

**Lane Transit District**

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Public notice was given to *The Register-Guard* for publication on December 8, 2011.

**LANE TRANSIT DISTRICT  
SPECIAL BOARD MEETING**

**Monday, December 12, 2011  
5:30 p.m.**

**LTD BOARD ROOM  
3500 E. 17<sup>th</sup> Avenue, Eugene  
(off Glenwood Boulevard in Glenwood)**

**A G E N D A**

I.	CALL TO ORDER		<u>Page No.</u>
II.	ROLL CALL		
	Towery _____	Necker _____	Evans _____
	Eyster _____	Gillespie _____	Kortge _____
		Dubick _____	

**The following agenda items will begin at 5:30 p.m.**

III.	PRELIMINARY REMARKS BY BOARD PRESIDENT	( 5 minutes)	
IV.	COMMENTS FROM THE GENERAL MANAGER	( 3 minutes)	4
V.	ANNOUNCEMENTS AND ADDITIONS TO AGENDA	( 1 minute)	5
VI.	BOARD CALENDARS	( 1 minute)	6
VII.	WORK SESSION		
	A. Audit Report for Fiscal Year Ending June 30, 2011 [Diane Hellekson and Charles Swank]	(15 minutes)	7
	B. Comprehensive Annual Financial Report [Diane Hellekson]	( 5 minutes)	8
	C. EmX Next Steps and West Eugene EmX Extension Update [Tom Schwetz]	(25 minutes)	11

**The following agenda items will begin at 6:30 p.m.**

VIII. AUDIENCE PARTICIPATION

- ◆ *Public Comment Note: This part of the agenda is reserved for members of the public to address the Board on any issue. The person speaking is requested to sign-in on the Audience Participation form for submittal to the Clerk of the Board. When your name is called, please step up to the podium and give your name and address for the audio record. If you are unable to utilize the podium, you may address the Board from your seat.*
- ◆ *Citizens testifying are asked to limit testimony to three minutes.*

IX. ITEMS FOR ACTION AT THIS MEETING

- |   |              |    |
|---|--------------|----|
| A. Consent Calendar   | ( 2 minutes) | 12 |
| 1. Minutes of the November 16, 2011, Regular Board Meeting (Page 13)                    |              |    |
| B. Acceptance of Audit Report for Fiscal Year Ending June 30, 2011<br>[Diane Hellekson] | ( 5 minutes) | 23 |

X. ITEMS FOR INFORMATION AT THIS MEETING

- |  |              |    |
|--|--------------|----|
| A. Board Member Reports  | (10 minutes) | 24 |
| 1. Meetings Held   |              |    |
| a. Metropolitan Planning Organization’s Citizen Advisory Committee<br>(November 17)          |              |    |
| b. EmX Steering Committee (December 6)   |              |    |
| c. Metropolitan Policy Committee (December 8)  |              |    |
| d. Lane Council of Governments Board of Directors (December 8)                               |              |    |
| 2. Other Activities  |              |    |
| a. American Public Transportation Board of Directors Executive Committee<br>(November 16-18) |              |    |
| 3. No Meeting/No Report  |              |    |
| a. Lane Area Commission on Transportation  |              |    |
| b. Human Resources Committee   |              |    |
| c. LTD Pension Trusts  |              |    |
| d. Transportation Community Resource Group for the Eugene Transportation<br>System Plan      |              |    |
| e. Springfield Stakeholder Advisory Committee  |              |    |
| f. Finance Committee   |              |    |
| g. Service Committee   |              |    |
| B. LTD Subdistrict Review Update<br>[Mary Adams]   | ( 5 minutes) | 26 |

C.	Monthly Financial Report—November 2011 [Diane Hellekson]	( 5 minutes)	27
D.	Monthly Grant Report—November 2011 (respond if questions)		28
E.	Monthly Department Reports (respond if questions)		32
F.	Monthly Performance Reports (respond if questions)		40
XI.	RECESS	(15 minutes)	
XII.	EXECUTIVE (NON-PUBLIC) SESSION PURSUANT TO ORS 192.660(2)(i), to review and evaluate the employment-related performance of the LTD general manager.	(60 minutes)	43
XIII.	ITEMS FOR ACTION/INFORMATION AT A FUTURE MEETING		44
	A. 2012 Fare Analysis and Pricing Recommendation (January)		
	B. West Eugene EmX Extension (January)		
	C. 2012 Legislative Session (January)		
	D. Labor Negotiations (January or February)		
	E. Origin and Destination Survey Results (January or February)		
	F. Board Strategic Planning Work Session (February)		
	G. LTD Subdistrict Boundaries (Winter 2011-12)		
	H. Data Center Construction (Early 2012)		
	I. Capital Improvements Program Adoption (March)		
	J. Long-Range Finance Plan Adoption (March)		
	K. Annual Performance Report (February or March)		
XIV.	ADJOURNMENT		

**The facility used for this meeting is wheelchair accessible. If you require any special physical or language accommodations, including alternative formats of printed materials, please contact LTD's Administration office as far in advance of the meeting as possible and no later than 48 hours prior to the meeting. To request these arrangements, please call 682-6100 (voice) or 7-1-1 (TTY, through Oregon Relay, for persons with hearing impairments).**

## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** COMMENTS FROM THE GENERAL MANAGER

**PREPARED BY:** Ron Kilcoyne, General Manager

**ACTION REQUESTED:** None

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**BACKGROUND:**

This agenda item provides an opportunity for the general manager to formally communicate with the Board on any current topics or items that may need consideration.

**ATTACHMENT:** None

**PROPOSED MOTION:** None

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## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** ANNOUNCEMENTS AND ADDITIONS TO AGENDA

**PREPARED BY:** Jeanne Schapper, Administrative Services Manager/Clerk of the Board

**ACTION REQUESTED:** None

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**BACKGROUND:**

This agenda item provides a formal opportunity for the Board president to announce additions to the agenda, and also for Board members to make announcements or to suggest topics for current or future Board meetings.

**ATTACHMENT:** None

**PROPOSED MOTION:** None

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## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** BOARD CALENDARS

**PREPARED BY:** Jeanne Schapper, Administrative Services Manager/Clerk of the Board

**ACTION REQUESTED:** Discussion of Board member participation at LTD and community events and activities.

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**BACKGROUND:**

Board members are asked to coordinate the Board Activity Calendars with their personal calendars for discussion at each Board meeting. Updated Board Activity Calendars are included with this packet for Board members.

Please contact Jeanne Schapper with any changes in your availability for LTD-related meetings and events, or to provide your winter vacation dates.

**ATTACHMENT:** Board activity calendars are included separately for Board members.

**PROPOSED MOTION:** None.

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## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2011

**PREPARED BY:** Diane Hellekson, Director of Finance and Information Technology

**ACTION REQUESTED:** None. Information only.

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**BACKGROUND:**

At the conclusion of each fiscal year, an independent audit of Lane Transit District's financial statements and internal controls is performed. The results of the independent audit are incorporated into the District's *Comprehensive Annual Financial Report* (CAFR). The completed FY 2010-2011 CAFR was provided to Board members as a separate document of the Board packet.

Charles Swank of Grove, Mueller & Swank, P.C., will attend the December 12, 2011, Board meeting to make a presentation and answer any questions Board members may have about the audit process or results.

**ATTACHMENTS:** None. (The audit report and audited statements are wholly contained in the *Comprehensive Annual Financial Report*.)

**PROPOSED MOTION:** None.

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## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** PRESENTATION OF *COMPREHENSIVE ANNUAL FINANCIAL REPORT* FOR FISCAL YEAR 2010-2011

**PREPARED BY:** Diane Hellekson, Director of Finance & Information Technology

**ACTION REQUESTED:** None. Information only.

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**BACKGROUND:**

The *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ending June 30, 2011, is included with Board meeting materials as a separate document. This report includes audited statements and the opinions of the independent audit firm of Grove, Mueller & Swank, P.C. Charles Swank, representing LTD's auditors, will attend the December 12 meeting to discuss the audit results and management letter concerns. An overview of Lane Transit District's financial position at June 30, 2011, will be presented by staff at the December 12 Board meeting.

Board acceptance of the independent audit report for the fiscal year ending June 30, 2011, is scheduled during the Items for Action portion of this meeting.

**ATTACHMENT:**

Comprehensive Annual Financial Report: Executive Summary

The *Comprehensive Annual Financial Report, Single Audit, Management Letter, and Audit Letter* were delivered to the LTD Board of Directors in paper form prior to the Board meeting.

The Report also will be delivered to banks, regulatory agencies, and other traditionally interested parties. Other interested parties may obtain a printed copy at the Glenwood Office or may view a copy on the LTD website at: <http://www.ltd.org/pdf/finance/2011/CAFR%202010-2011.pdf>.

**PROPOSED MOTION:** None.



**Lane Transit District**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2011**

**EXECUTIVE SUMMARY**

Prepared by Diane Hellekson  
Director of Finance & Information Technology  
December 12, 2011

The *Comprehensive Annual Financial Report* for the most recently completed fiscal year was distributed to the Board of Directors as a separate document for the December 12 meeting. At the December 12 meeting, Charles Swank of the accounting firm Grove, Mueller & Swank, P.C., will provide a positive report of LTD's financial position and controls. LTD has received an unqualified audit opinion, which is included in the report document. There also is a management letter as part of the audit that is included in the delivered financial statement packet.

There are several aspects of the financial performance that should be noted. Highlights include the following:

**Operating Revenue**

- **Fixed-route transportation revenue** increased 2.7 percent as compared to the previous fiscal year. Ridership for the twelve-month period, as measured by boardings, experienced a decline of 0.8 percent. Service hours were reduced by 11.2 percent in FY 2010-11, so the loss in ridership is nominal. The economic downturn also affected ridership. The local economy made small gains, but unemployment remained high.
- **Accessible services** operating revenue increased by 4 percent from FY 2009-10 to FY 2010-11, a fourth year consecutive year of gain, but growth slowed considerably from the 28.4 percent reported last year. The slower growth was the result of the maturation of the RideSource Medicaid brokerage. In addition, the 2009 state legislative session provided additional funding for elderly and disabled services of \$888,700 from Special Transportation Operations Funds. Most of the new funding is not expected to continue after the current biennium ends.
- **Employer payroll tax receipts** were \$22,197,770, an increase of 3.6 percent that ended two consecutive years of decline. The FY 2010-11 budget anticipated no growth in payroll tax receipts.
- **Self-employment tax revenue** increased 4.3 percent versus the previous year.
- **State-in-lieu revenue** decreased 0.8 percent after experiencing explosive (and unexplained) growth in FY 2009-10. This result is consistent with the State of Oregon's measures to control personnel costs by freezing wages and implementing furlough days.

**Total operating revenue (including Accessible Services) increased 3.4 percent. Total operating and nonoperating revenues decreased 2.2 percent.** A reduction in federal operating grants in support of vehicle maintenance is responsible for all of the change.

**Operating Expense**

- **Personnel services** decreased 2.5 percent due to position eliminations, an administrative employee wage freeze, and administrative employee mandatory furloughs.
- **Materials and services** decreased by 3.7 percent despite the higher cost of fuel.
- **Insurance** decreased 2.1 percent compared to FY 2009-10.
- **Accessible Services** expenses increased 11.5 percent.

**Total operating expense [including Accessible Services, depreciation, and Other Post Employment Benefits (OPEB) accrual] increased 4 percent. Total expense less depreciation and OPEB increased 1 percent.**

**Farebox Recovery (Fixed-Route Service)**

Ratios were as follows for the last ten fiscal years:

2001-02	21 percent	2006-07	21 percent
2002-03	24 percent	2007-08	23 percent
2003-04	22 percent	2008-09	23 percent
2004-05	21 percent	2009-10	23 percent
2005-06	22 percent	2010-11	24 percent

The normal farebox recovery ratios for public transit agencies of comparable size to LTD are in the range of 10 to 30 percent.

**System Productivity**

System productivity, which is expressed as boardings per hour, was as follows for the last ten years:

2001-02	25.421
2002-03	26.627
2003-04	26.555
2004-05	28.644
2005-06	31.377
2006-07	32.379
2007-08	36.225
2008-09	37.162
2009-10	36.424
2010-11	40.681

Fiscal year 2010-11 system productivity was the highest of the last twenty years.

## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** EmX NEXT STEPS AND WEST EUGENE EmX EXTENSION UPDATE

**PREPARED BY:** Tom Schwetz, Planning and Development Manager

**ACTION REQUESTED:** None

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**BACKGROUND:**

Staff will provide an update on the West Eugene EmX Extension (WEEE) project, and the next steps on the recently awarded FTA grant to complete an Alternatives Analysis on the next EmX extension along Main Street Springfield and McVay Highway to Lane Community College. Information will include the current schedule for completing the federal environmental review process for the WEEE project and the ongoing business outreach effort, early organizational efforts to prepare for initializing the Main Street/McVay project, and coordination of a second "Let's Talk Transit" event in February.

**ATTACHMENT:** None

**PROPOSED MOTION:** None

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## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** CONSENT CALENDAR

**PREPARED BY:** Jeanne Schapper, Administrative Services Manager/Clerk of the Board

**ACTION REQUESTED:** Approval of Consent Calendar Items

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**BACKGROUND:**

Issues that can be explained clearly in the written materials for each meeting, and that are not expected to draw public testimony or controversy, are included in the Consent Calendar for approval as a group. Board members can remove any items from the Consent Calendar for discussion before the Consent Calendar is approved each month.

The Consent Calendar for December 12, 2011:

Approval of the Minutes of the November 16, 2011, Regular Board Meeting

**ATTACHMENT:** Minutes of the November 16, 2011, Regular Board Meeting

**PROPOSED MOTION:** I move that the Board adopt the following resolution:  
LTD Resolution No. 2011-028: It is hereby resolved that the Consent Calendar for December 12, 2011, is approved as presented.

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MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR BOARD MEETING/WORK SESSION/EXECUTIVE SESSION

Wednesday, November 16, 2011

Pursuant to notice given to *The Register-Guard* for publication on November 10, 2011, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a regular Board meeting on Wednesday, November 16, 2011, beginning at 5:30 p.m., in the LTD Board Room at 3500 East 17<sup>th</sup> Avenue, Eugene.

Present: Mike Eyster, President  
Dean Kortge, Secretary  
Ed Necker, Treasurer  
Michael Dubick  
Gary Gillespie  
Doris Towery  
Ron Kilcoyne, General Manager  
Jeanne Schapper, Clerk of the Board  
Lynn Taylor, Minutes Recorder

Absent: Greg Evans, Vice President

**CALL TO ORDER/ROLL CALL:** Mr. Eyster convened the meeting and called roll 5:30 p.m.

**PRELIMINARY REMARKS BY BOARD PRESIDENT:** There were no remarks.

**COMMENTS FROM THE GENERAL MANAGER:** General Manager Ron Kilcoyne requested a moment of silence to remember Shawn Bird, an LTD employee who had recently passed away.

Mr. Kilcoyne announced that approval of minutes from past meetings would be current following approval of the November 16 consent calendar.

**ANNOUNCEMENTS AND ADDITIONS TO THE AGENDA:** There were no announcements or additions to the agenda.

**BOARD CALENDARS:** Mr. Kilcoyne reviewed activities on the Board calendars. He noted that the December 21 regular Board meeting would not be held, but a special meeting/work session will be held on Monday, December 12.

**WORK SESSION**

**LTD Accessible Services Program Review:** Accessible Services Manager Terry Parker provided a program overview by highlighting activities associated with LTD fixed-route and the RideSource Call Center. She introduced Accessible Services Coordinator Susan Hekimoglu and Human Services Transportation Specialist Rand Stamm; acknowledging and thanking them for their work. She reported that nearly 13,500 people are currently enrolled in LTD's EZ Access reduced and free fare programs

Ms. Parker said that the Not-for-Profit Agency Half-Fare program was instituted many years ago to serve people with low incomes who did not receive assistance getting transportation through a public agency. There are 49 non-profit agencies that currently buy fare media at half price and distribute to low-income clientele. LTD provides other services for older adults and people with disabilities through Alternative Work Concepts (AWC). Under contract with LTD this non-profit agency provides one-on-one training and ongoing support with Travel Training and Transit Hosts and by conducting in-home transportation assessments. Liz Fox and Scott Whetham of AWC were introduced and thanked for their efforts on behalf of people with disabilities.

Ms. Parker described the activities managed within the RideSource Call Center and commended Special Mobility Services' employees Kris Lyons and Glen Adams (who were present) for their work. She provided statistics related to the Call Center operations and pointed out that the call volume had increased from an initial level of 13,000 to 14,000 average calls per month in 2008 to 19,000 today. Annual one-way trips increased from approximately 100,000 in 2000 to a projected 190,000 trips to be provided in the current year.

Mr. Gilliespie asked about the Call Center's hours of operation. Ms. Parker replied that the Call Center operates seven days a week. Ms. Lyons indicated that 700-800 calls were received on a typical week day.

Mr. Eyster asked if there were specific factors that contributed to the rise in demand for Call Center services and the amount of savings that may have been realized by establishing the Call Center to manage certain types of transportation services. Ms. Parker said that the Call Center would need to be in operation for a longer period of time in order to gather sufficient data to analyze potential cost savings over time. She said that demographics, such as an aging population, and extensive outreach to potential riders were factors affecting increased ridership. She did not feel that cuts to the fixed-route service accounted for increased demand as the fixed-route system still provides good overall coverage in the metro service area. She noted that the average cost per ADA trip (those trips paid for by LTD) had not increased significantly despite increases in the price of fuel, in part because some costs could be spread among a larger volume of overall trips. She said that the State, due to projected budget cuts, threatens to dismantle regional transportation brokerages like the RideSource Call Center, which would be unfortunate as brokerages were a better service model for consumers.

Ms. Parker noted that the Not-for-Profit Agency Program had been in existence for many years. The overall annual cap of \$80,000 was exceeded due to greater need and agency participation than anticipated. She asked the Board for guidance on whether to acknowledge the current level of participation or scale back. She also said that under the current policy, agencies were not allowed to buy passes and resell them but there had been a request from a large agency to sell rather than give away LTD passes.

Director of Service Planning, Accessibility, and Marketing Andy Vobora explained that about 10 percent of the agencies provided service to a majority of program participants; other agencies had small programs that made passes available to clients when needed. That was the reason for moving from an agency cap of \$300 per month per agency to an overall annual program cap. He said that LTD staff recommended that sales through agencies not be allowed. LTD provided the discount, and the passes should be given to agencies' clients, which is consistent with the program's original intent.

In response to a question from Mr. Gillespie, Mr. Vobora said that agencies would sell the passes at the same half-fare price that they purchased them for from LTD.

Ms. Towery asked if agencies paid for passes from revenue they received that was earmarked for clients' transportation needs, or if they engage in fundraising in order to provide that service. She made the distinction and voiced concern over whether agencies wanted to sell passes to increase revenue or to generate funds to meet more transportation needs. Mr. Vobora said that agencies obtained funds for passes from a variety of sources, including fundraising. It would be very difficult to control if agencies resold passes. Ms. Parker added that another goal of recent changes was to streamline program administration to keep costs as low as possible.

Mr. Dubick said that he preferred to keep the program's focus on the rider and enabling people to use transportation. He understood the financial difficulties nonprofits were facing, but LTD should not be expanding agencies' capacities beyond what their budgets allowed by authorizing the resale of passes.

Mr. Gillespie commented that LTD was doing its part by providing the discounted passes, and once the passes belonged to an agency it was the agency's responsibility to use them consistent with its own guidelines and regulations. He did not object if an agency increased the number of riders by earning funds to buy additional passes.

Mr. Vobora said that if agencies were allowed to resell passes, the issue of the annual cap would need to be addressed. Anyone in the community who became aware of the practice could go to a nonprofit agency and purchase a pass for half fare.

Mr. Necker agreed with Mr. Dubick's position. He asked if there was a difference between agencies that sold passes and ones that asked clients to pay for passes once they were working. Mr. Vobora responded that under that latter model, the agencies were consistent with the program's intent by meeting clients' immediate transportation needs; once the clients were working they paid back into the system. He said that staff had suggested that those clients be charged the appropriate fares as individuals rather than using the half-price cost.

Ms. Towery agreed with Mr. Vobora that clients should be provided with the passes as they were trying to achieve financial stability; however, once they were earning income, they should pay the appropriate fares.

Mr. Eyster determined that several Board members preferred that agencies not be allowed to resell program passes.

Ms. Parker said that staff would develop a proposal for the Board to consider at a future meeting.

She asked the Board for input on a request to change the RideSource Out-of-Area fee-for-service. She said that a pilot project allowed those who lived just outside the RideSource boundary to receive services for an additional fee. She said that participation had been limited but noted that the project had not been heavily promoted. She said that the additional \$4 fee was based on a five-minute ride outside of the boundary; the standard RideSource fare was \$3 per trip, making the cost of an out-of-area trip \$7 one-way. She said that the Board would need to consider whether the project should become part of the regular program in May 2012 or should

continue as a pilot project. She added that the Board also would need to consider the fare structure.

Mr. Dubick asked about project participation. Ms. Parker said usage was more sporadic than daily, and participation was limited to five or six people during the past 18 months, generating 466 one-way rides.

**AUDIENCE PARTICIPATION:** Mr. Eyster explained the guidelines for providing public comment.

**Fred Simmons**, 312 S. 52<sup>nd</sup> Place, Springfield, former LTD employee, spoke to the Board regarding retiree health care plans. He said retirees' choices included a Providence plan, a Regence plan without Medicare Part D, and the classic Regence plan. He asked that retirees also be given the choice of an additional enhanced plan to allow them greater flexibility as individual participants in managing health care more effectively. He said that the expiration of the choice period was December 7.

Mr. Kortge asked if adding the enhanced plan to retirees' choices was the Board's decision. Mr. Simmons said it was an agency decision, and the question was whether the Board would allow the Human Resources department to expand the array of plan options.

Director of Human Resources and Risk Management Mary Adams explained that the collective bargaining agreement created a Joint Insurance Committee that had the authority to make decisions about the benefit plans. If there was a dispute, the appeals process was outside the agency and typically the Board did not get involved in decisions about the plans.

Mr. Kortge asked what aspect of benefits was collectively bargained. Ms. Adams said that the agreement specified that the District would provide Medicare supplement plans for retirees, but was not specific about the type of plan or benefit level. The District also provided a monthly stipend of \$125 to retirees towards the cost of the plans. She said that the District had to administer the program according to which retiree was enrolled in which plan and tried to provide a reasonable range of choices, not a large array of plans.

**EMPLOYEES OF THE MONTH:** The Board recognized Transit Operations Supervisor Jim Coffman and Bus Operator Melinda Raven for their efforts during an incident in which a child had a medical emergency.

Mr. Eyster thanked Mr. Coffman and Ms. Raven for their service and dedication to LTD's mission and presented certificates of appreciation and checks commemorating the awards. Recipients expressed their appreciation for the acknowledgement of their service and thanked the Board for their awards.

**AUDIENCE PARTICIPATION CONTINUED...**

**Bob Macherione**, 1994 Brewer, Eugene, Eugene business owner and member of Our Money, Our Transit, thanked Mr. Kilcoyne for being open and responsive to requests from the public. He appreciated the approval of Board minutes so that they would be available to the public on the LTD website. He said that he did not feel that questions regarding the true operating costs of EmX had been answered. He felt that they could be calculated by dividing the total budget by miles traveled. He said that a November report gave a cost of \$1 million to operate the Gateway



EmX line; however, the Long-Range Financial Plan included a far lower figure. He said that LTD should examine its culture and conclude that its primary goal is to provide service, and every dollar of revenue should be used for that purpose. He questioned the annual costs for advertising and suggested that those funds should be used to serve riders. He said that eliminating bus drivers would reduce service. He stated that the number of salaried employees had been reduced over the last several years, but salaries had increased.

**Kim Davis**, 4450 Blanton Heights Road, Eugene, RideSource program user, thanked the Board for expanding the program to allow out-of-area service. She said that decision had been instrumental in her son Jake's success in the community and his ability to obtain a job. She added that the RideSource service means everything to her family. She commended RideSource employees for their dedication and service. She asked the Board to reconsider the \$7 one-way fare, which amounted to \$280 per month for her son's transportation and placed a financial burden on their family.

**Steve Davis**, 4450 Blanton Heights Road, Eugene, RideSource program user, also thanked the Board for expanding the RideSource program, which had allowed his son to be independent. He hoped that the Board would consider lowering the out-of-area fee to make the service more affordable.

#### ITEMS FOR ACTION AT THIS MEETING

**CONSENT** **Consent Calendar:** Mr. Dubick moved adoption of LTD Resolution No. 2011-026: It is hereby resolved that the Consent Calendar for November 16, 2011, is approved as presented. Mr. Necker provided the second. The Consent Calendar consisted of the minutes of the January 13, 2011, Executive Search Committee Meeting; January 26, 2011, Executive Search Committee Meeting; April 11, 2011, Special Board Meeting; April 11, 2011, Executive Search Committee Meeting; June 13, 2011, Special Board Meeting/Work Session; June 15, 2011, Regular Board Meeting; August 8, 2011, Special Board Meeting/Luncheon; September 12, 2011, Special Board Meeting/Work Session; September 21, 2011, Regular Board Meeting; October 19, 2011, Regular Board Meeting; and LTD Board Budget Committee Nomination: Kay Metzger.

**VOTE** The Consent Calendar was approved as follows:  
AYES: Dubick, Eyster, Gillespie, Kortge, Necker, Towery (6)  
NAYS: None  
ABSTENTIONS: None  
EXCUSED: Evans (1)

**Approval: RideSource Out-of-Area Service:** Ms. Parker thanked the Davis family for speaking about the program during public testimony. She reminded the Board that staff had recommended against out-of-area service when the project was first proposed because of the difficulty of managing exceptions to service boundaries. She said that the pilot project scope was limited, and costs were based on a rational application to services. She felt that the project was helpful, and ridership could increase in the future. She said charging no fare for out-of-area service would essentially expand the RideSource boundary and suggested that the Board, if it addressed the out-of-area fee, consider retaining some fare for the service to avoid changing the geographic boundary.

Mr. Dubick asked about offering a monthly pass for the out-of-area service to lower the cost to daily users. Ms. Parker asked if the monthly pass would be limited to out-of-area service users or all RideSource participants. She said that a RideSource one-way trip cost the District about \$26, and traditionally incentives had not been used to encourage greater usage of the service.

Mr. Dubick said that his suggestion would apply only to out-of-area service users because the fee could be perceived as excessive, even though it cost the District much more to operate RideSource than it was allowed to recover through fares.

Ms. Towery said that the question was one of productivity versus quality of life. She said that the District provided a service that enhanced the quality of life for people in the community, as illustrated by the Davis family. She said that given the small scope of the project, she would prefer to see it continue as a pilot with a lower fare.

Mr. Kortge asked how the additional cost of \$4 for an out-of-area one-way trip was determined. Ms. Parker said it was determined to cover the cost of five minutes of travel outside of the RideSource area based on an hourly cost of \$52.

In response to a question from Mr. Necker, Mr. Davis said that a \$2 one-way fare for out-of-area service would be fair.

Mr. Gillespie observed that the highest fare was being charged to those with the least ability to pay. He liked Mr. Dubick's suggestion of a reduced rate. He encouraged more publicity for the program to increase ridership and better determine the demand for, and financial feasibility of, the service. He wanted to see a reduced fare and continuation of the service as a pilot project.

Ms. Towery was concerned with widely promoting the program as that could lead to an expansion of boundaries. She said that the District already incurred a significant loss to provide RideSource services.

Mr. Kortge supported reducing the fare and continuing the pilot project.

Mr. Kilcoyne said that RideSource was a very expensive program, and while the District provided information about the program, it was not heavily promoted. He said that the incremental cost for service outside the RideSource boundary was not subsidized, which was why it was high. Cutting the fare in half would result in subsidizing it by 50 percent.

MOTION Ms. Towery moved to extend the RideSource Out-of-Area Pilot Project for another six months and reduce the fee-for-service by half. Mr. Gillespie provided the second.

Mr. Necker offered a friendly amendment to prevent marketing of the project. Ms. Towery and Mr. Gillespie accepted the amendment.

VOTE The motion to extend the RideSource Out-of-Area Pilot Project for another six months and reduce the fee-for-service by half with no marketing of the project was approved as follows:

AYES: Dubick, Eyster, Gillespie, Kortge, Necker, Towery (6)

NAYS: None

ABSTENTIONS: None

EXCUSED: Evans (1)

Mr. Vobora announced that Ms. Parker had been recognized by the Oregon Transit Association as Transit Employee of the Year.

