash and investments:				
Cash on hand	$ 4,100	$ 4,100	$ 4,100	$ 4,100
Demand deposits with financial institutions	403,888	403,888	(421,898)	(421,898)
State of Oregon local government investment pool	12,887,662	12,887,662	13,005,715	13,005,715
Certificates of deposit	-	-	1,000,274	1,000,274
Total cash and investments	$ 13,295,650	$ 13,295,650	$ 13,588,191	$ 13,588,191

	2012	2011
Cash and investments are reflected in the balance sheet as follows:		
Cash and cash equivalents		
Unrestricted	$ 11,616,501	$ 12,498,272
Restricted	1,679,149	89,645
Investments	-	1,000,274
Total cash and investments	$ 13,295,650	$ 13,588,191

Deposits

At June 30, 2012 and 2011, the District's book balance in the general operating account was $403,888 and ($421,898), respectively, and the bank balance was $1,513,009 and $770,052, respectively. The difference is due to transactions in process. As of June 30, 2012, the District had deposits of $1,513,009 insured by federal depository insurance. As of June 30, 2011, the District had deposits of $1,020,052 insured by federal depository insurance and $750,274 collateralized in accordance with Oregon Revised Statues.

At June 30, 2011, the District held a certificate of deposit from Umpqua Bank totaling $1 million, bearing interest at 0.5 percent and maturing on December 10, 2011.

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

At June 30, 2012 and 2011, the LGIP reported an unrealized loss. The District's share of the unrealized loss was calculated in accordance with ORS, and would not have a significant impact on the District's financial statements. The District's position in the LGIP at June 30, 2012 and 2011 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. To qualify, participating banks must pledge collateral against any public fund deposits in excess of deposit insurance. The amount of collateral is set by the PFCP between 10 percent and 110 percent of each bank's public funds deposits based on their net worth and level of capitalization. Although the PFCP creates a shared liability structure for participating bank depositories, it does not guarantee that all funds are 100 percent protected. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. 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 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. At June 30, 2011 the LGIP reported an unrealized loss. The District's share of the unrealized loss was calculated in accordance with ORS and would not have a significant impact on the District's financial statements if realized.

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, 2012, was unqualified and may be obtained at the Oregon Audits Division, 255 Capitol Street, NE, Salem, Oregon 97310 and on-line at the State of Oregon's website www.oregon.gov.

(b) Receivables

Accounts

Unrestricted accounts receivable at June 30 consisted of the following:

	2012	2011
Passenger fares	$ 255,766	$ 382,324
Advertising	25,500	23,000
State of Oregon Business Energy Tax Credit (BETC) from Student Transit Pass Program	1,281,331	1,281,331
Medicaid reimbursement	102,309	72,722
Medicaid non-medical reimbursement	285,885	302,286
Medicaid developmental disabilitly reimbursement	293,758	-
Miscellaneous	69,366	259,299
Total accounts receivable	$ 2,313,915	$ 2,320,962

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:

	2012	2011
Employer payroll taxes	$ 5,322,000	$ 5,217,000
Self-employment taxes	21,999	23,168
Total unrestricted	$ 5,343,999	$ 5,240,168

Grants

Unrestricted grants receivable at June 30 consisted of the following:

	2012	2011
Federal grants	$ 4,714,500	$ 3,139,673
State grants	-	819,806
Total unrestricted grants	4,714,500	3,959,479
Grants restricted for Accessible Services and Medicaid	643,629	676,992
Total grants receivable	$ 5,358,129	$ 4,636,471

(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 assets as of June 30, 2012, 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	$ 78,371	$ (625,175)	$ (546,804)
Accounts receivable	645,685	(66,825)	578,860
Federal and state grants receivable	643,629	(184,379)	459,250
Total restricted for Accessible Services and Medicaid	1,367,685	(876,379)	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	$ 2,968,463	$ (2,477,157)	$ 491,306

The components of the restricted assets, liabilities payable from restricted assets, and restricted net assets as of June 30, 2011, 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	$ 89,645	$ (461,927)	$ (372,282)
Accounts receivable	380,946	(64,950)	315,996
Federal and state grants receivable	676,992	(164,591)	512,401
Total restricted for Accessible Services and Medicaid	$ 1,147,583	$ (691,468)	$ 456,115

(d) Capital Assets

Major classes of property and equipment and accumulated depreciation as of June 30, 2012 and 2011:

2012	Balance 7/1/11	FY 11-12 Additions or Expenses	FY 11-12 Disposals	Transfers	Balance 6/30/12
Capital assets, not being depreciated:					
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
Total capital assets, not being depreciated	11,162,626	2,307,273	(9,217)	(584,852)	12,875,830
Capital assets, being depreciated:					
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
Total capital assets, being depreciated	165,950,344	17,318,889	(3,651,917)	584,852	180,202,168
Less accumulated depreciation for:					
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
Total accumulated depreciation	63,915,119	10,169,031	(3,619,815)	-	70,464,335
Total capital assets, being depreciated, net	102,035,225	7,149,858	(32,102)	584,852	109,737,833
Total capital assets, net	$ 113,197,851	$ 9,457,131	$ (41,319)	$ -	$ 122,613,663

2011	Balance 7/1/10	FY 10-11 Additions or Expenses	FY 10-11 Disposals	Transfers	Balance 6/30/11
Capital assets, not being depreciated:					
Land	$ 8,708,370	$ -	$ -	$ -	$ 8,708,370
Public art	30,977	4,266	-	331,674	366,917
Construction in progress	29,235,680	2,229,108	(115)	(29,377,334)	2,087,339
Total capital assets, not being depreciated	37,975,027	2,233,374	(115)	(29,045,660)	11,162,626
Capital assets, being depreciated:					
Busways	21,417,308	2,575,705	-	22,687,789	46,680,802
Rolling stock and related equipment	45,568,071	4,073,292	(2,512,811)	222,146	47,350,698
Stations, shelters, and bus signs	10,124,568	1,927,878	-	5,553,875	17,606,321
Buildings and improvements	39,688,345	10,876	-	-	39,699,221
Accessible Services vehicles	4,866,084	869,517	(579,871)	47,589	5,203,319
Other equipment and support vehicles	8,508,629	917,542	(550,449)	534,261	9,409,983
Total capital assets, being depreciated	130,173,005	10,374,810	(3,643,131)	29,045,660	165,950,344
Less accumulated depreciation for:					
Busways	3,185,885	2,334,424	-	-	5,520,309
Rolling stock and related equipment	24,235,362	3,051,192	(2,494,811)	-	24,791,743
Stations, shelters, and bus signs	5,481,112	1,135,453	-	-	6,616,565
Buildings and improvements	14,688,853	1,529,945	-	-	16,218,798
Accessible Services vehicles	3,298,500	606,328	(563,649)	-	3,341,179
Other equipment and support vehicles	7,057,249	899,756	(530,480)	-	7,426,525
Total accumulated depreciation	57,946,961	9,557,098	(3,588,940)	-	63,915,119
Total capital assets, being depreciated, net	72,226,044	817,712	(54,191)	29,045,660	102,035,225
Total capital assets, net	$ 110,201,071	$ 3,051,086	$ (54,306)	$ -	$ 113,197,851

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:

	2012	2011
Accrued vacation and sick leave payable at beginning of period	$ 3,284,894	$ 3,387,189
Total vacation accrued for period	1,893,027	1,631,714
Total sick leave accrued for period	584,258	488,060
Total vacation taken for period	(1,776,239)	(1,676,940)
Total sick leave taken for period	(461,779)	(487,079)
Total sick leave lost for period	(24,736)	(58,050)
Accrued vacation and sick leave payable at end of period	$ 3,499,425	$ 3,284,894
Vacation time - union-represented employees	$ 1,231,138	$ 1,175,507
Combined annual leave - non-union employees	886,431	825,274
Sick leave - union-represented employees	748,525	717,162
Extended illness bank - non-union employees	633,331	566,951
Total accrued vacation and sick leave	$ 3,499,425	$ 3,284,894
Current portion vacation and sick leave	$ 2,482,584	$ 2,194,954
Non-current vacation and sick leave	1,016,841	1,089,940
Total	$ 3,499,425	$ 3,284,894

5. 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 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 cover 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 converted to additional salary benefit at retirement which does increase 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 October 5, 2012.

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	June 30, 2011	June 30, 2009	June 30, 2007
Actuarial value of assets	$ 11,551,800	$ 9,532,400	$ 9,377,500
Actuarial value of liabilities	16,746,400	14,036,000	12,495,600
Unfunded actuarial accrued liabilities	5,194,600	4,503,600	3,118,100
Amortization period, years	20	20	20
Funded ratio	69.0%	67.9%	75.0%
Valuation payroll	4,653,100	5,216,600	4,705,200
UAAL as a percentage of covered payroll	111.6%	86.3%	66.3%

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 and FY 2010-11 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 of $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:

	2012	2011
Annual required contribution	$ 931,962	$ 949,385
Interest on net pension obligation	(17,003)	(16,952)
Adjustment to annual required contribution	16,633	16,583
Annual pension cost	931,592	949,016
Total LTD contribution to trust	(1,026,587)	(949,698)
(Decrease) increase in net pension obligation	(94,995)	(682)
Net pension obligation beginning of year	(226,707)	(226,025)
Net pension obligation end of year	$ (321,702)	$ (226,707)

The contribution rate for period FY 2012-13 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:

	2012	2011	2010
Covered payroll	$ 5,092,690	$ 5,187,894	$ 5,463,292
Actual LTD contributions	1,026,587	949,698	918,391
Actual LTD rate	20.2%	18.3%	16.8%
Annual pension cost rate	18.3%	18.3%	16.8%
Annual pension cost	931,600	949,000	917,500
Percentage of annual pension cost contributed	110%	100%	100%
Contribution in excess of ARC	94,625	-	-
Net pension obligation (asset)	(321,700)	(226,700)	(226,000)

