



**OMB Circular A-133
Single Audit Reports
For the Year Ended June 30, 2013**

(With Independent Auditors' Reports Thereon)

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* Incorporated by reference only.

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tri-County Metropolitan Transportation District of Oregon (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 16, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)

Compliance and Other Matters

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

Purpose of this Report

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

Miss Adams UP

Portland, Oregon
September 16, 2013

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

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

Report on Compliance for Each Major Federal Program

We have audited Tri-County Metropolitan Transportation District of Oregon's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2013. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

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

We have audited the financial statements of the District as of and for the year ended June 30, 2013, and have issued our report thereon dated September 16, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Portland, Oregon
September 16, 2013

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal grantor/program title	Federal CFDA number	Grant number	Total expenditures	
U.S. Department of Transportation Direct Programs:				
<u>Federal Transit Cluster:</u>				
Federal Transit - Capital Investment Grants				
	*	20.500	OR-04-0037	\$ 14,294,828
	*	20.500	OR-04-0033	2,000,000
	*	20.500	OR-05-0014	5,066,170
	*	20.500	OR-03-0126	94,510,943
	*	20.500	OR-03-0125	1,279,769
	*	20.500	OR-04-0040	30,103
				117,181,813
Federal Transit - Formula Grants				
	*	20.507	OR-90-X147	239,238
	*	20.507	OR-95-X008	510,544
	*	20.507	OR-95-X007	228,636
	*	20.507	OR-95-X014	1,115,779
	*	20.507	OR-95-X033	8,700,000
	*	20.507	OR-90-X159	8,259,654
	*	20.507	OR-95-X034	9,750,000
	*	20.507	OR-95-X038	162,280
	*	20.507	OR-90-X166	34,550,197
	*	20.507	OR-95-X053	4,300,000
	*	20.507	OR-95-X054	3,595,500
	*	20.507	OR-95-X039	972,673
				72,384,501
State of Good Repair Grants				
	*	20.525	OR-54-0001	17,388,893
Federal Transit - Formula Grants Passed through from METRO				
	*	20.507	METRO # 930841	10,000
Total Federal Transit Cluster			206,965,207	
<u>Transit Services Program Cluster:</u>				
Passed through from Oregon Department of Transportation:				
Enhanced Mobility of Seniors and Individuals				
		20.513	ODOT 26558	88,642
		20.513	ODOT 27727	3,921,904
		20.513	ODOT 27728	1,063,422
		20.513	ODOT 28538	239,515
Total Enhanced Mobility of Seniors and Individuals			5,313,483	
Direct Programs:				
Job Access - Reverse Commute Program				
		20.516	OR-37-X009	664,616
New Freedom Program				
		20.521	OR-57-X002	480,032
Total Transit Services Program Cluster			6,458,131	

*Denotes major program

The accompanying notes are an integral part of this schedule.

Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2013

<u>Federal grantor/program title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Total expenditures</u>
Passed through from Oregon Department of Transportation: Metropolitan Transportation Planning	20.505	ODOT 27570	\$ 11,720
Passed through from METRO: Alternatives Analysis	20.522	METRO # 930992	94,601
Direct Programs: Capital Assistance Program for Reducing Energy Consumption/Greenhouse Gas Emission	20.523	OR-88-0001	2,657,295
Public Transportation Research Direct Programs:			
	20.514	OR-26-8002	4,459
	20.514	OR-26-7001	277,487
	20.514	OR-26-0004	84,801
	20.514	OR-26-0005	7,719
			<u>374,466</u>
Passed through from Operation Lifesaver:			
Total Public Transportation Research	20.514	FTA: VA-26-5020-01	2,500
			<u>376,966</u>
Total U.S. Department of Transportation			<u>216,563,920</u>
U.S. Department of Homeland Security Programs:			
Direct Programs:			
Nat'l Explosives Det Canine Team Program	97.072	HSTS02-12-H-CAN501	165,822
Rail and Transit Security Grant Program	97.075	2009-RA-T9-0029	480,738
	97.075	2010-RA-T0-0028	427,790
	97.075	EMW-2011-RAK-00004	611,551
Total Rail and Transit Security Grant Program			<u>1,520,079</u>
Total U.S. Department of Homeland Security Programs			<u>1,685,901</u>
U.S. Department of Education:			
Passed through from Sendero Group			
National Institute on Disability and Rehabilitation Research Global Access Information Navigator (GAIN)	84.133	H133G100135	3,796
Total U.S. Department of Education			<u>3,796</u>
Total Expenditures of Federal Awards			<u>\$ 218,253,617</u>

*Denotes major program

The accompanying notes are an integral part of this schedule.

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all federal grant activity of Tri-County Metropolitan Transportation District of Oregon (the District), under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is consistent with the financial statements, as described in Note 1 to the District's June 30, 2013 financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Relationship to the Basic Financial Statements

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

4. Subrecipients

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

<u>Subrecipient</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Total expenditures</u>
City of Portland	20.500	TriMet #10-0400	\$ 1,279,769
City of Portland	20.507	TriMet #10-0400	972,673
City of Portland	20.514	TriMet #06-0317	277,487
Clackamas Community College	20.516	TriMet #12-0230	7,658
Clackamas County	20.516	TriMet #12-0177	39,223
Community Cycling	20.516	TriMet #12-0180	85,874
Immigrant & Refugee Community Org	20.516	TriMet #12-0233	23,756
Metropolitan Family Services	20.516	TriMet #12-0191	45,000
Portland Community College	20.516	TriMet #12-0259	54,340
Ride Connection	20.500	TriMet #13-0168	27,299
Ride Connection	20.513	TriMet #11-0814	349,622
Ride Connection	20.514	TriMet #13-0168	7,719
Ride Connection	20.516	TriMet #12-0176	148,926
Ride Connection	20.521	TriMet #10-0251	434,627
Swan Island TMA	20.516	TriMet #12-0162	122,731
Tualatin TMA	20.516	TriMet #12-0170	99,570
Willamette Pedestrian Coalition	20.516	TriMet #12-0205	7,700

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditor’s Results

Financial statements

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

Federal Awards

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	U.S. Department of Transportation Federal Transit cluster:
20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit – Formula Grants
20.525	State of Good Repair Grants Program

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000
Auditee qualified as low-risk auditee? yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

SCHEDULE OF PRIOR FEDERAL AWARD FINDINGS

YEAR ENDED JUNE 30, 2013

Schedule of Prior Federal Award Findings

No matters were reported.