#### ITEMS FOR INFORMATION AT THIS MEETING

##### Board Member Reports:

Metropolitan Planning Organization Citizen Advisory Committee (MPOCAC): Mr. Gillespie reported that the MPOCAC would meet on November 17. The Committee had completed its review of the Regional Transportation Plan update with members expressing concern with missing data. There was some discussion about asking for an extension of the deadline for approving the plan until the data was provided. He said that his term on the Committee expires in December, and he had been temporarily renewed, but he needed to reapply. He said that some questions had been raised at the Metropolitan Policy Committee (MPC) meeting about his membership on both the Committee and the LTD Board.

Lane Area Commission on Transportation (LaneACT): Mr. Dubick said that the LaneACT discussed ConnectOregon legislation at its October meeting and the fact that less funding was available each year. He added that changes to access management under the Oregon Highway Plan also were discussed.

Mr. Eyster commented that the MPC had discussed MPOCAC membership and would appoint new members at its January 2012 meeting. He said adoption of the Regional Transportation Plan was extended until December 2011.

**Safety and Security Subcommittee Formation**: Mr. Kilcoyne said that there had been a suggestion at a National Transit Safety Board (NTSB) meeting that transit boards establish Safety and Security Committees around the concern that if there were problems with safety, the Board would ultimately be responsible. Mr. Kilcoyne had observed that LTD took safety very seriously and recommended that an internal task force be created to closely examine whether there are areas for improvement anywhere within the organization. He said that he had a discussion with Mr. Evans, who had conveyed the NTSB suggestion, and Mr. Evans concurred with the recommendation.

Ms. Towery emphasized that LTD had a strong culture of safety, and that the Board regularly reviewed safety reports from the organization. She was concerned with creating another committee when staff resources were already stretched due to cutbacks. She did support continuous learning and improvement processes but did not feel another committee was necessary.

Mr. Gillespie asked if forming a Board safety committee would offer greater protection against liability or insurance benefits. Mr. Kilcoyne said that a Board committee was not necessary for insurance or liability purposes.

Mr. Gillespie agreed with Ms. Towery that the current safety status was sufficient.

**LTD Host Sustainability Conference**: Mr. Kilcoyne stated that LTD had proposed hosting the American Public Transportation Association (APTA) Sustainability Conference in 2013 at the

earliest. He had not yet received a response from APTA. He said that staff had indicated that hosting the conference would not compromise LTD's core activities.

Mr. Eyster said hosting the sustainability conference would allow LTD to showcase its commitment to sustainability.

**Denver Public-Private Partnership Project:** Director of Finance and Information Technology Diane Hellekson said that the Denver project began three years ago and was structured in a specific way that pre-qualified teams and bundled project components such as design, engineering, construction, operations, and promotion. She said that the cost of the project was \$2 billion, and it would not be completed until 2016. She said the question was whether the concept would work for LTD, and she explained that the concept worked best when the project was very large and there was an income stream generated. She said examples of such projects were college dormitories, wastewater treatment plants, and large rail projects. She said that while this model would probably not work for LTD, other opportunities for alternative financing for capital projects and operations would continue to be explored. The Eugene and Springfield stations had been built with the intent to include retail activities, and it had been a struggle to retain viable businesses in those spaces.

**Televising Board Meetings:** Mr. Eyster commented that it would be to the Board's advantage to increase public access to meetings if it was financially feasible to do so by televising the meetings.

Mr. Vobora said that there was no statutory requirement to broadcast or televise meetings. He reviewed the practices of other transit districts and public agencies, which ranged from no broadcasting to use of public radio or community access television.

Information Technology Manager Steve Parrott outlined the options and costs for delivering Board meeting information as described in the agenda materials.

Ms. Towery observed that the Lane Council of Governments and other agencies may be unable to continue to provide taped or televised meetings in the future if significant budget cuts occurred. Those services may no longer be affordable.

Mr. Dubick asked if audio streaming would be less expensive. Mr. Parrott said that it would depend on how the audio stream was delivered. He said that it would not be as expensive as video, but there would be costs for infrastructure, software, and staff time.

Mr. Gillespie asked if either Lane Community College or the University of Oregon had video programs that could provide interns. Mr. Vobora said that there still would be costs associated with the hardware, software, and delivery of video.

Mr. Kortge asked what the purpose of televising meetings would be.

Mr. Eyster said that the Board did an excellent job of serving the District, and he would like to see the public have greater access to meetings in order to better understand and appreciate that.

Mr. Kortge said that meetings were open and accessible and he saw no need to televise them, particularly since many other transit bodies did not broadcast their meetings.

Ms. Towery agreed with Mr. Eyster that it would be good to elevate the visibility of the Board's functions, but she could not see a justification for the additional costs. She said that televising meetings was likely to decrease in the future because it was cost prohibitive, and public entities would need to look at what services were essential to provide as budgets became more constrained.

Mr. Gillespie said that he liked the concept of additional avenues of accessibility, but was not certain that the costs were justified. He felt that accessibility could be increased by holding meetings at different times and locations so that more people could attend and comment to the Board.

Ms. Towery pointed out that televising meetings would not allow additional opportunities for public comment.

Mr. Necker agreed that the cost of televising meetings was prohibitive, and every dollar spent was a dollar less available to provide service.

Mr. Dubick said that he was not certain that the cost of televising was worth the benefit.

**BRT Map for Regional Transportation Plan:** Director of Planning and Development Tom Schwetz said that the MPC would adopt the Regional Transportation Plan, which was updated every four years, at its December 8, 2011, meeting. He distributed the *2035 Regional Transportation Plan Bus Rapid Transit System Map*, to which some items had been added during the update process. Both Eugene and Springfield are currently updating their transportation system plans, and the role of transit was a part of those discussions. That was likely to produce additional refinements to the map as the concept was refined relative to the land use and development strategies of the two cities. He highlighted some of the map modifications, including a request from the City of Springfield to include a line down Bob Straub Parkway that would connect with the Jasper-Natron development area, and the City of Eugene's exploration of options for Willamette Street from 18<sup>th</sup> to 29<sup>th</sup> avenues.

Mr. Eyster asked if the plan discussions included the subject of continuation of EmX as part of a regional transportation strategy. Mr. Schwetz said that both Eugene and Springfield regarded bus rapid transit as something that could drive their land use patterns and facilitate development.

**Monthly Financial Report:** Ms. Hellekson reviewed the financial report and said that passenger fare receipts continued to be lower due to loss of the student pass program, but there had been an increase in group pass revenue because some schools had opted to purchase passes for students. She said that there also had been an increase in the sales of single and three-month youth passes. More significant was the increase in payroll tax receipts, which would be followed by a tax rate increase in January 2012. She expected to achieve budget expectations for the District's most important resource. She said that fuel costs had continued to rise in small increments, but those expenses were below what was budgeted.

**MOTION EXECUTIVE SESSION PURSUANT TO ORS 192.660(2)(d):** Mr. Gillespie moved that the Board meet in Executive Session pursuant to ORS 192.660(2)(d), to conduct deliberations with persons designated by the governing body to carry on labor negotiations. Mr. Dubick provided the second.

VOTE

The motion was approved as follows:

AYES: Dubick, Eyster, Gillespie, Kortge, Necker, Towery (6)

NAYS: None

ABSTENTIONS: None

EXCUSED: Evans (1)

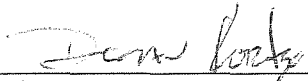
The Board entered Executive Session at 7:52 p.m.

**RETURN TO REGULAR (OPEN) SESSION:** The Board returned to regular session at 8:26 p.m.

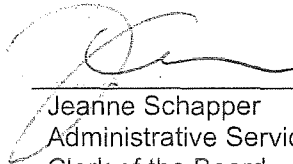
**ADJOURNMENT:** Mr. Eyster adjourned the meeting at 8:26 p.m.

LANE TRANSIT DISTRICT

ATTEST



Dean Kortge  
Board Secretary



Jeanne Schapper  
Administrative Services Manager/  
Clerk of the Board

Date Approved: December 12, 2011

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## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** ACCEPTANCE OF AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2011

**PREPARED BY:** Diane Hellekson, Director of Finance and Information Technology

**ACTION REQUESTED:** Board acceptance of the independent audit report for the fiscal year ending June 30, 2011

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**BACKGROUND:**

At the conclusion of each fiscal year, an independent audit of Lane Transit District's financial statements and internal controls is performed. The results of the independent audit are incorporated into the District's *Comprehensive Annual Financial Report* (CAFR). The completed FY 2010-2011 CAFR is included in the Board meeting packet as a separate document.

Staff have submitted the previous fifteen CAFRs to the Government Finance Officers Association (GFOA) of the United States and Canada for consideration of the award for excellence in financial reporting. The award was granted to LTD for all fifteen reports. After Board acceptance, staff will submit the FY 2010-2011 CAFR to the GFOA in an attempt to continue a tradition of reporting excellence as evidenced by the financial reporting award. Special recognition should be given to Carol James, chief accountant/internal auditor, for her work on the current CAFR.

Charles Swank of Grove, Mueller & Swank, P.C., will attend the December 12, 2011, Board meeting to make a presentation and answer any questions Board members may have about the audit process or results.

**ATTACHMENT:** None. (The audit report and audited statements are wholly contained in the *Comprehensive Annual Financial Report*.)

**PROPOSED MOTION:** I move the following resolution:

LTD Resolution No. 2011-029: Resolved, that the LTD Board of Directors received the Independent Audit for Fiscal Year 2010-11, and accepts the Independent Audit Report for the fiscal year ending June 30, 2011.

## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** BOARD MEMBER REPORTS

**PREPARED BY:** Jeanne Schapper, Administrative Services Manager/Clerk of the Board

**ACTION REQUESTED:** None

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### BACKGROUND:

Board members have been appointed to Board committees and to the Metropolitan Policy Committee (MPC), the Lane Council of Governments (LCOG) Board of Directors, and, on occasion, to other local, regional, or national committees. Board members also present testimony at public hearings on specific issues as the need arises. After meetings, public hearings, or other activities attended by individual Board members on behalf of LTD, time will be scheduled on the next Board meeting agenda for an oral report by the Board member. The following activities have occurred since the last Board meeting:

### MEETINGS HELD:

Board members may take this opportunity to report briefly on any one-on-one meetings they have held with local officials or other meetings that they have attended on behalf of LTD.

1. **Metropolitan Planning Organization's Citizen Advisory Committee:** Board Member Gary Gillespie serves on the Citizen Advisory Committee (CAC) for the Metropolitan Planning Organization (MPO). The Committee is composed of interested citizens and representatives of groups within the MPO area and is scheduled to meet on the third Thursday of each month. At the November 17 meeting, LTD staff gave a status report on the West Eugene EmX project regarding the project's process and schedule. LCOG staff also gave a status report on the Regional Transportation Options Plan. The next meeting is scheduled for December 15.
2. **EmX Steering Committee:** The EmX Steering Committee generally meets quarterly and is composed of Chair Greg Evans, Board Members Doris Towery and Gary Gillespie, members of local units of government, and community representatives. At the December 6 meeting, staff gave an update on current EmX operations, which included the installation of real-time passenger information displays. Staff also provided an update on recent West Eugene EmX Extension project activities, which included the status of the environmental review and public outreach. Staff provided an overview of the recently awarded grant to conduct an alternatives analysis of the Main Street/McVay Extension. Other business included Springfield Chamber Executive Director Dan Egan's resignation from the committee.
3. **Metropolitan Policy Committee (MPC):** Board Members Mike Eyster and Greg Evans are LTD's MPC representatives, with Mike Dubick serving as an alternate. MPC meetings generally are held on the second Thursday of each month. At the December 8 meeting, the Committee adopted the Draft 2035 Regional Transportation Plan (RTP). Additionally, public hearings on the Draft Metropolitan Improvement Program (MTIP) and the Draft Air Quality Conformity Determination for the RTP and MTIP were held.



4. **Lane Council of Governments (LCOG) Board of Directors:** LTD Board Member Mike Dubick represents LTD on the LCOG Board of Directors as a non-voting member, with Board member Doris Towery serving as the alternate. The LCOG Board meets every other month. At the December 8 meeting, an information report on the HUD Grant Project (Lane Livability Consortium) was given. It was reported that the Memorandum of Understanding and overall project work program had been approved and that the project budget had undergone substantial change to align tasks, agencies, and funds available.

**OTHER ACTIVITIES:**

1. **American Public Transportation Association (APTA) Board of Directors Executive Committee:** Board Member Greg Evans serves on this committee. Mr. Evans attended the Executive Committee retreat in Savannah, GA, on November 16-18. At the meeting, the Committee received a legislative update, including the Authorization status and appropriations, and discussed strategy. The Committee also discussed the feasibility of creating a political action committee. The next Committee meeting is scheduled to be held on February 9.

**NO MEETINGS HELD:**

1. **Lane Area Commission on Transportation (LaneACT):** In 2009, the Oregon State Legislature directed Lane County to develop an Area Commission on Transportation (ACT). Commission membership includes representatives from Lane County, cities within the county, Lane Council of Governments, and LTD. Board Member Michael Dubick serves as LTD's representative on this commission, which meets on the second Wednesday of the month. The next meeting is scheduled to be held on December 14.
2. **LTD Board Human Resources Committee:** The Board Human Resources Committee is composed of Chair Mike Dubick and Board Members Dean Kortge and Gary Gillespie. The next meeting is tentatively scheduled for December 27.
3. **LTD Pension Trusts:** LTD's two pension plans (one for ATU-represented employees and one for administrative employees) are each governed by a board of trustees. LTD Board Member Dean Kortge serves as a trustee for both plans. The next meeting is scheduled to be held on January 11.
4. **Transportation Community Resource Group (TCRG) for the Eugene Transportation System Plan (TSP):** The TCRG includes community members who have an interest in transportation issues in the City of Eugene. Board Member Ed Necker represents LTD on the TCRG, and Board Member Gary Gillespie represents the MPO's Citizen Advisory Committee on the TCRG for the development of the Eugene Transportation System Plan. The next TCRG meeting has not been scheduled.
5. **Springfield Stakeholder Advisory Committee:** Board President Mike Eyster represents the District on the Stakeholder Advisory Committee for the development of the Springfield Transportation System Plan (TSP). Committee members consist of citizens and representatives from organizations with a distinct interest in the future of transportation in Springfield. The Committee plans to meet five times over an 18-month period. The next meeting has not been scheduled.
6. **LTD Board Finance Committee:** The Board Finance Committee is composed of Chair Dean Kortge and Board Members Mike Dubick and Ed Necker. The next meeting has not been scheduled.
7. **LTD Board Service Committee:** The Board Service Committee is composed of Chair Greg Evans and Board Members Ed Necker and Doris Towery. The next meeting has not been scheduled.

## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** LTD SUBDISTRICT REVIEW UPDATE

**PREPARED BY:** Mary Adams, Director of Human Resources and Risk Management

**ACTION REQUESTED:** None. Information only.

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**BACKGROUND:**

As a result of the 2010 Census, the Oregon Secretary of State's office has been conducting boundary reviews of several public entities. The Secretary of State's office is required, per Oregon statute, to perform such a review of Lane Transit District and nine other transit districts. Input from election precincts is involved, and several precincts have requested that review of the transit districts not begin until at least January 2012. Meanwhile, staff at the Secretary of State's office are developing the process they will use. It will be some time after January before LTD staff will become engaged. Staff will keep the Board updated as this process evolves.

**ATTACHMENT:** None.

**PROPOSED MOTION:** None.

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## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** NOVEMBER FINANCIAL STATEMENTS

**PREPARED BY:** Diane Hellekson, Director of Finance and Information Technology

**ACTION REQUESTED:** None. Information only.

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**BACKGROUND:**

In order to allow staff more month-end processing time while continuing to provide financial information to the Board on a timely basis, monthly financial reports are now separate from the Board packet. On the Tuesday before the regular monthly Board meeting, financial reports will be sent by e-mail to all Board members and senior LTD staff and posted to the LTD website.

Since the regular December meeting has been canceled, every effort will be made to e-mail the November report on December 9. Should that not be possible, the November report will be handed out at the December 12 meeting.

**ATTACHMENT:** None.

**PROPOSED MOTION:** None.

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## AGENDA ITEM SUMMARY

**DATE:** December 12, 2011

**ITEM TITLE:** NOVEMBER 2011 GRANT REPORT

**PREPARED BY:** Todd Lipkin, Finance Manager

**ACTION REQUESTED:** None. Information Only.

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### BACKGROUND:

The Monthly Grant Report for activity through November 30, 2011, follows this summary. It contains financial data for all Federal Transit Administration (FTA) and Oregon Department of Transportation (ODOT) *ConnectOregon* grants that have a remaining balance or have had activity within the last six months. All grant totals are reported in total project dollars, so they include both the grant-funded amount and any applicable local match. Due to the timing of this report, all of the invoices for the report month have not been received. Any additional invoices charged to this report month will be reflected in the Grant Totals expenditure amounts next month.

Federal Transit Administration Grants. As was reported last month, the Federal Transit Administration had not yet awarded grants for its Clean Fuels and Transit Investment in Greenhouse Gas and Energy Reduction (TIGGER) grant programs. Unfortunately, Lane Transit District was unsuccessful in our bid to fund fixed-route vehicle replacement under these grant programs. The fact that we were awarded grants for bus replacement last year under these programs may have played a role in the FTA's decision. We will apply again next year. Currently, the next bus replacement will occur in FY 13-14 or FY 14-15, so we have time to apply for additional funding to complete the purchase. Now that the FTA application cycle is complete, below is the list of grants awarded to LTD:

- Alternatives Analysis – EmX Corridor Development – Main Street-McVay (\$750,000)
- State of Good Repair – Replacement Hybrid-Electric Buses (\$3,000,000)
- Veterans Transportation and Community Living Initiative (VTCLI) - RideSource Call Center Systems Improvements (\$1,088,000)

ConnectOregon IV. Lane Transit District did not apply for a *ConnectOregon IV* grant. While the Gateway Park & Ride project, partially funded with FTA funds, was considered for an application, the *ConnectOregon IV* application process for construction projects requires that projects be closer to shovel ready than the Gateway Park & Ride project currently is.

**ATTACHMENT:** Monthly Grant Report

**PROPOSED MOTION:** None.

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Monthly Grant Report  
Activity Through 11/30/2011

24930 ODOT - ODOT State Connect Oregon	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

Veneta Transit Center	-	820,000.00	744,137.16	75,862.84
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OR-03-0122 - FTA 5309 Small Starts	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

13.13.06 EmX Vehicles	-	1,555,073.75	1,555,073.75	-
14.01.10 Guideway	-	4,300,805.32	3,398,470.97	902,334.35
14.02.20 Stations & Stops	-	743,703.39	843,447.42	(99,744.03)
14.04.40 Sitework & Special Conditions	-	11,241,013.34	10,792,437.18	448,576.16
14.05.50 Systems	5,006.00	2,229,930.78	1,748,533.92	481,396.86
14.06.60 ROW, Land, Existing Improvements	-	1,929,027.42	1,515,170.42	413,857.00
14.08.80 Professional Services	25.00	7,721,200.00	8,198,258.87	(477,058.87)
14.09.90 Unallocated Contingency	-	1,088,113.00	-	1,088,113.00
	5,031.00	30,808,867.00	28,051,392.53	2,757,474.47

OR-04-0026 - FTA 5309 Bus and Bus Facilities	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

11.12.06 Hybrid Electric 40 ft Buses	-	893,600.00	-	893,600.00
11.12.06 Hybrid Electric Articulated Buses	-	3,410,724.00	3,410,724.50	(0.50)
	-	4,304,324.00	3,410,724.50	893,599.50

OR-04-0030 - FTA 5309 Bus and Bus Facilities	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

11.12.04 Paratransit replacement vehicles	-	700,000.00	700,000.00	-
11.13.04 Paratransit expansion vehicles	-	140,000.00	140,000.00	-
11.32.20 Misc Passenger Boarding Improvements	-	410,000.00	-	410,000.00
	-	1,250,000.00	840,000.00	410,000.00

OR-04-0035 - FTA 5309 Bus and Bus Facilities	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

11.12.01 Hybrid Electric 40' Buses	-	6,024,096.00	1,331,531.83	4,692,564.17
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OR-37-X016 - FTA 5316 Job Access/Reverse Commute	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

11.7L.00 Mobility Management	-	504,570.00	167,075.61	337,494.39
11.80.00 Program Administration	-	18,090.00	18,090.00	-
30.09.01 Employment Transportation Options	-	363,232.00	363,231.70	0.30
	-	885,892.00	548,397.31	337,494.69

OR-57-X001 - FTA 5317 New Freedom	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

11.7L.00 Mobility Management	-	98,354.00	98,354.00	-
11.80.00 New Freedom Program Administration	-	11,798.00	11,798.00	-
30.09.01 EmX Travel Training	-	40,000.00	40,000.00	-
30.09.01 Mental Health & Homeless	-	8,000.00	8,000.00	-
30.09.01 Mobility Management	-	164,364.00	164,364.00	-
	-	322,516.00	322,516.00	-



Monthly Grant Report  
Activity Through 11/30/2011

OR-58-0001 - FTA 5308 Clean Fuels	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

11.12.01 40' Hybrid Electric Low Floor Buses	-	4,000,331.00	-	4,000,331.00
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OR-77-0001 - FTA TIGGER TIGGER	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

11.12.01 Hybrid bus incremental costs	-	3,000,000.00	1,250,000.00	1,750,000.00
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OR-90-X151 - FTA 5307 Urbanized Area Formula Funds	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

11.12.40 Bus Related	-	250,000.00	250,000.00	-
11.13.06 EmX Vehicles	-	1,130,000.00	1,130,000.00	-
11.33.20 Passenger Boarding Improvements	-	50,000.00	50,000.00	-
11.42.07 Hardware	-	550,000.00	550,000.00	-
11.42.11 Support Vehicles	-	150,000.00	132,673.94	17,326.06
11.93.02 Shelters	-	54,239.00	54,239.00	-
	-	2,184,239.00	2,166,912.94	17,326.06

OR-90-X152 - FTA 5307 Urbanized Area Formula Funds	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

11.12.01 40' Gillig Low Floor Bus	-	2,787,360.00	2,787,360.00	-
11.12.01 Finance & Int. Costs Gillig Bus Purch	-	186,499.00	186,498.55	0.45
11.13.01 40' Gillig Low Floor Bus	-	1,000,850.00	1,000,849.78	0.22
11.23.01 Extend EmX Lanes	-	201,520.00	201,520.52	(0.52)
11.32.02 River Road Station Land	-	2,261,504.00	2,261,504.46	(0.46)
11.32.06 Franklin EmX Fare Machines	-	350,000.00	350,000.00	-
11.42.07 Hardware	118.00	1,460,900.00	936,741.02	524,158.98
11.42.08 Software	-	480,000.00	184,497.87	295,502.13
11.42.09 Bus Security Cameras	-	60,224.00	60,224.59	(0.59)
11.42.09 Security Improvements	434.00	300,000.00	141,245.23	158,754.77
11.42.20 Miscellaneous equipment	-	175,000.00	40,132.15	134,867.85
11.43.03 Improvements	18,116.00	400,000.00	210,673.56	189,326.44
11.43.03 Maintenance Facility Remodel	-	1,475,289.00	1,475,288.81	0.19
11.62.20 Communications Equipment	-	50,000.00	30,328.13	19,671.87
11.71.12 Vanpools	3,573.00	163,400.00	118,559.59	44,840.41
11.7A.00 FY 12 Preventive Maintenance	7,976.00	1,281,250.00	1,281,250.00	-
11.7A.00 Preventive Maintenance	-	5,718,750.00	5,718,750.00	-
11.92.08 Bus Stop Signage	-	122,411.00	-	122,411.00
11.93.02 Shelters	-	56,080.00	34,471.34	21,608.66
	30,217.00	18,531,037.00	17,019,895.60	1,511,141.40

OR-95-X013 - Federal Surface Transportation Program	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance

11.12.06 Hybrid Electric Articulated Buses	-	707,380.00	707,380.00	-
11.33.20 Passenger Boarding Improvements	-	222,891.00	195,638.12	27,252.88
11.72.11 Rideshare	-	450,498.00	450,498.00	-
	-	1,380,769.00	1,353,516.12	27,252.88



Monthly Grant Report  
Activity Through 11/30/2011

OR-95-X019 - Federal Surface Transportation Program	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance
11.12.06 EmX Hybrid Electric Articulated Bus	-	49,785.00	49,784.68	0.32
11.12.06 Hybrid Electric Articulated Buses	-	1,598,403.00	1,598,403.00	-
11.72.11 Rideshare	-	1,277,320.00	1,277,320.00	-
11.72.11 RTOP	(675.00)	22,289.00	22,289.00	-
11.72.11 Safe Routes to School	147.00	27,861.00	15,040.30	12,820.70
11.7A.00 Preventive Maintenance	-	557,227.00	557,227.00	-
	(528.00)	3,532,885.00	3,520,063.98	12,821.02

OR-95-X030 - Federal Surface Transportation Program	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance
11.33.02 U of O Station Construction	99.00	2,340,354.00	1,563,076.91	777,277.09

OR-96-X006 - FTA 5307 ARRA	Current Month Expenditures	Grant Totals (Including Match)		
		Budget	Expenditures	Balance
11.42.09 Security Camera Replacement	-	64,678.00	-	64,678.00
11.44.03 Maintenance Facility Remodel	-	3,136,892.00	3,136,892.00	-
11.7A.00 Preventive Maintenance	-	3,201,569.00	3,201,569.00	-
	-	6,403,139.00	6,338,461.00	64,678.00

## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** DEPARTMENT REPORTS

**PREPARED BY:** Ron Kilcoyne, General Manager

**ACTION REQUESTED:** None

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**BACKGROUND:**

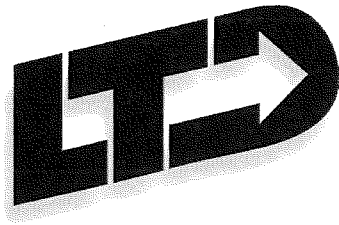
Monthly reports on activities within departments and throughout the District are provided for the Board's information.

**ATTACHMENT:** Monthly Department Reports, December 12, 2011

**PROPOSED MOTION:** None

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## MONTHLY DEPARTMENT REPORTS

December 12, 2011

### PLANNING AND DEVELOPMENT

*Tom Schwetz, Director of Planning and Development*

#### PROJECT DEVELOPMENT

*John Evans, Senior Project Manager*

Staff continue working with the Federal Transit Administration (FTA) on the review of the Environmental Assessment (EA) of the West Eugene EmX Extension. FTA Region 10 staff have indicated that due to the quality of the document and the analysis, they anticipate that their thorough review can be completed in January without the need for additional review cycles.

FTA headquarters staff have indicated preliminary acceptance of the data and conclusions regarding the benefits of the West Eugene project as part of their ongoing review of the Small Starts grant and Project Development applications that were submitted to the FTA in August and September. FTA typically provides notice regarding their intention for approval of Small Starts grant applications by early February.

Planning and Development staff are working with Marketing staff to plan a second *Let's Talk Transit* public forum. It is tentatively scheduled for February 16, with a location to be determined soon.

#### POINT2POINT SOLUTIONS

*Theresa Brand, Program Manager*

##### **Program Management:**

Point2point staff submitted two State of Oregon Flex Fund grants: one for a Regional Smart Trips program; and one for a Bike Sharing Feasibility Study for downtown Eugene. Notification of grant success will be received in January 2012.

Theresa Brand and Rideshare Program Coordinator Tracy Ellis are working with LTD Human Resources staff to develop a new LTD staff carpool program. They also are continuing to encourage LTD staff to enroll in the new Drive Less Connect Statewide Ridesharing database. The new internal program will begin in January 2012.

Internal meetings have been initiated to begin the process and to prepare for the upcoming Regional Bike Parking Facility Study. Employer Programs Specialist Marcia Maffei will be leading the project with staff assistance from LTD Intern Hannah Oliver. A stakeholders group will be formed within the region during the next few months to kick off the external part of the project.

Project work continues on the Regional Transportation Options Plan (RTOP) with Lane Council of Governments. The Existing Conditions Report and the Technical Report #1 have been completed. Focus groups and one-on-one interviews have been completed, which will help to align the project with community stakeholders needs. Staff are developing the Opportunities Analysis and will be concluding this part of the project in early January.