Actuarial Methods and Assumptions

Significant actuarial assumptions used in the valuation include (a) a 7.5 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 LTDSP 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. 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 July 31, 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, 2012, 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	January 1, 2012	January 1, 2010	January 1, 2008
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 of 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:

	2012	2011
Annual required contribution	$ 1,981,455	$ 2,034,037
Interest on net pension obligation	(34,708)	(35,164)
Adjustment to annual required contribution	40,701	41,235
Annual pension cost	1,987,448	2,040,108
Total LTD contribution to trust	(2,193,790)	(2,034,037)
(Decrease) increase in net pension obligation	(206,342)	6,071
Net pension obligation beginning of year	(462,778)	(468,849)
Net pension obligation end of year	$ (669,120)	$ (462,778)

The actuarially determined required contributions in effect for FY 2011-12 and FY 2010-11 are listed below:

FY 2011-12	$4.26 per compensated hour
FY 2010-11	$4.28 per compensated hour

The actual contribution rate used by the District in effect for FY 2011-12 and FY 2010-11 are listed below:

FY 2011-12	$4.70 per compensated hour
FY 2010-11	$4.28 per compensated hour

As a result of the January 1, 2012, valuation, the District's actuarially determined contribution rate increased to $4.66 per compensated hour on July 1, 2013. For the fiscal year ending June 30, 2013, the District is contributing $4.89 per compensated hour, which is in excess of the $4.26 actuarially determined required contribution rate.

The schedule of District contributions is as follows:

	2012	2011	2010
Covered payroll	$ 10,288,538	$ 10,998,431	$ 11,724,870
Actual LTD contributions	2,193,790	2,034,037	1,926,992
Actual LTD rate per hour	4.70	4.28	3.69
Annual pension cost rate per hour	4.26	4.28	3.69
Annual pension cost	1,987,400	2,040,100	1,933,100
Percentage of annual pension cost contributed	110%	100%	100%
Contribution in excess of ARC	212,335	-	-
Net pension obligation (asset)	(669,100)	(462,800)	(468,800)

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 Statues (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:

	2012	2011	2010
Annual required contribution	$ 1,044,515	$ 982,451	$ 979,905
Interest earned on net OPEB obligation	85,593	56,714	28,591
Adjustment to the annual required contribution	(146,222)	(96,887)	(48,844)
Annual OPEB cost (expense)	983,886	942,278	959,652
Contribution made	(397,294)	(300,536)	(334,699)
Increase in net OPEB obligation	586,592	641,742	624,953
Net OPEB obligation, beginning of year	1,902,048	1,260,306	635,353
Net OPEB obligation, end of year	$ 2,488,640	$ 1,902,048	$ 1,260,306
Percentage of annual OPEB cost contributed	40.4%	31.9%	34.9%

Funding Status and Funding Progress

The schedule of funding progress is presented below:

Actuarial valuation date	January 1, 2012	January 1, 2010	January 1, 2008
Actuarial value of assets	$ -	$ -	$ -
Actuarial accrued liability (AAL)	7,210,300	6,584,300	6,096,400
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 3rd through 11th year, 6.75 percent in the 12th year, 7 percent in the 13th year, 6.75 percent for the 14th year grading down to 5 percent after the 68th 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 a rolling 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 2011-12 at approximately the same level as FY 2010-11. 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	$ 36,009,901
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		
	2012	2011	2010
Unpaid claims and claim adjustment expenses, beginning of the year	$ 318,378	$ 194,711	$ 134,500
Incurred claims (including IBNRs)	285,662	248,500	134,152
Claim payments	(136,654)	(124,833)	(73,941)
Total unpaid claims and claim adjustment expenses, end of the year	$ 467,386	$ 318,378	$ 194,711

Unpaid claims are carried at estimated gross settlement value.

(d) Commitments and Contingencies

The District adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 165, “Subsequent Events” [Accounting Standards Codification (ASC) 855]. ASC 855 establishes new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through December 12, 2012, 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, 2012, the District had commitments totaling approximately $400,000 with UTC Fire and Security Americas Corporation, Inc., for the acquisition of mobile video surveillance system.

In September 2012, a previously unknown underground heating oil tank at 310 Garfield was determined to have leaked oil into the surrounding soil. At the date of this report, the specific dollar value of fines, if any, and cost of clean-up have not been determined. However, it is not anticipated to be material to the presentation of these financial statements.

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. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34.” This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government. The statement is effective for fiscal years beginning after June 15, 2012.

- GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements.” The objective of this statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that were issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The statement is effective for fiscal years beginning after December 15, 2011.

- GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” The statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement is effective for fiscal years beginning after December 15, 2011.

- 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.

Required Supplementary Information

Lane Transit District
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
6/30/2011	$ 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%
6/30/2007	9,377,500	12,495,600	3,118,100	75.0%	4,705,200	66.3%

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

Lane Transit District
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual on a Non-GAAP Budget Basis
For the fiscal year ended June 30, 2012

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
Revenues				
Passenger fares	$ 7,109,300	$ 7,109,300	$ 6,738,397	$ (370,903)
Special services	448,300	448,300	588,943	140,643
Advertising	275,500	275,500	281,500	6,000
Employer payroll taxes	22,573,900	22,573,900	23,047,471	473,571
Self-employment taxes	1,522,200	1,522,200	1,507,575	(14,625)
State payroll assessment	1,668,000	1,668,000	1,869,854	201,854
American Recovery and Reinvestment Act (ARRA)	-	-	-	-
Federal operating assistance	3,500,000	3,500,000	4,494,164	994,164
Local operating assistance	15,000	15,000	17,500	2,500
Other operating grants	1,265,500	1,265,500	73,727	(1,191,773)
Miscellaneous	145,400	145,400	211,334	65,934
Interest	60,000	60,000	58,897	(1,103)
Sale of assets	10,000	10,000	45,103	35,103
Total revenues and other sources	38,593,100	38,593,100	38,934,465	341,365
Expenditures				
Personnel services	25,829,900	25,829,900	25,460,045	369,855
Materials and services	9,088,200	9,088,200	7,766,797	1,321,403
Insurance	1,312,700	1,312,700	1,028,842	283,858
Other uses				
Interfund transfers out	4,947,000	5,282,660	4,938,844	343,816
Operating contingency	1,000,000	1,000,000	-	1,000,000
Working capital contingency	5,719,500	5,383,840	-	5,383,840
Self-insurance contingency	1,000,000	1,000,000	-	1,000,000
Total expenditures and other uses	48,897,300	48,897,300	39,194,528	9,702,772
Excess (deficiency) of revenues over expenditures	(10,304,200)	(10,304,200)	(260,063)	10,044,137
Fund balance, beginning of year (restated)	10,304,200	10,304,200	17,318,709	7,014,509
Fund balance, end of year	$ -	$ -	$ 17,058,646	$ 17,058,646

Lane Transit District
Accessible Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual on a Non-GAAP Budget Basis
For the fiscal year ended June 30, 2012

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
Revenues				
State Special Transportation Funds (STF)	$ 529,600	$ 529,600	$ 540,436	$ 10,836
State Transportation Operation (STO)	-	-	55,844	55,844
American Recovery and Reinvestment Act (ARRA)	-	-	-	-
Federal pass-through grants - 5310	1,101,100	1,101,100	1,136,784	35,684
Federal pass-through grants - 5311	142,100	142,100	142,382	282
Federal Job Access/Reverse Commute (JARC) grant - 5316	15,000	15,000	187,838	172,838
Federal New Freedom grant - 5317	180,000	180,000	15,588	(164,412)
Other federal grants	704,100	704,100	695,295	(8,805)
Medicaid medical reimbursement	-	-	28,382	28,382
State grants	44,200	44,200	-	(44,200)
Business Energy Tax Credit (BETC) revenue	900,000	564,340	-	(564,340)
Farebox	294,700	294,700	317,527	22,827
Local grants	92,800	92,800	92,700	(100)
Miscellaneous income	-	-	200	200
Interest income	-	-	1,028	1,028
Transfer from General Fund	1,915,100	2,250,760	1,906,944	(343,816)
Total revenues	5,918,700	5,918,700	5,120,948	(797,752)
Expenditures				
Eugene/Springfield-based services				
ADA Ride*Source*	4,909,300	4,909,300	4,203,432	705,868
Transit training and hosts	124,300	124,300	122,188	2,112
Special transportation	86,500	86,500	82,440	4,060
Total Eugene/Springfield-based services	5,120,100	5,120,100	4,408,060	712,040
Rural Lane County services				
South Lane	85,300	85,300	94,779	(9,479)
Florence	161,700	161,700	156,324	5,376
Oakridge	193,700	193,700	183,852	9,848
Total rural Lane County services	440,700	440,700	434,955	5,745
Mobility management	205,000	205,000	132,098	72,902
Lane County coordination	145,500	145,500	134,457	11,043
Total services	5,911,300	5,911,300	5,109,570	801,730
Interfund transfers out	31,000	31,000	25,062	5,938
Operating contingency	244,500	244,500	-	244,500
Total expenditures	6,186,800	6,186,800	5,134,632	1,052,168
Excess (deficiency) of revenues over expenditures	(268,100)	(268,100)	(13,684)	254,416
Fund balance, beginning of year	268,100	268,100	304,314	36,214
Fund balance, end of year	$ -	$ -	$ 290,630	$ 290,630

Lane Transit District
Medicaid Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual on a Non-GAAP Budget Basis
For the fiscal year ended June 30, 2012

