

**UMPQUA  
PUBLIC  
TRANSPORTATION  
DISTRICT**

**Roseburg, Oregon**

**Annual Financial Report**

**June 30, 2022**

## **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

3076 NE Diamond Lake Blvd.  
Roseburg, OR. 97470  
(541) 671-0753

### **BOARD OF DIRECTORS**

KAT STONE 3076 NE Diamond Lake Blvd., Roseburg, OR 97470	Director
MIKE BAKER 3076 NE Diamond Lake Blvd., Roseburg, OR 97470	Director
SARAH THOMPSON 3076 NE Diamond Lake Blvd., Roseburg, OR 97470	Director
LONNIE RAINVILLE 3076 NE Diamond Lake Blvd., Roseburg, OR 97470	Director
JANICE BAKER 3076 NE Diamond Lake Blvd., Roseburg, OR 97470	Director
TOM TROTTER 3076 NE Diamond Lake Blvd., Roseburg, OR 97470	Director
JIM DELAP 3076 NE Diamond Lake Blvd., Roseburg, OR 97470	Director

### **ADMINISTRATION**

CHERYL CHEAS 3076 NE Diamond Lake Blvd., Roseburg, OR 97470	District General Manager
SHERI BLEAU 3076 NE Diamond Lake Blvd., Roseburg, OR 97470	Finance Manager
CHRISTINE SEPULVEDA 3076 NE Diamond Lake Blvd., Roseburg, OR 97470	Executive Assistant

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

3076 NE Diamond Lake Blvd.  
Roseburg, OR. 97470  
(541) 671-0753

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	i-iii
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	1-7
<b>BASIC FINANCIAL STATEMENTS:</b>	
<u><b>Governmental-Wide Financial Statements:</b></u>	
Statement of Net Position	9
Statement of Activities	10
<u><b>Governmental Fund Financial Statements:</b></u>	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet to the Statement of Net Position	
- Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	
- Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Governmental Funds to the Statement of Activities	15
<u><b>Notes to the Basic Financial Statements</b></u>	17-27
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
General Fund	29
<b>SUPPLEMENTARY INFORMATION:</b>	
<u><b>Capital Projects Funds:</b></u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Capital Outlay Fund	31
Bus Replacement Fund	32
<b>OTHER INFORMATION</b>	
<u><b>Additional Supporting Schedules:</b></u>	
Schedule of Long-Term Debt Transactions & Future Requirements	34
<b>REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS:</b>	
Independent Auditor's Report Required by Oregon State Regulations	36
<b>SINGLE AUDIT SECTION</b>	
Independent Auditor's Report On Internal Control Over Financial Reporting And On	
Compliance And Other Matters Based On An Audit Of Financial Statements Performed	38-39
In Accordance With Government Auditing Standards	
Independent Auditor's Report On Compliance For Each Major Program	
And On Internal Control Over Compliance Required By The Uniform Guidance	40-41
Schedule of Expenditures of Federal Awards	42
Notes to the Schedule of Expenditures of Federal Awards	43
Section I - Summary of Auditor's Results	44
Section II - Financial Statements Findings	45-47
Section III - Findings and Questioned Costs for Federal Awards	48-50
Section IV - Summary Schedule of Prior Audit Findings	
Prior Year Financial Statement Findings	51-59
Prior Year Findings and Questioned Costs for Federal Awards	60-67



## **Independent Auditors' Report**

To the Board of Directors  
Umpqua Public Transportation District,  
3076 NE Diamond Lake Blvd. Suite A  
Roseburg, OR 97470

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Umpqua Public Transportation District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Umpqua Public Transportation District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Umpqua Public Transportation District as of June 30, 2022, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Umpqua Public Transportation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Umpqua Public Transportation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Umpqua Public Transportation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Umpqua Public Transportation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 1-7, schedules of revenues, expenditures and changes in fund balances – budget and actuals on page 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise District's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described on page 29 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Umpqua Public Transportation District's basic financial statements. The supplementary information on pages 31-32 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Umpqua Public Transportation District.

The supplementary information on pages 31-32 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the additional schedules listed in the Other Information section of the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion of any form of assurance thereon.

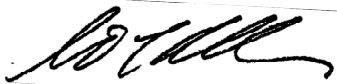
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it our report.

The schedule of expenditures of federal awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

## Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the Umpqua Public Transportation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports 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 internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Umpqua Public Transportation District's internal control over financial reporting and compliance.

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated June 30, 2023, on our consideration of the Umpqua Public Transportation District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Steve Tuchscherer, CPA  
Umpqua Valley Financial, LLC  
Roseburg, Oregon  
June 30, 2023

**MANAGEMENT'S**  
**DISCUSSION**  
**AND ANALYSIS**

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2022

---

The discussion and analysis of Umpqua Public Transportation District's financial performance provide an overview of the District's financial activities for the fiscal year that ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended June 30, 2022, are as follows:

- General revenues accounted for \$6,226 in revenue. Program-specific revenues in the form of charges for services, and grants and contributions accounted for \$3,934,670 of total revenues of \$3,940,896.
- The District had \$3,757,370 in expenses, which was less than total revenues by \$194,596.
- Total assets for the year were \$4,713,127 and total liabilities were \$576,159.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis introduce the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

#### *Government-wide Financial Statements*

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of school buildings and other facilities and changes in the district's enrollment, which dictates the majority of revenue to be collected through the State Funding Formula.

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the distinct activities or functions of the District that are primarily supported by intergovernmental revenues, principally state and federal transportation grants. The governmental activity of the District includes transportation services.



# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2022

---

### *Fund Financial Statements*

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of individual budgets versus actual statements and combining statements in a later section of this report.

*Governmental funds*, focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike government-wide financial statements, these statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

### *Notes to the Financial Statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

### *Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund. The required supplementary information immediately follows the notes to the financial statements. Other supplementary data includes combining statements, individual fund statements and schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2022

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. The net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end was \$4,136,968.

The following table provides a summary of the District's net position. Beginning with the second year of operations, this table will present both the current and prior fiscal years' net position information.

<u>Summary of Net Position</u>			
	<u>Governmental Activities</u>		
	<u>2022</u>	<u>2021</u>	<u>Percentage Change</u>
<b>Assets</b>			
Current and Other Assets	\$ 2,383,983	\$ 2,401,762	-1%
Capital Assets	<u>2,329,144</u>	<u>2,315,461</u>	1%
<b>Total Assets</b>	<b><u>4,713,127</u></b>	<b><u>4,717,223</u></b>	0%
<b>Liabilities</b>			
Current Liabilities	85,267	253,935	-66%
Long-Term Liabilities	<u>490,892</u>	<u>520,915</u>	-6%
<b>Total Liabilities</b>	<b><u>576,159</u></b>	<b><u>774,850</u></b>	-26%
<b>Net Position</b>			
Net Investment in			
Capital Assets	1,808,229	1,765,461	2%
Unrestricted	<u>2,328,739</u>	<u>2,176,912</u>	7%
<b>Total Net Position</b>	<b><u>\$ 4,136,968</u></b>	<b><u>\$ 3,942,373</u></b>	5%

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2022

The following table shows the changes in net position. Beginning with the second year of operations, this table will present both the current and prior fiscal years' summary of changes in net position information.