Staff recently participated in a Point2point staff visioning meeting and developed target projects and assignments through 2015 in preparation for the development and finalizing of an updated Point2point Strategic Planning document. This will be finalized once the RTOP project is complete in early Spring 2012.

### **School Solutions:**

Staff are working to develop a regional Safe Routes to School plan.

### **Work Solutions:**

Contract change notices have been mailed to all group pass contract holders for 2012 Group Pass contract renewal.

Looking Glass New Roads School joined the Group Pass program with 35 students.

### **On-the-go Solutions:**

Ms. Ellis and Valley Vanpool partner from Cascades West Rideshare Phil Warnock held a vanpool formation meeting at Oregon State University with Enterprise Rideshare and interested commuters. A new commuter vanpool from the Thurston area of Springfield to Corvallis began on December 1.

Carshare proposals were received from two carshare vendors in response to a recently issued Request For Proposals. Point2point Solutions is currently conducting reference checks, and a decision is anticipated shortly.

Drive Less Connect (DLC), the new statewide Rideshare database, was publicly launched throughout Oregon on November 2. The new database was marketed through commercials and print ads coordinated by Drive Less Save More. Also on November 2, KEZI 9 interviewed Ms. Ellis about the public launch.

DLC outreach also included e-mails to local chambers of commerce, local city administrators, the University of Oregon, Lane Community College, Northwest Christian University, City Planners in communities throughout Lane County, and other sustainable businesses and community solutions organizations.

Social media was used heavily to market this database including posts on 33 Facebook pages with a potential audience of more than 324,000 Facebook fans.

Point2point Solutions conducted a Facebook campaign for DLC users to post their achievements. There were 38 commuters who posted their statistics, and the Point2point Solutions Facebook page received 37 new "likes." A winner was selected at random to receive a Unique Eugene gift certificate.

Ms. Ellis promoted a carpooling program at the Unitarian Universalist Church in Eugene. Members of the church's Social Justice Committee had anxiously been awaiting the new carpool program.

<b>DLC STATISTICS</b>	<b>Stats Through Oct 2011</b>	<b>In November 2011</b>	<b>Total</b>
New Users	288	91	374
Non-Single-Occupancy Vehicle Miles Logged	197,399	122,149	319,548
Bike Trips	1,599	376	1,975
Bus Trips	1,569	501	2,070
Carpool Trips	2,872	967	3,839
Compressed Work Week Trips	20	8	28
Drive Alone Trips	1,125	251	1,376
Other Trips	17		17
Telework Trips	469	148	617
Vanpool Trips	1,344	291	1,635
Walk Trips	361	116	477
Carbon Dioxide	135,463	104,617	240,080
Gasoline	6,830	5,246	12,076
Monetary Savings	\$47,724	\$36,270	\$83,993

**Education and Outreach:**

The Gateway SmartTrips program is moving forward, and the business portion of the program is on schedule for a mid-January launch date. More than 600 businesses located near the Gateway EmX corridor will be offered a variety of free transportation resources including free biking and walking maps for their customers, free transit day passes for employees, and information on new pedestrian safety amenities in the area.

Staff hosted a table at the Eugene Water and Electric Board benefit fair, and approximately 230 employees visited.

**FACILITIES PROJECTS**

*Joe McCormack, Facilities Manager*

There will not be a department report for Facilities Projects this month.

**SERVICE PLANNING, ACCESSIBILITY, AND MARKETING**

*Andy Vobora, Director of Service Planning, Accessibility, and Marketing*

**Graphics:**

Applications for the vacant graphic designer position closed on December 2, and nearly 70 applications were received. Staff will review and select applicants for interviews. The hope is to have someone on staff by the first of the year.

The bus stop sign project continues to move along quickly. The new signs are smaller than existing signs, but the design and route number size make them very recognizable. All of the roughly 1,400 signs will be installed within the next month or two. The old signs will be recycled.

### **Marketing:**

Paid media for December will include print, radio, and Facebook advertising. The District took advantage of holiday promotional discounts to place ads in the *Springfield Times*, *The Register-Guard*, and the *Eugene Weekly*. Radio ads will complement these print ads during the first weeks of January. A radio package also was purchased with KNND in Cottage Grove. Facebook ads will target youth who will be off for the holiday break in late December.

Earned media focused on the West Eugene project, new buses going into service this month, and the Alternatives Analysis grant from the Federal Transit Administration (FTA).

Website updates include a front page link to Frequently Asked Questions, which currently focuses on answering West Eugene EmX questions; however, general LTD questions also will be answered. The use of Facebook and Twitter will reinforce the messaging on the Web page.

LTD is assisting the Egan Warming Center by spreading the news about when the center will be activated. Signage will be placed at the Eugene and Springfield Stations notifying people about when the center is active. Facebook and Twitter messaging also will be posted to notify customers.

### **Service Planning:**

Winter bid work is progressing, and finishing touches will be made during the next few weeks. An increase in service hours of .28 percent was necessary to address running time issues.

Several routes are being evaluated for possible changes in Fall 2012. Once the analysis is complete, the Board Service Committee will be asked to review the data and staff recommendations.

The Origin and Destination Survey coding and analysis continues. Staff anticipate seeing a first round of preliminary data in late December. The contractor will attend a Board work session in early 2012 to present the results. This information will allow staff to complete the necessary Title VI analysis prior to any fare change recommendations that come before the Board.

### **Federal Government Relations:**

It appears that Congress will not take any action on the transportation bill reauthorization until after the first of the year. The latest round of discussions provides some hope that a two-year bill, with current spending limits, may be possible. Smith, Dawson, Andrews (SDA) staff were in Eugene to meet with the United Front partners. SDA staff set up a solid series of meetings for Ron to be introduced to the local congressional staff in Washington, D.C. Meetings also were arranged with FTA Administrator Peter Rogoff and several key committee's staff members.

### **ACCESSIBLE SERVICES**

*Terry Parker, Accessible Services Manager*

Accessible Services applied for, and was awarded, a grant under the Veterans Transportation and Community Living Initiative (VTCLI). The \$1.088 million awarded to LTD through a highly competitive process will be used for a much needed upgrade of the software and phone

systems at the RideSource Call Center. The VTCLI is an innovative, federally coordinated partnership that will make it easier for U.S. veterans, active service members, military families, and others to learn about, and arrange for, locally available transportation services that connect them with work, education, health care, and other vital services in their communities.

Accessible Services staff met with Point2point Solutions staff to discuss their respective program elements in an effort to determine where transportation coordination between the two programs would be possible. Several opportunities were discussed, and staff will continue to work together during the coming months.

## TRANSIT OPERATIONS

*Mark Johnson, Director of Transit Operations*

### **Weekday University of Oregon (UO) Football Service:**

The final UO football game of the year at Autzen Stadium was the Pac-12 Championship game held on Friday, December 2. LTD staff have been assisting in the transition to a private carrier for weekday UO football games since last year, and the transition is complete. Starline Luxury Coaches of Seattle contracted fully with the UO to provide the weekday football service. LTD was able to provide three staff members to assist Starline, answer questions, and help problem solve. This year's service went well, and it appears that Starline and their partners will be able to manage future bus service for the weekday games with minimal assistance from LTD.

On a typical Saturday game of which LTD provides shuttle service, there are approximately 12 ground crew members along with 40 bus operators from LTD and an additional 30-40 operators from First Student. LTD is not able to provide game day bus assistance to the UO on weeknights due to the demands of regular service.

### **New Bus Operators:**

Seven new bus operators will be ready for regular service by the end of the year. They have been in training for the past several weeks, and staff are looking forward to putting them to use to relieve some of the current shortage that was caused by attrition during the past year.

## MAINTENANCE

*George Trauger, Director of Maintenance*

All 15 of the new 40-foot hybrid buses of the first initial order have been inspected through a post-delivery inspection process and are being prepared for service.

Installation of the camera security system has been completed, tested, and put into revenue service this week. It is estimated that all 15 buses will be ready for revenue service by the end of December. The next nine buses from this purchase are scheduled to begin production in January 2012. Maintenance is currently preparing the schedule for the next round of vehicle inspections.

**FINANCE AND INFORMATION  
TECHNOLOGY**

*Diane Hellekson, Director of Finance and Information Technology*

**FINANCE**

*Todd Lipkin, Finance Manager*

**Payroll Processing:**

- Fifty-two (52) payroll checks and 545 payroll direct deposits totaling \$891,926 were made in November 2011 (two pay dates).

**Accounts Payable:**

- Two hundred eighty-five (285) vendor paper and electronic checks totaling \$3,791,359 were processed during the month of November 2011. This included payments totaling \$1,134,562.95 to Gillig Corporation for two of the fifteen 40-foot, hybrid-electric buses that have been delivered.

**Accounts Receivable:**

- Twelve (12) cash fare deposits totaling \$151,860 were processed in November 2011.
- Thirty-four (34) nonprofit agency orders were processed in November 2011.
- Forty-five (45) RideSource ticket book orders for 164 ticket books were processed in November 2011.

**ACCOUNTING/INTERNAL AUDIT**

*Carol James, Chief Accountant/Internal Auditor*

**Accounting:**

- The October 2011 financial reports were completed for the November 16, 2011, regular Board meeting.
- Staff responded to questions and comments from the auditors on the draft of the *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended June 30, 2011. The FY 2010-2011 CAFR will be presented to the Board at the December 12 meeting.

**Internal Audit:**

- Staff completed a Request for Proposals (RFP) for banking services. The RFP was distributed on December 6. Proposals are due on January 12, 2012. The current banking services contract expires in February 2012.
- Staff reviewed bank merchant service charges (charges related to customer use of credit/debit cards) as a precursor to the discussion regarding fare changes.

## **PURCHASING**

*Jeanette Bailor, Purchasing Manager*

- An RFP has been published for agent of record for health care insurance.
- Staff are working on an RFP for agent of record for property and liability insurance.
- An RFP has been published for banking services.
- An RFP is being developed for Call Center software.
- A request for bids is being prepared for general electrical maintenance services.
- Letters of qualification have been received for miscellaneous architectural services.

## **HUMAN RESOURCES AND RISK MANAGEMENT**

*Mary Adams, Director of Human Resources and Risk Management*

### **Labor Relations:**

LTD and the ATU met with a State of Oregon mediator on November 14. No agreement was reached, and an additional mediation session is scheduled for January 10, 2012.

### **Health Care:**

The health plan for 2012 has been renewed with PacificSource Health Plans, which will increase the cost of insurance premiums about 5 percent.

## **HUMAN RESOURCES/TRAINING**

*David Collier, Senior Human Resources Analyst*

### **Recruitment:**

- James Hanna will start on December 12 as the new IT systems engineer. James comes to LTD from Fiserv out of Beaverton. His first task will be to participate in the selection process of the new IT Technician II position.
- Operations will have three new temporary supervisors scheduled to begin training on December 13.
- Graphics will be conducting interviews later this month to fill the graphics designer position left open due to Shawn Bird's passing.

## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** MONTHLY PERFORMANCE REPORTS

**PREPARED BY:** Ron Kilcoyne, General Manager

**ACTION REQUESTED:** None

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**BACKGROUND:**

In response to a request by the Board for regular reporting on the District's performance in several areas, monthly performance reports are provided for the Board's information.

**ATTACHMENTS:** November 2011 Performance Reports (*to be handouts at meeting*)  
October 2011 RideSource Activity and Productivity Report

**PROPOSED MOTION:** None

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### Special Mobility Services: RideSource Activity and Productivity Information

<u>10/31/2011 - REVISED</u>	<u>Current Month</u>	<u>Prior Year's Month</u>	<u>% Change</u>	<u>Current YTD</u>	<u>Previous YTD</u>	<u>% Change</u>	<u>Current 12 Month</u>	<u>Prior 12 Month</u>	<u>% Change</u>
<b>RideSource Ridership</b>	16,875	15,805	6.8%	64,895	61,479	5.6%	188,083	179,428	4.8%
RideSource(All Modes)	13,290	13,288	0.0%	50,652	50,902	-0.5%	151,967	148,829	2.1%
Shopper	496	462	7.4%	1,915	1,773	8.0%	5,346	5,220	2.4%
Escort Volunteers-Metro	1,535	940	63.3%	5,894	3,476	69.6%	14,024	9,894	41.7%
Escort Volunteers-Rural	1,554	1,115	39.4%	6,434	5,328	20.8%	16,746	15,485	8.1%
<b>RideSource Cost per Ride</b>	\$ 20.36	\$ 19.58	4.0%	\$ 21.23	\$ 21.27	-0.2%	\$ 21.36	\$ 20.73	3.0%
RideSource(All Modes)	\$ 24.64	\$ 22.15	11.2%	\$ 25.84	\$ 24.42	5.8%	\$ 25.11	\$ 23.81	5.5%
RideSource Shopper	\$ 14.08	\$ 13.41	5.0%	\$ 15.41	\$ 15.31	0.7%	\$ 15.85	\$ 14.75	7.4%
RideSource Escort	\$ 2.99	\$ 4.37	-31.6%	\$ 3.19	\$ 4.25	-25.0%	\$ 3.79	\$ 3.94	-3.9%
<b>Ride Reservations</b>	14,190	13,844	2.5%	53,651	53,280	0.7%	161,074	156,493	2.9%
Cancelled Number	1,205	1,199	0.5%	4,636	4,944	-6.2%	15,264	14,950	2.1%
Cancelled % of Total	8.49%	8.66%		8.64%	9.28%		9.48%	9.55%	
No-Show Number	170	134	26.9%	605	515	17.5%	1,833	1,642	11.6%
No-Show % of Total	1.20%	0.97%		1.13%	0.97%		1.14%	1.05%	
Ride Refusals Number	0	0	#DIV/0!	0	2	-100.0%	2	3	-33.3%
Ride Refusals % of Total	0.00%	0.00%		0.00%	0.00%		0.00%	0.00%	
<b>Service Hours</b>	7,443	6,930	7.4%	28,446	27,047	5.2%	83,917	79,542	5.5%
Agency Staff	7,158	6,747	6.1%	27,449	26,141	5.0%	81,382	76,346	6.6%
Agency SMS Volunteer	285	183	55.7%	997	906	10.0%	2,535	3,196	-20.7%
Avg. Trips/Service Hr.	1.85	1.98	-6.6%	1.85	1.95	-5.1%	1.87	1.94	-3.6%
<b>RideSource System Miles</b>	94,310	93,102	1.3%	367,987	369,540	-0.4%	1,093,850	1,077,040	1.6%
Avg. Miles/Trip	6.84	6.77	1.0%	7.00	7.02	-0.2%	6.95	6.99	-0.5%
Miles/Vehicle Hour	12.67	13.43	-5.7%	12.94	13.66	-5.3%	13.03	13.54	-3.7%

## Special Mobility Services: RideSource Activity and Productivity Information

<u>10/31/2011 - REVISED</u>	<u>Current Month</u>	<u>Prior Year's Month</u>	<u>% Change</u>	<u>Current YTD</u>	<u>Previous YTD</u>	<u>% Change</u>	<u>Current 12 Month</u>	<u>Prior 12 Month</u>	<u>% Change</u>
<b>On-Time Performance %</b>	87.4%	84.1%	4.0%	87.4%	83.6%	4.6%	86.9%	83.6%	4.0%
Sample	12,002	11,969		45,817	45,823		137,602	133,777	
On-Time	10,493	10,061		40,035	38,293		119,529	111,773	

- RideSource (All Modes) includes all rides except Shopper, Escort, & Taxi
- Escort Volunteers-Metro includes in-district volunteer rides and SMS volunteer escort rides.
- Escort Volunteers-Rural is out of district volunteer rides.

- RideSource System Miles includes miles by volunteers in agency vehicles.

- On-Time Performance reflects a 100% sample of all rides with scheduled pickup times, plus will-call rides. The standard is +/- 10 minutes for scheduled pickups and within 30 minutes of will-call request.

## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** EXECUTIVE (NON-PUBLIC) SESSION PURSUANT TO ORS 192.660(2)(i)

**PREPARED BY:** Mike Eyster, President, Board of Directors

**ACTION REQUESTED:** That the Board move into Executive (non-public) Session pursuant to ORS 192.660(2)(i), to review and evaluate, pursuant to standards, criteria, and policy directives adopted by the governing body, the employment-related performance of the chief executive officer (general manager) of LTD.

**ATTACHMENT:** None

**PROPOSED MOTION:** I move that the Board meet in Executive Session pursuant to ORS 192.660(2)(i), to review and evaluate the employment-related performance of the LTD general manager.

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## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** ITEMS FOR ACTION/INFORMATION AT A FUTURE MEETING

**PREPARED BY:** Jeanne Schapper, Administrative Services Manager/Clerk of the Board

**ACTION REQUESTED:** None

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### BACKGROUND:

The action or information items listed below will be included on the agenda for future Board meetings:

- A. **2012 Fare Analysis and Pricing Recommendation:** Staff will begin a review of the annual pricing plan with the Board at the January meeting. The process will continue with a discussion with the Board Finance Committee and a recommendation going to the Board in Spring 2012.
- B. **West Eugene EmX Extension:** The FTA is expected to release the public draft Environmental Assessment (EA) in January. At the January Board meeting, staff will provide a more detailed project update to the Board and will discuss results from the EA analysis including transportation, fiscal, property, and environmental effects.
- C. **2012 Legislative Session:** Staff will provide an overview of funding requests and discuss strategy for the 2012 Legislative Session at the January Board meeting.
- D. **Labor Negotiations:** The Board will receive an update on contract negotiations at the January or February Board meeting.
- E. **Origin and Destination Survey Results:** The 2011 LTD Rider Survey, also known as the Origin and Destination survey, will be finalized in early 2012. The consultant and staff will provide a review of the results in a Board work session in January or February.
- F. **Board Strategic Planning Work Session:** The Board's next strategic planning work session is being scheduled for February 2012. The Budget Committee also will be invited to participate.
- G. **LTD Subdistrict Boundaries:** The adjustments to political districts due to the changes in population taken from the 2010 Census are nearly complete. The Oregon Secretary of State is finalizing LTD's subdistrict boundaries. When it is complete, a public hearing will be held this winter followed by adoption of the new boundaries. The new boundaries would be in place for ten years after adoption.
- H. **Data Center Construction:** Partnering with the University of Oregon on construction of a new Information Technology Data Center is not viable given the UO is not likely to pursue this facility for a number of years. In early 2012 LTD staff will ask for Board approval to move forward with the CIP project using a Construction Management/General Contractor (CM/GC) method of construction.

- I. **Capital Improvements Program Adoption:** Approval of the FY 2013-20 Capital Improvements Program will be requested from the Board at the February Board meeting.
- J. **Long-Range Financial Plan Adoption:** Approval of the FY 2013-20 Long-Range Financial Plan will be requested at the March Board meeting.
- K. **Annual Performance Report:** In conjunction with an update on progress related to the Long-Range Transit Plan, staff will provide a FY 2010-11 Performance Report for presentation at the February or March Board meeting.

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## AGENDA ITEM SUMMARY

**DATE OF MEETING:** December 12, 2011

**ITEM TITLE:** NOVEMBER FINANCIAL STATEMENTS

**PREPARED BY:** Diane Hellekson, Director of Finance & Information Technology

**ACTION REQUESTED:** None

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### BACKGROUND:

Financial results for the first five months of the FY 2011-12 fiscal year are summarized in the attached reports.

Passenger fares are 15.4 percent lower for the first five months of the new year over the same period last year. The decline is due to the loss of the student transit pass program. Passenger boardings for the rolling twelve-month period, which ended November 30, increased 1.3 percent compared to the previous period, a significant improvement over the 0.5 percent reported for October. November 2011 boardings were 6.5 percent above November 2010. November boardings were the highest in Lane Transit District history for that month, exceeding one million for the first time.

Payroll tax revenues through November 30 are up 3.8 percent versus last year. The tax rate will increase to 6.8 tenths of one percent (.0068) on January 1, 2012. The current-year budget assumed growth of 3.5 percent versus FY 2010-11.

There are usually no self-employment tax receipts expected until after the first of January for the calendar year that will end December 31. Self-employment tax payments are due at the same time as state income tax returns, usually on April 15. Year-to-date receipts of \$172,000 are likely collections for prior tax years. It is not material that collections to date from this source are below those of last year.

As reported for September, state-in-lieu receipts are up 15.2 percent over the same quarter last year. The University of Oregon accounts for the majority of receipts from this resource. The next disbursement will occur in early January for revenue collected for the quarter ending December 31.

Interest rates of return remain at historic lows. The Local Government Investment Pool is still 0.5 percent, as has been true for the last several months.

Total personnel services expenditures, the largest category of operating expense, are essentially the same as for the previous year. The most recent contract covering employees represented by the

Amalgamated Transit Union, Local 757, expired on June 30, 2011. Negotiations on a new contract began last spring and continued with a mediation session held on November 14. The next mediation session is scheduled for January 10.

Fuel prices fluctuated throughout November, but the year-to-date average of \$3.22 per gallon remained unchanged from October. The current-year budget assumes \$3.75 per gallon. The year-to-date high was \$3.40 per gallon on November 8, 2011. The low price of \$3.07 occurred on August 5, 2011.

The General Fund is stable through November. Year-to-date payroll tax results are encouraging, but there is speculation that another local economic downturn is possible in the near future. The next tax disbursement will occur in early February for the calendar quarter ending December 31, 2011. The lack of a collective bargaining agreement also creates uncertainty. Finally, an offset for the loss of \$1 million in support of the Student Transit Pass Program from the Business Energy Tax Credit program in the current fiscal year has not yet been identified.

Year-to-date expenditure results for the Accessible Services Fund and Medicaid Fund are as anticipated by the FY 2011-12 budget.

The majority of Capital Projects Fund activity has been the acquisition of new 40-foot hybrid-electric vehicles. In addition, funds have been expended for finalizing some features of the Gateway EmX project, planning for the West Eugene EmX Extension, and investing in passenger boarding improvements. Project expenditures are consistent with FY 2011-12 budget expectations. Some of the grant revenue covering November expenditures will not be realized until December, which is why the fund balance is temporarily negative.

On December 12, Board members will receive the FY 2010-11 *Comprehensive Annual Financial Report* (CAFR). Field work for the annual independent audit of last fiscal year was completed on September 9. Chuck Swank of Grove Mueller and Swank, LTD's independent auditors, will attend the December 12 work session to present and discuss audit results.

#### **ATTACHMENTS:**

Attached are the following financial reports for November for Board review:

1. Operating Financial Report - comparison to prior year
2. Comparative Balance Sheets
  - a. General Fund
  - b. Accessible Services Fund
  - c. Medicaid Fund
  - d. Capital Projects Fund

3. Income Statements
  - a. General Fund
  - b. Accessible Services Fund
  - c. Medicaid Fund
  - d. Capital Projects Fund

**PROPOSED MOTION:**

None

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**Lane Transit District**  
**Operating Financial Report**  
**For the Fiscal Period Ending 11/30/2011 With Comparisons to Prior Year to Date**  
**Current Year: 2011-2012**  
**Unaudited**

	Prior YTD 10-11	Adopted Budget	YTD Actual	% Budget	% Over Last Year
<b>Revenues &amp; Other Sources</b>					
Passenger Fares	1,965,040	4,732,100	1,662,460	35.1%	-15.4%
Group Pass	985,688	2,377,200	1,053,066	44.3%	6.8%
Advertising	113,500	275,500	115,000	41.7%	1.3%
Special Service	264,117	448,300	317,385	70.8%	20.2%
Miscellaneous	61,363	145,400	82,863	57.0%	35.0%
Total Operating	3,389,708	7,978,500	3,230,774	40.5%	-4.7%
Payroll Tax (cash basis)	10,576,171	22,573,900	10,980,773	48.6%	3.8%
Self-employment Tax (cash basis)	206,812	1,522,200	172,354	11.3%	-16.7%
State-in-Lieu (cash basis)	363,121	1,668,000	418,341	25.1%	15.2%
Operating Grants	1,892,097	4,780,500	1,375,058	28.8%	-27.3%
Total Taxes & Grants	13,038,201	30,544,600	12,946,526	42.4%	-0.7%
Interest Income	23,305	60,000	26,107	43.5%	12.0%
Sale of Assets	9,704	10,000	30,025	300.3%	209.4%
Total Revenues & Other Sources	16,460,918	38,593,100	16,233,432	42.1%	-1.4%
<b>Expenditures &amp; Other Uses</b>					
<b>Personnel Services</b>					
Administration	3,387,877	8,484,000	3,411,475	40.2%	0.7%
Administration - Contra Payroll	(494,630)	(970,000)	(461,717)	47.6%	-6.7%
Administration - Net	2,893,247	7,514,000	2,949,758	39.3%	2.0%
Contract	7,477,605	18,315,900	7,402,425	40.4%	-1.0%
Total Personnel Services	10,370,852	25,829,900	10,352,183	40.1%	-0.2%
<b>Materials &amp; Services</b>					
General Administration	74,485	171,500	69,667	40.6%	-6.5%
Government Relations	80,045	128,900	79,502	61.7%	-0.7%
Finance	65,360	173,300	73,087	42.2%	11.8%
Information Technologies	366,132	707,600	436,696	61.7%	19.3%
Human Resources	50,958	322,800	130,657	40.5%	156.4%
Service Planning	1,514	7,000	3,580	51.1%	136.5%
Marketing	209,994	365,300	182,288	49.9%	-13.2%
Graphics	4,457	10,600	5,663	53.4%	27.1%
Accessible Services	1,657	14,600	15	0.1%	-99.1%
Planning & Development	8,967	15,900	7,473	47.0%	-16.7%
point2point Solutions	133,060	482,700	111,856	23.2%	-15.9%
Facilities Services	343,899	1,145,100	417,424	36.5%	21.4%
Transit Operations	234,500	673,800	245,297	36.4%	4.6%
Customer Service Center	2,629	25,100	6,809	27.1%	159.0%
Maintenance	1,440,135	4,844,000	1,675,321	34.6%	16.3%
Insurance / Liability Costs	472,047	1,312,700	476,805	36.3%	1.0%
Accessible Services Transfer	201,198	1,915,100	1,076,195	56.2%	434.9%
Capital Transfer	-	3,062,900	-	0.0%	N/A
Total Materials & Services	3,691,037	15,378,900	4,998,335	32.5%	35.4%
Total Expenditures & Other Uses	14,061,889	41,208,800	15,350,518	37.3%	9.2%
Excess (Deficiency) of Revenues Over Expenditures	2,399,029	(2,615,700)	882,914		-63.2%
<b>Net to Fund</b>	<b>2,399,029</b>	<b>(2,615,700)</b>	<b>882,914</b>		<b>-63.2%</b>

**Lane Transit District  
General Fund  
Comparative Balance Sheets  
November 30, 2011 and June 30, 2011  
Unaudited**

	Current Balance	Balance 06/30/11
<b>ASSETS</b>		
Cash & Investments	\$ 16,864,280	\$ 13,405,048
Receivables	2,755,454	4,283,060
Accrued Payroll Taxes Receivable	5,228,600	5,240,169
Due from Other Governments	-	474,212
Inventory of Parts and Supplies	1,381,019	1,368,341
Prepaid Expenses	355,863	662,955
Deposits	88,316	88,316
Property, Plant and Equipment Net of Accumulated Depreciation	113,197,848	113,197,848
<b>Total Assets</b>	<b><u>\$ 139,871,380</u></b>	<b><u>\$ 138,719,949</u></b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 576,775	\$ 541,030
Accrued Payroll Related Payable	1,111,620	931,980
Unearned Revenue	196,292	112,102
Liability Claims/Other Payable	851,666	882,724
CAL/Sick Accrual	3,284,894	3,284,894
Net OPEB Obligation	1,902,048	1,902,048
<b>Total Liabilities</b>	<b><u>7,923,295</u></b>	<b><u>7,654,778</u></b>
<b>FUND BALANCE</b>		
Investment in Fixed Assets	18,315,791	18,315,791
Contributed Capital	94,882,057	94,882,057
Fund Balance Restricted to Assets	113,197,848	113,197,848
Fund Balance	17,867,323	23,817,415
Excess (Deficiency) of Revenues Over Expenditures	882,914	(5,950,092)
Ending Fund Balance	18,750,237	17,867,323
Total Reserves & Fund Balances	131,948,085	131,065,171
<b>Total Liabilities &amp; Fund Balance</b>	<b><u>\$ 139,871,380</u></b>	<b><u>\$ 138,719,949</u></b>

