



**OMB CIRCULAR A-133
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2011**

(WITH INDEPENDENT AUDITORS' REPORTS THEREON)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Reports:	2-5
Independent Auditor's Report on the Financial Statements for the Year Ended June 30, 2011	*
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report of Independent Auditors 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 and on the Schedule of Expenditures of Federal Awards	4-5
Schedules:	6-10
Schedule of Expenditures of Federal Awards	6-7
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-10
Schedule of Prior Federal Award Findings	10

* Incorporated by reference only.



REPORT OF INDEPENDENT AUDITORS 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*

The Board of Directors
Tri-County Metropolitan Transportation District of Oregon

We have audited the financial statements of Tri-County Metropolitan Transportation District of Oregon (the District) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 or other matters that are required to be reported under *Government Auditing Standards*.



MOSS ADAMS_{LLP}

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

Moss Adams, LLP

Portland, Oregon
September 28, 2011

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS 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 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Board of Directors
Tri-County Metropolitan Transportation District of Oregon

Compliance

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

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

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

MOSS ADAMS_{LLP}

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 basic financial statements of the District as of and for the year ended June 30, 2011, and have issued our report thereon dated September 28, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Moss Adams, LLP

Portland, Oregon
September 28, 2011

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal grantor/program title	Federal CFDA number	Grant number	Total expenditures
U.S. Department of Transportation Direct Programs:			
Federal Transit Cluster:			
Federal Transit - Capital Investment Grants			
	*	20.500	OR-03-0077
	*	20.500	OR-05-0013
	*	20.500	OR-04-0008
	*	20.500	OR-03-0125
			\$ 81,659
			987,335
			199,937
			<u>42,396,616</u>
			43,665,547
Federal Transit - Formula Grants			
	*	20.507	OR-90-X147
	*	20.507	OR-95-X008
	*	20.507	OR-95-X009
	*	20.507	OR-95-X007
	*	20.507	OR-95-X006
	*	20.507	OR-95-X014
			15,166,041
			749,066
			9,300,000
			370,332
			1,500,000
			<u>148,262</u>
			27,233,701
ARRA Federal Transit - Formula Grants - Stimulus			
	*	ARRA-20.507	OR-96-X001
	*	ARRA-20.507	OR-66-X001
			13,726,439
			<u>4,028,883</u>
			17,755,322
Federal Transit - Formula Grants Passed through from METRO			
	*	20.507	METRO # 929339
	*	20.507	METRO # 929340
			31,632
			<u>2,099</u>
			33,731
Total Federal Transit Cluster			<u>88,688,301</u>
Transit Services Program Cluster:			
Federal Highway Administration:			
Passed through from Oregon Department of Transportation:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities			
	*	20.513	ODOT 26109
	*	20.513	ODOT 26108
	*	20.513	ODOT 26110
	*	20.513	ODOT 26558
			936,834
			350,302
			315,665
			<u>2,725,672</u>
			4,328,473
Direct Programs:			
Job Access - Reverse Commute			
	*	20.516	OR-37-X007
	*	20.516	OR-37-X009
			46,657
			<u>322,955</u>
			369,612
New Freedom Program			
	*	20.521	OR-57-X002
			660,225
Total Transit Services Program Cluster			<u>5,358,310</u>
ARRA Capital Assistance Program for Reducing Energy Consumption/Greenhouse Gas Emission			
		ARRA Tigger 20.523	OR-77-0002
		ARRA Tigger 20.523	OR-88-0001
			105,377
			<u>8,800</u>
Total Capital Assistance Program for Reducing Energy Consumption/Greenhouse Gas Emission			114,177
ARRA Transportation Investments Generating Economic Recovery			
	*	ARRA Tigger 20.932	OR-78-0001
			7,908,948
Total Transportation Investments Generating Economic Recovery			<u>7,908,948</u>
U. S. Department of Transportation - Federal Railroad Administration			
		20.320	FR-LRI-0011-01
			250,000
Total U. S. Department of Transportation - Federal Railroad Administration			<u>250,000</u>
Public Transportation Research			
		20.514	OR-26-8002
		20.514	OR-26-7001
		20.514	OR-26-7011
			121,732
			482,171
			<u>490,000</u>
Total Public Transportation Research			1,093,903
Total U.S. Department of Transportation			<u>103,413,639</u>