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
Revenues				
Medicaid medical reimbursement	$ 4,505,200	$ 4,505,200	$ 4,334,134	$ (171,066)
Medicaid non-medical reimbursement	320,300	320,300	442,781	122,481
State Discretionary Fund	79,500	79,500	79,500	-
Interest	-	-	2,728	2,728
Miscellaneous	-	-	46,147	46,147
Total revenues	4,905,000	4,905,000	4,905,290	290
Expenditures				
Medicaid medical services				
Services	3,600,000	3,600,000	3,586,696	13,304
Mobility management	72,000	72,000	45,605	26,395
Ride*Source* Call Center administration	600,000	600,000	542,690	57,310
Lane Transit District administration	233,200	233,200	159,143	74,057
Total Medicaid Medical (NEMT)	4,505,200	4,505,200	4,334,134	171,066
Medicaid non-medical (waivered) services				
Services	265,000	265,000	315,723	(50,723)
Mobility management	20,000	20,000	18,624	1,376
Grant program match requirements	103,000	103,000	181,232	(78,232)
Lane Transit District administration	11,800	11,800	6,702	5,098
Total Medicaid Medical (NEMT)	399,800	399,800	522,281	(122,481)
Total operating requirements	4,905,000	4,905,000	4,856,415	48,585
Operating contingency	150,300	150,300	-	150,300
Total expenditures	5,055,300	5,055,300	4,856,415	198,885
Excess (deficiency) of revenues over expenditures	(150,300)	(150,300)	48,875	199,175
Fund balance, beginning of year	150,300	150,300	151,801	1,501
Fund balance, end of year	$ -	$ -	$ 200,676	$ 200,676

Lane Transit District
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual on a Non-GAAP Budget Basis
For the fiscal year ended June 30, 2012

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
Revenues				
Capital assistance - FTA:				
Formula funding - Section 5307	$ 4,921,000	$ 4,921,000	$ 3,202,420	$ (1,718,580)
American Recovery and Reinvestment Act (ARRA)	64,700	64,700	3,061,888	2,997,188
Discretionary funding - Section 5309	20,432,000	20,432,000	10,142,393	(10,289,607)
Discretionary funding - other	2,204,000	2,204,000	776,579	(1,427,421)
Connect Oregon	-	-	6,240	6,240
State of Oregon grants	2,696,700	2,696,700	-	(2,696,700)
Local capital grants	-	-	42,396	42,396
Miscellaneous income	-	-	443	443
Transfer from Accessible Services Fund	31,000	31,000	25,062	(5,938)
Transfer from General Fund	3,031,900	3,031,900	3,031,900	-
Total revenues	33,381,300	33,381,300	20,289,321	(13,091,979)
Expenditures				
Capital outlay:				
EmX construction - Gateway Extension	2,100,000	2,100,000	1,288,065	811,935
EmX development - West Eugene Extension	5,000,000	5,000,000	1,298,104	3,701,896
	7,100,000	7,100,000	2,586,169	4,513,831
Revenue vehicles	13,908,800	13,908,800	13,564,964	343,836
Passenger boarding improvements/facilities	8,504,000	8,504,000	1,874,138	6,629,862
Computer hardware and software	1,251,500	1,251,500	270,033	981,467
Intelligent Transportation Systems	625,000	625,000	2,398	622,602
Transit security projects	927,700	927,700	358,988	568,712
Bus-related equipment	200,000	200,000	-	200,000
Miscellaneous equipment	222,500	222,500	21,102	201,398
Radio/communications	297,300	297,300	127,735	169,565
Shop equipment	87,500	87,500	57,303	30,197
Support vehicles	75,000	75,000	-	75,000
Accessible Services - vehicles and projects	182,000	182,000	862,419	(680,419)
Total capital outlay	33,381,300	33,381,300	19,725,249	13,656,051
Total expenditures	33,381,300	33,381,300	19,725,249	13,656,051
Excess of revenues over expenditures	-	-	564,072	564,072
Fund balance, beginning of year	945,700	945,700	952,723	7,023
Fund balance, end of year	$ 945,700	$ 945,700	$ 1,516,795	$ 571,095

Certain equipment, budgeted as capital outlay did not meet the $5,000 minimum for capitalization as a capital asset. As such, $99,088 presented above as capital outlay was reclassified as materials and services for financial statement purposes.

Lane Transit District
Reconciliation of Excess of Revenues Over Expenditures on a Non-GAAP Budgetary Basis to Changes in Net Assets on a GAAP Basis
For the fiscal year ended June 30, 2012

General Fund	$	(260,063)
Accessible Services Fund		(13,684)
Medicaid Fund		48,875
Capital Projects Fund		564,072
Excess of revenues over expenditures		339,200
Reconciling items:		
Depreciation		(10,169,031)
Acquisition of capital assets		19,626,162
OPEB expense		(586,592)
Contribution in excess of annual required contribution		306,960
Compensated absences accrual		(214,531)
Insurance reserve accrual		(149,007)
Gain (loss) on disposal of assets		2,434
Proceeds from disposal of assets		(43,753)
Change in net assets	$	9,111,842

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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.

Financial Trend Information

Lane Transit District
Comparative Balance Sheets
Last Ten Years Ended June 30

	2003	2004	2005	2006	2007	2008	2009	2010	Restated 2011	2012
Assets										
Current assets	$ 23,639,209	$ 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
Capital assets, net of accumulated depreciation	47,664,067	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
Other assets	39,583	33,333	27,083	20,833	14,583	8,333	2,083	-	700,000	1,006,960
Total assets	$ 71,342,859	$ 82,327,807	$ 89,581,524	$ 97,873,332	$ 108,469,419	$ 114,403,059	$ 118,764,643	$ 135,605,629	$ 142,278,030	$ 153,966,898
Liabilities										
Current liabilities	$ 3,415,107	$ 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
Noncurrent liabilities	867,851	867,244	865,577	940,672	3,978,388	1,044,793	1,753,891	2,394,610	2,991,988	3,505,481
Total liabilities	4,282,958	4,566,339	5,609,743	5,930,085	8,165,928	9,659,087	9,351,850	10,667,891	9,152,779	11,729,805
Net assets										
Invested in capital assets, net of related debt	47,664,067	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
Restricted for Accessible Services and Medicaid programs	443,153	164,515	95,695	80,215	80,911	529,014	302,918	449,066	456,115	491,306
Unrestricted	18,952,681	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
Total net assets	67,059,901	77,761,468	83,971,781	91,943,247	100,303,491	104,743,972	109,412,793	124,937,738	133,125,251	142,237,093
Total liabilities and net assets	$ 71,342,859	$ 82,327,807	$ 89,581,524	$ 97,873,332	$ 108,469,419	$ 114,403,059	$ 118,764,643	$ 135,605,629	$ 142,278,030	$ 153,966,898

Lane Transit District
Changes in Net Assets
Last Ten Years

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Restated 2010-11	2011-12
Operations										
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
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)
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)
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
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)
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)
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)
Non-operating revenues										
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
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
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
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
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
Other revenues	96,310	89,843	174,657	360,292	169,956	118,835	306,755	343,208	497,739	276,975
Total non-operating 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
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
Capital contributions										
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
Changes in net assets 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
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)
OPEB expense	-	-	-	-	-	-	(635,353)	(624,953)	(641,742)	(586,592)
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
Changes in net assets	$ 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

Lane Transit District
Total Debt Outstanding
Last Ten Years

	Outstanding at June 30
FY 2002-03	-
FY 2003-04	-
FY 2004-05	-
FY 2005-06	-
FY 2006-07	3,000,000
FY 2007-08	3,000,000
FY 2008-09	-
FY 2009-10	-
FY 2010-11	-
FY 2011-12	-

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Demographic and Economic Information

Lane Transit District
Principal Employers of Lane County
Current Year and Nine Years Ago

	2012			2003		
Employer	Employees*	Rank	Percentage of Lane County Employment	Employees*	Rank	Percentage of Lane County Employment
PeaceHealth Oregon	4,212	1	2.6%	4,125	1	2.7%
University of Oregon	4,038	2	2.5%	3,760	2	2.4%
Eugene School District	2,794	3	1.7%	1,651	7	1.1%
Lane County	2,000	4	1.2%	1,786	6	1.1%
State of Oregon	1,781	5	1.2%	1,200	10	0.8%
U.S. Government	1,667	6	1.1%	2,000	3	1.2%
City of Eugene	1,310	7	0.8%	1,465	9	0.9%
Springfield School District	1,300	8	0.8%	1,500	8	0.9%
Lane Community College	1,118	9	0.7%	2,000	4	1.2%
Walmart	1,050	10	0.7%			
Monaco Coach Corporation				2,000	5	1.2%
	21,270		13.3%	21,487		13.4%

*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

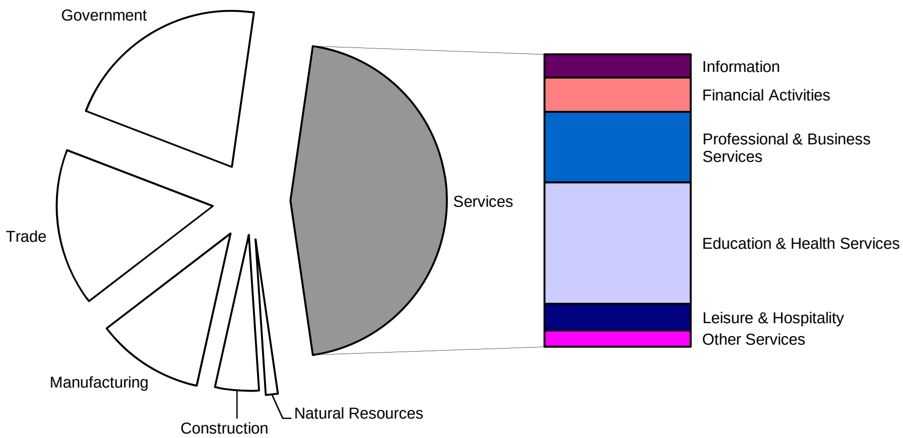
Lane Transit District
Demographic and Economic Statistics