**Lane Transit District  
 Accessible Services Fund  
 Comparative Balance Sheets  
 November 30, 2011 and June 30, 2010  
 Unaudited**

	Current Balance	Balance 6/30/2011
<b>ASSETS</b>		
Cash & Investments	\$ 137,622	\$ -
Receivables	30,079	5,937
Grants Receivable	345,506	645,586
<b>Total Assets</b>	<b>\$ 513,207</b>	<b>\$ 651,523</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 139,243	\$ 164,591
Due to Other Funds	-	152,614
Oakridge Program Reserves	23,985	30,005
Unearned Revenue	72,273	-
<b>Total Liabilities</b>	<b>235,501</b>	<b>347,210</b>
<b>RESERVES &amp; BALANCES</b>		
Fund Balance	304,313	298,795
Excess (Deficiency) of Revenues Over Expenditures	(26,607)	5,518
Ending Fund Balance	277,706	304,313
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 513,207</b>	<b>\$ 651,523</b>

**Lane Transit District  
Medicaid Fund  
Comparative Balance Sheets  
November 30, 2011 and June 30, 2011  
Unaudited**

	Current Balance	Balance 6/30/2011
<b>ASSETS</b>		
Cash & Investments	\$ 391,836	\$ 242,259
Receivables	353,297	375,008
Grants Receivable	34,680	31,406
<b>Total Assets</b>	<b>\$ 779,813</b>	<b>\$ 648,673</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 186,820	\$ 64,950
Medicaid Medical Reserves	384,139	431,922
<b>Total Liabilities</b>	<b>570,959</b>	<b>496,872</b>
<b>RESERVES &amp; BALANCES</b>		
Fund Balance	151,801	150,270
Excess (Deficiency) of Revenues Over Expenditures	57,053	1,531
Ending Fund Balance	208,854	151,801
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 779,813</b>	<b>\$ 648,673</b>

**Lane Transit District**  
**Capital Projects Fund**  
**Comparative Balance Sheets**  
**November 30, 2011 and June 30, 2011**  
**Unaudited**

	Current Balance	Balance 06/30/11
<b>ASSETS</b>		
Cash & Investments	\$ 641,646	\$ 93,499
Accounts Receivable	26,720	436
Grants Receivable	57,258	1,601,427
Prepaid Expenses	-	564
<b>Total Assets</b>	<b><u>\$ 725,624</u></b>	<b><u>\$ 1,695,926</u></b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 53,115	\$ 585,559
Retainage Payable	133,397	83,550
Unearned Revenue	1,676,997	74,094
<b>Total Liabilities</b>	<b><u>1,863,509</u></b>	<b><u>743,203</u></b>
<b>RESERVES &amp; BALANCES</b>		
Fund Balance	952,723	81,594
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,090,608)</u>	<u>871,129</u>
Ending Fund Balance	<u>(1,137,885)</u>	<u>952,723</u>
<b>Total Liabilities &amp; Fund Balances</b>	<b><u>\$ 725,624</u></b>	<b><u>\$ 1,695,926</u></b>

**Lane Transit District  
General Fund  
Schedule of Resources and Requirements  
For the Period 11/1/2011 - 11/30/2011  
Unaudited**

	Annual Budget	Current Month			Year to Date		
		Budget	Actual	Variance	Budget	Actual	Variance
<b>Resources</b>							
Beginning Working Capital	10,304,200	-	-	-	10,304,200	14,645,700	4,341,500
Passenger Fares	4,732,100	395,340	337,663	(57,677)	1,940,100	1,662,460	(277,640)
Group Pass	2,377,200	242,000	252,418	10,418	996,000	1,053,066	57,066
Advertising	275,500	22,960	23,000	40	114,800	115,000	200
Special Service	448,300	99,500	1,225	(98,275)	367,200	317,385	(49,815)
Miscellaneous	145,400	6,640	25,101	18,461	57,200	82,863	25,663
Payroll Tax (cash basis)	22,573,900	4,200,000	4,869,039	669,039	10,910,000	10,980,773	70,773
Self-employment Tax (cash basis)	1,522,200	20,000	-	(20,000)	228,000	172,354	(55,646)
State-in-Lieu (accrual basis)	1,668,000	-	-	-	360,000	418,341	58,341
Operating Grants	4,780,500	397,130	17,041	(380,089)	1,985,650	1,375,058	(610,592)
Interest Income	60,000	5,000	5,811	811	25,000	26,107	1,107
Proceeds From Sale of Assets	10,000	-	30,025	30,025	10,000	30,025	20,025
<b>Total General Fund Resources</b>	<b>48,897,300</b>	<b>5,388,570</b>	<b>5,561,323</b>	<b>172,753</b>	<b>27,298,150</b>	<b>30,879,132</b>	<b>3,580,982</b>
<b>Requirements</b>							
General Administration	636,200	53,060	38,515	14,545	265,300	290,068	(24,768)
Government Relations	128,900	5,530	4,915	615	85,150	79,502	5,648
Finance	1,112,400	94,960	82,783	12,177	474,400	464,723	9,677
Information Technologies	1,203,800	100,350	63,529	36,821	501,750	542,874	(41,124)
Human Resources	965,700	80,500	67,567	12,933	402,500	400,753	1,747
Service Planning	451,300	37,410	33,399	4,011	189,550	170,503	19,047
Marketing	638,300	51,290	59,546	(8,256)	309,700	300,868	8,832
Graphics	153,100	12,770	12,896	(126)	63,850	55,230	8,620
Accessible Services	113,800	8,800	7,672	1,128	46,525	41,201	5,324
Planning & Development	344,500	28,730	27,428	1,302	143,650	104,134	39,516
<i>point2point Solutions</i>	953,600	79,510	47,635	31,875	397,550	278,295	119,255
Facilities Services	1,748,700	145,810	118,805	27,005	729,050	672,766	56,284
Transit Operations	17,238,900	1,439,940	1,460,919	(20,979)	7,186,250	6,944,024	242,226
Customer Service Center	482,500	80,900	38,899	42,001	404,500	194,424	210,076
Maintenance	8,746,400	688,250	673,611	14,639	3,441,250	3,258,153	183,097
Insurance / Liability Costs	1,312,700	109,420	73,945	35,475	547,100	476,805	70,295
<b>Total Operating Requirements</b>	<b>36,230,800</b>	<b>3,017,230</b>	<b>2,812,064</b>	<b>205,166</b>	<b>15,188,075</b>	<b>14,274,323</b>	<b>913,752</b>
Accessible Services Transfer	1,915,100	159,590	248,829	(89,239)	797,950	1,076,195	(278,245)
Capital Projects Transfer	3,062,900	-	-	-	-	-	-
Reserve-Operating Contingency	1,000,000	-	-	-	-	-	-
Reserve-Self-insurance and Risk	1,000,000	-	-	-	-	-	-
Reserve-Working Capital	5,688,500	-	-	-	-	-	-
<b>Total Non-Operating Requirements</b>	<b>12,666,500</b>	<b>159,590</b>	<b>248,829</b>	<b>(89,239)</b>	<b>797,950</b>	<b>1,076,195</b>	<b>(278,245)</b>
<b>Total General Fund Requirements</b>	<b>48,897,300</b>	<b>3,176,820</b>	<b>3,060,893</b>	<b>115,927</b>	<b>15,986,025</b>	<b>15,350,518</b>	<b>635,507</b>
<b>Resources Less Requirements</b>	<b>-</b>				<b>11,312,125</b>	<b>15,528,614</b>	

**Lane Transit District**  
**Accessible Services Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Period 11/1/2011 - 11/30/2011**  
**Unaudited**

				Percent of Year	41.6%
	Adopted Budget	YTD Actual	Current Month Actual	Variance	YTD % of Budget
<b>Revenues &amp; Other Sources</b>					
State Special Transp Funds - In District	424,300	183,112	31,170	(241,188)	43.2%
State Special Transp Funds - Out of District	105,300	14,835	-	(90,465)	14.1%
State Special Transp Funds - Administration	-	-	-	-	NA
Special Transportation Operating	-	27,920	-	27,920	NA
Federal Grants - 5310	1,145,300	289,197	-	(856,103)	25.3%
Federal Grants - 5311	142,100	36,144	-	(105,956)	25.4%
Federal Grants - 5316 JARC	15,000	21,660	-	6,660	144.4%
Federal Grants - 5317 New Freedom	180,000	15,588	-	(164,412)	8.7%
Other Federal Grants	704,100	20,533	-	(683,567)	2.9%
Business Energy Tax Credit Revenue	900,000	-	-	(900,000)	0.0%
Farebox	294,700	127,470	26,468	(167,230)	43.3%
Local Grants	92,800	46,350	23,175	(46,450)	49.9%
Miscellaneous	-	200	-	200	NA
Transfer from General Fund	1,915,100	1,076,195	248,829	(838,905)	56.2%
<b>Total Revenues</b>	<b>5,918,700</b>	<b>1,859,204</b>	<b>329,642</b>	<b>(4,059,496)</b>	<b>31.4%</b>
<b>Expenditures &amp; Other Uses</b>					
<b>Eugene-Springfield Based Services</b>					
ADA RideSource	4,909,300	1,543,042	286,465	3,366,258	31.4%
Mental Health & Homeless	79,000	22,902	-	56,098	29.0%
Travel Training & Host	124,300	40,547	-	83,753	32.6%
Job Access/Reverse Commute (JARC)	-	-	-	-	NA
<b>Total Eugene-Springfield Based Services</b>	<b>5,112,600</b>	<b>1,606,491</b>	<b>286,465</b>	<b>3,506,109</b>	<b>31.4%</b>
<b>Rural Lane County Services</b>					
South Lane	85,300	28,378	-	56,922	33.3%
Florence	161,700	68,773	11,903	92,927	42.5%
Oakridge	193,700	55,062	16	138,638	28.4%
<b>Total Rural Lane County Services</b>	<b>440,700</b>	<b>152,213</b>	<b>11,919</b>	<b>288,487</b>	<b>34.5%</b>
Mobility Management	205,000	67,073	-	137,927	32.7%
Lane County Coordination	153,000	60,034	8,092	92,966	39.2%
Transfer to Capital Fund	31,000	-	-	31,000	0.0%
Contingency	244,500	-	-	244,500	0.0%
<b>Total Accessible Services Expenditures</b>	<b>6,186,800</b>	<b>1,885,811</b>	<b>306,476</b>	<b>4,300,989</b>	<b>30.5%</b>
<b>Unreserved Fund Balance</b>					
Change to Fund Balance	(268,100)	(26,607)			
Beginning Balance	268,100	304,313			
Ending Balance	\$ -	\$ 277,706			

**Lane Transit District**  
**Medicaid Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Period 11/1/2011 - 11/30/2011**  
**Unaudited**

	Adopted Budget	YTD Actual	Current Month Actual	Percent of Year Variance	41.6% YTD % of Budget
<b>Revenues &amp; Other Sources</b>					
Medicaid	4,505,200	1,871,704	339,985	(2,633,496)	41.5%
Medicaid Non-Medical	320,300	167,790	-	(152,510)	52.4%
State Discretionary Funds	79,500	34,680	-	(44,820)	43.6%
Total Revenues	<u>4,905,000</u>	<u>2,074,175</u>	<u>339,985</u>	<u>(2,830,825)</u>	42.3%
<b>Expenditures &amp; Other Uses</b>					
Medicaid Medical Service	3,600,000	1,557,531	355,459	2,042,469	43.3%
Medicaid Non-Medical Service	368,000	206,684	30,247	161,316	56.2%
RideSource Call Center Administration	600,000	173,895	-	426,105	29.0%
Mobility Management	92,000	21,541	-	-	
Lane Transit District Administration	245,000	57,470	322	187,530	23.5%
Contingency	150,300	-	-	150,300	0.0%
Total Medicaid Fund Expenditures	<u>5,055,300</u>	<u>2,017,122</u>	<u>386,028</u>	<u>2,967,719</u>	39.9%
<b>Unreserved Fund Balance</b>					
Change to Fund Balance	(150,300)	57,053			
Beginning Balance	<u>150,300</u>	<u>151,801</u>			
Ending Balance	<u>-</u>	<u>208,854</u>			





**Lane Transit District**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Period 11/1/2011 - 11/30/2011**  
**Unaudited**

	Adopted Budget	YTD Actual	Current Month Actual	Percent of Year Variance	41.6% YTD % of Budget
<b>Revenues &amp; Other Sources</b>					
Federal Grant Income					
Formula Funds (Section 5307)	4,921,000	1,228,601	15,022	(3,692,399)	25.0%
American Recovery & Reinvestment Act (ARRA)	64,700	1,277,097	3,629	1,212,397	1973.9%
Discretionary Funds	20,595,300	4,579,535	8,264	(16,015,765)	22.2%
Other Funds	2,040,700	-	-	(2,040,700)	0.0%
Total Federal Grants	<u>27,621,700</u>	<u>7,085,233</u>	<u>26,915</u>	<u>(20,536,467)</u>	25.7%
Connect Oregon	-	6,240	-	6,240	N/A
Other State Grant Income	2,696,700	-	-	(2,696,700)	0.0%
Other Local Funds	-	26,720	-	26,720	N/A
Miscellaneous Income	-	100	100	100	N/A
Transfer from General Fund	3,031,900	-	-	(3,031,900)	0.0%
Transfer from Accessible Services Fund	31,000	-	-	(31,000)	0.0%
Total Resources	<u>33,381,300</u>	<u>7,118,293</u>	<u>27,015</u>	<u>(26,263,007)</u>	21.3%
<b>Expenditures</b>					
Grant Paid Capital					
EmX					
Gateway EmX Extension	2,100,000	1,114,862	505	985,138	53.1%
West Eugene EmX Extension	5,000,000	711,143	47,611	4,288,857	14.2%
Total EmX	<u>7,100,000</u>	<u>1,826,005</u>	<u>48,116</u>	<u>5,273,995</u>	25.7%
Revenue Rolling Stock	13,908,800	5,656,996	5,274	8,251,804	40.7%
PBI/Facilities	8,504,000	1,411,467	21,510	7,092,533	16.6%
Software & Hardware	1,251,500	89,593	13,816	1,161,907	7.2%
Intelligent Transportation Systems	625,000	562	285	624,438	0.1%
Transit Security Projects	927,700	44,328	434	883,372	4.8%
Bus Related Equipment	200,000	-	-	200,000	0.0%
Miscellaneous Equipment	222,500	5,494	-	217,006	2.5%
Communications	297,300	10	-	297,290	0.0%
Shop Equipment	87,500	2,182	-	85,318	2.5%
Support Vehicles	75,000	-	-	75,000	0.0%
Accessible Services Vehicles	182,000	172,264	66	9,736	94.7%
Budgeted for Capital Contingency/Reserves	945,700	-	-	945,700	0.0%
Total Expenditures	<u>34,327,000</u>	<u>9,208,900</u>	<u>89,502</u>	<u>25,118,100</u>	26.8%
<b>Unreserved Fund Balance</b>					
Change to Fund Balance	(945,700)	(2,090,608)			
Beginning Fund Balance	945,700	952,722			
Ending Fund Balance	<u>-</u>	<u>(1,137,886)</u>			

# DECEMBER 2011 – BOARD ACTIVITIES

Full-Board activities are shaded gray. Board committee meetings are shaded green. Board members invited to activities shaded gold.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 Kilcoyne Gone	2 Kilcoyne Gone <i>5:00 p.m. Pac-12 Championship Game Autzen Stadium</i>	3 Kilcoyne Gone
4 Kilcoyne Gone	5	6 <div style="background-color: #ccc; padding: 5px; text-align: center;">5:30 p.m. EmX Steering Committee LTD Board Room (GE, GG, DT)</div>	7	8 <div style="background-color: #ccc; padding: 5px; text-align: center;">11:30 a.m. MPC Meeting Eugene (GE, ME)</div> <div style="background-color: #ccc; padding: 5px; text-align: center;">6:00 p.m. LCOG Board City of Veneta (MD)</div>	9 <i>Special Board Meeting Packet Delivery</i>	10
11	12 <div style="background-color: #ccc; padding: 5px; text-align: center;">5:30 p.m. Special Board Meeting/Work Session</div>	13 <div style="background-color: #ccc; padding: 5px; text-align: center;">4:00 p.m. Board HR Committee (MD, DK, GG) (Canceled)</div>	14 <div style="background-color: #ccc; padding: 5px; text-align: center;">5:30 p.m. LaneACT ODOT-Springfield (MD)</div>	15 <div style="background-color: #ccc; padding: 5px; text-align: center;">11:00 a.m.-3:00 p.m. Employees' Holiday Potluck LTD, Glenwood</div> <div style="background-color: #ccc; padding: 5px; text-align: center;">5:30 p.m. MPO Citizen Advisory Committee Eugene Library (GG)</div>	16	17
18 <div style="background-color: #ccc; padding: 5px; text-align: center;">Joy Ride Tour of Lights Departures at 5:30 and 7:00 p.m. Departing from LTD, Glenwood</div>	19	20	21 Kilcoyne Gone <div style="background-color: #ccc; padding: 5px; text-align: center;">5:30 p.m. Regular Board Meeting (Canceled)</div>	22 Kilcoyne Gone	23 Kilcoyne Gone	24
25 <div style="border: 2px solid black; padding: 5px; text-align: center;"><b>CHRISTMAS DAY HOLIDAY (No Bus Service)</b></div>	26 <div style="border: 2px solid black; padding: 5px; text-align: center;"><b>CHRISTMAS DAY HOLIDAY OBSERVED ADMINISTRATIVE OFFICES CLOSED</b></div>	27 Kilcoyne Gone <div style="background-color: #ccc; padding: 5px; text-align: center;">4:00 p.m. Board HR Committee (MD, DK, GG) (Tentative)</div>	28 Kilcoyne Gone	29 Kilcoyne Gone	30 Kilcoyne Gone	31

# JANUARY 2012 – BOARD ACTIVITIES

Full-Board activities are shaded gray. Board committee meetings are shaded green. Board members invited to activities shaded gold.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 <b>NEW YEAR'S DAY HOLIDAY</b> (No Bus Service)	2 <b>NEW YEAR'S DAY HOLIDAY OBSERVED</b> <b>ADMINISTRATIVE OFFICES CLOSED</b> (Regular Bus Service)  Rose Bowl  Oregon Ducks v. Wisconsin Badgers 2:10 p.m.	3 Kilcoyne Gone	4 Kilcoyne Gone	5 Kilcoyne Gone  <i>Work Session</i> <i>Packet Deliveries</i> 5:30 p.m. Eugene 2011 State of the City Address Hult Center	6 Kilcoyne Gone	7
8	9 Kilcoyne Gone  5:30 p.m. <b>Board Work Session</b> (Tentative)	10 Kilcoyne Gone  4:00 p.m. <b>Board HR Committee</b> (MD, DK, GG) (Tentative)  6:00 p.m. State of the County Address Lane Events Center	11 Kilcoyne Gone 5:30 p.m. Springfield 2011 State of the City Address Wildish Theater Time TBD Pension Trust Meeting (DK)  5:30 p.m. LaneACT ODOT-Springfield (MD)	12 Kilcoyne Gone  <i>Regular Meeting</i> <i>Packet Deliveries</i> 11:30 a.m. MPC Meeting/Springfield City Hall (GE, ME)	13 Kilcoyne Gone	14
15	16 <b>MARTIN LUTHER KING, JR. HOLIDAY</b> <b>ADMINISTRATION OFFICES CLOSED</b> (Regular Bus Service)	17	18  5:30 p.m. <b>Regular Board Meeting</b>	19 5:30 p.m. MPO Citizen Advisory Committee Mtg. Eugene Library (GG)	20 <b>Springfield Chamber Annual Dinner</b> LCC-Building 19 6:00 p.m. Social 7:00 p.m. Program	21
22 LTD EMPLOYEE CELEBRATION Emerald Valley Event Center/Creswell 5:00 p.m. Social 6:00 p.m. Dinner 7:00 p.m. Program	23	24 4:00 p.m. <b>Board HR Committee</b> (MD, DK, GG) (Tentative)	25 Eugene Chamber Celebration of Business Hilton 5:30 p.m. Social 6:45 p.m. Dinner	26 LCOG Annual Appreciation Dinner LCC-Building 19 6:00 p.m. Social 7:00 p.m. Dinner	27	28
29	30	31				

## FEBRUARY 2012 – BOARD ACTIVITIES

Full-Board activities are shaded gray. Board committee meetings are shaded green. Board members invited to activities shaded gold.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8 <div style="background-color: #ccc; padding: 5px; text-align: center;">5:30 p.m. LaneACT ODOT- Springfield (MD)</div>	9 <div style="background-color: #ccc; padding: 5px; text-align: center;">Regular and Work Session Meeting Packet Deliveries 11:30 a.m. MPC Meeting Location TBD (GE, ME)</div>	10	11
12	13 <div style="background-color: #ccc; padding: 5px; text-align: center;">5:30 p.m. Board Work Session (Tentative)</div>	14 <div style="background-color: #ccc; padding: 5px; text-align: center;">4:00 p.m. Board HR Committee (MD, DK, GG) (Tentative)</div>	15 <div style="background-color: #ccc; padding: 5px; text-align: center;">5:30 p.m. Regular Board Meeting</div>	16 <div style="background-color: #ccc; padding: 5px; text-align: center;">8:00 a.m. "Let's Talk Transit II" Forum-Location TBD 5:30 p.m. MPO Citizen Advisory Committee Eugene Library (GG)</div>	17	18
19	20 <div style="border: 2px solid black; padding: 5px; text-align: center;"><b>PRESIDENTS' DAY HOLIDAY</b> ADMINISTRATION OFFICES CLOSED (Regular Service)</div>	21	22	23 <div style="background-color: #ccc; padding: 5px; text-align: center;">6:00 p.m. LCOG Board Location TBD (MD)</div>	24	25
26	27	28 <div style="background-color: #ccc; padding: 5px; text-align: center;">4:00 p.m. Board HR Committee (MD, DK, GG) (Tentative)</div>	29	<div style="border: 2px solid black; padding: 10px; background-color: #ccc;"><b>Please let Jeanne Schapper know your availability for a Strategic Planning Session in February.</b></div>		

# AUDIENCE PARTICIPATION SIGN-UP SHEET—LTD BOARD MEETING

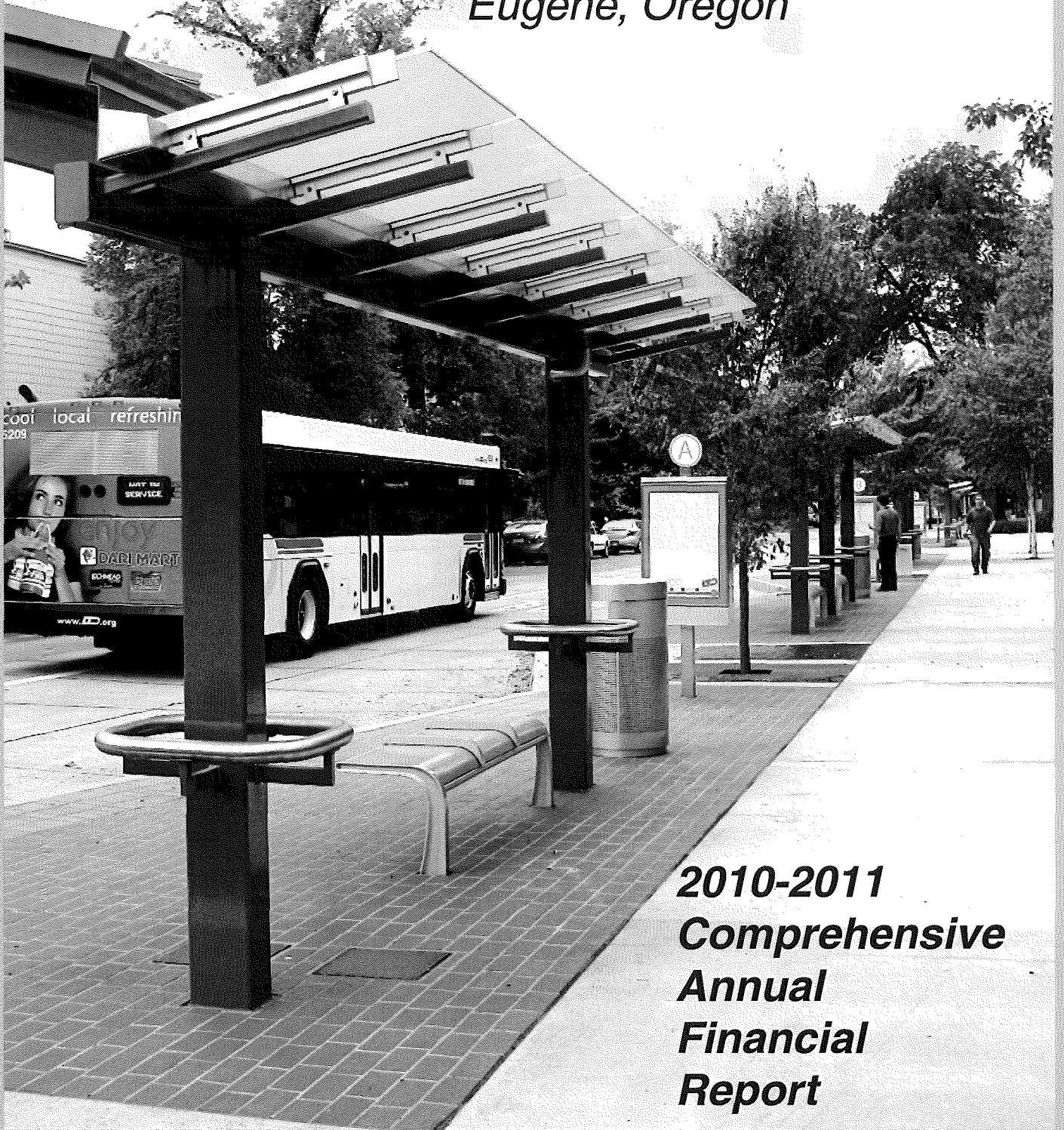
Date December 12, 2011

**PUBLIC RECORD**

NAME	ADDRESS (Street Address, City, Zip Code)	GROUP / REPRESENTING	TOPIC
<i>Bob Mackin</i>	<i>1994 Brewer, OR 97740</i>	<i>DMOT</i>	

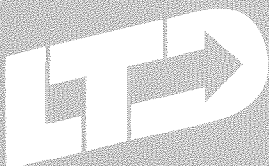
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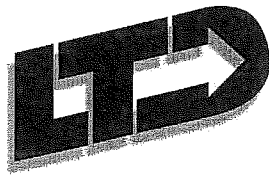
# ***Lane Transit District*** ***Eugene, Oregon***



## ***2010-2011 Comprehensive Annual Financial Report***

*Fiscal year ended June 30, 2011*





***2010-2011  
Comprehensive  
Annual  
Financial  
Report***

Lane Transit District  
Eugene, Oregon

For the Fiscal Year Ended  
June 30, 2011

Prepared by the Finance Department  
Diane W. Hellekson, Director of Finance & Information Technology  
Carol A. James, Chief Accountant/Internal Auditor  
Cover Design: Hannah Bradford

**Lane Transit District  
Comprehensive Annual Financial Report  
June 30, 2011 and 2010**

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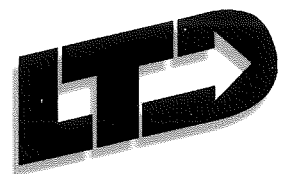
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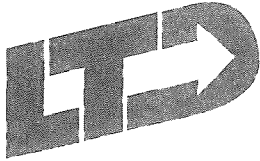
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# *Introductory Section*





Lane Transit District

December 12, 2011

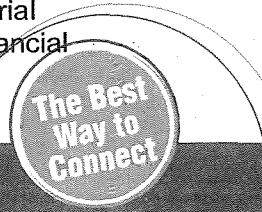
Board of Directors  
Lane Transit District  
P.O. Box 7070  
Eugene, Oregon 97401

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, 2011.

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.

This report consists of management's representations concerning the finances of the District. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management has established an internal control structure designed to safeguard District assets against loss, theft, or misappropriation, and to ensure the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure has been designed to provide reasonable but not absolute assurance that these objectives are being met. The concept of reasonable assurance recognizes that (1) the cost of the control structure should not exceed the benefits likely to be derived, and (2) the evaluation of cost and benefits requires estimates and judgments by management. We believe that the District's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. To the best of our knowledge and belief, the enclosed data are presented accurately, in all material respects, along with disclosures necessary to provide the reader with a reasonable understanding of the District's financial affairs.