### Summary of Changes in Net Position

	Governmental Activities		Percentage Change
	2021-22	2020-21	
Revenues			
Program Revenues			
Charges for Services	\$ 533,278	\$ 227,998	134%
Operating Grants and Contributions	3,401,392	3,300,772	3%
Total Program Revenues	3,934,670	3,528,770	12%
General Revenues			
Local Sources			
Interest & Investment Earnings	272	465	-42%
Other Revenues	5,954	14,501	-59%
Total General Revenues	6,226	14,966	-58%
Total Revenues	3,940,896	3,543,736	11%
Program Expenses			
Transportation Programs	3,757,370	2,803,056	34%
Total Program Expenses	3,757,370	2,803,056	34%
Change in Net Position	\$ 194,596	\$ 740,680	-74%

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the one major functional activity of the District. The table also shows each function's net cost, should there be any (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions. Beginning with the second year of operations, this table will present both the current and prior fiscal years' summary of activities information.

### Governmental Activities

	Total Cost of Services	
	2021-22	2020-21
Transportation Programs	\$ 3,757,370	\$ 2,803,056
Total Program Expenses	\$ 3,757,370	\$ 2,803,056

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2022

---

### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

#### *Governmental Funds*

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Unrestricted fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$2,328,739. The fund balance consists of committed and unassigned amounts. Of the current fund balances, \$1,704,095 is committed, and \$624,644 is unassigned and available for spending at the District's discretion.

### **BUDGETARY HIGHLIGHTS**

General Fund revenues were budgeted and anticipated to be collected in the amount of \$3,592,050 during the fiscal year. Actual revenues of \$4,319,918 were more than budgeted revenues by \$727,868. The General Fund expenditures budget was under-spent by \$373,755. The actual ending fund balance was more than the budgeted ending fund balance by \$265,153.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### *Capital Assets*

As of June 30, 2022, the District had invested \$2,969,379 in capital assets. The District received a donation of \$1,802,817 of vehicles from Douglas County in a prior year, which had provided transportation services to the region prior to the formation of the District. The value of those vehicles was based on insurance valuation reports which reflect fair market value at the time of the donation to the District.

The total depreciation expense for the year was \$241,345. Additional information on the District's capital assets can be found in the Capital Asset Note in the notes to the basic financial statements section of this report.

#### *Long-Term Debt*

At June 30, 2022, the District had a \$520,915 Outstanding Balance of Long Term Debt. During the year the District paid \$29,085 in Principal and \$17,274 in Interest.

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2022

---

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The primary factors considered in developing the budget for next year were the District's continued commitment to providing public transportation programs for all of Douglas County while maintaining fiscal responsibility to their community.

The District's adopted budget for the fiscal year ending June 30, 2023, is \$13,059,752. This includes \$12,913,425 of total appropriations. The total budget for the prior year was \$7,680,494.

The most significant changes in the 2022-23 budget are the increases in Personnel Services by \$1,174,655, Capital Outlay by \$3,230,532 and contingencies by \$910,000.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the Umpqua Public Transportation District at 3076 NE Diamond Lake Blvd. Suite A, Roseburg, OR 97470.

**BASIC FINANCIAL**  
**STATEMENTS**

**Government-Wide**  
**Financial Statements**

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **STATEMENT OF NET POSITION**

**For the Fiscal Year Ended June 30, 2022**

	<b><u>Governmental Activities</u></b>
<b><u>ASSETS:</u></b>	
Current Assets:	
Cash and Investments	\$ 1,732,288
Receivables:	
Accounts	635,258
Prepaid Expenses	16,437
Total Current Assets	<u>2,383,983</u>
Capital Assets:	
Land	185,443
Capital Assets, Net of Depreciation	<u>2,143,701</u>
Total Capital Assets	<u>2,329,144</u>
<b>Total Assets</b>	<b><u>4,713,127</u></b>
<b><u>LIABILITIES:</u></b>	
Current Liabilities:	
Accounts Payable	\$ 55,244
Current Portion of Long-Term Liabilities:	
Notes Payable	<u>30,023</u>
Total Current Liabilities	<u>85,267</u>
Long-Term Liabilities:	
Noncurrent Portion of Long-Term Liabilities:	
Notes Payable	<u>490,892</u>
Total Long-Term Liabilities	<u>490,892</u>
<b>Total Liabilities</b>	<b><u>576,159</u></b>
<b><u>NET POSITION:</u></b>	
Net Investment in Capital Assets	1,808,229
Unrestricted	<u>2,328,739</u>
<b>Total Net Position</b>	<b><u>\$ 4,136,968</u></b>

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2022

	<u>Program Revenues</u>			<u>Net</u>
		<u>Charges</u>	<u>Operating</u>	<u>(Expense)</u>
	<u>Expenses</u>	<u>for</u>	<u>Grants</u>	<u>Revenue</u>
		<u>Services</u>	<u>and</u>	<u>and</u>
			<u>Contributions</u>	<u>Change in</u>
				<u>Net Position</u>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>				
Transportation Programs	\$3,757,370	\$533,278	\$ 3,401,392	\$ 177,300
<b>Total Governmental Activities</b>	<b>3,757,370</b>	<b>533,278</b>	<b>3,401,392</b>	<b>177,300</b>
				<b>Governmental</b>
				<b>Activities</b>
<b><u>CHANGES IN NET POSITION:</u></b>				
<b>Net (expense) revenue</b>				\$ 177,300
General Revenues:				
Interest and Investment Earnings				272
Other Revenue				5,954
Total General Revenues				6,226
Change in Net Position				194,596
Net Position, July 1, 2021				3,942,373
<b>Net Position, June 30, 2022</b>				<b>\$ 4,136,968</b>



**BASIC FINANCIAL**  
**STATEMENTS**

**Governmental Fund**  
**Financial Statements**

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2022

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Bus Replace- ment Fund</u>	<u>Total Govern- mental Funds</u>
<b><u>ASSETS:</u></b>				
Cash and Investments	\$ 28,193	\$ 987,375	\$ 716,720	\$ 1,732,288
Receivables:				
Accounts	635,258	-	-	635,258
Prepaid Expenses	16,437	-	-	16,437
<b>Total Assets</b>	<b>\$ 679,888</b>	<b>\$ 987,375</b>	<b>\$ 716,720</b>	<b>\$ 2,383,983</b>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>				
Liabilities:				
Accounts Payable	\$ 55,244	\$ -	\$ -	\$ 55,244
<b>Total Liabilities</b>	<b>55,244</b>	<b>-</b>	<b>-</b>	<b>55,244</b>
Fund Balances:				
Committed for:				
Acquisitions of Capital Assets	-	987,375	716,720	1,704,095
Unassigned	624,644	-	-	624,644
<b>Total Fund Balances</b>	<b>624,644</b>	<b>987,375</b>	<b>716,720</b>	<b>2,328,739</b>
<b>Total Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 679,888</b>	<b>\$ 987,375</b>	<b>\$ 716,720</b>	<b>\$ 2,383,983</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

**UMPQUA PUBLIC TRANSPORTATION DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**For the Fiscal Year Ended June 30, 2022**

---

**Total Fund Balances - Governmental Funds** \$ 2,328,739

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

The cost of the assets is -	\$ 2,969,379	
The accumulated depreciation is -	<u>(640,235)</u>	
Net Value of Assets		2,329,144

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(520,915)</u>	
---	------------------	--

