Lane Transit District
Eugene, Oregon

2011-2012
Single Audit
Fiscal year ended June 30, 2012
Lane Transit District
Eugene, Oregon

For the Fiscal Year Ended
June 30, 2012
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Lane Transit District
Springfield, Oregon

We have audited the basic financial statements of the Lane Transit District (the District), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain matters that we communicated to management in a separate letter dated December 12, 2012.

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

December 12, 2012

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

Board of Directors
Lane Transit District
Springfield, Oregon

Compliance

We have audited Lane Transit District’s (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2012. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District’s management. Our responsibility is to express an opinion on the District’s compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.
Internal Control Over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the District as of and for the year ended June 30, 2012, and have issued our report thereon dated December 12, 2012 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

December 12, 2012

CERTIFIED PUBLIC ACCOUNTANTS
## U.S. Department of Transportation
### Federal Transit Cluster
#### Capital Improvement Grants
- **OR-03-0122**: 20.500  $29,597,040  $1,117,313
- **OR-04-0026**: 20.500  3,490,170  742,063
- **OR-04-0035**: 20.500  5,000,000  4,971,178
- **OR-04-0041**: 20.500  1,088,000  3,367

#### Capital and Operating Assistance Formula Grants
- **OR-90-X152**: 20.507  14,857,509  2,010,708
- **OR-90-X161**: 20.507  6,073,000  2,205,254
- **OR-90-X164**: 20.507  1,294,470  1,281,525
- **OR-95-X013**: 20.507  1,285,230  14,622
- **OR-95-X019**: 20.507  3,215,297  29,645
- **OR-95-X030**: 20.507  2,190,000  1,334,319
- **OR-95-X035**: 20.507  971,101  808,708
- **OR-96-X001 (ARRA)**: 20.507  6,467,817  61,888

**Subtotal Federal Transit Cluster**

<table>
<thead>
<tr>
<th></th>
<th>CFDA#</th>
<th>Federal Award</th>
<th>2011-2012 Expenditures</th>
</tr>
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<tr>
<td><strong>Total</strong></td>
<td></td>
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<td>20.500</td>
<td>14,580,590</td>
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</table>

### Transit Services Programs Cluster
#### Capital and Operating Assistance Formula Grants
- **OR-37-X016**: 20.516  944,004  187,838
- **OR-57-X001**: 20.521  196,663  15,588

**Passed through Oregon Department of Transportation**

<table>
<thead>
<tr>
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<th>Federal Award</th>
<th>2011-2012 Expenditures</th>
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</thead>
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<td><strong>Total</strong></td>
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<td>20.513</td>
<td>2,116,789</td>
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### Highway Planning and Construction Cluster
**Passed through Lane Council of Governments**

<table>
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<th>CFDA#</th>
<th>Federal Award</th>
<th>2011-2012 Expenditures</th>
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<tr>
<td><strong>Total</strong></td>
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**Passed through Oregon Department of Transportation**

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<thead>
<tr>
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<th>CFDA#</th>
<th>Federal Award</th>
<th>2011-2012 Expenditures</th>
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<tr>
<td><strong>Total</strong></td>
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See Notes to Schedule of Expenditures of Federal Awards.

- 5 -
Lane Transit District  
Schedule of Expenditures of Federal Awards (Continued)  
For the fiscal year ended June 30, 2012

<table>
<thead>
<tr>
<th>U.S. Department of Transportation</th>
<th>Pass Through Identifying Number</th>
<th>CFDA#</th>
<th>Federal Award</th>
<th>2011-2012 Expenditures</th>
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<tr>
<td>Passed through Oregon Department of Transportation</td>
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<tr>
<td><em>Highway Planning and Construction Cluster (continued)</em></td>
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<tr>
<td>ODOT Connecting Communities - STP</td>
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<td>20.205</td>
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<td>4,487</td>
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<td>ODOT Eye to Eye - STP</td>
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<td>ODOT Springfield By Cycle - STP</td>
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<td><strong>Subtotal Highway Planning and Construction Cluster</strong></td>
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<td>69,108</td>
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<tr>
<td>Passed through American Association of State Highway and Transportation Officials</td>
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<tr>
<td>AASHTO - Federal</td>
<td>unknown</td>
<td>20.200</td>
<td>$1,212</td>
<td>$1,212</td>
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<tr>
<td>Capital Improvement Grants</td>
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<tr>
<td>OR-58-0001 - 5308</td>
<td>20.519</td>
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<tr>
<td>OR-77-0001 - TIGGER - ARRA</td>
<td>20.523</td>
<td>3,000,000</td>
<td>3,000,000</td>
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<tr>
<td>Passed through Oregon Department of Transportation</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27406 ODOT - 5311</td>
<td>27406</td>
<td>20.509</td>
<td>80,028</td>
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<td>27787 ODOT - 5311</td>
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<td>62,354</td>
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<td>ODOT TAP - STP</td>
<td>20.509</td>
<td>1,080</td>
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<td>1,080</td>
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<tr>
<td><strong>Total U.S. Department of Transportation</strong></td>
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<td>23,231,435</td>
</tr>
</tbody>
</table>

**U.S. Department of Housing and Urban Development**

Passed through Lane Council of Governments

| LCOG Livability Consortium - STP                                           | unknown                         | 14.703| 20,500        | 761                    |

**U.S. Department of Health and Human Services**

Passed through Lane Council of Governments

| LCOG Volunteer Escort 11-12 - OAA                                       | unknown                         | 93.044| 10,222        | 10,222                 |

**Total Federal Awards**

$23,242,418

See Notes to Schedule of Expenditures of Federal Awards.
Lane Transit District
Notes to Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2012

PURPOSE OF THE SCHEDULE

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

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Federal Financial Assistance

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

Major Programs

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

Reporting Entity

The reporting entity is fully described in notes to the financial statements. Additionally, the Schedule includes all federal programs administered by Lane Transit District for the year ended June 30, 2012.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the accrual basis of accounting.
SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA</th>
<th>Program Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.519</td>
<td>Clean Fuels</td>
</tr>
<tr>
<td>20.523</td>
<td>Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs: $697,273
Auditee qualified as low-risk auditee? Yes

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None
There were no findings or questioned costs reported in the prior year.