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, 2011, 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, 2011, 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.



Management's Discussion and Analysis (MD&A) is located in the Financial Section immediately following the independent auditor's report and precedes the basic financial statements. The MD&A 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.

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, 2011, 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.

### **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 119 buses (98 in revenue service as of October 2011) that travel 3.6 million miles annually. Passenger boardings were in excess of 11.2 million for FY 2010-11.

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 hundredths 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; and to sixty-seven hundredths on January 1, 2011. 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 2010-11, LTD provided more than 276,600 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* (formerly Commuter Solutions), a transportation management service that promotes the use of alternative modes to area residents, groups, and businesses. The group pass program currently serves 77 organizations with a total participation in LTD's group pass program of about 47,500 employees and students.

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 2000 U.S. census population of 272,272. In June 2011, total nonfarm employment in Lane County was 143,400, or 8.7 percent of total state nonfarm employment. At the same time last year, Lane County's nonfarm employment was 143,500, representing a loss of 100 jobs in the last year.

**Eugene/Springfield MSA (Lane County) Economic Data**

	June 2007	June 2008	June 2009	June 2010	June 2011
Civilian labor force	181,661	185,394	185,925	184,266	184,922
Unemployment	9,040	10,712	23,344	20,107	17,734
Unemployment rate	5.0%	5.8%	12.6%	10.9%	9.6%
Total employment	172,621	174,682	162,581	164,159	167,188
Total nonfarm employment	159,300	158,300	143,800	143,500	143,400
Percent annual change	1.9%	-0.6%	-9.2%	-9.3%	-0.3%

*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 9.6 percent where it has been stalled for several months, a rate matched by the seasonally adjusted rate for the state of Oregon and 0.5 percent higher than the national rate. The June 2011 unemployment rate was 1.3 percent lower than for June 2010.

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. For the fiscal year ending June 30, 2010, total revenues decreased \$700,000, or -3.4 percent, compared to June 30, 2009. For the fiscal year ending June 30, 2011, employer payroll tax revenues increased almost \$800,000, or 3.6 percent, from FY 2009-10, supporting the belief that the local economy has stabilized and begun recovery.

**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 negative in the short term and then flat 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 a new science building currently under construction on the University of Oregon campus; the other half of a replacement Interstate 5 bridge over the Willamette River; other 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 exact number of jobs that will be lost is not yet known, but speculation ranges from 200 to 300. 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 2010-2011 academic year, and main campus enrollment has increased 7.6 percent for Fall 2011 over that record.

In 2009, a significant service reduction was avoided by the application of federal stimulus funds in support of fixed-route operations. Federal stimulus funds are a one-time infusion, so the need for the service reduction that was averted in 2009 was not eliminated. With the continued poor local economy, a service reduction of 11.2 percent was completed in September 2010. The elimination of several administrative positions, a one-year collective bargaining agreement covering July 1, 2010, to June 30, 2011, that froze the wage scale for represented employees, a two-year wage freeze (now extended to three years) for administrative employees coupled with furlough day requirements allowed LTD to stabilize service for FY 2011-12.

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 2011-12 budget process, included the following:

- Tax (payroll, self-employment, and state in lieu) revenues were assumed to be flat for the FY 2010-11 and then resume growth annually.
- 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.
- Wage and salary growth will be held to zero in FY 2011-12. To help accomplish this goal, administrative wages will be frozen for a third consecutive fiscal year.
- Total personnel services expenditure growth will be no more than 5.5 percent per year thereafter.

One assumption for FY 2011-12 that was included in both the adopted budget and the long-range financial plan was rendered invalid by the State legislature in June 2011. Lane Transit District had been receiving Business Energy Tax Credit (BETC) funds that subsidized the Student Transit Pass Program at a level in excess of \$1 million per fiscal year. Through the 2011 legislative session, BETC funds recipients were led to believe that the program would sunset in Spring 2012, which would have made \$1 million in fare subsidies for the pass program available in 2011-12. The legislature abruptly curtailed the BETC program at the end of the 2011 session. Sales of youth passes to riders who previously had Student Transit Pass Program passes are expected to offset about 60 percent of the revenue loss. In addition, some private schools have opted to purchase passes for their students, and the Springfield School District also did so for high school students. The Eugene School District purchases passes for students who qualify for reduced or free lunches, so additional replacement funds are possible for the BETC revenue.

## **Major Initiatives**

Major initiatives in FY 2010-11 included the following:

- The completion of the new Gateway EmX Extension, which began service on January 9, 2011.
- Continued extensive community outreach and research in the effort to identify a third EmX corridor in the West Eugene area.

## **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. Nineteen new 40-foot hybrid-electric buses were added to the fleet in the fall of 2011 and another five are expected in early 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 begin 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 would 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, 2010. 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.

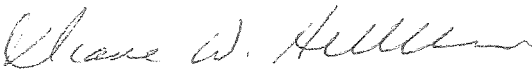
#### **Acknowledgments**

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

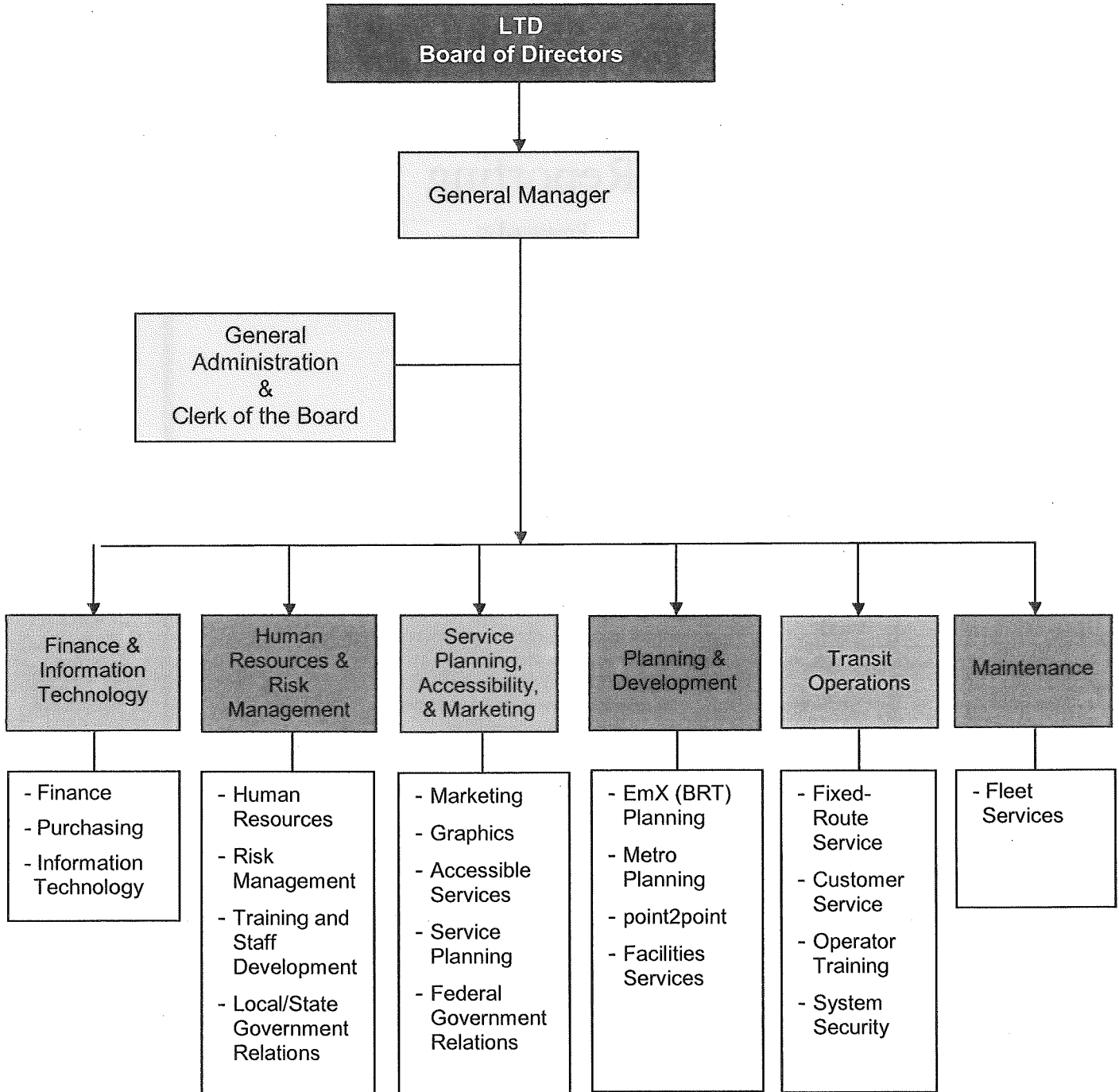
(Four-year Terms)

	<u>Sub-District</u>	<u>Term Expiration</u>
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, 2010

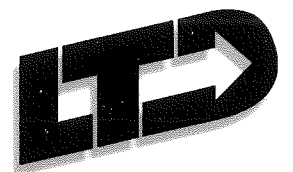
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

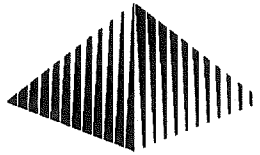


President

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  
Eugene, 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, 2011 and 2010, 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, 2011 and 2010, 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 November 30, 2011 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 21 and the schedule of pension and OPEB funding progress on page 49 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, 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 additional 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 supplementary 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: \_\_\_\_\_  
Charles A. Swank, A Shareholder  
November 30, 2011

## 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, 2011 and 2010. It is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, and identify 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 28-48 of this report.

### Financial Highlights

- Total operating and non-operating revenues decreased 2.2 percent, to \$46.3 million during FY 2010-11, due primarily to a decrease of \$2.6 million in operating assistance from federal grants, including \$3.2 million from the American Recovery and Reinvestment Act (ARRA). Total operating and non-operating revenues increased 17.9 percent, to \$47.3 million during FY 2009-10, due primarily to a \$6 million increase in operating assistance from federal grants.
- FY 2010-11 transportation revenue increased \$.3 million, or 2.7 percent, over FY 2009-10, due to increases in cash fare and student transit pass revenues. Fiscal year 2010-11 total service hours were reduced by 11.2 percent. Fixed-route ridership for FY 2010-11 decreased 0.8 percent. Fiscal year 2009-10 transportation revenue increased \$.3 million, or 4 percent, over



FY 2008-09, due to a 6.7 percent increase in cash fare and an increase in student transit pass revenues. Fixed-route ridership for FY 2009-10 decreased 3.1 percent.

- Employer payroll tax revenues increased \$.8 million, or 3.6 percent, from FY 2009-10. Employer payroll tax revenues decreased \$.7 million, or -3.4 percent, from FY 2008-09.
- 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, and to .0067 on January 1, 2011. 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 decreased 1.4 percent, to \$53.6 million, during FY 2010-11. Service hour reductions contributed to a decrease of 22 full-time equivalent employee positions. The resulting personnel services decreased by \$.6 million, or 2.5 percent. Mileage reductions and other cost saving measures reduced materials and services by \$.3 million, or 3.7 percent. Increases in Accessible Services and Medicaid and Depreciation were offset by decreases in loss attributed to disposal of property and equipment. Total operating and non-operating expenses increased 10.9 percent, to \$54.4 million, during FY 2009-10, due to an increase in capital projects under \$5,000 not capitalized.
- As of June 30, 2011 and 2010, the assets of the District exceeded its liabilities by \$132.5 million and \$124.9 million, respectively. Of these amounts, \$18.8 million and \$14.3 million, respectively, was available to meet the District's ongoing obligations to provide service to the public.
- For the fiscal years ended June 30, 2011 and 2010, the District's total net assets increased by \$7.5 million and \$15.5 million, respectively. For FY 2010-11, employer payroll tax revenues of \$22.2 million and capital grants of \$14.9 million offset a net operating loss of \$37.3 million. For FY 2009-10, employer payroll tax revenues of \$21.4 million and capital grants of \$22.6 million offset a net operating loss of \$35.5 million.
- In FY 2010-11, the District spent \$4.8 million for engineering and construction of the Gateway EmX Extension (formerly called Pioneer Parkway EmX Corridor); \$4.1 million for new revenue vehicles; and \$.9 million for new Accessible Services vehicles, approximately 80 percent of which was reimbursed by the federal government. In FY 2009-10, the District spent \$17.3 million for engineering and construction of the Gateway EmX Extension (formerly called Pioneer Parkway EmX Corridor); and \$3.7 million for new bus rapid transit (BRT) vehicles for the Gateway EmX Extension, approximately 80 percent of which was reimbursed by the federal government.

## Financial Summary

### Net Assets

	District Total			Increase (decrease) 2011 - 2010	Percentage Change 2011 - 2010	Increase (decrease) 2010 - 2009	Percentage Change 2010 - 2009
	2011	2010	2009				
<b>Assets</b>							
Current and other assets	\$ 28,380,179	\$ 25,404,558	\$ 26,312,738	\$ 2,975,621	11.7%	\$ (908,180)	-3.5%
Capital assets, net of depreciation	113,197,851	110,201,071	92,451,905	2,996,780	2.7%	17,749,166	19.2%
Total assets	141,578,030	135,605,629	118,764,643	5,972,401	4.4%	16,840,986	14.2%
<b>Liabilities</b>							
Current liabilities	6,112,034	8,273,281	7,597,959	(2,161,247)	-26.1%	675,322	8.9%
Noncurrent liabilities	2,991,988	2,394,610	1,753,891	597,378	24.9%	640,719	36.5%
Total liabilities	9,104,022	10,667,891	9,351,850	(1,563,869)	-14.7%	1,316,041	14.1%
<b>Net Assets</b>							
Invested in capital assets	113,197,851	110,201,071	92,451,905	2,996,780	2.7%	17,749,166	19.2%
Restricted for Accessible Services and Medicaid programs	456,115	449,066	302,918	7,049	1.6%	146,148	48.2%
Unrestricted	18,820,042	14,287,601	16,657,970	4,532,441	31.7%	(2,370,369)	-14.2%
Total net assets	132,474,008	124,937,738	109,412,793	7,536,270	6.0%	15,524,945	14.2%
Total liabilities and net assets	\$ 141,578,030	\$ 135,605,629	\$ 118,764,643	\$ 5,972,401	4.4%	\$ 16,840,986	14.2%

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, 2011, increased \$6 million from \$135.6 million to \$141.6 million, or 4.4 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 assets at June 30, 2010, increased \$16.8 million from \$118.8 million to \$135.6 million, or 14.2 percent, from the prior year. This increase is due mainly to construction in progress of the Gateway EmX Extension (construction in progress), acquisition of six new BRT vehicles (rolling stock and related equipment), and expansion of fleet facilities (building and improvements).

The District's total liabilities at June 30, 2011, decreased \$1.6 million from \$10.7 million to \$9.1 million, or -14.7 percent, from the prior year. This decrease is due to decreases in vendor accounts payable related to Gateway EmX Extension construction.

The District's total liabilities at June 30, 2010, increased \$1.3 million from \$9.4 million to \$10.7 million, or 14.1 percent, from the prior year. This increase is due to increases in vendor accounts payable related to Gateway EmX Extension construction and EmX vehicle acquisition, and second year recording of net other post employment benefits (OPEB) obligation.

The net assets of the District (assets less liabilities) at June 30, 2011, increased \$7.6 million from \$124.9 million to \$132.5 million, or 6 percent, from the prior year. At June 30, 2011, total net assets of \$18.8 million were unrestricted. This is an increase of \$4.5 million and reflects cash inflow from grant proceeds for capital expenditures made in previous fiscal years.

The net assets of the District (assets less liabilities) at June 30, 2010, increased \$15.5 million from \$109.4 million to \$124.9 million, or 14.2 percent, from the prior year. At June 30, 2010, total net assets of \$14.3 million were unrestricted. This is a decrease of \$2.4 million and reflects cash outflow to match grant funds used for capital acquisition.

### Changes in Net Assets

	District Totals			Increase (decrease) 2011 - 2010	Percentage Change 2011 - 2010	Increase (decrease) 2010 - 2009	Percentage Change 2010 - 2009
	2011	2010	2009				
<b>Revenues</b>							
<b>Operating revenues</b>							
Transportation	\$ 7,875,469	\$ 7,666,111	\$ 7,372,491	\$ 209,358	2.7%	\$ 293,620	4.0%
Other fixed route	275,500	267,500	351,296	8,000	3.0%	(83,796)	-23.9%
Accessible Services and Medicaid	8,172,584	7,859,572	6,120,502	313,012	4.0%	1,739,070	28.4%
<b>Nonoperating revenues</b>							
Employer payroll tax revenues	22,197,770	21,424,079	22,169,137	773,691	3.6%	(745,058)	-3.4%
Self-employment payroll tax revenues	1,440,902	1,381,109	1,444,342	59,793	4.3%	(63,233)	-4.4%
State payroll assessment	1,740,509	1,755,311	1,490,098	(14,802)	-0.8%	265,213	17.8%
Federal grants - bus maintenance	4,008,381	6,567,015	572,074	(2,558,634)	-39.0%	5,994,941	1047.9%
State grants	350	-	-	350	N/A	-	N/A
Local grants	17,500	18,000	15,000	(500)	-2.8%	3,000	20.0%
Interest	60,462	56,200	293,980	4,262	7.6%	(237,780)	-80.9%
Facility rental and other nonoperating revenues	480,239	325,208	311,759	155,031	47.7%	13,449	4.3%
Gain on disposal of property and equipment	-	-	6,208	-	N/A	(6,208)	-100.0%
<b>Total operating and nonoperating revenues</b>	<b>46,269,666</b>	<b>47,320,105</b>	<b>40,146,887</b>	<b>(1,050,439)</b>	<b>-2.2%</b>	<b>7,173,218</b>	<b>17.9%</b>
<b>Expenses</b>							
Personnel services	24,716,418	25,345,720	25,220,640	(629,302)	-2.5%	125,080	0.5%
Materials and services	7,943,371	8,250,933	6,731,086	(307,562)	-3.7%	1,519,847	22.6%
Insurance	1,171,482	1,196,302	1,166,920	(24,820)	-2.1%	29,382	2.5%
Accessible Services and Medicaid	9,561,690	8,571,459	8,465,040	990,231	11.6%	106,419	1.3%
Depreciation	9,557,098	7,313,600	6,781,286	2,243,498	30.7%	532,314	7.8%
OPEB expense	641,742	624,953	635,353	16,789	2.7%	(10,400)	-1.6%
Loss on disposal of property and equipment	28,913	3,060,580	-	(3,031,667)	-99.1%	3,060,580	NA
Interest and related issuance cost of debt	-	-	20,004	-	NA	(20,004)	-100.0%
<b>Total expenses</b>	<b>53,620,714</b>	<b>54,363,547</b>	<b>49,020,329</b>	<b>(742,833)</b>	<b>-1.4%</b>	<b>5,343,218</b>	<b>10.9%</b>
<b>Loss before contributions</b>	<b>(7,351,048)</b>	<b>(7,043,442)</b>	<b>(8,873,442)</b>	<b>(307,606)</b>	<b>3.5%</b>	<b>1,830,000</b>	<b>-20.6%</b>
<b>Capital contributions</b>	<b>14,887,318</b>	<b>22,568,387</b>	<b>13,542,263</b>	<b>(7,681,069)</b>	<b>-56.7%</b>	<b>9,026,124</b>	<b>66.7%</b>
<b>Changes in net assets</b>	<b>7,536,270</b>	<b>15,524,945</b>	<b>4,668,821</b>	<b>(7,988,675)</b>	<b>-51.5%</b>	<b>10,856,124</b>	<b>232.5%</b>
<b>Total net assets -- beginning of period</b>	<b>124,937,738</b>	<b>109,412,793</b>	<b>104,743,972</b>	<b>15,524,945</b>	<b>14.2%</b>	<b>4,668,821</b>	<b>4.5%</b>
<b>Total net assets -- end of period</b>	<b>\$ 132,474,008</b>	<b>\$ 124,937,738</b>	<b>\$ 109,412,793</b>	<b>\$ 7,536,270</b>	<b>6.0%</b>	<b>\$ 15,524,945</b>	<b>14.2%</b>

The District's total operating and non-operating revenue decreased \$1.1 million, or -2.2 percent, during FY 2010-11 over FY 2009-10. By comparison, the District's total revenue increased \$7.2 million, or 17.9 percent, during FY 2009-10 from the previous year.

Fiscal year 2010-11 transportation revenues increased \$.2 million, 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, or -26.5 percent, over the previous year.

Fiscal year 2009-10 transportation revenues increased almost \$.3 million, or 4 percent, over FY 2008-09. Boardings for FY 2009-10 decreased 3.1 percent. Pass and cash fares remained unchanged from the prior year. Group pass rates increased 5.6 percent as of January 1, 2010.

Revenues from cash fares and pass sales, including student transit passes, increased 4.6 percent, from \$4,521,236 in FY 2008-09 to \$4,730,625 in FY 2009-10. Group pass revenues increased \$220,141 or 10.6 percent, and special services revenues decreased \$135,910, or -17.7 percent, over the previous year.

For FY 2010-11, other fixed-route revenues increased \$8,000, or 3 percent, over FY 2009-10. For FY 2009-10, other fixed-route revenues decreased \$83,796, or -23.9 percent, over FY 2008-09. Other fixed-route revenues account for on-bus advertising.

For FY 2010-11, Accessible Services and Medicaid revenues increased \$.3 million, or 4 percent, from the previous year. The third full year of operations for the RideSource Call Center generated \$4.2 million in Medicaid medical reimbursements. This is an increase of \$.4 million, 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.

For FY 2009-10, Accessible Services and Medicaid revenues increased \$1.7 million, or 28.4 percent, from the previous year. The second full year of operations for the RideSource Call Center generated \$3.8 million in Medicaid medical reimbursements. This is an increase of \$.2 million, or 5.5 percent, over FY 2008-09. The District received new State Transportation Operation (STO) funding totaling \$444,336; new Business Energy Tax Credit (BETC) revenue totaling \$126,962; 3,431 percent increase (\$722,311) in federal aid related to the Transportation for Elderly Person and Persons with Disabilities (5310); and a 67 percent increase (\$210,701) in federal aid related to developmentally disabled. Farebox revenues of \$288,486 and Medicaid non-medical program revenues of \$337,833 were substantially unchanged from the previous year.

Employer payroll tax revenues for fiscal year ended June 30, 2011, increased by \$.8 million or 3.6 percent. Locally, total nonfarm employment was stagnant, decreasing by 100 jobs. Unemployment in the metropolitan area dropped from 10.9 percent in June 2010 to 9.6 percent in June 2011.

Employer payroll tax revenues for fiscal year ended June 30, 2010, decreased by \$.7 million or 3.4 percent. Locally, total nonfarm employment fell by 5,700 jobs. Unemployment in the metropolitan area dropped from 12.6 percent in June 2009 to 10.6 percent in June 2010.

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.

Self-employment tax revenues for FY 2009-10 decreased to \$1,381,109, a decrease of 4.4 percent over the previous year. This loss was due to the sharp fall off in construction demand. For FY 2009-10, state payroll assessment increased by 17.8 percent, from \$1,490,098 to \$1,755,311.

For FY 2010-11 federal grant revenues for bus maintenance decreased by \$2.6 million. This amount includes the loss of \$3.2 million in American Recovery and Reinvestment Act (ARRA) funds and the increase of \$.6 million in grant revenues for bus maintenance and capital projects less than \$5,000 not capitalized.

For FY 2009-10 federal grant revenues for bus maintenance increased by \$6 million. This amount includes \$3.2 million in American Recovery and Reinvestment Act (ARRA) funds and \$2.1 million in grant revenues for capital projects less than \$5,000 not capitalized.

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 0.50 percent as of June 30, 2011.

Interest revenue for FY 2009-10 decreased by \$237,780, or 80.9 percent, over the previous period. Local Government Investment Pool (LGIP) interest rates fell from an annualized 0.95 percent as of June 30, 2009, to 0.55 percent as of June 30, 2010.

For FY 2010-11, federal and state grants for capital acquisition decreased \$7.7 million from \$22.6 million to \$14.9 million, a decrease 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 \$4.8 million for engineering and construction related to the Gateway EmX Extension, \$4.1 million for revenue vehicles, and \$.9 million for Accessible Services revenue vehicles.

For FY 2009-10, federal and state grants for capital acquisition increased \$9.1 million from \$13.5 million to \$22.6 million, an increase of 92.9 percent. This increase reflects an increase in grant-funded capital activity in FY 2009-10 over FY 2008-09. Grant-funded activity for FY 2009-10 included \$17.3 million for engineering and construction related to the Gateway EmX Extension, \$3.8 million for EmX revenue vehicles, and \$4.4 million for expansion of fleet service facilities.

For FY 2010-11, expenses decreased \$.7 million, or 1.4 percent, over the previous year.

- Personnel services decreased \$.6 million, or 2.5 percent. Service reductions eliminated 22 full-time equivalent positions. Salaries and wages decreased \$697,126, or 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 \$103,698, or 3.2 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 \$1.5 million in FY 2009-10 to \$.7 million in FY 2010-11. For FY 2009-10 this amount included \$1.9 million in planning and environmental activities related to the West Eugene EmX Extension.
- Depreciation expense increased by \$2.2 million to \$9.6 million, 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 million, or 99.1%, as loss related to disposal of property and equipment for FY2009-10 of \$3.1 million included the one-time write off of \$2.9 million of previously capitalized planning and environmental activities related to the West Eugene EmX Extension.

For FY 2009-10, expenses increased \$5.3 million, or 10.9 percent, over the previous year.

- Personnel services increased \$.1 million, or 0.5 percent. Of this amount, salaries and wages increased \$497,692, or 3.3 percent. Employer-provided health insurance premiums and health

reimbursement accounts (HRAs) or voluntary employee beneficiary association (VEBA) accounts for employees combined increased \$253,579, or 5.4 percent. Pension and retirement contributions decreased \$703,504, or -18 percent. This decrease reflects a one-time pension and retirement contribution in FY 2008-09 of \$.7 million in excess of amounts required by actuarial determination that was not repeated in FY 2009-10.

- Diesel fuel prices decreased from an average of \$2.1652 per gallon for FY 2008-09 purchases to an average of \$2.0424 per gallon for FY 2009-10 purchases. This change resulted in a decrease of \$220,736, or 10.2 percent, in fuel expenditures in FY 2009-10.
- Materials and services expenses for capital projects less than \$5,000 not capitalized increased from \$110,289 in FY 2008-09 to \$1.5 million in FY 2009-10. For FY 2009-10 this amount included \$1.9 million in planning and environmental activities related to the West Eugene EmX Extension.
- Depreciation expense increased by \$.5 million to \$7.3 million, an increase of 7.8 percent for FY 2009-10. This increase represented first-year depreciation on the five new EmX vehicles.
- As required by GASB 45, a second-year expense of \$624,953 was taken for OPEB accrued based on actuarial analysis.
- Loss on disposal of property and equipment for FY 2009-10 of \$3.1 million includes write off of \$2.9 million of previously capitalized planning and environmental activities related to the West Eugene EmX Extension.

### Capital Assets

At June 30, 2011, the District had invested \$113.2 million net of accumulated depreciation in a variety of capital assets.

	District Totals			Increase	Percentage	Increase	Percentage
	2011	2010	2009	(decrease) 2011 - 2010	Change 2011 - 2010	(decrease) 2010 - 2009	Change 2010 - 2009
Land	\$ 8,708,370	\$ 8,708,370	\$ 8,708,370	\$ -	0.0%	\$ -	0.0%
Free-standing public art	366,917	30,977	30,977	335,940	NA	-	NA
Construction in progress	2,087,339	29,235,680	16,520,905	(27,148,341)	-92.9%	12,714,775	77.0%
Busways	41,160,493	18,231,423	19,100,902	22,929,070	125.8%	(869,479)	-4.6%
Rolling stock and related equipment	22,558,955	21,332,709	18,782,369	1,226,246	5.7%	2,550,340	13.6%
Stations, shelters, and bus signs	10,989,756	4,643,456	4,986,925	6,346,300	136.7%	(343,469)	-6.9%
Buildings and improvements	23,480,423	24,999,492	21,533,126	(1,519,069)	-6.1%	3,466,366	16.1%
Accessible Services vehicles	1,862,140	1,567,584	1,066,620	294,556	18.8%	500,964	47.0%
Other equipment and support vehicles	1,983,458	1,451,380	1,721,711	532,078	36.7%	(270,331)	-15.7%
	<u>\$ 113,197,851</u>	<u>\$ 110,201,071</u>	<u>\$ 92,451,905</u>	<u>\$ 2,996,780</u>	2.7%	<u>\$ 17,749,166</u>	19.2%

In January 2011, the District brought the multi-year Gateway EmX Extension project online, adding a total of \$25.3 million for new busways and \$6.3 million for stations, shelters, and bus signs to capital assets. These amounts included \$29.1 million in prior year capital expenditures previously held as construction in progress.