<b>Net Position of Governmental Activities</b>		<b><u>\$ 4,136,968</u></b>
--	--	----------------------------

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Statement of Revenues, Expenditures, and Changes in Fund Balances GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2022

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Bus Replace- ment Fund</u>	<u>Total Govern- mental Funds</u>
<b><u>REVENUES:</u></b>				
Local Sources	\$ 533,278	\$ -	\$ -	\$ 533,278
State Sources	1,895,807	-	-	1,895,807
Federal Sources	1,884,607	-	-	1,884,607
Investment Revenue	272	-	-	272
Donations	-	-	235,989	235,989
Other Revenue	5,954	-	-	5,954
<b>Total Revenues</b>	<u>4,319,918</u>	<u>-</u>	<u>235,989</u>	<u>4,555,907</u>
<b><u>EXPENDITURES:</u></b>				
Administration	1,217,861	-	-	1,217,861
Transportation Operations	2,279,584	-	-	2,279,584
Capital Outlay	-	10,996	245,339	256,335
Debt Service	46,359	-	-	46,359
<b>Total Expenditures</b>	<u>3,543,804</u>	<u>10,996</u>	<u>245,339</u>	<u>3,800,139</u>
Excess (Deficiency) of Revenues Over Expenditures	776,114	(10,996)	(9,350)	755,768
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	-	-	715,000	715,000
Interfund Transfers (Out)	(715,000)	-	-	(715,000)
Proceeds from Sale of Capital Assets	-	-	11,070	11,070
<b>Total Other Financing Sources (Uses)</b>	<u>(715,000)</u>	<u>-</u>	<u>726,070</u>	<u>11,070</u>
Net Change in Fund Balances	61,114	(10,996)	716,720	766,838
Fund Balances, July 1, 2021	<u>563,530</u>	<u>998,371</u>	<u>-</u>	<u>1,561,901</u>
<b>Fund Balances, June 30, 2022</b>	<u><b>\$ 624,644</b></u>	<u><b>\$ 987,375</b></u>	<u><b>\$ 716,720</b></u>	<u><b>\$ 2,328,739</b></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**UMPQUA PUBLIC TRANSPORTATION DISTRICT**

**RECONCILIATION OF THE STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For the Fiscal Year Ended June 30, 2022**

---

**Net Changes in Fund Balances - Total Governmental Funds** **\$ 766,838**

**Amounts reported for governmental activities in the Statement of Activities are different because:**

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	255,029
Less current year depreciation	(241,345)

Some revenues are not collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.

The changes in amounts deferred are as follows:

Federal Grants	(615,011)
----------------	-----------

Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.

Retirement of debt principal is as follows:

Notes Payable	29,085
---------------	--------

**Change in Net Position of Governmental Activities** **\$ 194,596**

The accompanying notes to the basic financial statements are an integral part of this statement.

**BASIC FINANCIAL**  
**STATEMENTS**

**Notes to the Basic**  
**Financial Statements**

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

---

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Umpqua Public Transportation District was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of providing public transportation to Douglas County. The District is governed by a separately elected Board of Directors who approve the administrative officials. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The basic financial statements of Umpqua Public Transportation District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

#### Reporting Entity

In determining the financial reporting entity, the Umpqua Public Transportation District complies with Governmental Accounting Standards Board Statement 14 as amended, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the District holds the corporate powers of the organization; 3) the District appoints a voting majority of the organization's board; 4) the District is able to impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the District; and 6) there is fiscal dependency by the organization on the District. Based on the criteria, the Umpqua Public Transportation District has no component units.

#### Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District with most of the inter-fund activities removed to minimize the double counting of internal activities. Governmental activities include programs supported primarily by taxes, state school support payments, grants, and other intergovernmental revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support. The District also reports no fiduciary activities.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

---

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

#### Basis of Presentation (Cont.)

*Fund Financial Statements:* During the fiscal year, the District segregates transactions related to school district functions or activities in separate funds to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds.

The fund financial statements provide reports on the financial condition and results of operations for governmental activities. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General Fund expenditures are categorized by Administration, Transportation Operations, Debt Service, and Interfund Transfers.

Capital Projects Fund – This fund accounts for capital purchases for the District.

Bus Replacement Fund – This fund accounts for activities related to purchasing buses for the District.

#### Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; the basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on the long-term debt which is reported when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.



# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

---

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

#### Measurement Focus/Basis of Accounting (Cont.)

The revenues susceptible to accrual are property taxes, charges for services, interest income, and intergovernmental revenues. All other governmental fund revenues are recognized when received, as they are deemed immaterial. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when the revenue recognition is met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### Budgeting

The District budgets all funds as required by state law. The District budgets for all funds on a modified accrual basis. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures are controlled by annual appropriations at the following organizational levels: instruction, support services, community services, facilities acquisition and construction, and other expenditures. Appropriations lapse as of the fiscal year-end. A detailed budget document is required that contains more detailed information for the above-mentioned expenditure categories.

Unexpected additional resources may be added to the budget using a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the District Board of Directors. Original and supplemental budgets may be modified using appropriations transfers between the levels of control. Such transfers require approval by the District Board of Directors.

#### Cash and Investments

For purposes of the statement of cash flows, cash, and cash equivalents include cash on hand, checking, savings, and money market accounts, and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. The fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short-Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve the local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury on the management and investment options of the LGIP.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

---

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **Receivables**

Amounts due from individuals, organizations, or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and materials provided by the District. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for federal and intergovernmental grants. In the governmental fund financial statements, transportation revenue not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources.

Intergovernmental grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year-end, are reported as accounts receivable.

#### **Restricted Assets and Liabilities**

Assets with use restricted to future bond payments and the related liability are segregated in the statements of net position.

#### **Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost, or estimated cost when the original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets are not capitalized, but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. The capitalization threshold used by the District as recommended by the State of Oregon is \$5,000.

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

<b><u>Asset Class</u></b>	<b><u>Estimated Years of Useful Lives</u></b>
Buildings and Improvements	50-100
Machinery & Equipment	5-30

In the governmental fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized, and related depreciation is not reported in the fund financial statements.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

---

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **Compensated Absences and Accrued Liabilities:**

The District has no provision for accumulated unpaid vacation, sick pay, and other employee benefits. A liability for accumulated sick pay does exist; however, it is not readily estimable. Each employee may accumulate sick leave and carry it over to the succeeding year. In a year when sick leave is used, the employee continues the regular salary during the absence to the extent of sick leave earned.

#### **Deferred Inflows/Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the governmental funds' balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

#### **Long-Term Debt**

All bonds, notes, and capital lease payable are recognized in the government-wide financial statements as liabilities of the District. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position.

In the governmental fund financial statements, proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Principal and interest payments on long-term debt are recorded as debt service in the expenditure section of the statement and schedules.

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

---

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

#### Equity Classifications

##### *Government-wide Statements*

Equity is classified as net position, which represents the difference between assets, liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

##### *Governmental Fund Financial Statements*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the District Board, and does not lapse at year-end.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the District Board or through the District Board delegating this responsibility to selected staff members or through the budgetary process.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District’s policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

---

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **Inter-Fund Transactions**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

#### **Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **Pensions**

Beginning after June 30, 2020, the District provides a retirement plan for employees through a defined contribution SEP IRA plan. No pension liabilities, deferred inflows, or deferred outflows are reported because of this plan.