	Lane Transit District	Cities	Lane County, Oregon			
Fiscal Year	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	10,096,458	30,064	6.3%
2006	283,300	226,540	336,085	11,005,333	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	11,477,000	32,712	12.5%
2010	296,243	240,925	347,690	11,709,200	33,277	10.8%
2011	296,300	241,495	348,550			9.5%
2012	297,500	242,565	353,155			8.5%

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 populaton 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 2011 Covered Payroll

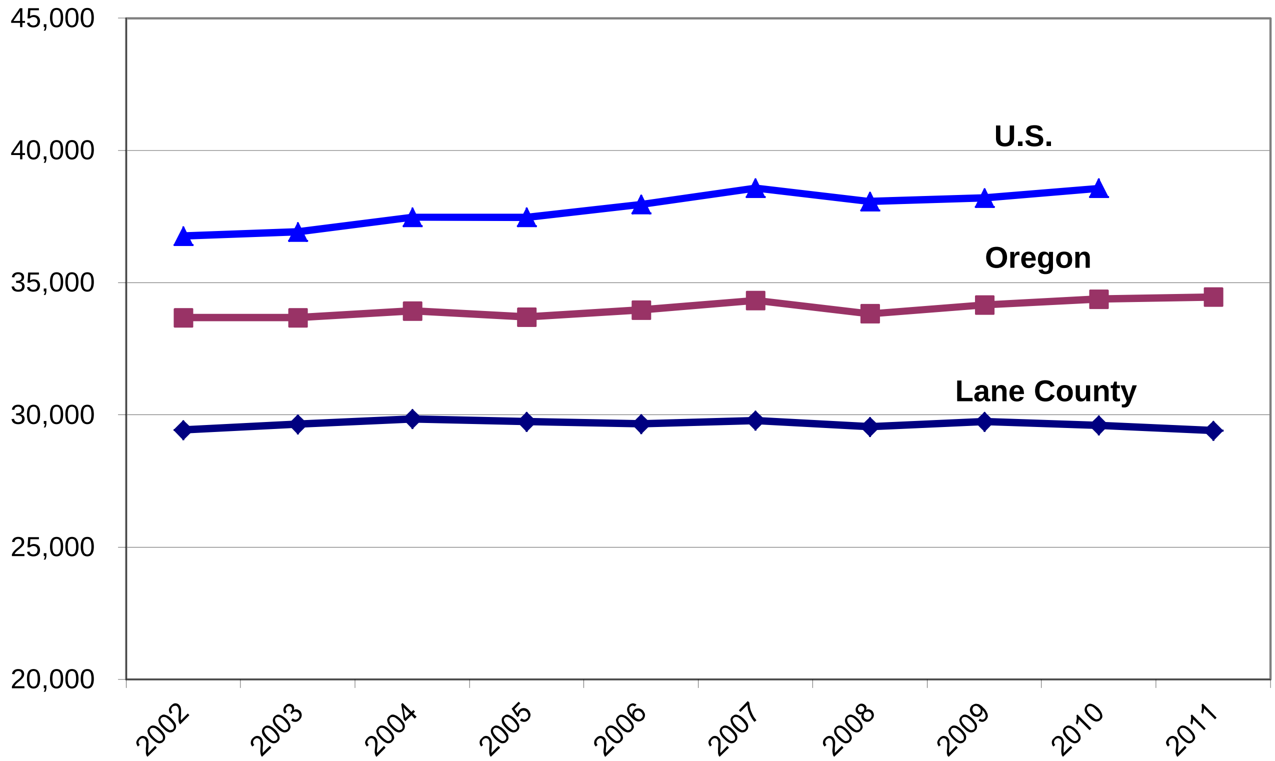


2011 Covered Employment and Wages
Summary Report for Lane County

		Covered Employment		Covered Payroll		
	Units	Count	Percent	Total in Millions	Percent	Average Pay
Natural Resources	220	1,898	1.4%	$ 63	1.3%	$ 32,944
Construction	991	5,058	3.7%	$ 225	4.5%	$ 44,468
Manufacturing	548	12,267	9.1%	$ 553	11.2%	$ 45,114
Trade	1,989	26,159	19.3%	$ 810	16.3%	$ 30,959
Service						
Information	165	3,260	2.4%	$ 180	3.6%	$ 55,206
Financial Activities	1,018	5,915	4.4%	$ 265	5.3%	$ 44,877
Professional & Business Services	1,602	14,571	10.8%	$ 547	11.0%	$ 37,563
Education & Health Services	1,214	22,012	16.2%	$ 939	18.8%	$ 42,639
Leisure & Hospitality	1,007	14,250	10.5%	$ 207	4.2%	$ 14,552
Other Services	1,504	5,411	4.0%	$ 126	2.5%	$ 23,244
Total Service	6,510	65,419	48.3%	$ 2,265	45.4%	$ 34,615
Government	363	24,733	18.2%	$ 1,069	21.4%	$ 43,215
Total 2011 Covered Employment	10,621	135,534	100.0%	$ 4,984.1	100.1%	$ 36,773

Source: Oregon Employment Department

Inflation Adjusted Annual Average Wages
(2002 Dollars)



Source: Oregon Employment Department

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total population	329,046	330,634	334,922	337,995	341,988	345,726	348,804	350,952	352,010	353,155
Civilian labor force	172,794	172,852	173,279	174,568	178,147	181,401	184,066	184,005	182,675	181,183
Unemployment	12,318	13,866	12,598	10,772	9,692	9,428	12,332	22,217	20,007	17,158
Unemployment rate	7.1	8.0	7.3	6.2	5.4	5.2	6.7	12.1	11.0	9.5
Total employment	160,476	158,986	160,681	163,796	168,455	171,973	171,734	161,788	162,668	164,025
Total non-farm employment	143,200	142,000	145,100	149,900	154,000	156,800	154,500	142,100	140,900	140,400
Percent annual change	0.5%	-0.8%	2.2%	3.3%	2.7%	1.8%	-1.5%	-8.0%	-0.8%	-0.4%
Total personal income (millions)	$8,928.4	$9,154.1	$9,597.6	$10,096.4	$11,005.2	$11,406.1	$12,014.9	$11,477.0	$11,709.2	NA
Percent annual change	3.2%	2.5%	4.8%	5.2%	9.0%	3.6%	5.3%	-4.5%	2.0%	NA
Per capita personal income - Lane County	$27,262	$27,669	$28,880	$30,064	$32,375	$33,076	$34,508	$32,712	$33,277	NA
Per capita personal income - Oregon	$29,797	$30,582	$31,650	$32,557	$34,706	$35,950	$37,407	$35,467	$36,317	$37,909
Per capita personal income - U.S.	$31,481	$32,295	$33,909	$35,452	$37,725	$39,506	$40,947	$38,846	$39,937	$41,663
As percent of Oregon	91%	90%	91%	92%	93%	92%	92%	92%	92%	NA
As percent of U.S.	87%	86%	85%	85%	86%	84%	84%	84%	83%	NA
Total covered payroll (millions)	$4,059.9	$4,137.9	$4,371.3	$4,691.1	$4,947.8	$5,185.8	$5,225.4	$4,814.6	$4,829.6	$4,985.1
Percent annual change	1.8%	1.9%	5.6%	7.3%	5.5%	4.8%	0.8%	-7.9%	0.3%	3.2%
Average annual wage - Lane County	$29,427	$30,325	$31,339	$32,302	$33,240	$34,324	$35,363	$35,475	$35,889	$36,773
Average annual wage - Oregon	$33,685	$34,446	$35,621	$36,591	$38,070	$39,564	$40,486	$40,742	$41,669	$43,091
Average annual wage - U.S.	$36,764	$37,765	$39,354	$40,677	$42,535	$44,458	$45,563	$45,559	$46,751	NA
As percent of Oregon	87%	88%	88%	88%	87%	87%	87%	87%	86%	85%
As percent of U.S.	80%	80%	80%	79%	78%	77%	78%	78%	77%	NA

Inflation adjusted wages and income (2002 Dollars)										
CPI-U; U.S. city average	179.9	184	188.9	195.3	201.6	207.3	215.3	214.537	218.056	224.939
Blowup factor; 2002 = 100	1.0000	0.9777	0.9524	0.9211	0.8924	0.8678	0.8356	0.8385	0.8250	0.7998
Inflation adjusted total covered payroll (millions)	$4,060.0	$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
Percent annual change	0.2%	-0.2%	2.7%	3.8%	2.3%	1.8%	-2.9%	-7.6%	-1.5%	0.3%
Inflation adjusted average annual wage - Lane County	$29,430	$29,650	$29,850	$29,750	$29,660	$29,790	$29,550	$29,750	$29,610	$29,410
Inflation adjusted average annual wage - Oregon	$33,680	$33,680	$33,930	$33,700	$33,970	$34,330	$33,830	$34,160	$34,380	$34,460
Inflation adjusted average annual wage - U.S.	$36,760	$36,920	$37,480	$37,470	$37,960	$38,580	$38,070	$38,200	$38,570	NA
Inflation adjusted per capita personal income - Lane County	$27,260	$27,050	$27,510	$27,690	$28,890	$28,700	$28,830	$27,430	$27,450	
Inflation adjusted per capita personal income - Oregon	$29,800	$29,900	$30,140	$29,990	$30,970	$31,200	$31,260	$29,740	$29,960	
Inflation adjusted per capita personal income - U.S.	$31,480	$31,570	$32,290	$32,650	$33,670	$34,280	$34,220	$32,570	$32,950	

Source: Oregon Employment Department

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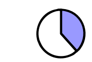
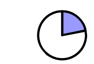
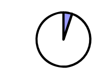
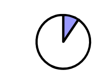
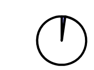
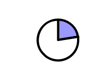
Operating Information