For FY 2010-11, an increase of \$1.2 million in rolling stock and related equipment includes a \$4.3 million increase for the acquisition of five 60-foot articulated, hybrid-electric revenue vehicles.

For FY 2009-10, an increase of \$12.7 million in construction in progress includes a \$17.3 million increase for engineering and construction of the Gateway EmX Extension, reduction of \$2.9 million for previously capitalize design for the West Eugene EmX Extension, and a transfer of \$1.5 million for EmX vehicles to rolling stock and related equipment.

For FY 2009-10, an increase of \$3.4 million in building and improvements includes a \$4.4 million increase for construction related to the expansion of the fleet maintenance facility.

For FY 2009-10, an increase of \$2.6 million in rolling stock and related equipment includes a \$3.8 million increase for five EmX vehicles.

Note 3(d) (pages 38-39) contains additional detail information about capital assets activity.

### ***Economic Factors and Related Budget Impact***

The national recession continued to buffet Lane County in FY 2010-11. Total nonfarm payroll employment was stagnant, declining by less than 100 jobs, from 143,500 in June 2010 to 143,400 in June 2011. This decline came after a decline of 300 jobs in FY 2009-10. The unemployment rate declined from 10.9 percent in June 2010 to 9.6 percent for June 2011.

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 2011-12 budget:

- The local economy came out of recession in calendar year 2009 but job growth will be 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 only 3.5 percent, with 1.5 percent of the increase due to an increase in the tax rate from 0.67 percent to 0.68 percent on January 1, 2012.
- The modest growth in payroll tax revenues will be sufficient so that no new service cuts will be needed in FY 2011-12. 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 \$3.5 million 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 2011-12.
- Contractual agreements with Amalgamated Transit Union, Local No. 757, will be reached, 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 2011-12.

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, 2011, is as follows:

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

### **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 17<sup>th</sup> Avenue  
 P.O. Box 7070  
 Eugene, OR 97401



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*Basic Financial Statements*

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**Lane Transit District  
Balance Sheets  
June 30, 2011 and 2010**

	2011	2010
<b>Assets</b>		
Current assets		
Cash and cash equivalents		
Unrestricted	\$ 12,498,272	\$ 11,094,037
Restricted	89,645	382,111
Investments	1,000,274	1,000,690
Accounts receivable	2,320,962	1,772,256
Taxes receivable	5,240,168	5,162,000
Grants receivable	4,636,471	3,946,078
Due from other governments	474,211	425,236
Inventory of parts and supplies	1,368,341	1,268,107
Prepaid expenses	663,519	278,227
Deposits	88,316	75,816
Total current assets	28,380,179	25,404,558
Noncurrent assets		
Capital assets		
Land	8,708,370	8,708,370
Free-standing public art	366,917	30,977
Construction in progress	2,087,339	29,235,680
Other capital assets (net of depreciation)	102,035,225	72,226,044
Net of accumulated depreciation	113,197,851	110,201,071
Total noncurrent assets	113,197,851	110,201,071
Total assets	\$ 141,578,030	\$ 135,605,629

	<u>2011</u>	<u>2010</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 1,356,128	\$ 2,910,811
Accrued payroll	805,037	801,216
Payroll withholdings and taxes	74,066	71,159
Accrued pension	52,877	150,627
Retainage payable	83,550	860,563
Accrued vacation and sick leave	2,194,954	2,252,885
Unearned revenue	648,123	475,478
Employee HRA liability	441,323	446,853
Other current liabilities	<u>455,976</u>	<u>303,689</u>
Total current liabilities	<u>6,112,034</u>	<u>8,273,281</u>
Noncurrent liabilities		
Accrued vacation and sick leave	1,089,940	1,134,304
Net OPEB obligation	<u>1,902,048</u>	<u>1,260,306</u>
Total noncurrent liabilities	<u>2,991,988</u>	<u>2,394,610</u>
Total liabilities	<u>9,104,022</u>	<u>10,667,891</u>
<b>Net assets</b>		
Invested in capital assets	113,197,851	110,201,071
Restricted for Accessible Services and Medicaid programs	456,115	449,066
Unrestricted	<u>18,820,042</u>	<u>14,287,601</u>
Total net assets	<u>132,474,008</u>	<u>124,937,738</u>
Total liabilities and net assets	<u>\$ 141,578,030</u>	<u>\$ 135,605,629</u>

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, 2011 and 2010**

	2011	2010
Operating revenues		
Transportation	\$ 7,875,469	\$ 7,666,111
Other fixed route	275,500	267,500
Accessible Services and Medicaid	8,172,584	7,859,572
Total operating revenues	16,323,553	15,793,183
Operating expenses		
Personnel services	24,716,418	25,348,385
Materials and services	7,943,371	8,248,268
Insurance	1,171,482	1,196,302
Accessible Services and Medicaid	9,561,690	8,571,459
Depreciation	9,557,098	7,313,600
OPEB expense	641,742	624,953
Total operating expenses	53,591,801	51,302,967
Operating loss	(37,268,248)	(35,509,784)
Nonoperating revenues (expenses)		
Employer payroll tax, net of state administrative fees (2011, \$488,024; 2010, \$406,018)	22,197,770	21,424,079
Self-employment tax, net of state administrative fees (2011, \$58,496; 2010, \$64,384)	1,440,902	1,381,109
State payroll assessment	1,740,509	1,755,311
Federal grants - bus maintenance	4,008,381	6,567,015
State grants	350	-
Local grants	17,500	18,000
Interest earnings	60,462	56,200
Facility rental and other nonoperating revenues	480,239	325,208
(Loss) gain on disposal of capital assets	(28,913)	(3,060,580)
Total nonoperating revenues (expenses)	29,917,200	28,466,342
Loss before capital contributions	(7,351,048)	(7,043,442)
Capital contributions		
Federal and state grants for capital acquisition	14,887,318	22,568,387
Changes in net assets	7,536,270	15,524,945
Total net assets -- beginning of period	124,937,738	109,412,793
Total net assets -- end of period	\$ 132,474,008	\$ 124,937,738

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, 2011 and 2010**

	2011	2010
Cash flows from operating activities		
Cash received from customers	\$ 15,947,492	\$ 15,879,790
Cash received from other sources	480,239	325,208
Cash paid to suppliers for goods and services	(18,969,353)	(16,970,421)
Cash paid to employees for services	(24,915,265)	(25,159,918)
Net cash used for operating activities	(27,456,887)	(25,925,341)
Cash flows from noncapital financing activities		
Employer payroll tax	22,114,770	21,101,079
Self-employment tax	1,445,734	1,368,109
Federal operating grant	2,207,113	5,514,772
State payroll assessment	1,691,534	1,770,281
State operating grant	(19,402)	(14,284)
Local operating grant	17,500	18,000
Net cash provided by noncapital financing activities	27,457,249	29,757,957
Cash flows from capital and related financing activities		
Contribution from federal and state agencies	16,017,943	24,105,717
Proceeds from disposal of capital assets	25,393	8,847
Acquisition and construction of capital assets	(14,992,807)	(27,698,049)
Net cash provided by capital and related financing activities	1,050,529	(3,583,485)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	2,000,416	2,001,063
Purchase of investments	(2,000,000)	(2,000,000)
Interest receipts	60,462	56,200
Net cash provided by investing activities	60,878	57,263
Net change in cash and cash equivalents	1,111,769	306,394
Cash and cash equivalents, beginning of year	11,476,148	11,169,754
Cash and cash equivalents, end of year	\$ 12,587,917	\$ 11,476,148
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (37,268,248)	\$ (35,509,784)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	9,557,098	7,313,600
Amortization	-	2,083
OPEB expense	641,742	624,953
Facility rental and other nonoperating revenues	480,239	325,208
(Increase) decrease in accounts receivable	(548,706)	145,532
(Increase) decrease in inventory of parts and supplies	(100,234)	563,542
(Increase) decrease in prepaid expenses	(385,292)	357,780
(Increase) decrease in deposits	(12,500)	(5,200)
Increase (decrease) in accounts payable	52,929	38,037
Increase (decrease) in accrued payroll and related liabilities	(193,317)	117,027
Increase (decrease) in unearned revenue	172,645	(58,925)
Increase in employee HRA liability	(5,530)	71,439
Increase (decrease) in other current liabilities	152,287	89,367
Net cash used for operating activities	\$ (27,456,887)	\$ (25,925,341)

LTD disposed of capital assets with a net book value of \$54,306 and \$3,069,427 in years ended June 30, 2011 and 2010, 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, 2011 and 2010**

**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).

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 District, under the guidance of Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletin (ARB) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Accordingly, the accounting policies of the District conform to generally accepted accounting principles in the United States of America (GAAP) as applicable to reporting proprietary activity.

Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds unless those pronouncements conflict with or contradict GASB pronouncements. The District has elected not to follow subsequent private-sector guidance.

**(c) Basis of Accounting and Revenue Recognition**

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 and expenses are recognized in the period in which they are incurred, regardless of the timing of related cash flows.

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 nonoperating revenues and expenses.

**(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 0.67 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 nonoperating 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, 2011 and 2010. 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.

During FY 2009-10, the District implemented the following GASB pronouncements:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The adoption of this statement did not have a material impact on the District's financial results.
- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United State Bankruptcy Code. The District has not filed and is not anticipating filing for bankruptcy protection.

**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.
- **Transportation Options Fund:** This fund is used to account for the financial resources received primarily from federal and state grants restricted to use for the region's Transportation Options program charged with the coordination and implementation of many of the region's transportation strategies designed to reduce the use of and reliance upon the automobile. Primary sources of revenue include federal, state, and local grants, and interfund transfers from the General Fund. Primary expenditures are for contractual services, program supplies, and program administration. This fund was closed as of June 30, 2010, and its program functions and any remaining balances were transferred back into the General Fund for FY 2010-11.
- **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 RideSource 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 2010-11.

**(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. Detail Notes

#### (a) Cash and Investments

Cash and investments at June 30 consisted of the following:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Cash and investments:				
Cash on hand	\$ 4,100	\$ 4,100	\$ 4,900	\$ 4,900
Demand deposits with financial institutions	(421,898)	(421,898)	2,863,504	2,863,504
State of Oregon local government investment pool	13,005,715	13,005,715	8,607,744	8,569,870
Certificates of deposit	1,000,274	1,000,274	1,000,690	1,000,690
Total cash and investments	<u>\$ 13,588,191</u>	<u>\$ 13,588,191</u>	<u>\$ 12,476,838</u>	<u>\$ 12,438,964</u>

Cash and investments are reflected in the balance sheet as follows:

Cash and cash equivalents		
Unrestricted	\$ 12,498,272	\$ 11,094,037
Restricted	89,645	382,111
Investments	1,000,274	1,000,690
Total cash and investments	<u>\$ 13,588,191</u>	<u>\$ 12,476,838</u>

#### Deposits

At June 30, 2011 and 2010, the District's book balance in the general operating account was (\$421,898) and \$2,863,504, respectively, and the bank balance was \$770,052 and \$2,927,945, respectively. The difference is due to transactions in process. 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 Statutes. As of June 30, 2010, the District had deposits of \$500,000 insured by federal depository insurance and \$3,428,635 collateralized in accordance with Oregon Revised Statutes.

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. At June 30, 2010, the District held a certificate of deposit from Umpqua Bank totaling \$1 million, bearing interest at 1.26 percent and maturing on December 7, 2010.

#### 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, 2011 and 2010, 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, 2011 and 2010, 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 and 2010, 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, 2011, was unqualified and may be obtained at the Oregon Audits Division, 255 Capitol Street, NE, Salem, Oregon 97310.

**(b) Receivables**

Accounts

Unrestricted accounts receivable at June 30 consisted of the following:

	<u>2011</u>	<u>2010</u>
Passenger fares	\$ 382,324	\$ 197,393
Advertising	23,000	22,500
State of Oregon Business Energy Tax Credit (BETC) from Student Transit Pass Program	1,281,331	1,309,630
Medicaid reimbursement	72,722	91,875
Medicaid non-medical reimbursement	302,286	138,974
Miscellaneous	259,299	11,884
Total accounts receivable	<u>\$ 2,320,962</u>	<u>\$ 1,772,256</u>

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:

	<u>2011</u>	<u>2010</u>
Employer payroll taxes	\$ 5,217,000	\$ 5,134,000
Self-employment taxes	23,168	28,000
Total unrestricted	<u>\$ 5,240,168</u>	<u>\$ 5,162,000</u>



## Grants

Unrestricted grants receivable at June 30 consisted of the following:

	<u>2011</u>	<u>2010</u>
Federal grants	\$ 3,139,673	\$ 2,859,922
State grants	819,806	522,335
Total unrestricted grants	3,959,479	3,382,257
Grants restricted for Accessible Services and Medicaid	676,992	563,821
Total grants receivable	<u>\$ 4,636,471</u>	<u>\$ 3,946,078</u>

### (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, 2011, were as follows:

	<u>Total Restricted Assets</u>	<u>Less Total Current Liabilities Payable from Restricted Assets</u>	<u>Net Restricted Assets (Liabilities)</u>
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	<u>\$ 1,147,583</u>	<u>\$ (691,468)</u>	<u>\$ 456,115</u>

The components of the restricted assets, liabilities payable from restricted assets, and restricted net assets as of June 30, 2010, were as follows:

	<u>Total Restricted Assets</u>	<u>Less Total Current Liabilities Payable from Restricted Assets</u>	<u>Net Restricted Assets (Liabilities)</u>
Restricted for Accessible Services and Medicaid:			
Cash and investments	\$ 382,111	\$ (313,027)	\$ 69,084
Accounts receivable	230,980	(181,146)	49,834
Federal and state grants receivable	563,821	(233,673)	330,148
Total restricted for Accessible Services and Medicaid	<u>\$ 1,176,912</u>	<u>\$ (727,846)</u>	<u>\$ 449,066</u>

(d) Capital Assets

Major classes of property and equipment and accumulated depreciation as of June 30, 2011 and 2010:

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
2010	Balance 7/1/09	FY 09-10 Additions or Expenses	FY 09-10 Disposals	Transfers	Balance 6/30/10
Capital assets, not being depreciated:					
Land	\$ 8,708,370	\$ -	\$ -	\$ -	\$ 8,708,370
Public art	30,977	-	-	-	30,977
Construction in progress	16,520,905	18,004,595	(3,069,427)	(2,220,393)	29,235,680
Total capital assets, not being depreciated	25,260,252	18,004,595	(3,069,427)	(2,220,393)	37,975,027
Capital assets, being depreciated:					
Busways	21,215,537	199,020	-	2,751	21,417,308
Rolling stock and related equipment	40,036,679	4,086,331	(57,600)	1,502,661	45,568,071
Stations, shelters, and bus signs	10,008,680	124,714	(8,826)	-	10,124,568
Buildings and improvements	34,932,609	4,470,026	-	285,710	39,688,345
Accessible Services vehicles	3,846,964	1,017,973	-	1,147	4,866,084
Other equipment and support vehicles	8,049,546	229,534	(198,575)	428,124	8,508,629
Total capital assets, being depreciated	118,090,015	10,127,598	(265,001)	2,220,393	130,173,005
Less accumulated depreciation for:					
Busways	2,114,635	1,071,250	-	-	3,185,885
Rolling stock and related equipment	21,254,310	3,038,652	(57,600)	-	24,235,362
Stations, shelters, and bus signs	5,021,755	468,183	(8,826)	-	5,481,112
Buildings and improvements	13,399,483	1,289,370	-	-	14,688,853
Accessible Services vehicles	2,780,344	518,156	-	-	3,298,500
Other equipment and support vehicles	6,327,835	927,989	(198,575)	-	7,057,249
Total accumulated depreciation	50,898,362	7,313,600	(265,001)	-	57,946,961
Total capital assets, being depreciated, net	67,191,653	2,813,998	-	2,220,393	72,226,044
Total capital assets, net	\$ 92,451,905	\$ 20,818,593	\$ (3,069,427)	\$ -	\$ 110,201,071

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:

	<u>2011</u>	<u>2010</u>
Accrued vacation and sick leave payable at beginning of period	\$ 3,387,189	\$ 3,287,340
Total vacation accrued for period	1,631,714	1,779,290
Total sick leave accrued for period	488,060	684,159
Total vacation taken for period	(1,676,940)	(1,706,503)
Total sick leave taken for period	(487,079)	(577,043)
Total sick leave lost for period	<u>(58,050)</u>	<u>(80,054)</u>
Accrued vacation and sick leave payable at end of period	<u>\$ 3,284,894</u>	<u>\$ 3,387,189</u>
Vacation time - union-represented employees	\$ 1,175,507	\$ 1,178,582
Combined annual leave - non-union employees	825,274	867,425
Sick leave - union-represented employees	717,162	692,602
Extended illness bank - non-union employees	<u>566,951</u>	<u>648,580</u>
Total accrued vacation and sick leave	<u>\$ 3,284,894</u>	<u>\$ 3,387,189</u>
Current portion vacation and sick leave	\$ 2,194,954	\$ 2,252,885
Non-current vacation and sick leave	<u>1,089,940</u>	<u>1,134,304</u>
Total	<u>\$ 3,284,894</u>	<u>\$ 3,387,189</u>

**4. 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). The other, 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 upon an annual contribution, made on a biweekly basis (with each payroll), and funds the LTD ATU Pension Trust based on an annual contribution per active plan member, made on a biweekly basis, and funds both plans in accordance with actuarial methods and assumptions proposed by the actuary for the plans and adopted by the District's Board of Directors. The District funds the LTDSP Part 2 (a defined contribution plan) each payroll period.

#### Lane Transit District Salaried Employee's Retirement Plan

##### *Plan Description*

The LTDSP Part 1 provides retirement, disability, and death benefits to plan members and beneficiaries and covers all District non-union employees. 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 does not increase the annual retirement benefit or convert to any other pension 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, 2001, and was last amended on June 18, 2008.

The LTDSP Part 2 allows a plan member to make voluntary contributions of up to 10 percent of the member's salary for a calendar year, by either multiples of \$5 on a monthly basis or a lump-sum annual contribution.

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.

*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 normal costs, amortization of the unfunded actuarial accrued liability, and amortization of actuarial gains and losses.

Funding progress, as reported in the most recent actuarial valuations, is shown below:

Actuarial valuation date	<u>June 30, 2011</u>	<u>June 30, 2009</u>	<u>June 30, 2007</u>
Actuarial value of assets	\$ 10,665,700	\$ 9,532,400	\$ 9,377,540
Actuarial value of liabilities	16,746,400	14,036,000	12,495,566
Unfunded actuarial accrued liabilities	6,080,700	4,503,600	3,118,026
Amortization period, years	20	20	20
Funded ratio	63.7%	67.9%	75.0%
Valuation payroll	4,653,100	5,216,600	4,705,218
UAAL as a percentage of covered payroll	130.7%	86.3%	66.3%

The District makes employer contributions as a percentage of actual payroll, at the percentage recommended in the applicable actuarial valuation. Thus, as long as the percentage equals the percentage recommended in the applicable actuarial valuation and actual payroll equals the amount 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. The percentage for FY 2009-10 and FY 2008-09 was 16.8 percent.

As of the date of this report, the contribution rate for periods beyond FY 2011-12 has not been determined.

The schedule of District contributions is as follows:

	2011	2010	2009
Covered payroll	\$ 5,187,895	\$ 5,463,292	\$ 5,463,589
Actual LTD contributions	934,449	918,391	1,142,967
Actual LTD rate	18.3%	16.8%	20.9%
Annual pension cost rate	18.3%	16.8%	16.8%
Annual pension cost	934,449	918,391	1,142,967
Percentage of ARC contributed	100%	100%	100%
Net pension obligation	-	-	-

#### *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 salary increases of 5 percent per year. 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 for the June 30, 2007, valuation was market-related value using three-year smoothing of market returns without phase-in. 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 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. 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.

*Funding Policy and Annual Pension Cost*

Pursuant to the terms of the Working and Wage Agreement between the Union and the District for the period July 1, 2010, through June 30, 2011, 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, 2011, 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.

Funding progress, as reported in the most recent actuarial valuations, is shown below:

Actuarial valuation date	<u>January 1, 2010</u>	<u>January 1, 2008</u>	<u>January 1, 2006</u>
Actuarial value of assets	\$ 14,693,502	\$ 14,578,000	\$ 12,715,200
Actuarial value of liabilities	28,711,174	26,177,300	22,186,000
Unfunded actuarial accrued liabilities	14,017,672	11,599,300	9,470,800
Amortization period, years	20	20	20
Funded ratio	51.2%	55.7%	57.3%
Valuation payroll	11,719,200	10,761,600	9,459,200
UAAL as a percentage of covered payroll	119.6%	107.8%	100.1%

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 compensable hours equal the number 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. As a result, the net pension obligations for the years ended June 30, 2011 and 2010, are zero. The District's contributions in effect for FY 2010-11 and FY 2009-10 are listed below:

FY 2010-11	\$4.26 per compensated hour
FY 2009-10	\$3.69 per compensated hour

As a result of the January 1, 2010, valuation, the District's contribution rate increased to \$4.28 per compensated hour on July 1, 2010.

The schedule of District contributions is as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Covered payroll	\$ 10,998,431	\$ 11,724,870	\$ 11,171,828
Actual LTD contributions	2,034,037	1,926,992	2,414,870
Actual LTD rate per hour	4.26	3.69	3.69
Annual pension cost rate per hour	4.26	3.69	3.69
Annual pension cost	2,034,037	1,926,992	2,414,870
Percentage of ARC contributed	100%	100%	100%
Net pension obligation	-	-	-

*Actuarial Methods and Assumptions*

The actuarial assumptions for the January 1, 2010, 2008, and 2006, valuations include an investment rate of return of 7.5 percent (net of investment expenses). 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 for the January 1, 2008, valuation was market-related value using three-year smoothing of market returns without phase-in.

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 have adopted ad hoc increases from time to time. 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. The plan provides an explicit employer 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 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 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 Statutes (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.

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, 2010, actuarial valuation date, there were 95 retirees receiving benefits under the plan and 330 active employees who meet the criteria but have not yet retired.

#### Funding Policy

The District collects insurance premiums, net of applied explicit 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 required contribution to the plan included the employer's pay-as-you-go amount, an amount paid by retirees, and an additional amount calculated to pre-fund 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 (closed period). A schedule of the components of the District's annual OPEB cost is presented below:

	2011	2010	2009
Annual required contribution	\$ 982,451	\$ 979,905	\$ 923,422
Interest earned on net OPEB obligation	56,714	28,591	-
Adjustment to the annual required contribution	<u>(96,887)</u>	<u>(48,844)</u>	<u>-</u>
Annual OPEB cost (expense)	942,278	959,652	923,422
Contribution made	<u>(300,536)</u>	<u>(334,699)</u>	<u>(288,069)</u>
Increase in net OPEB obligation	641,742	624,953	635,353
Net OPEB obligation, beginning of year	<u>1,260,306</u>	<u>635,353</u>	<u>-</u>
Net OPEB obligation, end of year	<u>\$ 1,902,048</u>	<u>\$ 1,260,306</u>	<u>\$ 635,353</u>
Percentage of annual OPEB cost contributed	31.9%	34.9%	31.2%

### Funding Status and Funding Progress

The schedule of funding progress is presented below:

Actuarial valuation date	<u>January 1, 2010</u>	<u>January 1, 2008</u>
Actuarial value of assets	\$ -	\$ -
Actuarial accrued liability (AAL)	<u>6,584,347</u>	<u>6,096,393</u>
Unfunded AAL (UAAL)	6,584,347	6,096,393
Funded ratio	0%	0%
Covered payroll	16,783,541	14,878,290
UAAL as a percentage of covered payroll	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, 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 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 2010-11 at approximately the same level as FY 2009-10. 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	\$ 33,492,740
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		
	2011	2010	2009
Unpaid claims and claim adjustment expenses, beginning of the year	\$ 194,711	\$ 134,500	\$ 71,283
Incurred claims (including IBNRs)	248,500	134,152	129,378
Claim payments	(124,833)	(73,941)	(66,161)
Total unpaid claims and claim adjustment expenses, end of the year	\$ 318,378	\$ 194,711	\$ 134,500

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 November 30, 2011, 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, 2011, the District also had commitments of approximately \$.2 million, including retainage for construction related to the Gateway EmX Extension (formerly called Pioneer Parkway EmX Extension).

As of June 30, 2011, the District also had commitments of approximately \$.6 million for engineering and environmental studies related to the West Eugene EmX Extension.

As of June 30, 2011, the District also had commitments of approximately \$1.2 million for construction related to the University of Oregon Station.

As of August 12, 2010, the District entered in contractual agreement totaling approximately \$13.4 million with Gillig LLC for the acquisition of twenty-four 40-foot hybrid-electric revenue vehicles, fifteen delivered during the summer of 2011 and nine to be delivered in January 2012.

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*Required Supplementary  
Information*

**Lane Transit District  
Schedule of Pension and OPEB Funding Progress**

**Salaried Employee's Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll (Previous 26 payrolls)	Actuarial Liability as a Percentage of Covered Payroll
6/30/2011	\$ 10,665,700	\$ 16,746,400	\$ 6,080,700	63.7%	\$ 4,653,100	130.7%
6/30/2009	9,532,400	14,036,000	4,503,500	67.9%	5,216,600	86.3%
6/30/2007	9,377,540	12,495,566	3,118,026	75.0%	4,705,218	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)	Actuarial Liability as a Percentage of Covered Payroll
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%
1/1/2006	12,715,200	22,186,000	9,470,800	57.3%	9,459,200	100.1%

**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)	Actuarial Liability as a Percentage of Covered Payroll
1/1/2010	\$ -	\$ 6,584,347	\$ 6,584,347	0.0%	\$ 16,783,541	39.2%
1/1/2008	-	6,096,393	6,096,393	0.0%	14,878,290	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, 2011**

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
<b>Revenues</b>				
Passenger fares	\$ 6,361,800	\$ 6,361,800	\$ 7,393,034	\$ 1,031,234
Other operating revenues	806,800	806,800	757,935	(48,865)
Employer payroll taxes	21,672,500	21,672,500	22,197,770	525,270
Self-employment taxes	1,523,300	1,523,300	1,440,902	(82,398)
State payroll assessment	1,730,000	1,730,000	1,740,509	10,509
American Recovery and Reinvestment Act (ARRA)	-	-	-	-
Federal operating assistance	3,031,700	3,031,700	4,685,790	1,654,090
Business Energy Tax Credit	60,000	60,000	-	(60,000)
Local operating assistance	15,000	15,000	17,500	2,500
Miscellaneous	148,100	148,100	505,583	357,483
Interest	53,900	53,900	60,462	6,562
<b>Total revenues and other sources</b>	<b>35,403,100</b>	<b>35,403,100</b>	<b>38,799,485</b>	<b>3,396,385</b>
<b>Expenditures</b>				
Personnel services	24,968,900	25,268,900	24,818,713	450,187
Materials and services	7,111,500	7,811,500	7,201,147	610,353
Insurance	1,422,400	1,422,400	1,054,275	368,125
<b>Other uses</b>				
Interfund transfers out	1,845,400	2,845,400	1,400,925	1,444,475
Operating contingency	1,000,000	1,000,000	-	1,000,000
Working capital contingency	3,928,100	1,928,100	-	1,928,100
Self-insurance contingency	1,000,000	1,000,000	-	1,000,000
<b>Total expenditures and other uses</b>	<b>41,276,300</b>	<b>41,276,300</b>	<b>34,475,060</b>	<b>6,801,240</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(5,873,200)</b>	<b>(5,873,200)</b>	<b>4,324,425</b>	<b>10,197,625</b>
Fund balance, beginning of year	5,873,200	5,873,200	13,043,041	7,169,841
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,367,466</u>	<u>\$ 17,367,466</u>

Fund balance, beginning of year has been restated to include amounts previously reported in the Transportation Options Fund, which was closed as of June 30, 2010.