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

---

### CASH AND INVESTMENTS:

For a discussion of deposit and investment policies and other related information, see the Cash and Investments note in the Summary of Significant Accounting Principles.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at the Cash and Investments note in the Summary of Significant Accounting Principles.

Investments, including amounts held in pool cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

*Custodial Credit Risk for Deposits* - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2022, the reported amount of the District's deposits was \$1,711,789. The bank balance was \$1,711,741. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer. The District also held \$392 in Petty Cash.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices.

*Credit Risk* - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2022, the District's had no investments.

*Concentration of Credit Risk* - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a *concentration of credit risk*. The District places no limit on the amount that may be invested in any one issuer. The District had no investments throughout the fiscal year ending June 30, 2022.

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

### CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2022:

#### **Depreciable Assets Schedule For the Fiscal Year Ended June 30, 2022**

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<b>Assets not being depreciated:</b>				
Land	\$ 185,443	\$ -	\$ -	\$ 185,443
Total	185,443	-	-	185,443
<b>Assets being depreciated:</b>				
Land Improvement	77,487	-	-	77,487
Building and Building Improvement	515,781	11,897	-	527,678
Machinery and Equipment	1,935,640	243,132	-	2,178,772
Total Depreciable Assets	2,528,907	255,029	-	2,783,936
<b>Less: Accumulated Depreciation</b>				
Land Improvement	7,349	5,166	-	12,515
Building and Building Improvement	17,695	18,382	-	36,077
Machinery and Equipment	373,846	217,797	-	591,643
Total Accumulated Depreciation	398,890	241,345	-	640,235
Net Value of Capital Assets Being Depreciated	2,130,018	13,684	-	2,143,701
Total Governmental Activities -- Net Value of Capital Assets	<u>\$2,315,461</u>	<u>\$ 13,684</u>	<u>\$ -</u>	<u>\$ 2,329,144</u>

#### **Depreciation expense was charged to the functions of governmental activities as follows:**

Transportation	<u>\$ 241,345</u>
Total Depreciation Expense	<u>\$ 241,345</u>

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

### LONG-TERM DEBT

A summary of debt transactions for the year ended June 30, 2022 is as follows:

The District entered into a full faith and credit financing agreement with Umpqua Bank on October 30, 2020 for the purpose of purchasing an operations facility and making improvements. The original balance of the note is \$550,000. Interest rate is fixed at 3.226%. Payments are to be made annually on December 1. Interest payments are to be made semi-annually on June 1 and December 1.

The table below presents current year changes in long term obligations and the current portions due for each issue.

<u>Governmental Long-Term Debt</u>	<u>Outstanding Balance July 1, 2021</u>	<u>Principal Paid</u>	<u>Interest Paid</u>	<u>Outstanding Balance June 30, 2022</u>	<u>Due Within One Year</u>
<b>Notes from Direct Borrowing:</b>					
Building Loan	\$ 550,000	\$ 29,085	\$ 17,274	\$ 520,915	\$ 30,023
<b>Total Governmental Long-Term Debt</b>	<b>550,000</b>	<b>29,085</b>	<b>17,274</b>	<b>520,915</b>	<b>30,023</b>

The debt service requirements on the above debt are as follows:

#### **Notes from Direct Borrowings:**

<u>Due Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 30,023	\$ 16,320	\$ 46,343
2024	30,992	15,336	46,328
2025	31,992	14,320	46,312
2026	33,024	13,271	46,295
2027	34,089	12,189	46,278
2028 - 2032	187,668	43,445	231,113
2033 - 2037	173,127	11,393	184,520
<b>Total</b>	<b>\$ 520,915</b>	<b>\$ 126,274</b>	<b>\$ 647,189</b>

For further detail on debt service, see the 'Schedule of Long-Term Debt Transactions' in the Other Supplementary Data section of this report.



# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

---

### **INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2022, were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 715,000	\$ -
Bus Replacement Fund	<u>-</u>	<u>715,000</u>
Total	<u>\$ 715,000</u>	<u>\$ 715,000</u>

### **CONTINGENT LIABILITIES:**

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any, to be immaterial. The District is not currently named as a defendant in any pending or threatened litigation.

### **RISK:**

To reduce the risk of loss from liability, fire, theft, accident, medical costs, and error and omissions, the District maintains various commercial insurance policies.

The District came under the State Unemployment Act on July 1, 1974. The District has elected to pay State Unemployment insurance to the State to pay for any claims paid to former employees. Any reimbursements are paid by the fund incurring the liability to the Employment Division of the State of Oregon. The estimated liability for unpaid claims is calculated as the present value of expected but unpaid claims based on historical experience and going concern assessments. The District's estimated liability for unpaid unemployment claims is immaterial. Therefore, no liability amount appears on the District's statement of net position or balance sheet.

There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

**REQUIRED**  
**SUPPLEMENTARY**  
**INFORMATION**

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

### GENERAL FUND

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis)	with Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Local Income	\$ 378,000	\$ 378,000	\$ 533,278	\$ 155,278
State Income	1,885,971	1,885,971	1,895,807	9,836
Federal Income	1,327,079	1,327,079	1,884,607	557,528
Investment Revenue	1,000	1,000	272	(728)
Other Revenue	-	-	5,954	5,954
<b>Total Revenues</b>	<b>3,592,050</b>	<b>3,592,050</b>	<b>4,319,918</b>	<b>727,868</b>
<b><u>EXPENDITURES:</u></b>				
Administration	1,281,800	1,281,800	1,217,861	(63,939)
Transportation Operations	2,549,400	2,549,400	2,279,584	(269,816)
Capital Outlay	30,000	30,000	-	(30,000)
Debt Service	46,359	46,359	46,359	-
Contingency	10,000	10,000	-	(10,000)
<b>Total Expenditures</b>	<b>3,917,559</b>	<b>3,917,559</b>	<b>3,543,804</b>	<b>(373,755)</b>
Excess (Deficiency) of Revenues Over Expenditures	(325,509)	(325,509)	776,114	1,101,623
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer (Out)	(715,000)	(715,000)	(715,000)	-
<b>Total Other Financing Sources / (Uses)</b>	<b>(715,000)</b>	<b>(715,000)</b>	<b>(715,000)</b>	<b>-</b>
Net Change in Fund Balance	(1,040,509)	(1,040,509)	61,114	1,101,623
Fund Balance - July 1, 2021	1,400,000	1,400,000	563,530	(836,470)
<b>Fund Balance - June 30, 2022</b>	<b>\$ 359,491</b>	<b>\$ 359,491</b>	<b>\$ 624,644</b>	<b>\$ 265,153</b>

**SUPPLEMENTARY**  
**INFORMATION**

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

### CAPITAL OUTLAY FUND

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ 30,152	\$ 30,152	\$ -	\$ (30,152)
<b>Total Revenues</b>	<b>30,152</b>	<b>30,152</b>	<b>-</b>	<b>(30,152)</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	822,523	822,523	10,996	(811,527)
Contingency	-	-	-	-
<b>Total Expenditures</b>	<b>822,523</b>	<b>822,523</b>	<b>10,996</b>	<b>(811,527)</b>
Net Change in Fund Balance	(792,371)	(792,371)	(10,996)	781,375
Fund Balance - July 1, 2021	792,371	792,371	998,371	206,000
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 987,375</b>	<b>\$ 987,375</b>