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

									Restated		
Operations	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Operations
Transportation	$ 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	
Percent of total operations	49.9%	49.6%	48.5%	46.1%	42.1%	44.2%	41.6%	41.7%	39.1%	38.3%	
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	
Maintenance	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	
Percent of total operations	22.0%	21.7%	22.1%	23.6%	21.3%	24.0%	20.1%	19.9%	21.4%	22.0%	
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	
Marketing and planning	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	
Percent of total operations	5.4%	5.6%	5.6%	6.0%	14.3%	5.2%	5.1%	5.0%	4.9%	5.2%	
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	
Administration	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	
Percent of total operations	12.1%	10.9%	11.3%	11.5%	10.0%	10.5%	9.9%	10.1%	9.8%	9.6%	
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	
Insurance and risk	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	
Percent of total operations	3.3%	3.4%	3.7%	3.0%	2.8%	2.3%	2.7%	2.7%	2.5%	2.4%	
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	
Accessible Services and Medicaid	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	
Percent of total operations	7.2%	8.8%	8.8%	9.8%	9.6%	13.8%	20.5%	20.6%	22.4%	22.5%	
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	
Total operations	23,629,834	25,395,072	27,639,828	29,755,529	35,938,373	36,608,999	41,194,597	41,657,920	42,684,580	44,276,002	
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	
Capital transfers from general operations	-	-	1,245,800	2,605,600	-	2,211,600	1,752,000	-	-	3,031,900	
Capital transfers from Accessible Services operations	43,077	240,659	93,835	13,221	109,144	12,979	-	33,899	4,769	25,062	
Total operations and capital transfers	$ 23,672,911	$ 25,635,731	$ 28,979,463	$ 32,374,350	$ 36,047,517	$ 38,833,578	$ 42,946,597	$ 41,691,819	$ 42,689,349	$ 47,332,964	

Lane Transit District
Capital Asset Statistics
Last Ten Years

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Capital Assets										
Miles of busway	-	-	-	-	1.71	1.71	1.71	1.71	8.45	8.45
Rolling stock	113	118	118	105	136	125	125	127	121	145
40-foot buses	96	101	101	89	114	97	97	97	89	113
60-foot buses	-	-	-	5	5	15	15	12	15	15
< 40-foot buses	17	17	17	11	11	7	7	7	6	6
EmX vehicles	-	-	-	-	6	6	6	11	11	11
Accessible Services vehicles	49	50	57	54	68	70	67	80	83	95
Primary stations	1	1	2	2	2	2	2	2	2	2
EmX station platforms	-	-	-	-	10	10	10	10	28	28
Other stations	10	10	9	9	9	9	9	9	9	9
Shelters	208	205	217	195	218	217	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
Maintenance facility	1	1	1	1	1	1	1	1	1	1
Administration facility	1	1	1	1	1	1	1	1	1	1
Brokerage/paratransit facility	-	-	1	1	1	1	1	1	1	1

Lane Transit District
Operating Revenue & Cost Measurements - Fixed-Route System
Last Ten Fiscal Years

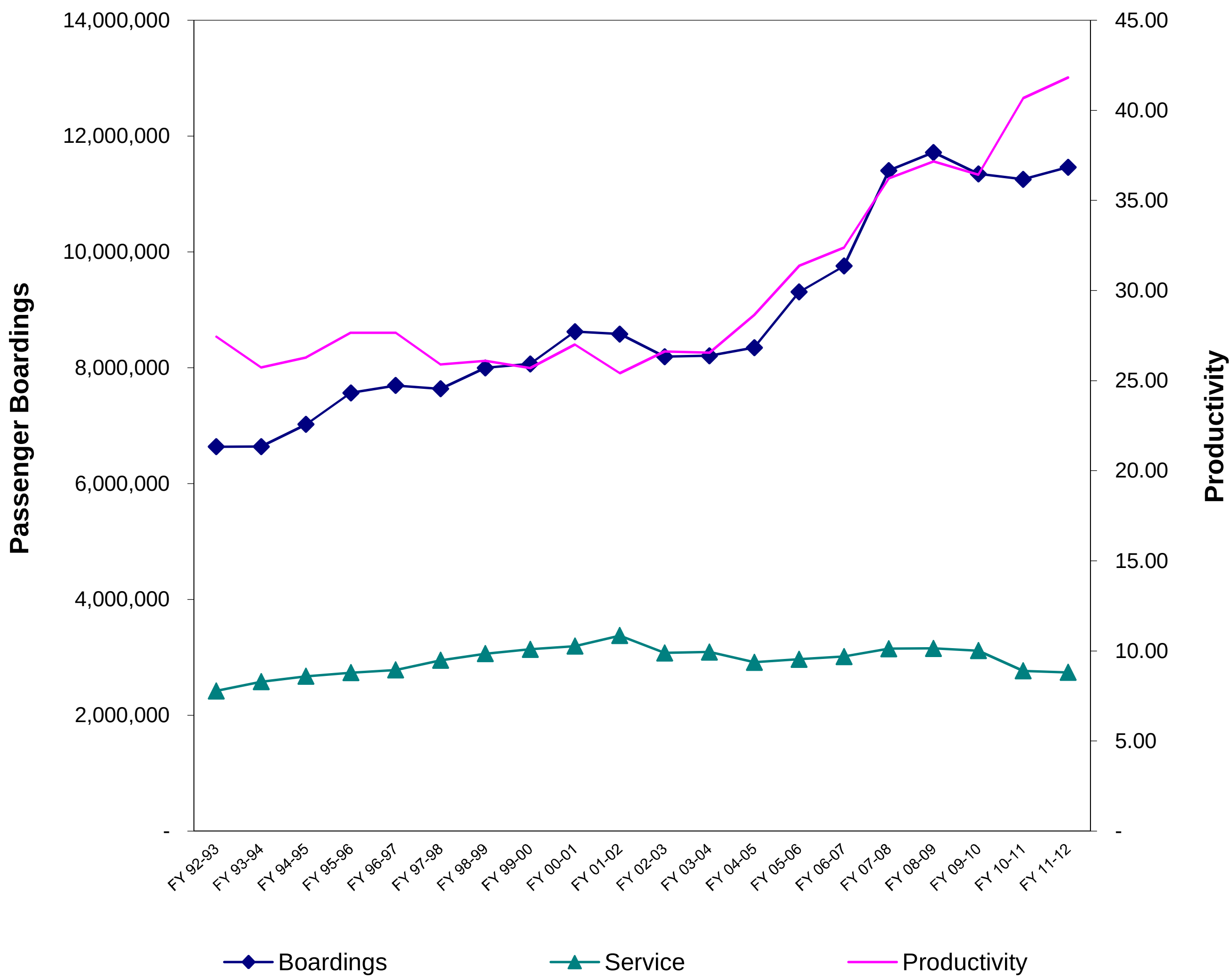
Fiscal Year	Operating* Revenues	Operating* Expenses	Revenue Margin	Service Hours	Percent Change	Operating Revenue / Service Hour	Percent Change	Operating Expenses / Service Hour	Percent Change
2011-12	$ 7,608,840	$ 34,411,349	22.1%	274,135	-0.9%	27.76	-5.8%	125.53	2.5%
2010-11	8,150,969	33,880,028	24.1%	276,634	-11.2%	29.46	15.7%	122.47	9.7%
2009-10	7,933,611	34,792,955	22.8%	311,595	-1.2%	25.46	3.9%	111.66	6.3%
2008-09	7,723,787	33,118,646	23.3%	315,326	0.1%	24.49	5.4%	105.03	3.5%
2007-08	7,320,990	31,952,517	22.9%	314,875	4.5%	23.25	12.5%	101.48	3.7%
2006-07	6,226,293	29,498,214	21.1%	301,371	1.6%	20.66	2.8%	97.88	7.7%
2005-06	5,961,498	26,968,032	22.1%	296,700	1.8%	20.09	11.6%	90.89	4.6%
2004-05	5,248,594	25,314,811	20.7%	291,446	-5.7%	18.01	5.8%	86.86	14.8%
2003-04	5,262,403	23,389,618	22.5%	309,093	0.5%	17.03	-0.2%	75.67	5.0%
2002-03	5,245,568	22,168,694	23.7%	307,596	-8.9%	17.05	21.8%	72.07	8.6%

Fiscal Year	Employees	Service Hours / Employees	Percent Change	Passenger Fares	Passenger Boardings	Passenger Fares / Boarding	Operating Expenses / Boarding	Percent Change	Service Hours / Trip
2011-12	303	904.74	-2.5%	$ 6,738,397	11,463,124	0.59	3.00	-0.3%	0.024
2010-11	298	928.30	-6.5%	7,393,034	11,253,628	0.66	3.01	-1.8%	0.025
2009-10	314	992.34	5.7%	7,032,027	11,349,579	0.62	3.07	8.5%	0.027
2008-09	336	938.47	1.9%	6,602,497	11,718,189	0.56	2.83	0.9%	0.027
2007-08	342	920.69	3.0%	6,122,561	11,406,316	0.54	2.80	-7.3%	0.028
2006-07	337	894.28	-5.4%	5,213,706	9,757,984	0.53	3.02	4.4%	0.031
2005-06	314	944.90	2.8%	5,078,340	9,309,528	0.55	2.90	-4.5%	0.032
2004-05	317	919.39	-6.9%	4,378,336	8,348,313	0.52	3.03	6.4%	0.035
2003-04	313	987.52	1.1%	4,435,613	8,207,818	0.54	2.85	5.3%	0.038
2002-03	315	976.50	-4.8%	4,314,671	8,190,436	0.53	2.71	3.6%	0.038

Fiscal Year	Miles	Operating Expenses / Mile	Percent Change	Fleet Maintenance Costs	Fleet Maintenance Cost / Mile	Percent Change	Fuel Cost	Fuel Cost / Mile	Percent Change
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