**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, 2011**

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
<b>Revenues</b>				
State Special Transportation Funds (STF)	\$ 613,900	\$ 613,900	\$ 547,226	\$ (66,674)
State Transportation Operation (STO)	411,400	411,400	422,988	11,588
American Recovery and Reinvestment Act (ARRA)	20,800	20,800	8,629	(12,171)
Federal pass-through grants - 5310	1,183,600	1,183,600	1,158,711	(24,889)
Federal pass-through grants - 5311	148,200	148,200	129,653	(18,547)
Federal Job Access/Reverse Commute (JARC) grant - 5316	125,000	-	64,934	64,934
Federal New Freedom grant - 5317	224,000	224,000	67,216	(156,784)
Other federal grants	986,500	738,900	830,136	91,236
Medicaid medical reimbursement	1,300	1,300	9,520	8,220
State grants	45,100	45,100	45,113	13
Business Energy Tax Credit (BETC) revenue	437,400	10,000	-	(10,000)
Farebox	279,000	279,000	284,576	5,576
Local grants	68,100	68,100	68,090	(10)
Miscellaneous income	-	-	154	154
Interest income	-	-	940	940
Transfer from General Fund	1,068,800	2,068,800	1,400,925	(667,875)
<b>Total revenues</b>	<b>5,613,100</b>	<b>5,813,100</b>	<b>5,038,811</b>	<b>(774,289)</b>
<b>Expenditures</b>				
Eugene/Springfield-based services				
ADA RideSource	4,584,400	4,784,400	4,173,254	611,146
Transit training and hosts	107,800	107,800	118,045	(10,245)
Special transportation	71,600	71,600	70,880	720
<b>Total Eugene/Springfield-based services</b>	<b>4,763,800</b>	<b>4,963,800</b>	<b>4,362,179</b>	<b>601,621</b>
Rural Lane County services				
South Lane	65,400	65,400	64,659	741
Florence	192,700	192,700	151,422	41,278
Oakridge	153,800	153,800	157,548	(3,748)
<b>Total rural Lane County services</b>	<b>411,900</b>	<b>411,900</b>	<b>373,629</b>	<b>38,271</b>
Mobility management	340,000	340,000	165,934	34,523
Lane County coordination	90,000	90,000	126,781	(36,781)
<b>Total services</b>	<b>5,605,700</b>	<b>5,805,700</b>	<b>5,028,523</b>	<b>637,634</b>
Interfund transfers out	269,000	269,000	4,769	264,231
<b>Total expenditures</b>	<b>5,874,700</b>	<b>6,074,700</b>	<b>5,033,292</b>	<b>901,865</b>
Excess (deficiency) of revenues over expenditures	(261,600)	(261,600)	5,519	267,119
Fund balance, beginning of year	261,600	261,600	298,795	37,195
Fund balance, end of year	\$ -	\$ -	\$ 304,314	\$ 304,314

**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, 2011**

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
<b>Revenues</b>				
Medicaid medical reimbursement	\$ 4,405,000	\$ 4,405,000	\$ 4,156,227	\$ (248,773)
Medicaid non-medical reimbursement	400,000	400,000	318,992	(81,008)
State Special Transportation Fund (STF) operating	82,000	82,000	-	(82,000)
State Discretionary Fund	26,500	26,500	57,948	31,448
Interest	-	-	1,531	1,531
Transfer from General Fund	-	-	-	-
<b>Total revenues</b>	<u>4,913,500</u>	<u>4,913,500</u>	<u>4,534,698</u>	<u>(378,802)</u>
<b>Expenditures</b>				
Medicaid medical services	3,500,000	3,500,000	3,379,930	120,070
Medicaid non-medical services	508,500	508,500	370,385	138,115
RideSource Call Center administration	615,000	615,000	544,100	70,900
Mobility management	70,000	70,000	76,840	(6,840)
Lane Transit District administration	220,000	220,000	161,912	58,088
	<u>4,913,500</u>	<u>4,913,500</u>	<u>4,533,167</u>	<u>380,333</u>
Operating contingency	-	-	-	-
<b>Total expenditures</b>	<u>4,913,500</u>	<u>4,913,500</u>	<u>4,533,167</u>	<u>380,333</u>
Excess (deficiency) of revenues over expenditures	-	-	1,531	1,531
Fund balance, beginning of year	-	-	150,270	150,270
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,801</u>	<u>\$ 151,801</u>

**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, 2011**

	Original Budget	Budget as Amended	Actual	Variance Favorable (unfavorable)
<b>Revenues</b>				
Capital assistance - FTA:				
Formula funding - Section 5307	\$ 3,688,700	\$ 3,688,700	\$ 2,720,354	\$ (968,346)
American Recovery and Reinvestment Act (ARRA)	64,700	64,700	1,162	(63,538)
Discretionary funding - Section 5309	17,139,200	17,139,200	10,033,293	(7,105,907)
Discretionary funding - other	2,443,700	2,443,700	60,385	(2,383,315)
Connect Oregon	436,000	436,000	1,114,819	678,819
State of Oregon grants	1,600,000	1,600,000	279,460	(1,320,540)
Local capital grants	-	-	436	436
Miscellaneous income	-	-	400	400
Proceeds from debt financing	8,000,000	8,000,000	-	(8,000,000)
Transfer from Accessible Services Fund	269,000	269,000	4,769	(264,231)
Transfer from General Fund	776,600	776,600	-	(776,600)
<b>Total revenues</b>	<b>34,417,900</b>	<b>34,417,900</b>	<b>14,215,078</b>	<b>(20,202,822)</b>
<b>Expenditures</b>				
Capital outlay:				
EmX construction - Gateway Extension	11,200,000	11,200,000	4,770,140	6,429,860
EmX development - West Eugene Extension	2,000,000	2,000,000	1,424,608	575,392
EmX service - vehicles	-	-	17,970	(17,970)
	<u>13,200,000</u>	<u>13,200,000</u>	<u>6,212,718</u>	<u>6,987,282</u>
Revenue vehicles	15,397,000	15,397,000	4,062,657	11,334,343
PBI/facilities	3,077,300	3,077,300	1,295,034	1,782,266
Computer hardware and software	1,069,000	1,069,000	773,120	295,880
Intelligent Transportation Systems	1,376,500	1,376,500	11,531	1,364,969
Transit security projects	300,000	300,000	93,247	206,753
Bus-related equipment	250,000	250,000	-	250,000
Miscellaneous equipment	105,000	105,000	16,053	88,947
Radio/communications	327,000	327,000	1,559	325,441
Shop equipment	59,000	59,000	4,400	54,600
Support vehicles	60,000	60,000	104	59,896
Accessible Services - vehicles and projects	1,775,000	1,775,000	873,526	901,474
<b>Total capital outlay</b>	<b>36,995,800</b>	<b>36,995,800</b>	<b>13,343,949</b>	<b>23,651,851</b>
<b>Total expenditures</b>	<b>36,995,800</b>	<b>36,995,800</b>	<b>13,343,949</b>	<b>23,651,851</b>
Excess of revenues over expenditures	(2,577,900)	(2,577,900)	871,129	3,449,029
Fund balance, beginning of year	2,577,900	2,577,900	81,594	(2,496,306)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 952,723</u>	<u>\$ 952,723</u>

Certain equipment, budgeted as capital outlay did not meet the \$5,000 minimum for capitalization as a capital asset. As such, \$735,765 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, 2011**

General Fund	\$ 4,324,425
Accessible Services Fund	5,519
Medicaid Fund	1,531
Capital Projects Fund	<u>871,129</u>
Excess of revenues over expenditures	5,202,604
Reconciling items:	
Depreciation	(9,557,098)
Acquisition of capital assets	12,608,184
OPEB expense	(641,742)
Compensated absences accrual	102,296
Insurance reserve accrual	(123,668)
Gain (loss) on disposal of assets	(28,913)
Proceeds from disposal of assets	<u>(25,393)</u>
Change in net assets	<u>\$ 7,536,270</u>

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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.

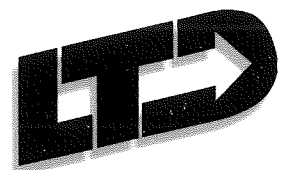
### Demographic and Economic Information

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.



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*Financial Trend Information*



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Assets</b>										
Current assets	\$ 28,442,896	\$ 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
Capital assets, net of accumulated depreciation	41,253,113	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
Other assets	45,833	39,583	33,333	27,083	20,833	14,583	8,333	2,083	-	-
<b>Total assets</b>	<b>\$ 69,741,842</b>	<b>\$ 71,342,859</b>	<b>\$ 82,327,807</b>	<b>\$ 89,581,524</b>	<b>\$ 97,873,332</b>	<b>\$ 108,469,419</b>	<b>\$ 114,403,059</b>	<b>\$ 118,764,643</b>	<b>\$ 135,605,629</b>	<b>\$ 141,578,030</b>
<b>Liabilities</b>										
Current liabilities	\$ 2,699,331	\$ 3,415,107	\$ 3,699,095	\$ 4,744,166	\$ 4,989,413	\$ 4,187,540	\$ 8,614,294	\$ 7,597,959	\$ 8,273,281	\$ 6,112,034
Noncurrent liabilities	842,478	867,851	867,244	865,577	940,672	3,978,388	1,044,793	1,753,891	2,394,610	2,991,988
<b>Total liabilities</b>	<b>3,541,809</b>	<b>4,282,958</b>	<b>4,566,339</b>	<b>5,609,743</b>	<b>5,930,085</b>	<b>8,165,928</b>	<b>9,659,087</b>	<b>9,351,850</b>	<b>10,667,891</b>	<b>9,104,022</b>
<b>Net assets</b>										
Invested in capital assets, net of related debt	41,253,113	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
Restricted for Accessible Services and Medicaid programs	487,526	443,153	164,515	95,695	80,215	80,911	529,014	302,918	449,066	456,115
Unrestricted	24,459,394	18,952,681	20,827,030	22,043,386	23,045,514	21,352,834	20,132,451	16,657,970	14,287,601	18,820,042
<b>Total net assets</b>	<b>66,200,033</b>	<b>67,059,901</b>	<b>77,761,468</b>	<b>83,971,781</b>	<b>91,943,247</b>	<b>100,303,491</b>	<b>104,743,972</b>	<b>109,412,793</b>	<b>124,937,738</b>	<b>132,474,008</b>
<b>Total liabilities and net assets</b>	<b>\$ 69,741,842</b>	<b>\$ 71,342,859</b>	<b>\$ 82,327,807</b>	<b>\$ 89,581,524</b>	<b>\$ 97,873,332</b>	<b>\$ 108,469,419</b>	<b>\$ 114,403,059</b>	<b>\$ 118,764,643</b>	<b>\$ 135,605,629</b>	<b>\$ 141,578,030</b>

**Lane Transit District  
Changes in Net Assets  
Last Ten Years**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Operations</b>										
Fixed route										
Revenue	\$ 4,727,414	\$ 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
Expense	(22,411,821)	(22,168,694)	(23,389,618)	(25,314,811)	(26,968,032)	(29,498,214)	(31,952,517)	(33,118,646)	(34,792,955)	(33,831,271)
Total fixed route	(17,684,407)	(16,923,126)	(18,127,215)	(20,066,217)	(21,006,534)	(23,271,921)	(24,631,527)	(25,394,859)	(26,859,344)	(25,680,302)
Accessible Services and Medicaid										
Revenue	1,170,366	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
Expense	(1,538,429)	(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)
Total Accessible Services	(368,063)	(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)
Loss from operations	(18,052,470)	(17,880,276)	(19,187,769)	(21,244,321)	(22,339,570)	(25,003,136)	(26,275,099)	(27,739,397)	(27,571,231)	(27,069,408)
<b>Nonoperating revenues</b>										
Employer payroll taxes	16,121,110	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
Self-employment taxes	1,014,874	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
State payroll assessment	1,148,140	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
Federal operating grant	711,805	287,170	575,659	556,797	775,223	439,135	639,972	572,074	6,567,015	4,008,381
State operating grant	6,465	-	26,271	33,728	-	-	-	-	-	350
Interest	603,300	388,698	192,523	395,673	730,232	900,290	686,566	293,980	56,200	60,462
Other revenues	(14,661)	96,310	89,843	174,657	360,292	169,956	118,835	306,755	343,208	497,740
Total nonoperating revenues	19,591,033	19,188,658	20,339,987	23,710,868	26,030,859	26,553,809	27,800,189	26,276,386	31,526,922	29,946,114
Income (loss) before capital contributions	1,538,563	1,308,382	1,152,218	2,466,547	3,691,289	1,550,673	1,525,090	(1,463,011)	3,955,691	2,876,706
<b>Capital contributions</b>										
Federal and state grants for capital acquisition	4,322,751	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
Changes in net assets before depreciation, OPEB expense, and gain (loss) on sale of assets	5,861,314	4,599,373	14,917,774	11,700,807	14,284,458	13,085,371	11,238,930	12,079,252	26,524,078	17,764,024
Depreciation	(3,455,646)	(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)
OPEB expense	-	-	-	-	-	-	-	(635,353)	(624,953)	(641,742)
Gain (loss) on sale/disposal of assets	783	(11,701)	(3,895)	10,508	10,295	12,928	7,374	6,208	(3,060,580)	(28,914)
Changes in net assets	\$ 2,406,451	\$ 859,868	\$ 10,701,567	\$ 6,210,313	\$ 7,971,466	\$ 8,360,244	\$ 4,440,481	\$ 4,668,821	\$ 15,524,945	\$ 7,536,270

Lane Transit District  
Total Debt Outstanding  
Last Ten Years

	<u>Outstanding at June 30</u>
FY 2001-02	\$ -
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	-

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*Demographic and Economic  
Information*

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

Employer	2011			2002		
	Employees*	Rank	Percentage of Lane County Employment	Employees*	Rank	Percentage of Lane County Employment
PeaceHealth Oregon	4,212	1	2.6%	3,103	2	2.0%
University of Oregon	4,038	2	2.5%	3,676	1	2.4%
Eugene School District	2,794	3	1.7%	2,051	3	1.3%
Lane County	2,000	4	1.2%	1,600	7	1.0%
State of Oregon	1,967	5	1.2%			
U.S. Government	1,717	6	1.1%	1,900	5	1.2%
City of Eugene	1,310	7	0.8%	1,688	6	1.1%
Springfield School District	1,300	8	0.8%	1,500	8	1.0%
Lane Community College	1,118	9	0.7%	2,000	4	1.3%
Wal-Mart	1,050	10	0.7%			
Monaco Coach Corporation				1,430	9	0
Pape Group				1,205	10	0.8%
	<u>21,506</u>		<u>13.3%</u>	<u>20,153</u>		<u>12.9%</u>

\*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**

Fiscal Year	Lane Transit District	Cities	Lane County, Oregon			
	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		213,845	323,950	8,653,233	26,639	6.8%
2002		216,140	325,900	8,928,466	27,271	7.1%
2003		218,830	328,150	9,154,193	27,702	8.0%
2004		221,820	329,400	9,597,634	28,919	7.3%
2005		223,640	333,350	10,096,458	30,117	6.3%
2006		226,540	336,085	11,005,333	32,437	5.4%
2007		230,670	339,740	11,406,100	33,079	5.0%
2008		236,845	343,140	11,881,800	34,101	5.8%
2009		237,935	345,880	11,783,900	33,562	12.6%
2010		240,925	347,690			10.9%
2011		241,495	348,550			9.6%

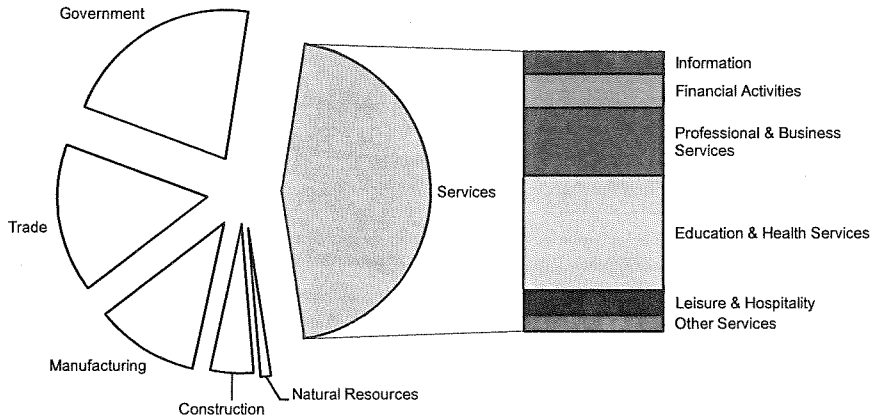
Notes

- a. District population determined by Lane Council of Governments from U.S. Census Bureau census tract information.
- 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 2010 Covered Payroll



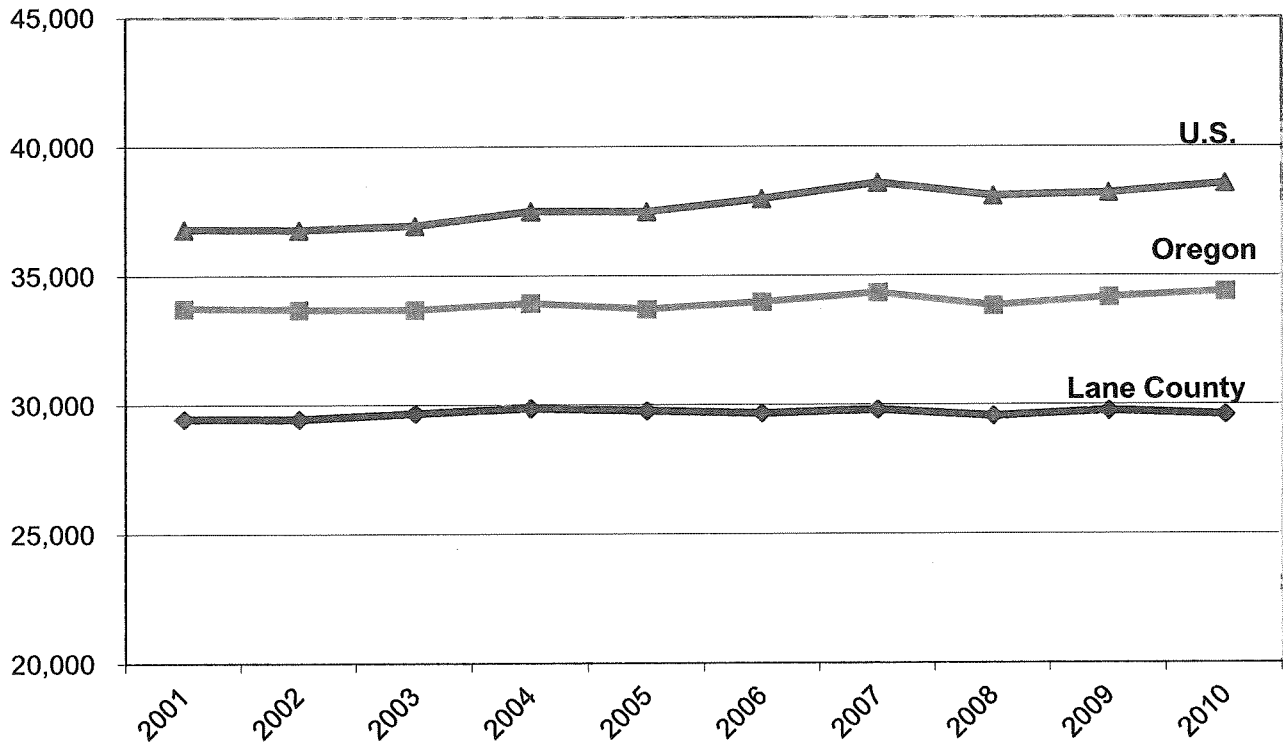
### 2010 Covered Employment and Wages Summary Report for Lane County

	Covered Employment			Covered Payroll		Average Pay
	Units	Count	Percent	Total in Millions	Percent	
Natural Resources	210	1,762	1.3%	\$55.2	1.2%	\$ 31,326
Construction	998	5,180	3.9%	\$227.3	5.1%	\$ 43,887
Manufacturing	546	12,137	9.0%	\$537.1	11.3%	\$ 44,255
Trade	1,999	25,777	19.2%	\$780.1	16.3%	\$ 30,265
Information	160	3,271	2.4%	\$174.1	3.8%	\$ 53,235
Financial Activities	1,048	6,093	4.5%	\$262.6	5.4%	\$ 43,098
Professional & Business Services	1,585	14,256	10.6%	\$528.1	10.6%	\$ 37,046
Education & Health Services	1,180	21,622	16.1%	\$890.9	18.3%	\$ 41,201
Leisure & Hospitality	983	13,761	10.2%	\$197.2	4.1%	\$ 14,333
Other Services	1,429	5,332	4.0%	\$122.9	2.5%	\$ 23,054
<b>Service</b>	<b>6,385</b>	<b>64,335</b>	<b>47.8%</b>	<b>\$2,175.8</b>	<b>44.7%</b>	<b>\$ 33,556</b>
Government	374	25,351	18.8%	\$1,053.0	21.4%	\$ 41,538
<b>Total 2010 Covered Employment</b>	<b>10,512</b>	<b>134,542</b>	<b>100.0%</b>	<b>\$ 4,828.5</b>	<b>100.0%</b>	<b>\$ 35,363</b>

Source: Oregon Employment Department



### Inflation Adjusted Annual Average Wages (2002 Dollars)



Source: Oregon Employment Department

	2008	2009	2010
Total population	348,804	350,952	352,010
Civilian labor force	183,919	184,202	182,902
Unemployment	12,315	22,388	20,378
Unemployment rate	6.7	12.2	11.1
Total employment	171,604	161,814	162,524
Total non-farm employment	154,500	142,100	140,500
Percent annual change	-1.5%	-8.0%	0.0
Total personal income (million)	881.8	\$11,783.9	NA
Percent annual change	4.2%	-0.8%	NA
Per capita personal income	\$34,101	\$33,562	NA
Per capita personal income	\$36,824	\$36,191	\$37,095
Per capita personal income	\$40,673	\$39,626	\$40,584
As percent of Oregon	93%	93%	NA
As percent of U.S.	84%	85%	NA
Total covered payroll (millions)	5,225.4	\$4,814.6	\$4,829.6
Percent annual change	0.8%	-7.9%	0.3%
Average annual wage - La	\$35,363	\$35,475	\$35,889
Average annual wage - Or	\$40,486	\$40,742	\$41,667
Average annual wage - U.	\$45,563	\$45,559	\$46,742
As percent of Oregon	87%	87%	86%
As percent of U.S.	78%	78%	77%

<b>Inflation adjusted wages and</b>			
CPI-U; U.S. city average	215.3	214.537	218.056
Blowup factor; 2002 = 100	0.8356	0.8385	0.8250
Inflation adjusted total covered	\$4,370.0	\$4,040.0	\$3,980.0
Percent annual change	-2.9%	-7.6%	-1.5%
Inflation adjusted average	\$29,550	\$29,750	\$29,610
Inflation adjusted average	\$33,830	\$34,160	\$34,380
Inflation adjusted average	\$38,070	\$38,200	\$38,560
Inflation adjusted per capita	\$28,490	\$28,140	NA
Inflation adjusted per capita	\$30,770	\$30,350	\$30,600
Inflation adjusted per capita	\$33,990	\$33,230	\$33,480

Source: Oregon Employment

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*Operating Information*

<u>Operations</u>		2009-10	2010-11	<u>Operations</u>
Transportation	681	\$ 17,382,338	\$ 16,660,167	
Percent of total operations	1.6%	41.7%	39.1%	
FTEs at end of period	220.0	219.0	202.0	
Maintenance	280	8,273,970	9,120,608	
Percent of total operations	0.1%	19.9%	21.4%	
FTEs at end of period	52.3	52.3	50.3	
Marketing and planning	225	2,095,936	2,086,436	
Percent of total operations	5.1%	5.0%	4.9%	
FTEs at end of period	19.2	19.2	18.2	
Administration	295	4,193,529	4,152,649	
Percent of total operations	9.9%	10.1%	9.7%	
FTEs at end of period	34.0	34.0	32.0	
Insurance and risk	076	1,140,688	1,054,273	
Percent of total operations	2.7%	2.7%	2.5%	
FTEs at end of period	0.0	0.0	0.0	
Accessible Services and Medicaid	040	8,571,459	9,561,690	
Percent of total operations	0.5%	20.6%	22.4%	
FTEs at end of period	3.0	3.0	3.0	
<b>Total operations</b>	<b>597</b>	<b>41,657,920</b>	<b>42,635,823</b>	
<b>Total FTEs at end of period</b>	<b>328.5</b>	<b>327.5</b>	<b>305.5</b>	
Capital transfers from general operations	000	-	-	
Capital transfers from Accessible Service-		33,899	4,769	
<b>Total operations and capital transfers</b>	<b>597</b>	<b>\$ 41,691,819</b>	<b>\$ 42,640,592</b>	

2004

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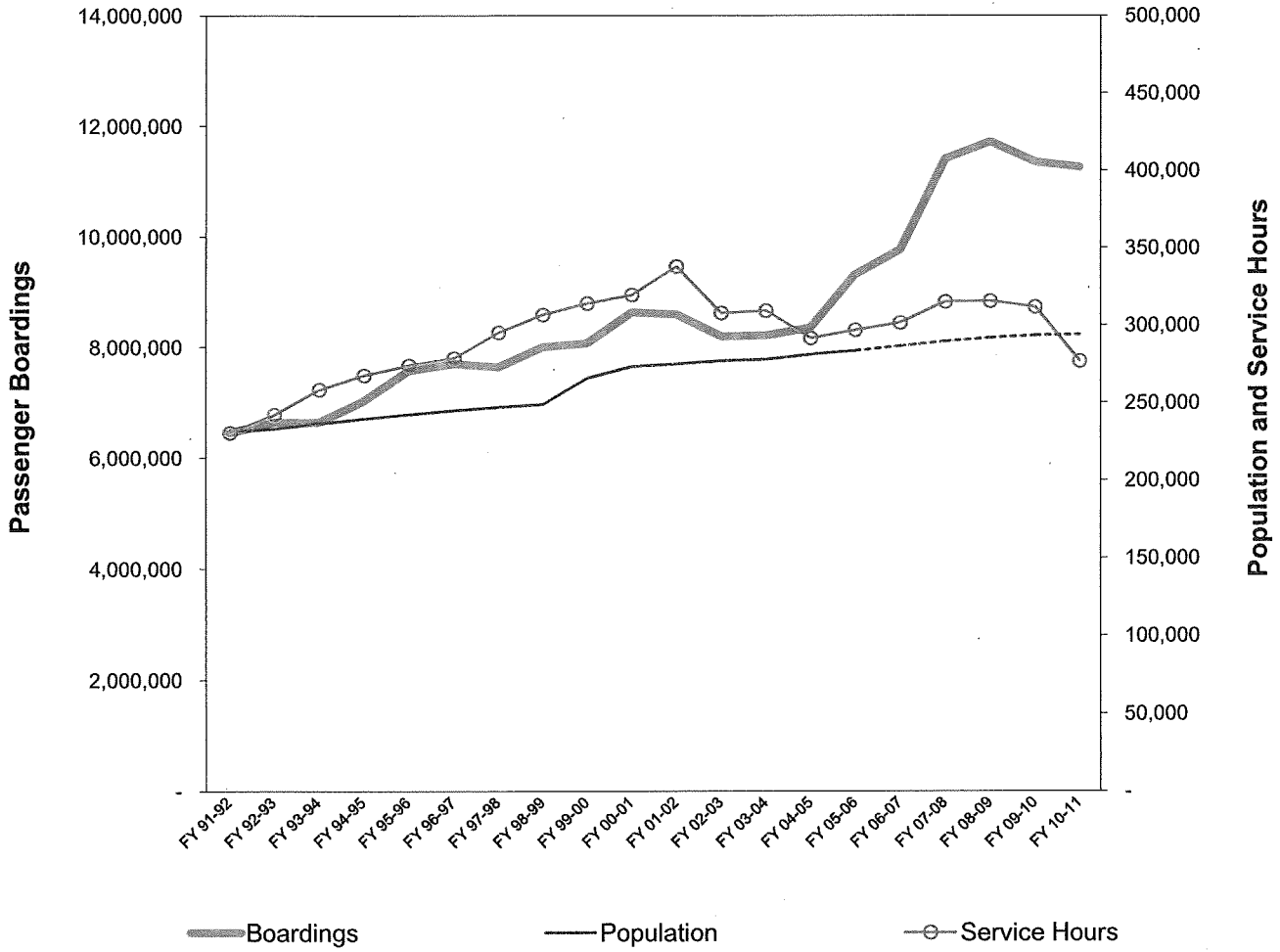
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	<u>-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
	-	-	1.71	1.71	1.71	1.71	8.45
118		105	136	125	125	127	121
101		89	114	97	97	97	89
-		5	5	15	15	12	15
17		11	11	7	7	7	6
			6	6	6	11	11
57		54	68	70	67	80	83
2		2	2	2	2	2	2
9		9	9	9	9	9	9
17		195	218	217	193	193	193
107		1,501	1,511	1,511	1,511	1,517	1,387
1		1	1	1	1	1	1
1		1	1	1	1	1	1
1		1	1	1	1	1	1