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual BUS REPLACEMENT FUND

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>REVENUES:</u></b>				
Donations	\$ -	\$ -	\$ 235,989	\$ 235,989
Intergovernmental	945,921	945,921	-	(945,921)
<b>Total Revenues</b>	<b>945,921</b>	<b>945,921</b>	<b>235,989</b>	<b>(709,932)</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	1,865,921	1,865,921	245,339	(1,620,582)
<b>Total Expenditures</b>	<b>1,865,921</b>	<b>1,865,921</b>	<b>245,339</b>	<b>(1,620,582)</b>
Excess (Deficiency) of Revenues Over Expenditures	(920,000)	(920,000)	(9,350)	910,650
<b><u>Other Financing Sources / (Uses)</u></b>				
Operating Transfer In	715,000	715,000	715,000	-
Proceeds from Sale of Capital Assets	-	-	11,070	11,070
<b>Total Other Financing Sources</b>	<b>715,000</b>	<b>715,000</b>	<b>726,070</b>	<b>11,070</b>
Net Change in Fund Balance	(205,000)	(205,000)	716,720	921,720
Fund Balance - July 1, 2021	-	-	-	-
<b>Fund Balance - June 30, 2022</b>	<b>\$ (205,000)</b>	<b>\$ (205,000)</b>	<b>\$ 716,720</b>	<b>\$ 921,720</b>

## **OTHER INFORMATION**

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

**For the Fiscal Year Ended June 30, 2022**

### Building Loan

The District entered into a full faith and credit financing agreement with Umpqua Bank on October 30, 2020 for the purpose of purchasing an operations facility and making improvements. The original balance of the note is \$550,000. Interest rate is fixed at 3.226%. Payments are to be made annually on December 1. Interest payments are to be made semi-annually on June 1 and December 1.

### Current Year Activity:

	Outstanding Balance July 1, 2021	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2022	Due Within One Year
Principal	\$ 550,000	\$ -	\$ 29,085	\$ 520,915	\$ 30,023
Interest	-	17,274	17,274	-	16,320
Total	\$ 550,000	\$ 17,274	\$ 46,359	\$ 520,915	\$ 46,343

### Future Requirements:

	Due Fiscal Year Ending June 30,	Principal	Interest	Total	Interest Rate
2023		\$ 30,023	\$ 16,320	\$ 46,343	3.23%
2024		30,992	15,336	46,328	3.23%
2025		31,992	14,320	46,312	3.23%
2026		33,024	13,271	46,295	3.23%
2027		34,089	12,189	46,278	3.23%
2028		35,189	11,072	46,261	3.23%
2029		36,324	9,918	46,242	3.23%
2030		37,496	8,727	46,223	3.23%
2031		38,705	7,498	46,203	3.23%
2032		39,954	6,230	46,184	3.23%
2033		41,243	4,920	46,163	3.23%
2034		42,573	3,568	46,141	3.23%
2035		43,947	2,173	46,120	3.23%
2036		45,364	732	46,096	3.23%
Total		\$ 520,915	\$ 126,274	\$ 647,189	



**REPORTS ON LEGAL**  
**AND OTHER**  
**REGULATORY REQUIREMENTS**

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

**As of June 30, 2022**

---

To the Governing Body of the Umpqua Public Transportation District  
Roseburg, Oregon

We have audited the basic financial statements of the Umpqua Public Transportation District as of and for the year ended June 30, 2022 and have issued our report thereon dated June 28, 2023. 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 Umpqua Public Transportation 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).**
- **Indebtedness limitations, restrictions and repayment.**
- **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).**

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.

### **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 my auditing procedures for the purpose of expressing my 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.

This report is intended solely for the information and use of the Board of Directors and management of Umpqua Public Transportation District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuhscherer, CPA  
Umpqua Valley Financial  
Roseburg, Oregon  
June 30, 2023

**SINGLE AUDIT SECTION**



**INDEPENDENT AUDITOR’S REPORT 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***

To the Board of Directors  
Umpqua Public Transportation District

We have audited, 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Umpqua Public Transportation District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Umpqua Public Transportation District’s basic financial statements and have issued our report thereon dated June 30, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Umpqua Public Transportation 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 Umpqua Public Transportation District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Umpqua Public Transportation District’s internal control.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-02, to be material weaknesses.

*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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2022-01, to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Umpqua Public Transportation District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-02.

## Umpqua Public Transportation District's Response to Findings

Umpqua Public Transportation District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Umpqua Public Transportation District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Steve Tuhscherer, CPA  
Umpqua Valley Financial, LLC  
Roseburg, Oregon  
June 30, 2023



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Umpqua Public Transportation District

**Report on Compliance for Each Major Federal Program**

We have audited Umpqua Public Transportation District’s compliance with the types of compliance requirements described in the OMB *Circular Compliance Supplement* that could have a direct and material effect on each of Umpqua Public Transportation District’s major federal programs for the year ended June 30, 2022. Umpqua Public Transportation District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of Umpqua Public Transportation District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Umpqua Public Transportation 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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of Umpqua Public Transportation District’s compliance.

***Basis for Qualified Opinion on Transit Services Program Cluster***

As described in the accompanying schedule of findings and questioned costs, Umpqua Public Transportation District did not comply with requirements regarding 20.509 Formula Grants for Rural Areas and Tribal Transit Program, 20.513 Enhanced Mobility of Seniors and Individuals with Disabilities. And 20.509 CARES Operating Assistance as described in finding numbers 2022-04 Accounting for Grants, Schedule of Expenditures of Federal Awards, and Fiscal Management. Compliance with such requirements is necessary, in our opinion, for the Umpqua Public Transportation District to comply with the requirements applicable to that program.

***Qualified Opinion on Transit Services Program Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Umpqua Public Transportation District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Transit Services Program for the year ended June 30, 2022.

## Other Matters

Umpqua Public Transportation District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Umpqua Public Transportation District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

The management of Umpqua Public Transportation 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, we considered Umpqua Public Transportation District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Umpqua Public Transportation District's internal control over compliance.

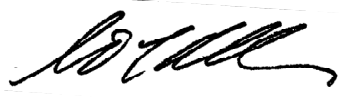
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-04 to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-03 to be a significant deficiency.