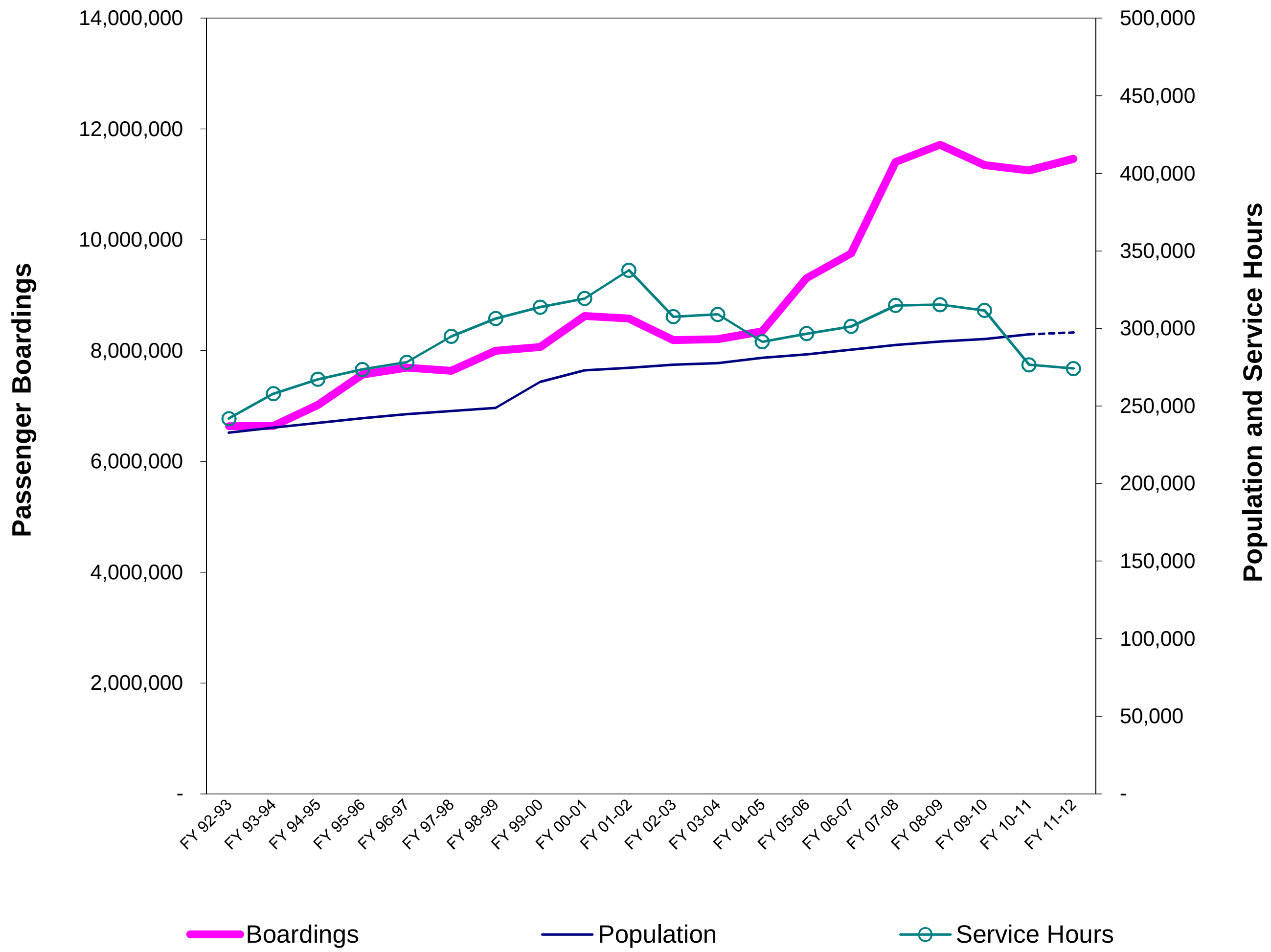
Lane Transit District
Ridership, Service, and Productivity
Last Twenty Years



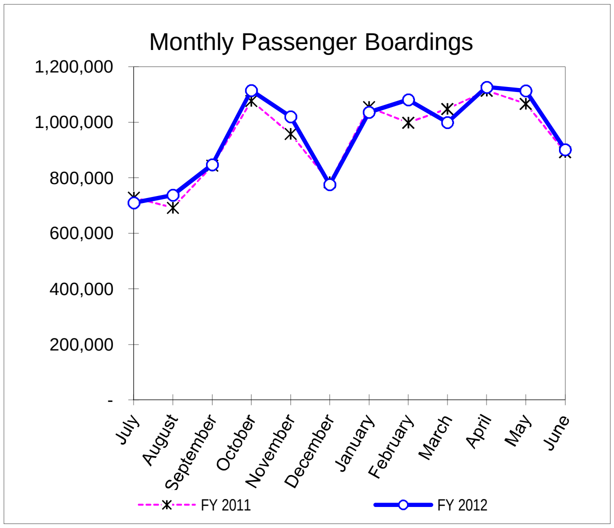
Lane Transit District
Ridership, Fare, Service, and Productivity
Last Twenty Years

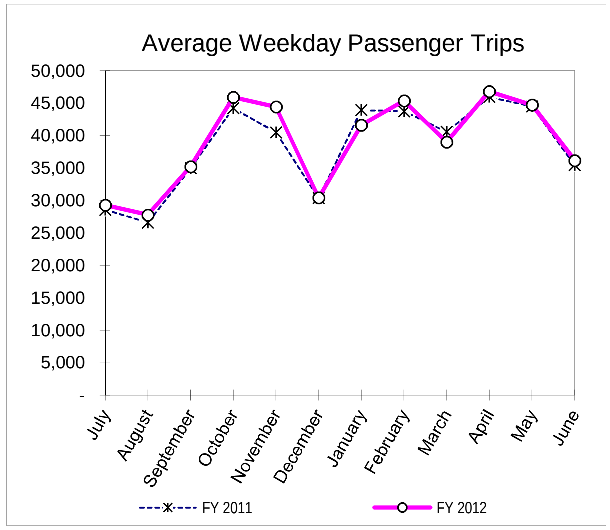
Fiscal Year	Service Hours	Percent Change	Passenger Boardings	Percent Change	System Productivity	Percent Change	Base Cash Fare
2011-12	274,135	-0.9%	11,463,124	1.9%	41.816	2.79%	$ 1.50
2010-11	276,634	-11.2%	11,253,628	-0.8%	40.681	11.69%	1.50
2009-10	311,595	-1.2%	11,349,579	-3.1%	36.424	-1.99%	1.50
2008-09	315,326	0.1%	11,718,189	2.7%	37.162	2.59%	1.50
2007-08	314,875	4.5%	11,406,316	16.9%	36.225	11.88%	1.25
2006-07	301,371	1.6%	9,757,984	4.8%	32.379	3.19%	1.25
2005-06	296,700	1.8%	9,309,528	11.5%	31.377	9.54%	1.25
2004-05	291,446	-5.7%	8,348,313	1.7%	28.644	7.87%	1.25
2003-04	309,093	0.5%	8,207,818	0.2%	26.555	-0.27%	1.25
2002-03	307,596	-8.9%	8,190,436	-4.6%	26.627	4.75%	1.25
2001-02	337,601	5.7%	8,582,138	-0.5%	25.421	-5.88%	1.25
2000-01	319,292	1.8%	8,623,496	6.9%	27.008	5.06%	1.00
1999-00	313,781	2.4%	8,066,108	0.8%	25.706	-1.52%	1.00
1998-99	306,404	3.9%	7,998,370	4.7%	26.104	0.81%	1.00
1997-98	294,878	6.0%	7,635,934	-0.8%	25.895	-6.36%	1.00
1996-97	278,222	1.7%	7,693,820	1.7%	27.654	-0.02%	0.80
1995-96	273,584	2.4%	7,567,219	7.8%	27.660	5.25%	0.80
1994-95	267,160	3.6%	7,021,069	5.8%	26.280	2.11%	0.80
1993-94	257,965	6.7%	6,639,031	0.0%	25.736	-6.21%	0.75
1992-93	241,873	5.1%	6,636,947	2.8%	27.440	-2.11%	0.75

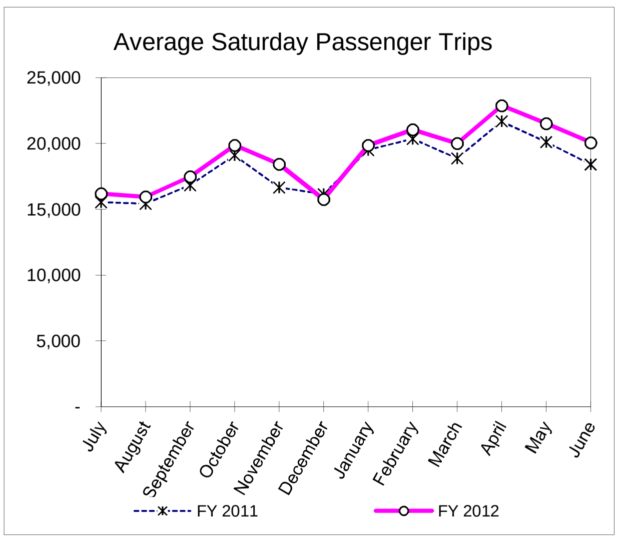
Lane Transit District
Ridership, Service, and Service Area Population
Last Twenty Years