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

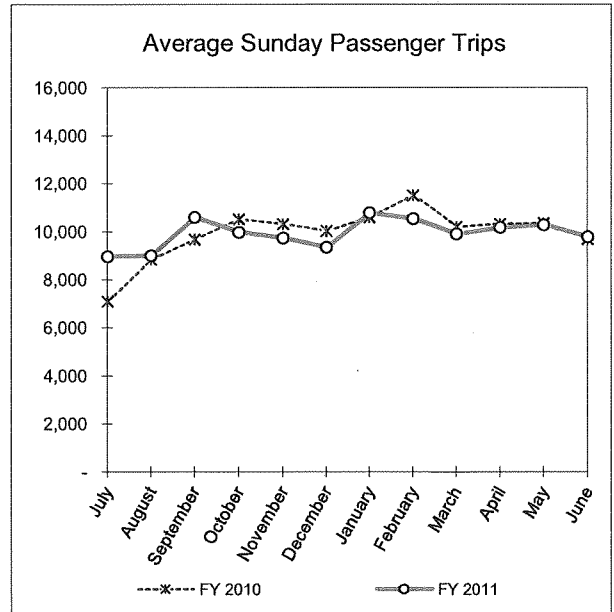
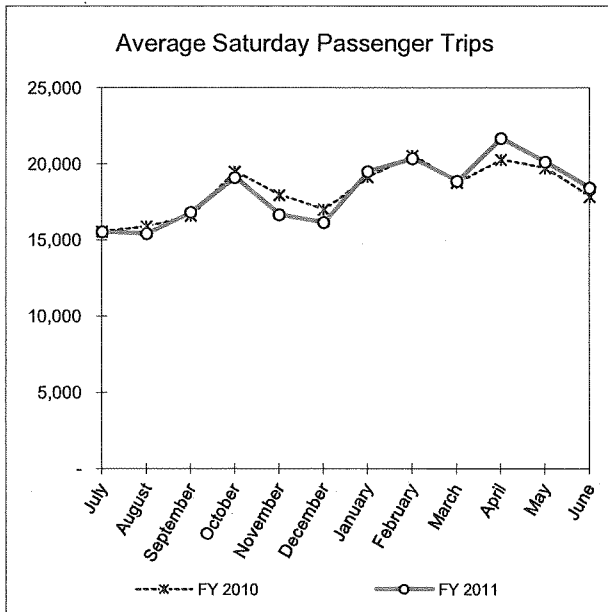
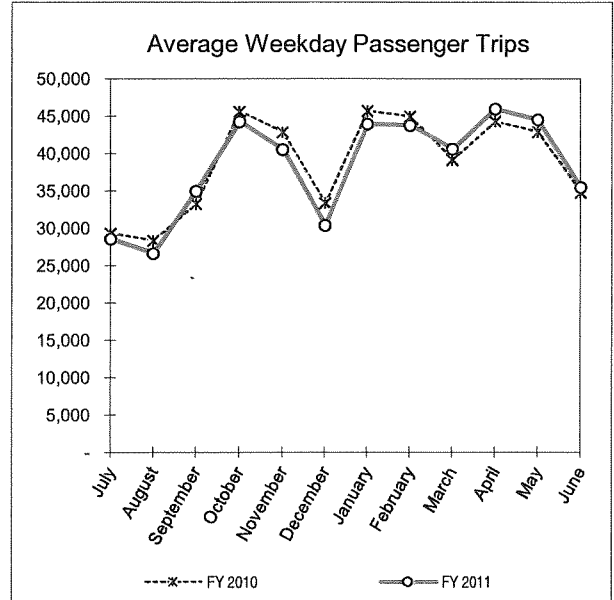
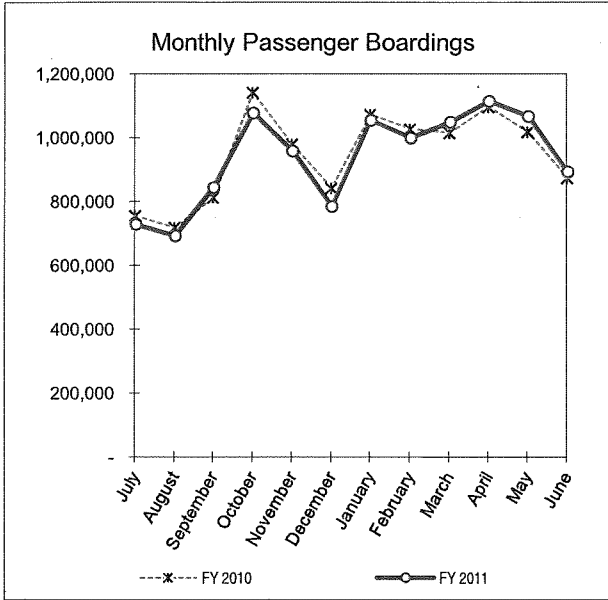
Fiscal Year	Service Hours	Percent Change	Passenger Boardings	Percent Change	System Productivity	Percent Change	Base Fare
2010-11	276,634	-11.2%	11,253,628	-0.8%	40.681	11.69%	\$ 1.50
2009-10	311,595	-1.2%	11,349,579	-3.1%	36.424	-1.99%	1.50
2008-09	315,326	0.1%	11,718,189	2.7%	37.162	2.59%	1.50
2007-08	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
1991-92	230,211	2.2%	6,453,362	-0.2%	28.032	-2.36%	0.75

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

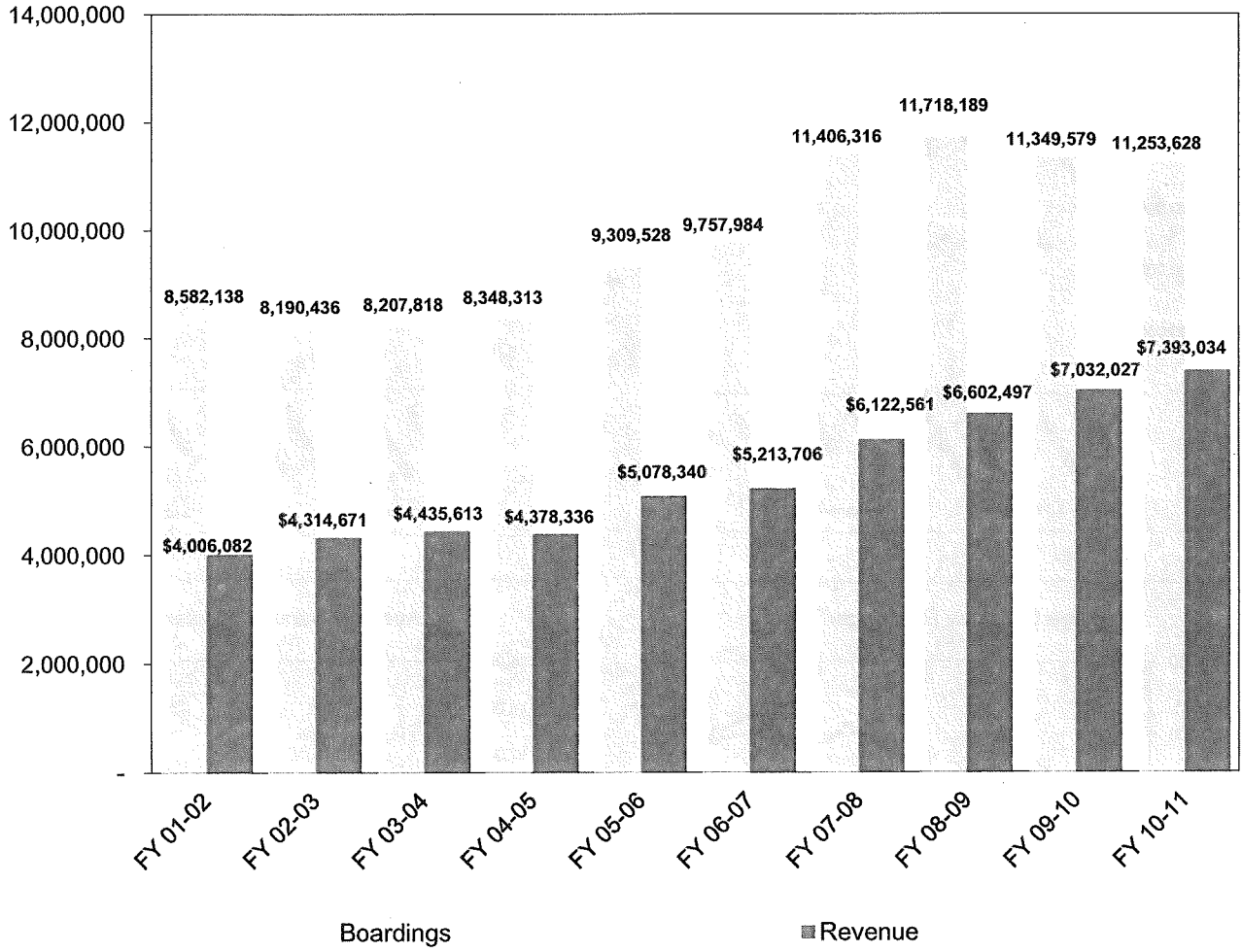




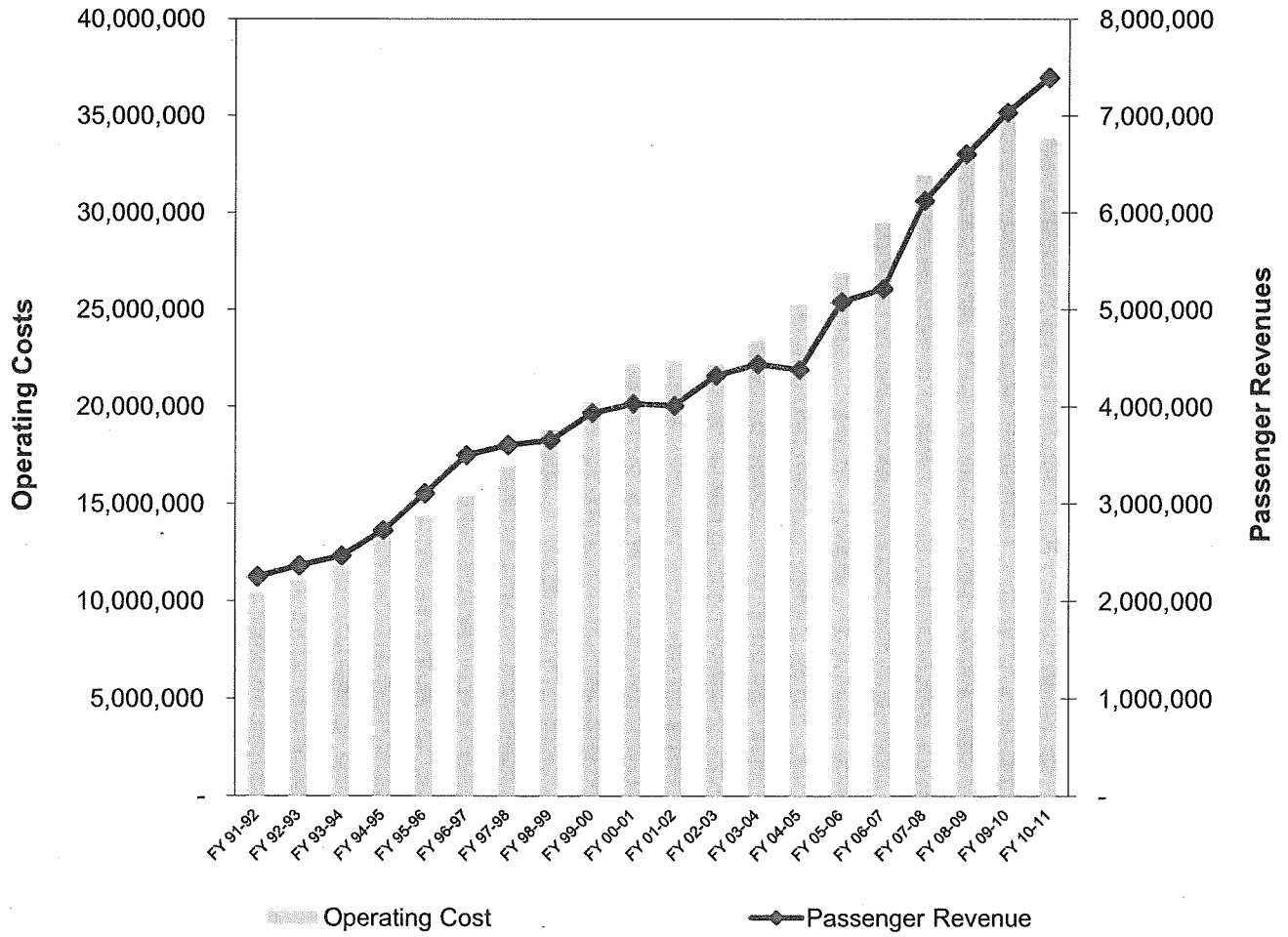
**Lane Transit District  
Ridership Trends by Month  
For the fiscal years ended June 30, 2011 and 2010**



**Lane Transit District  
Passenger Boardings and Passenger Revenues  
Last Ten Years**

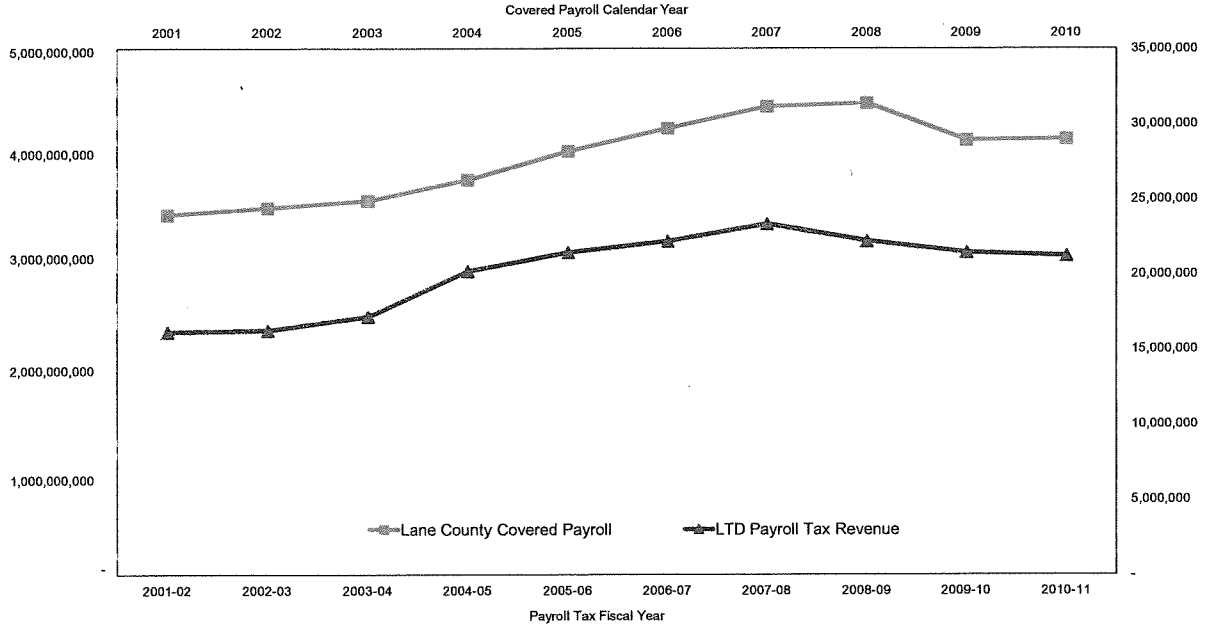


### Lane Transit District Passenger Revenues and Operating Costs Last Twenty Years

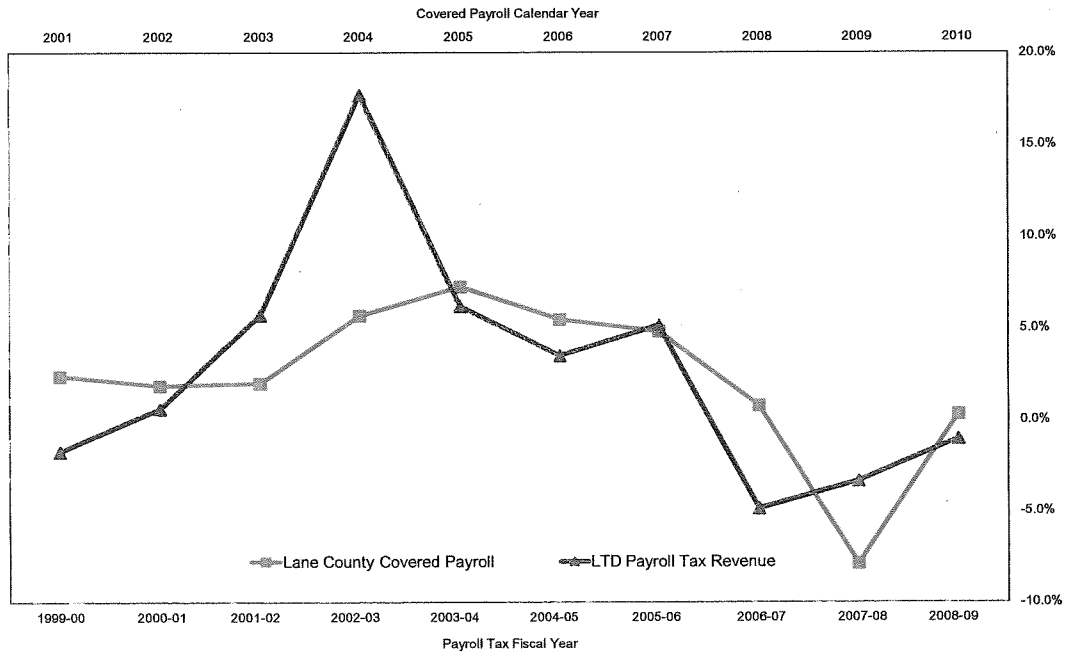


## Lane Transit District Comparative Payroll Tax Information Last Ten Years

### Lane County Covered Payroll and LTD Payroll Tax Revenue

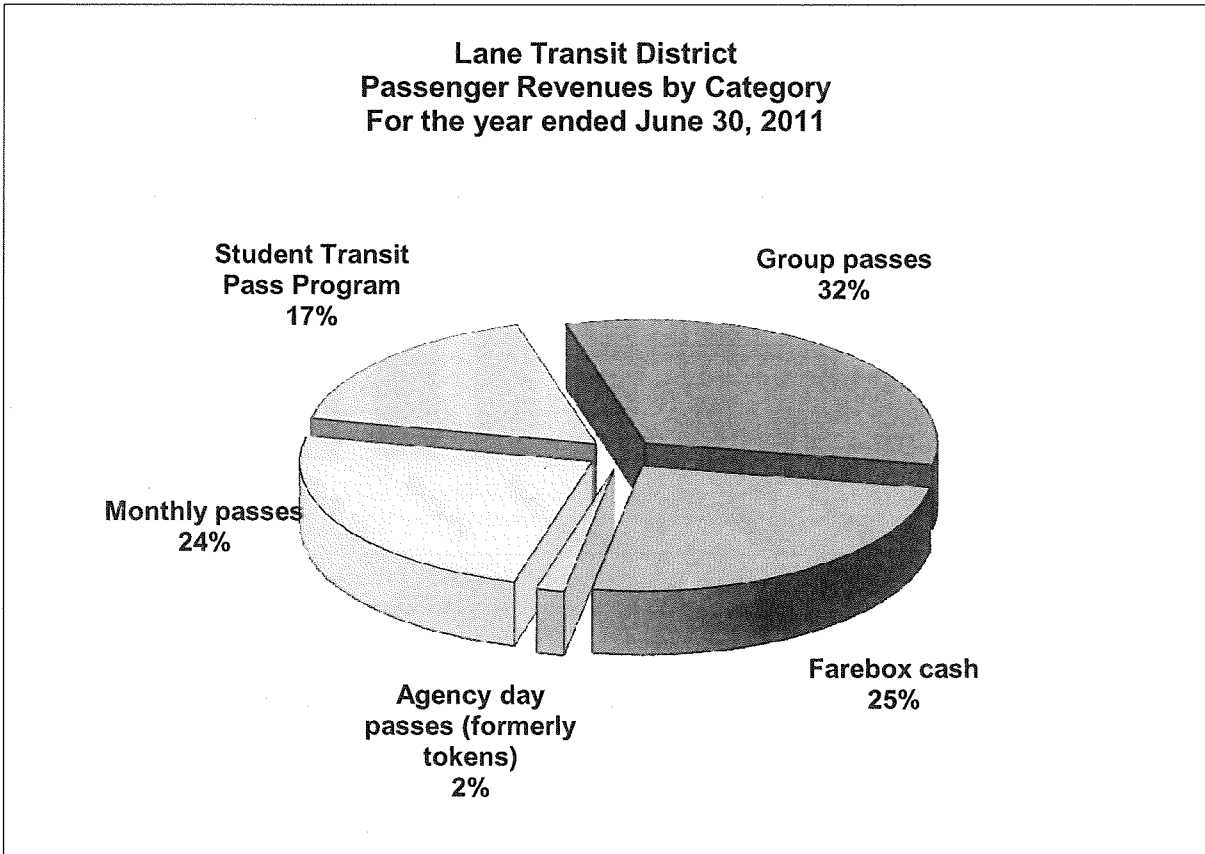


### Percent Change in Lane County Covered Payroll and LTD Payroll Tax Revenue

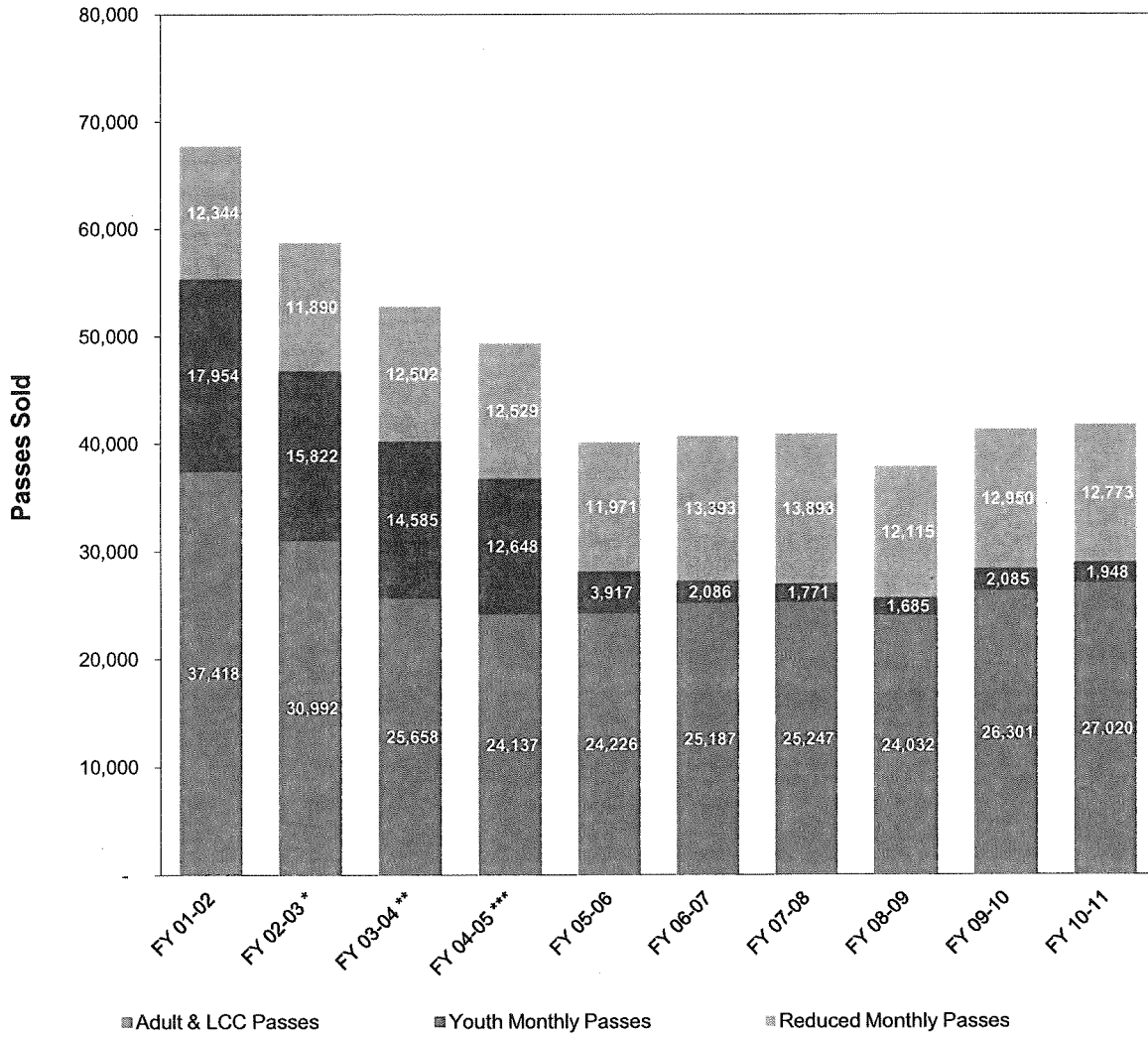


**Lane Transit District  
 Passenger Revenues by Category  
 For the fiscal years ended June 30, 2011 and 2010**

Source	FY 2010-11	FY 2010-11	Percent Change
Farebox cash	\$ 1,845,360	\$ 1,894,748	-2.6%
Agency day passes (formerly tokens)	116,097	55	210985.5%
Monthly passes	1,770,098	1,578,238	12.2%
Student Transit Pass Program	1,281,331	1,257,585	1.9%
Group passes	2,380,148	2,301,401	3.4%
Total passenger revenues	\$ 7,393,034	\$ 7,032,026	5.1%



**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  
Fare Structure  
June 30, 2011**

<b>Cash Fare:</b>	Adult	\$ 1.50	
	Youth & Reduced	\$ 0.75	
<b>Day Pass:</b>	Adult	\$ 3.00	
	Youth & Reduced	\$ 1.50	
<b>Monthly Passes:</b>	<u>One-Month</u>		
	Adult	\$ 48.00	
	Youth & Reduced	\$ 24.00	
	<u>Three-Month</u>		
	Adult	\$130.00	
	Youth & Reduced	\$ 65.00	
<b>RideSource:</b>	Regular	\$ 3.00	
	Escort	\$ 3.00	
	Shopper	\$ 2.00	(roundtrip)
	Book of 10 Tickets	\$ 30.00	
<b>Group Pass:</b>	As of June 30, 2010, LTD's Group Pass Program participant membership included 66 area businesses and colleges, including the University of Oregon students, staff, and faculty. Approximately 44,000 area employees and students enjoy group-pass benefits. The Group Pass Program allows unlimited rides for all participants.		
<b>Age Groups:</b>	Children 5 and under free with guardian		
	Youth (6-18)		
	Adult (19-64)		
	Honored Rider (65+ ride free)		

**Lane Transit District  
Schedule of Insurance and Miscellaneous Data  
June 30, 2011**

<u>SCHEDULE OF INSURANCE</u>	<u>COVERAGE</u>
Property damage: Real, personal, and miscellaneous property and stock	\$33,492,740
Liability: General and tort liability, including auto liability, personal injury, and property damage. The District is self-insured to the extent of the first \$50,000 for each incident. Bus physical damage/collision	\$10,000,000  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	.67 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)	272,272



# *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  
Eugene, Oregon

We have audited the basic financial statements of Lane Transit District (the District) as of and for the years ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### **Compliance**

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 except that the District did not comply with ORS 294.401(5) which requires the announcement of the budget committee meeting to be published twice in a general circulation newspaper, at least 5 days apart, and between 5 and 30 days before the meeting. The District published the announcements 2 days apart.

**OAR 162-10-0230 Internal Control**

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 November 30, 2011.

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:   
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Charles A. Swank, A Shareholder  
November 30, 2011