Umpqua Public Transportation District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Umpqua Public Transportation District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Steve Tuchscherer, CPA  
Umpqua Valley Financial, LLC  
Roseburg, Oregon  
June 30, 2023

**Umpqua Public Transportation District, 3076 NE Diamond Lake Blvd, Roseburg, OR 97470**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor Program Title	Federal Awarding Agency Prefix	AL Three-Digit Extension	Additional Award Identification	Federal Program Name	Grant Agreement Number	Federal Assistance Listing Number	Grant Period	Original Program or Grant Amount	(Receivable)/Deferred Revenue End of PY June 30, 2021	Federal Money Received FY 2021-2022	Total Federal Expenditures FY 2021-2022	(Receivable)/Deferred Revenue June 30, 2022
<b>U.S. Department of Transportation Federal Transit Administration</b>												
<b>Direct Programs</b>												
<b>Passed through State of Oregon Rail and Public Transit Division</b>												
Rail and Public Transit Division Oregon Department of Transportation	20	509	Project Admin	Formula Grants for Rural Areas and Tribal Transit Program	33420	20.509 (5311)	July 1, 2019 - June 30, 2021	\$ 196,554	\$ 99,868	\$ 99,868	\$ -	\$ -
Rail and Public Transit Division Oregon Department of Transportation	20	509	Operating Sliding Scale	Formula Grants for Rural Areas and Tribal Transit Program	33420	20.509 (5311)	July 1, 2019 - June 30, 2021	598,651	355,765	355,765	-	-
Rail and Public Transit Division Oregon Department of Transportation	20	509	Preventive Maintenance	Formula Grants for Rural Areas and Tribal Transit Program	33420	20.509 (5311)	July 1, 2019 - June 30, 2021	179,460	56,295	56,295	-	-
Rail and Public Transit Division Oregon Department of Transportation	20	509	Project Admin	Formula Grants for Rural Areas and Tribal Transit Program	34982	20.509 (5311)	July 1, 2021 - June 30, 2023	\$ 179,460	\$ -	\$ 44,864	\$ 89,728	\$ 44,864
Rail and Public Transit Division Oregon Department of Transportation	20	509	Operating Sliding Scale	Formula Grants for Rural Areas and Tribal Transit Program	34982	20.509 (5311)	July 1, 2021 - June 30, 2023	348,890	-	124,123	281,757	157,634
Rail and Public Transit Division Oregon Department of Transportation	20	509	Preventive Maintenance	Formula Grants for Rural Areas and Tribal Transit Program	34982	20.509 (5311)	July 1, 2021 - June 30, 2023	179,460	-	44,864	44,864	44,864
Rail and Public Transit Division Oregon Department of Transportation	20	509	Mobility Management	Formula Grants for Rural Areas and Tribal Transit Program	34982	20.509 (5311)	July 1, 2021 - June 30, 2023	44,865	-	-	4,486	4,486
Rail and Public Transit Division Oregon Department of Transportation	20	509	Operating Assistance	Formula Grants for Rural Areas and Tribal Transit Program	34982	20.509 (5311)	July 1, 2021 - June 30, 2023	451,763	-	135,195	377,370	242,175
Rail and Public Transit Division Oregon Department of Transportation	20	513	Contracted Services	Enhanced Mobility of Seniors and Individuals with Disabilities	35162	20.513 (5310)	July 1, 2021 - June 30, 2023	\$ 300,000	\$ -	\$ 125,078	\$ 170,613	\$ 45,535
Rail and Public Transit Division Oregon Department of Transportation	20	513	Mobility Management	Enhanced Mobility of Seniors and Individuals with Disabilities	35162	20.513 (5310)	July 1, 2021 - June 30, 2023	\$ 577,916	\$ -	\$ 190,326	\$ 259,679	\$ 69,353
Rail and Public Transit Division Oregon Department of Transportation	20	513	Contracted Services	Enhanced Mobility of Seniors and Individuals with Disabilities	33573	20.513 (5310)	July 1, 2019 - June 30, 2021	\$ 163,964	\$ 41,673	\$ 41,673	\$ -	\$ -
Rail and Public Transit Division Oregon Department of Transportation	20	513	Mobility Management	Enhanced Mobility of Seniors and Individuals with Disabilities	33573	20.513 (5310)	July 1, 2019 - June 30, 2021	\$ 15,279	\$ 8,678	\$ 8,678	\$ -	\$ -
Rail and Public Transit Division Oregon Department of Transportation	20	513	Contracted Services	Enhanced Mobility of Seniors and Individuals with Disabilities	33573	20.513 (5310)	July 1, 2019 - June 30, 2021	99,600	38,629	38,629	-	-
Rail and Public Transit Division Oregon Department of Transportation	20	513	Betterment Contracted Services	Enhanced Mobility of Seniors and Individuals with Disabilities	33573	20.513 (5310)	July 1, 2019 - June 30, 2021	18,003	3,719	3,719	-	-
Rail and Public Transit Division Oregon Department of Transportation	20	513	City of Reedsport Contracted Services	Enhanced Mobility of Seniors and Individuals with Disabilities	33573	20.513 (5310)	July 1, 2019 - June 30, 2021	\$ 65,331	\$ 8,986	\$ 8,986	\$ -	\$ -
Rail and Public Transit Division Oregon Department of Transportation	20	513	Sunrise Enterprises Inc Contracted Services	Enhanced Mobility of Seniors and Individuals with Disabilities	33573	20.513 (5310)	July 1, 2019 - June 30, 2021	24,615	8,090	8,090	-	-
Rail and Public Transit Division Oregon Department of Transportation	20	513	Umpqua Homes Inc Contracted Services	Enhanced Mobility of Seniors and Individuals with Disabilities	33573	20.513 (5310)	July 1, 2019 - June 30, 2021	125,941	52,602	52,602	-	-
Rail and Public Transit Division Oregon Department of Transportation	20	513	Disability Network Contracted Services	Enhanced Mobility of Seniors and Individuals with Disabilities	33573	20.513 (5310)	July 1, 2019 - June 30, 2021	208,045	73,580	73,580	-	-
Rail and Public Transit Division Oregon Department of Transportation	20	513	City of Winston Contracted Services	Enhanced Mobility of Seniors and Individuals with Disabilities	33573	20.513 (5310)	July 1, 2019 - June 30, 2021	19,073	5,979	5,979	-	-
Rail and Public Transit Division Oregon Department of Transportation	20	513	Preventative Maintenance	Enhanced Mobility of Seniors and Individuals with Disabilities	34317	20.513 (5310)	July 1, 2020 - June 30, 2022	40,000	11,845	13,935	11,086	8,996
Rail and Public Transit Division Oregon Department of Transportation	20	509	Provide relief from the COVID 19 expenses	Formula Grants for Rural Areas and Tribal Transit Program	34741	20.509 (5311)	March 1, 2021 - June 30, 2023	79,840	71,865	79,840	7,975	-
<b>Total PROJECT DESCRIPTION AND BUDGET - Passed Through Rail and Public Transit Division Oregon Department of Transportation</b>								4,892,783	837,574	1,512,089	1,247,558	617,907
<b>CARES Grants Passed Through State of Oregon Rail and Public Transit Division:</b>												
Rail and Public Transit Division Oregon Department of Transportation	20	509	CARES 5311 Operating Assistance	Formula Grants for Rural Areas and Tribal Transit Program	34196	20.509 (5311)	May 1, 2020 - June 30, 2021	487,332	154,013	154,013	-	-
<b>Total CARES Grants Passed Through State of Oregon Rail and Public Transit Division:</b>								487,332	154,013	154,013	-	-
<b>TOTAL 2021-2022</b>								\$ 5,380,115	\$ 991,587	\$ 1,666,102	\$ 1,247,558	\$ 617,907



# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of federal awards (the “Schedule”) includes the federal award activity of Umpqua Public Transportation District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Umpqua Public Transportation District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Umpqua Public Transportation District.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### **NOTE 3 – INDIRECT COSTS RATE**

Umpqua Public Transportation District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. The district did not charge indirect costs to federal grants.