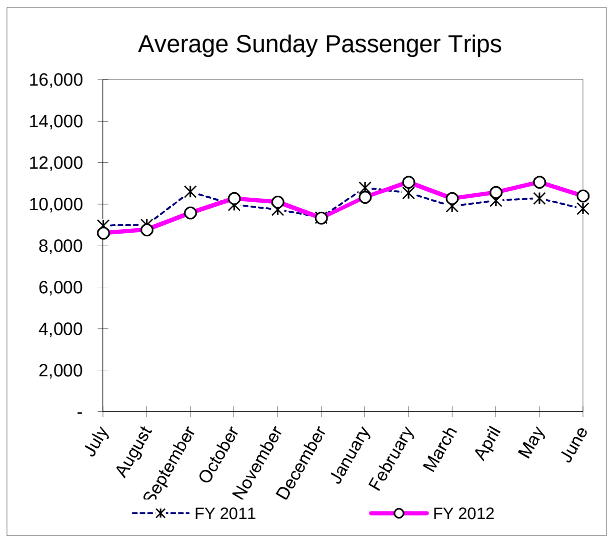


Lane Transit District
Ridership Trends by Month
For the fiscal years ended June 30, 2012 and 2011

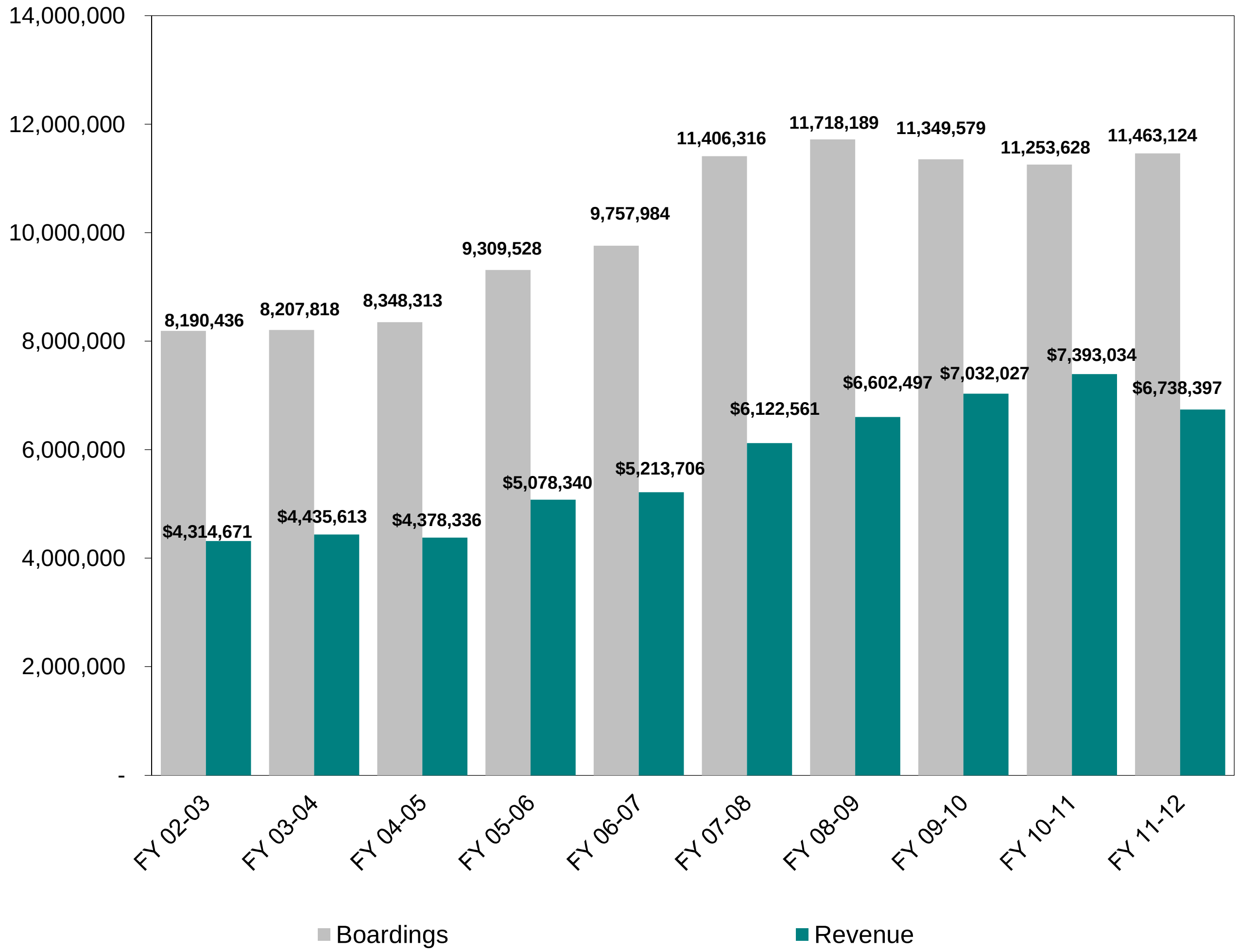




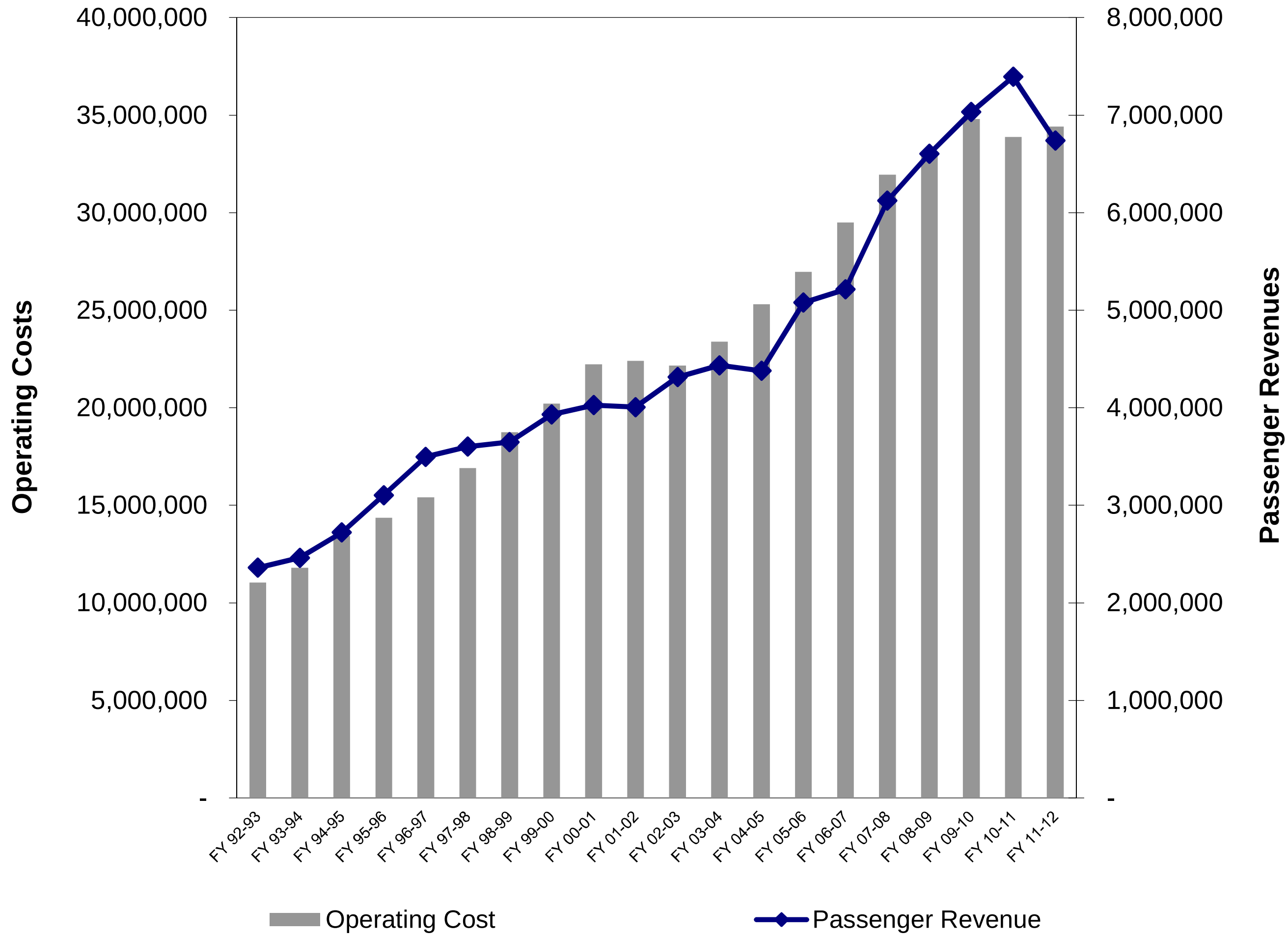




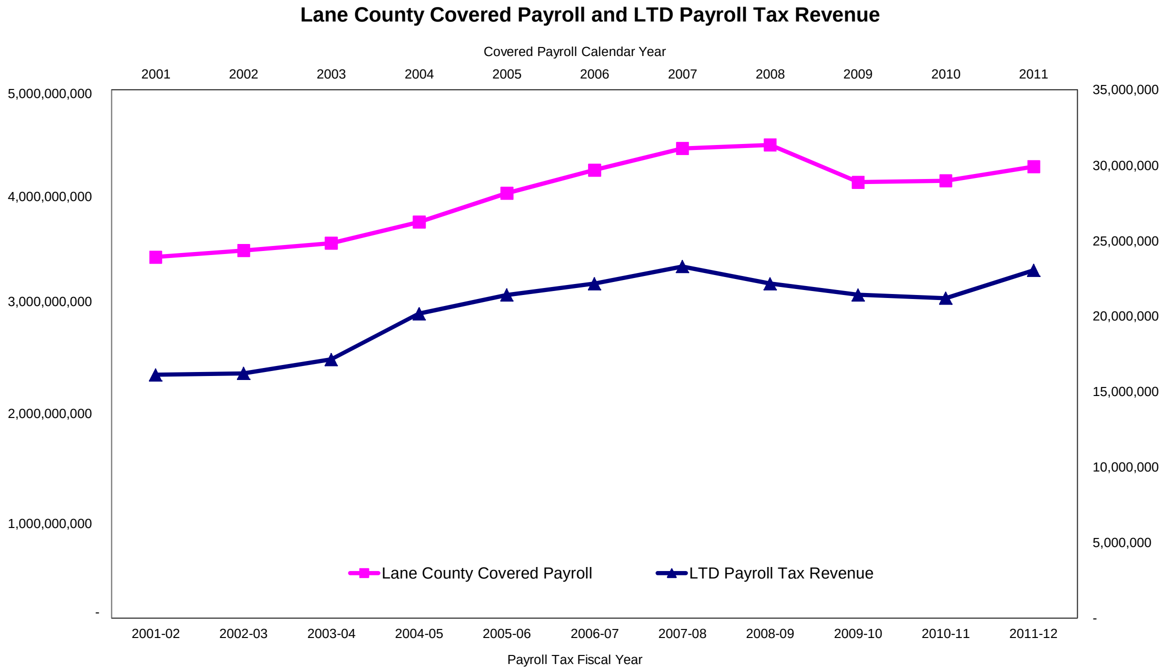
Lane Transit District
Passenger Boardings and Passenger Revenues
Last Ten Years