*Denotes major program

The accompanying notes are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Federal grantor/program title	Federal CFDA number	Grant number	Total expenditures
U.S. Department of Homeland Security Programs:			
Direct Programs:			
Nat'l Explosives Det Canine Team Program	97.072	HSTS02-07-H- CAN202	30,000
Rail and Transit Security Grant Program	97.075	2009-RA-T9-0029	478,580
	97.075	2010-RA-T0-0028	358,515
Passed through from Oregon Office of Emergency Management:			
Rail and Transit Security Grant Program	97.075	DHS-07-082	23,163
	97.075	DHS-08-082	107,283
Total Rail and Transit Security Grant Program			967,541
FEMA - Oregon Major Disaster	97.036	DR-1824-OR	23,595
Total U.S. Department of Homeland Security Programs			1,021,136
Total Expenditures of Federal Awards			\$104,434,775

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes all federal grant activity of Tri-County Metropolitan Transportation District of Oregon (the District), under programs of the federal government for the year ended June 30, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is consistent with the financial statements, as described in Note 1 to the District's June 30, 2011 financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

Federal awards are reported in the District's financial statements as operating grant revenue and capital contributions.

4. SUBRECIPIENTS

Included within the federal expenditures presented in the Schedule of Federal Awards are federal awards to subrecipients as follows:

Subrecipient	Federal CFDA number	Grant number	Total expenditures
Clackamas County	20.516	TriMet #10-0241	\$ 12,483
Community Cycling	20.516	TriMet #10-0242	37,232
Metropolitan Family Services	20.516	TriMet #10-0239	20,300
Mt. Hood Community College	20.516	TriMet #10-0430	27,472
Portland Community College	20.516	TriMet #10-0249	11,140
Ride Connection	20.516	TriMet #10-0280	74,059
Swan Island TMA	20.516	TriMet #09-0436	53,326
Tualatin TMA	20.516	TriMet #10-0240	39,057
Willamette Pedestrian Coalition	20.516	TriMet #10-0362	2,304
Ride Connection	20.521	TriMet #10-0251	660,225
City of Portland	ARRA-20.507	TriMet #10-0400	224,888
Ride Connection	20.513	TriMet #10-0800	350,302
Ride Connection	20.513	TriMet #10-0801	315,665
City of Portland	20.514	TriMet #06-0317	482,171
City of Portland	20.514	TriMet #06-0317	490,000
City of Portland	20.500	TriMet #10-0400	42,396,616
City of Portland	20.932	TriMet #11-0219	7,908,948
			<u>\$ 53,106,187</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2011

Section I – Summary of Auditor’s Results

Financial statements

Type of auditor’s report issued: Unqualified
 Internal control over financial reporting:
 Material weakness(es) identified? ___ yes X no
 Significant deficiency(es) identified ___ yes X none reported
 Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? ___ yes X no
 Significant deficiency(es) identified ___ yes X none reported

Type of auditor’s report issued on compliance for major programs: Unqualified
 Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? ___ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	U.S. Department of Transportation
	Federal Transit cluster:
20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit – Formula Grants
ARRA 20.507	Federal Transit – Formula Grants Stimulus
	Transit Services Program cluster:
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities
20.516	Job Access – Reverse Commute
20.521	New Freedom Program

ARRA 20.932 ARRA Transportation Investments Generating Economic Recovery

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? X yes ___ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2011

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Schedule of Prior Federal Award Findings

No matters were reported.