**UMPQUA PUBLIC TRANSPORTATION DISTRICT**

**Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

<b>Section I - Summary of Auditor's Results</b>	
<b><u>Financial Statements</u></b>	
Type of auditor's report issued in accordance with GAAP (unmodified, qualified, adverse, or disclaimer):	<u>Qualified</u>
<b>Internal Control over financial reporting:</b>	
Material Weaknesses identified?	<u>Yes</u>
Significant deficiencies identified?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>Yes</u>
<b><u>Federal Awards</u></b>	
<b>Internal Control over major federal programs:</b>	
Material Weaknesses identified?	<u>Yes</u>
Significant deficiencies identified?	<u>Yes</u>
Type of auditor's report issued on compliance for major programs (unmodified, qualified, adverse, or disclaimer):	<u>Qualified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>Yes</u>
<b><u>Identification of major programs:</u></b>	
<b>Assistance Listing (CFDA) Number(s)</b>	<b>Name of Federal Program of Cluster</b>
20.509	Formula Grants for Rural Areas and Tribal Transit Program (5311)
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities (5310)
20.509	CARES Operating Assistance (5311)
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	<u>No</u>

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

---

### Section II—Financial Statements Findings

This part of the Schedule of Findings and Questioned Costs presents audit findings classified as material weaknesses, significant deficiencies and material noncompliance that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Each finding has one of the following designations:

**Material Weakness** – A deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatement of the district’s financial statements will not be prevented, or detected and corrected on a timely basis.

**Significant Deficiency** – A deficiency, or 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.

**Material Noncompliance** – Matters coming to the auditor’s attention relating to the district’s 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 the financial statement amounts.

#### Finding 2022-01 - Source Documentation, Strengthen Controls over Financial Reporting (Significant Deficiency)

**Criteria:** Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all district funds.

**Condition:** District prepared drawdown calculations according to an internal reconciliation spreadsheet tool outside of the General Ledger rather than utilizing proper General Ledger expenditure and supporting backup information.

**Cause:** General ledger recording, or reconciling procedures were not enforced or completed. Dependable general ledger data was not available.

**Effect or Potential Effect:** The lack of effective internal control activities over financial reporting could allow for inadvertent errors, such as calculation errors, payments for unauthorized purposes, and result in improper financial reporting.

**Questioned Cost:** No

**Context:** During our testing of expenditures, we found no Federal drawdown reimbursement requests selected for testing that did not reconcile to their corresponding expenditures.

**Repeat of a Prior-Year Finding:** Yes, Financial Statement Findings 2021-1

**Recommendation:** The District should establish a more detailed process for the review and approval of GAAP package Reporting, and grant progress reporting. As part of this process, the individual underlying and supporting worksheets and calculations should be subject to independent challenge, review and approval at a sufficiently detailed level whereas calculation and other errors are prevented and detected in a timely manner.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

**District's Response:** The District had originally relied on a consultant accounting professional for recording activity in the general ledger. General ledger activity was not available timely, or in sufficient quality such that the General Manager could rely upon the general ledger to gather information for reporting to grantors. Consequently, the General Manager developed and relied upon their own spreadsheet records for grant reimbursement requests. The district has now incorporated more grant specificity within the general ledger, but the spreadsheet is still being relied upon to calculate and support grant activity.

**Corrective Action Plan:** The District hired a Finance Manager to oversee the day-to-day financial operations of the District. Improvements are ongoing, but will not be sufficient for general ledger based reporting until FY 2022-2023, when it is anticipated that this will allow the activities of the district to be recorded and managed within the general ledger.

**Planned Implementation Date:** July 1, 2022

**Responsible Person:** General Manager, Umpqua Public Transit District

### **Finding 2022-02 – Fiscal Management System, Ensure Compliance with Federal Regulations Over Accounting Systems (Material Weakness)**

**Criteria:** Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all district funds.

The Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that a review is performed to verify the accuracy and completeness of financial information reported. The Federal Grant Activity Schedule captures amounts that must be accurate and complete in order to ensure the accuracy of the financial and federal information reported on such schedule to verify the accuracy and completeness of financial information reported.

CFR Part 200.302.b Auditee Responsibilities includes the requirement that the financial management system of each non-Federal entity provide the following. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Accurate, current, and complete disclosure of the financial results of each Federal award or program.

**Condition:** During the audit of Umpqua Public Transportation District for Fiscal Year 2021-2022, the district provided auditor with Separate and Identifiable General Ledger reports using QuickBooks Jobs feature, that showed identification between individual grant expenditures and revenues. Entries were prepared or recorded using the jobs feature, but not on a timely basis throughout the year, as portions were completed retroactively, and general ledger restated for the entire fiscal year. This deficiency was instrumental in causing the general ledger to be inadequate for financial and Federal Award Reporting for a large portion of the year.

**Cause:** The District had relied on inadequately trained individuals to record activities and setup of their general ledger. The accounting records were retroactively constructed to meet Federal award reporting purposes, but late in the fiscal year. District management did not have sufficient training or monitoring policies to recognize and correct the deficiency.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

**Effect or Potential Effect:** Failure to record transactions timely into the general ledger for Umpqua Public Transportation District, and lack of proper accounting structure separating revenues and expenditures into each Federal and State or Local grant may result in transactions not being properly included in the district's financial statements. The potential for incorrect financial reporting, and untimely results, with the inability to rely on the general ledger for correct and timely information, may also cause misstatement of financial statements, and inappropriate reporting of federal awards.

**Questioned Cost:** No

**Context:** Restatement of the general ledger was necessary for proper reporting of grants for the Schedule of Federal Awards. Tracking of matching local and state grants remains ineffective.

**Repeat of a Prior-Year Finding:** Yes, Financial Statement Findings 2021-4

**Recommendation:** We recommend that Umpqua Public Transportation District improve their general ledger structure to meet the requirement for separate accounts for Federal awards for program revenues and program expenditures. In addition, we recommend that the district establish policies and procedures to ensure that all required matching of grant expenditures be recorded in sufficient detail tracking to ensure that all matching program revenues and expenditures are reported correctly in the fiscal year. We also recommend that the district continue training program, policies and procedures for staff and management for administering and recording Federal Grant revenues and expenditures.

**District's Response:** The District concurs with the recommendation. General ledger accounts separating Federal, State, and Local revenues and related expenditures will be adhered to and further training implemented.

**Corrective Action Plan:** The District hired a Finance Manager to oversee the day-to-day financial operations of the district. The Finance Manager retroactively created accounting records to separate grant revenues and related expenditures, for both Federal grant records as well as State grant records. The Finance Manager will improve the general ledger to allow the recording of the matching identification for each federal grant. This will allow the activities of the district to be recorded in a manner that allows for reporting in compliance with federal requirements.

**Planned Implementation Date:** July 1, 2022

**Responsible Person:** General Manager, Umpqua Public Transit District

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

### **Section III—Findings and Questioned Costs for Federal Awards.**

This part of the Schedule of Findings and Questioned Costs presents audit findings required to be reported by *OMB uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200*.

Each finding has one of the following designations:

**Material Weakness** – *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

**Significant Deficiency** – *A significant deficiency in internal control over compliance* is a deficiency, or 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.

**Material Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts or grant agreements, that in the auditor’s judgment have a direct and material effect on a major federal program.

**Immaterial Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts or grant agreements, that do not have a direct and material effect on a major federal program.

