



**OMB Circular A-133  
Single Audit Reports  
For the Year Ended June 30, 2014**

**(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, 2014, 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 10, 2014.

**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 10, 2014



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each 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 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, 2014. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each 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 each of its major federal programs for the year ended June 30, 2014.



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133 (continued)**

**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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the statements of net position of the Enterprise Fund and statements of fiduciary net position of the Retirement Plan for Management and Staff Employees, Pension Plan for Bargaining Unit Employees and total trust fund (pension plan trust funds) of Tri-County Metropolitan Transportation District of Oregon as of June 30, 2014, and the statements of revenues expenses, and changes in net position and cash flows of the Enterprise Fund for the year ended June 30, 2014, and the statements of changes in fiduciary net position of the Pension Plan Trust Funds for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133 (continued)**

We issued our report thereon dated September 10, 2014 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic 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 basic financial statements as a whole.

*Moss Adams LLP*

Portland, Oregon  
September 10, 2014

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014**

<u>Federal grantor/program title</u>	<u>Federal CFDA number</u>	<u>Pass Through/ Grant number</u>	<u>Total expenditures</u>
<b>U.S. Department of Transportation Direct Programs:</b>			
<u>Federal Transit Cluster</u>			
Federal Transit - Capital Investment Grants			
	20.500	OR-04-0037	\$ 1,705,172
	20.500	OR-04-0033	1,486,935
	20.500	OR-03-0126	100,000,000
	20.500	OR-03-0125	206,564
	20.500	OR-04-0040	187,364
			<hr/> 103,586,035
Federal Transit - Formula Grants			
	20.507	OR-90-X147	261,956
	20.507	OR-95-X008	569,821
	20.507	OR-95-X038	411,472
	20.507	OR-90-X166	35,739,967
	20.507	OR-95-X044	295,496
	20.507	OR-95-X040	130,981
	20.507	OR-95-X053	15,000,000
	20.507	OR-95-X054	15,240,000
			<hr/> 67,649,693
State of Good Repair Grants			
	20.525	OR-54-0001	17,555,615
Bus and Bus Facilities - Formula Grants			
	20.526	OR-34-0001	2,727,419
Federal Transit - Formula Grants Passed through from METRO			
	20.507	METRO # 931908	14,082
Total Federal Transit Cluster			<hr/> 191,532,844
<u>Transit Services Program Cluster</u>			
Passed through from Oregon Department of Transportation			
Enhanced Mobility of Seniors and Individuals with Disabilities			
	20.513	ODOT 27728	25,669
	20.513	ODOT 29299	1,662,093
	20.513	ODOT 29449	11,298
			<hr/> 1,699,060
Total Passed through from Oregon Department of Transportation			
Direct Programs:			
Job Access - Reverse Commute Program	20.516	OR-37-X009	509,924
New Freedom Program	20.521	OR-57-X002	464,989
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OR-16-X042	895,334
Total Transit Services Program Cluster			<hr/> 3,569,307

*The accompanying notes are an integral part of this schedule.*

**Schedule of Expenditures of Federal Awards (continued)**  
**For the Year Ended June 30, 2014**

<u>Federal grantor/program title</u>	<u>Federal CFDA number</u>	<u>Pass Through/ Grant number</u>	<u>Total expenditures</u>
Passed through from Oregon Department of Transportation: Highway Planning and Construction	20.205	ODOT 29617	10,175
Passed through from METRO: Alternatives Analysis	20.522	METRO # 930992	488,939
Direct Programs: Capital Assistance Program for Reducing Energy Consumption/Greenhouse Gas Emission	20.523	OR-88-0001	242,964
Public Transportation Research Direct Programs:	20.514	OR-26-7001	100,984
	20.514	OR-26-0005	41,924
Passed through from Operation Lifesaver:	20.514	FTA: VA-26-5020-01	8,231
Total Public Transportation Research			<u>151,139</u>
<b>Total U.S. Department of Transportation</b>			<b><u>195,995,368</u></b>
<b>U.S. Department of Homeland Security Programs:</b>			
Direct Programs: Nat'l Explosives Det Canine Team Program	97.072	HSTS02-12-H-CAN501	223,127
Rail and Transit Security Grant Program	97.075	2010-RA-T0-0028	236,700
	97.075	EMW-2011-RAK-00004	685,338
	97.075	EMW-2012-RA-00007	162,023
Total Rail and Transit Security Grant Program			<u>1,084,061</u>
<b>Total U.S. Department of Homeland Security Programs</b>			<b><u>1,307,188</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 197,302,556</u></b>

*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, 2014**

**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, 2014. 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, 2014 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
City of Portland	20.500	TriMet #10-0400	\$ 206,564
City of Portland	20.514	TriMet #06-0317	\$ 100,984
Clackamas County	20.516	TriMet #14-0191	\$ 23,389
Community Cycling	20.516	TriMet #14-0182	\$ 63,328
Metropolitan Family Services	20.516	TriMet #14-0183	\$ 40,417
Portland Community College	20.516	TriMet #14-0187	\$ 81,874
Ride Connection	20.513	TriMet #10-0251	\$ 895,334
Ride Connection	20.514	TriMet #13-0168	\$ 187,364
Ride Connection	20.514	TriMet #13-0168	\$ 41,924
Ride Connection	20.516	TriMet #14-0190	\$ 132,213
Ride Connection	20.521	TriMet #10-0251	\$ 464,989
Swan Island TMA	20.516	TriMet #14-0477	\$ 96,685

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: 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 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 section 510(a) of Circular A-133?  Yes  No

**Identification of Major 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
20.513, 20.516, 20.521	Transit Services Programs 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 Award Findings**

None reported