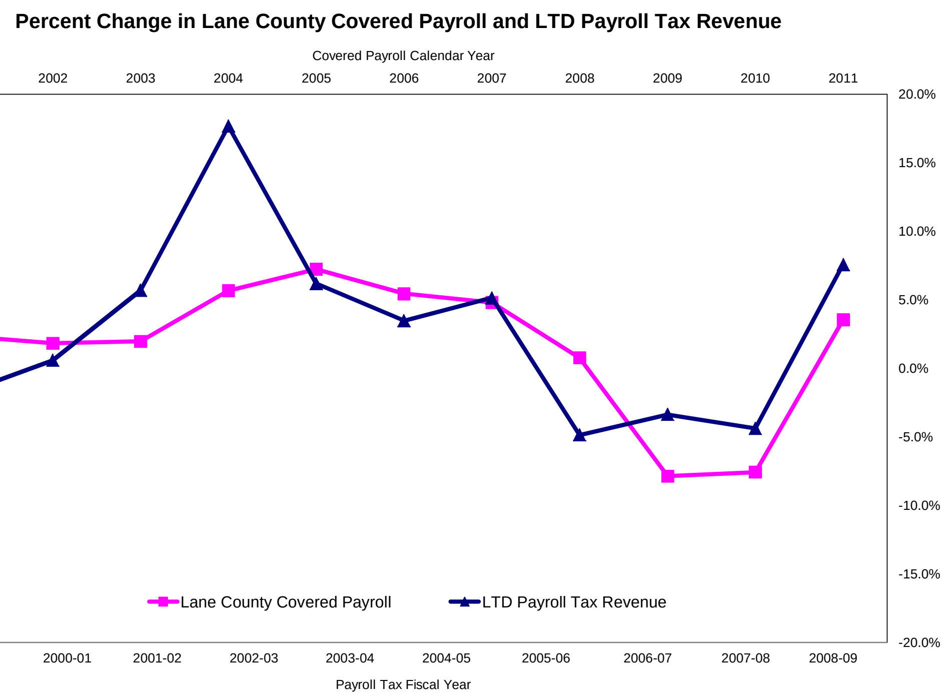


Lane Transit District
Passenger Revenues and Operating Costs
Last Twenty Years



Lane Transit District
Comparative Payroll Tax Information
Last Ten Years





Lane Transit District
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
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
2003	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
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
2003	35.00	17.50	17.50	17.50	85.00	42.50	42.50	42.50

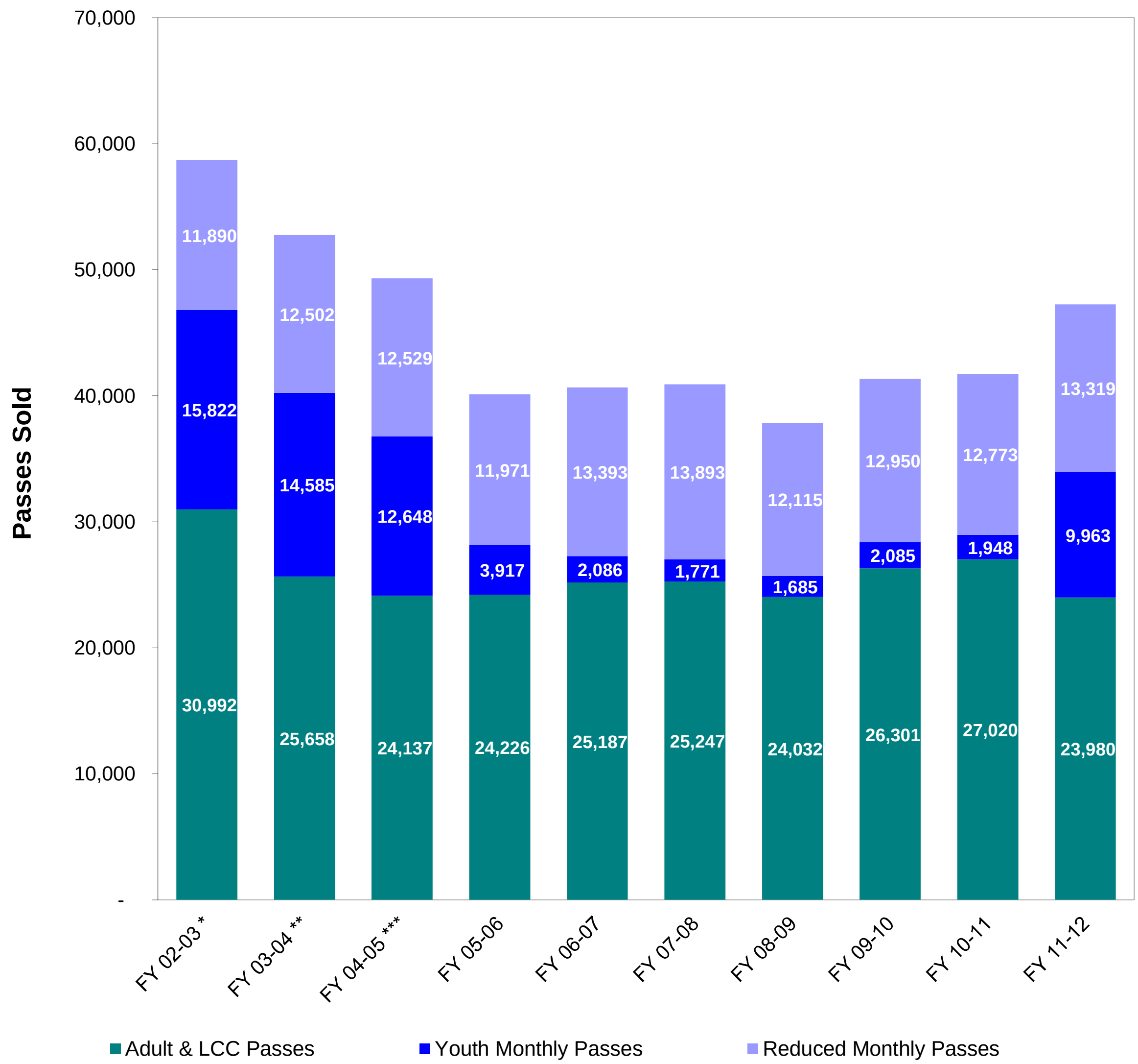
June 30	Ride*Source* Regular Fare	Ride*Source* Escort Fare	Ride*Source* Shopper Fare (Roundtrip)	Ride*Source* Book of 10 Tickets	Tokens Package of 5 Adult	Tokens Package of 5 Reduced
2012	$ 3.00	$ 3.00	$ 2.00	$ 30.00	discontinued	discontinued
2011	3.00	3.00	2.00	30.00	discontinued	discontinued
2010	3.00	3.00	2.00	30.00	discontinued	discontinued
2009	3.00	3.00	2.00	30.00	discontinued	discontinued
2008	2.50	2.50	2.00	20.00	5.50	discontinued
2007	2.50	2.50	2.00	20.00	5.50	discontinued
2006	2.50	2.50	2.00	20.00	5.50	discontinued
2005	2.50	2.50	2.00	20.00	5.00	discontinued
2004	2.50	2.50	2.00	20.00	5.00	2.50
2003	2.50	2.50	2.00	20.00	5.00	2.50

Lane Transit District
Transportation Revenues by Category
Last Ten Years

Fiscal Year	Fare Box Cash	Percentage Change	Agency Day Passes	Percentage Change	Tokens	Percentage Change	Monthly Passes	Percentage Change
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%
2002-03	1,242,327	-	-	-	256,610	-	1,882,169	-

Fiscal Year	Student Transit Pass Program	Percentage Change	Group Pass	Percentage Change	Special Service	Percentage Change	Total Transportation Revenues	Percentage Change
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%
2002-03	-	-	933,565	-	569,097	-	4,883,768	-

Lane Transit District
Annual Monthly Pass Sales
Last Ten Years



* Monthly pass price increase
** Lane Community College group pass begins
*** Student Transit Pass Program begins

Lane Transit District
Schedule of Insurance and Miscellaneous Data
June 30, 2012

SCHEDULE OF INSURANCE	COVERAGE
Property damage:	$36,009,901
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

MISCELLANEOUS DATA

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	.68 percent tax rate
County in which the District operates	Lane County
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 (2000 U.S. Census)	296,243

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.

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 the basic financial statements of Lane Transit District (the District) as of and for the years 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.

<u>Compliance</u>
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 statements 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).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

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.

OAR 162-10-0230 **<u>Internal Control</u>**
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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

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 significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

We issued our separate letter on other matters dated December 12, 2012.

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
Devan Esch, A Shareholder
December 12, 2012

The Best Way to Connect

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