



**Title 2 U.S. Code of Federal Regulations (CFR)
Part 200, Uniform Administrative Requirements,
Cost Principles, and Audit Requirements for
Federal Awards**

**Single Audit Reports
For the Year Ended June 30, 2016**

(With Independent Auditors' Reports Thereon)

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* Incorporated by reference only.

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

**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, in accordance with the 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, the financial statements of the Enterprise Fund, Retirement Plan for Management Staff Employees, Pension Plan for Bargaining Unit Employees, and Total Trust Fund of Tri-County Metropolitan Transportation District of Oregon (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a 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. 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.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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 (continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Miss Adams UP

Portland, Oregon
September 20, 2016

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for the Major Federal Program

We have audited Tri-County Metropolitan Transportation District of Oregon's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended *June 30, 2016*. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED
BY THE UNIFORM GUIDANCE (CONTINUED)**

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended *June 30, 2016*.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)**

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District as of and for the year ended *June 30, 2016*, and have issued our report thereon dated September 20, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Miss Adams LLP

Portland, Oregon
September 20, 2016

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Federal grantor/program title	Federal CFDA number	Pass through/ Grant number	Total expenditures	Passed through to subrecipients
U.S. Department of Transportation Direct Programs:				
<u>Federal Transit Cluster:</u>				
Federal Transit - Capital Investment Grants				
	20.500	OR-03-0126	\$ 100,000,000	\$ -
	20.500	OR-03-0125	32,977	15,175
	20.500	OR-04-0040	36,067	36,067
			<u>100,069,044</u>	<u>51,242</u>
Federal Transit - Formula Grants				
	20.507	OR-95-X008	26,570	
	20.507	OR-95-X038	432,629	
	20.507	OR-90-X166	11,780,274	
	20.507	OR-95-X044	305,577	
	20.507	OR-95-X040	279,531	
	20.507	OR-95-X054	41,092	
	20.507	OR-2016-008-00	16,000,000	
	20.507	OR-2016-013-00	3,021,148	
			<u>31,886,821</u>	<u>-</u>
Bus and Bus Facilities - Formula Grants				
	20.526	OR-34-0001	2,741,902	
State of Good Repair Grants				
	20.525	OR-54-0001	17,619,547	
	20.525	OR-2016-006-00	20,245,802	
Federal Transit - Formula Grants Passed through from METRO				
	20.507	METRO # 931908	17,452	
	20.507	METRO # 929340	1,904	
			<u>19,356</u>	<u>-</u>
Total Federal Transit Cluster			<u>172,582,472</u>	<u>51,242</u>
<u>Transit Services Program Cluster:</u>				
Direct Programs:				
Job Access - Reverse Commute Program	20.516	OR-37-X009	388,054	388,054
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OR-16-X042	1,084,594	899,972
Total Direct Programs			<u>1,472,648</u>	<u>1,288,026</u>
Passed through from Oregon Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities				
	20.513	ODOT 29299	1,923,846	12,475
	20.513	ODOT 30734	234,985	222,872
Total Passed through from Oregon Department of Transportation			<u>2,158,831</u>	<u>235,347</u>
Total Transit Services Program Cluster			<u>3,631,479</u>	<u>1,523,373</u>
<u>Public Transportation Research:</u>				
Passed through from METRO:				
Highway Planning and Construction	20.205	METRO # 933379	85,000	
Passed through from Operation Lifesaver:				
Operation Lifesaver	20.301	FR-OLS-15-001	15,000	
Total Public Transportation Research			<u>100,000</u>	<u>-</u>
Clean Fuels	20.519	OR-58-0002	2,285,081	
Total U.S. Department of Transportation			\$ 178,599,032	\$ 1,574,615

The accompanying notes are an integral part of this schedule.

Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2016

Federal grantor/program title	Federal CFDA number	Pass through/ Grant number	Total expenditures	Passed through to subrecipients
U.S. Department of Homeland Security Programs:				
Direct Programs:				
Nat'l Explosives Det Canine Team Program	97.072	HSTS02-15-H-NCP489	\$ 334,987	\$ -
Rail and Transit Security Grant Program	97.075	EMW-2013-RA-00003	12,439	
	97.075	EMW-2014-RA-00008	86,653	
	97.075	EMW-2015-RA-00006	559,552	
Total Rail and Transit Security Grant Program			658,644	-
Total U.S. Department of Homeland Security Programs			993,631	-
Total Expenditures of Federal Awards			\$ 179,592,663	\$ 1,574,615

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, 2016**

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, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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, 2016 financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District does not utilize the 10 percent de minimus rate for overhead allocation.

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
City of Portland	20.500	TriMet #08-0176	\$ 15,175
Clackamas Community College	20.516	TriMet #15-0290	30,000
Ride Connection	20.516	TriMet #15-0292	255,869
Ride Connection	20.513	TriMet #15-0186	250,241
Ride Connection	20.513	TriMet #15-0186	649,731
Ride Connection	20.513	TriMet #16-0812	12,475
Ride Connection	20.513	TriMet #16-0812	165,983
Ride Connection	20.513	TriMet #16-0051	56,889
Ride Connection	20.500	TriMet #13-0168	36,067
Swan Island Business Association	20.516	TriMet #15-0291	102,185

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Federal Programs and type of auditor's report issued on compliance for major federal programs

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued</i>
20.500, 20.507, 20.525, 20.526	Federal Transit Cluster	Unmodified

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Schedule of Prior Federal Findings
For the Year Ended June 30, 2016

Schedule of Prior Federal Award Findings

None reported