#### **Finding 2022-03 - Source Documentation (Significant Deficiency)**

**CFDA Title and Number: 20.513 (5310) Enhanced Mobility of Seniors and Individuals with Disabilities. Grant Agreement 33573 (City of Reedsport).**

**Name of Federal Agency: Transit Services Program Cluster**

**Internal Control over Compliance: Cash Management**

**CFDA Title and Number: 20.509 (5311) CARES 5311 Operating Assistance. Formula Grants for Rural Areas and Tribal Transit Program. Grant Agreement 34196.**

**Name of Federal Agency: Transit Services Program Cluster**

**Internal Control over Compliance: Cash Management**

**Criteria:** 2 CFR Part 200.302(b)(1) The financial management system of each non-federal entity must provide for the following: Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. 200.302(b)(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in 200.328 and 200.329.

**Condition:** The District prepared drawdown calculations according to an internal reconciliation spreadsheet tool outside of the General Ledger rather than utilizing proper General Ledger expenditure and supporting backup information.

**Cause:** General ledger reconciling procedures were not enforced or completed.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

**Effect or Potential Effect:** Activities or costs that are allowed or allowable could potentially be overpaid or underpaid.

**Questioned Cost:** No

**Context:** During our testing of expenditures, we found no Federal drawdown reimbursement requests selected for testing that did not reconcile to their corresponding expenditures.

**Repeat of a Prior-Year Finding:** Yes, Findings and Questioned Costs 2021-8

**Recommendation:** The District should establish policies and procedures to ensure that each drawdown is reconciled with supporting expenditure documents and general ledger postings prior to reimbursement being requested.

**District's Response:** The District had relied on inadequately skilled or trained individuals for recording activity in the general ledger. General ledger activity was not available timely, or in sufficient quality such that the General Manager could rely upon the general ledger to gather information for reporting to grantors. Consequently, the General Manager developed and relied upon their own spreadsheet records for grant reimbursement requests.

**Corrective Action Plan:** The District has hired a Finance Manager to oversee the day-to-day financial operations of the District. The Finance Manager has made improvements in the general ledger recording and reporting for federal award requirements, but had not yet been able to eliminate the reliance upon the General Manager's spreadsheet tool for grant management. The Finance Manager will continue to develop the general ledger procedures such that all necessary federal and state grant reporting requirements will be met within the general ledger. This will allow the activities of the district to be recorded and managed on a timely basis.

**Planned Implementation Date:** July 1, 2022

**Responsible Person:** General Manager, Umpqua Public Transit District

### **Finding 2022-04 – Fiscal Management System (Material Weakness)**

**Criteria:** CFR Part 200.302.b Auditee Responsibilities includes the requirement that the financial management system of each non-Federal entity provide the following. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Accurate, current, and complete disclosure of the financial results of each Federal award or program.

**Condition:** During the audit of Umpqua Public Transportation District for Fiscal Year 2021-2022, the district provided auditor with Separate and Identifiable General Ledger reports that showed a clear division between Federal, State and Local expenditures and revenues. However, the separation was done retroactivity and was not been completed for the entire fiscal year or life of grants. This deficiency was instrumental in causing the general ledger to be inadequate for financial and Federal Award Reporting.

**Cause:** The District had originally relied on unskilled individuals for structuring and recording activities in their general ledger. District management did not have sufficient staff or monitoring policies to recognize and correct the deficiency. While trained staff have been hired at Umpqua Public Transportation District, and improvements made to the general ledger and recording of Federal grants, improvements are still necessary to meet the full requirements of CFR Part 200.302.b Auditee Responsibilities.

**Effect or Potential Effect:** Potential for incorrect financial reporting, and untimely results, with the inability to rely on the general ledger for correct and timely information.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

**Questioned Cost:** No

**Context:** While federal grant revenues and expenditures are now tracked using the general ledger “jobs” indicators, additional recording is needed to track the matching portions of the costs and revenues of those federal grants. The lack of completed effort at separating revenues or expenditures by grant may lead to errors in reporting expenditures for Federal Awards.

**Repeat of a Prior-Year Finding:** Yes, Findings and Questioned Costs 2021-11

**Recommendation:** We recommend that Umpqua Public Transportation District improve their general ledger structure to meet the requirement for separate accounts for Federal awards for program revenues and program expenditures. We also recommend that the district establish policies and procedures to ensure that all program revenues and expenditures are reported in the correct fiscal year. In addition, we recommend that the district establish a training program and policies and procedures for staff and management to receive appropriate training for administering and recording Federal Grant revenues and expenditures.

**District's Response:** The District concurs with the recommendation. General ledger accounts separating Federal, State, and Local revenues and related expenditures will be designed and implemented.

**Corrective Action Plan:** The District has hired a Finance Manager to oversee the day-to-day financial operations of the district. The Finance Manager has developed an accounting system for separating Federal, State, and Local revenues and related expenditures. This will allow the activities of the district to be recorded in a manner that allows for reporting in compliance with federal requirements.

**Planned Implementation Date:** July 1, 2022

**Responsible Person:** General Manager, Umpqua Public Transit District



# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

---

### Section IV—Summary Schedule of Prior Audit Findings

#### Prior Year Financial Statements Findings

This part of the Schedule of Findings and Questioned Costs presents audit findings classified as material weaknesses, significant deficiencies and material noncompliance that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Each finding has one of the following designations:

**Material Weakness** – A deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatement of the district’s financial statements will not be prevented, or detected and corrected on a timely basis.

**Significant Deficiency** – A deficiency, or 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.

**Material Noncompliance** – Matters coming to the auditor’s attention relating to the district’s 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 the financial statement amounts.

#### Finding 2021-1 - Source Documentation, Strengthen Controls over Financial Reporting (Significant Deficiency)

**Criteria:** Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all district funds.

**Condition:** District prepared drawdown calculations according to an internal reconciliation spreadsheet tool outside of the General Ledger rather than utilizing proper General Ledger expenditure and supporting backup information.

**Cause:** General ledger recording, or reconciling procedures were not enforced or completed. Dependable general ledger data was not available.

**Effect or Potential Effect:** The lack of effective internal control activities over financial reporting could allow for inadvertent errors, such as calculation errors, payments for unauthorized purposes, and result in improper financial reporting.

**Questioned Cost:** No

**Context:** During our testing of expenditures, we found no Federal drawdown reimbursement requests selected for testing that did not reconcile to their corresponding expenditures.

**Repeat of a Prior-Year Finding:** Yes, Financial Statement Findings 2020-1

**Recommendation:** The District should establish a more detailed process for the review and approval of GAAP package Reporting, and grant progress reporting. As part of this process, the individual underlying and supporting worksheets and calculations should be subject to independent challenge, review and approval at a sufficiently detailed level whereas calculation and other errors are prevented and detected in a timely manner.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

**District's Response:** The District had relied on a consultant accounting professional for recording activity in the general ledger. General ledger activity was not available timely, or in sufficient quality such that the General Manager could rely upon the general ledger to gather information for reporting to grantors. Consequently, the General Manager developed and relied upon their own spreadsheet records for grant reimbursement requests.

**Corrective Action Plan:** The District hired a Finance Manager to oversee the day-to-day financial operations of the District. This will allow the activities of the district to be recorded and managed on a timely basis.

**Actions Taken:** Clear evidence of improvements were made to reduce the risk that expenditures may have been utilized twice for reimbursements. Because the prior year findings were presented after the end of the 2021-22 fiscal year, all modifications to procedures were done retroactively. Separation of expenditures by grant was accomplished by using the Jobs" feature of QuickBooks and assigning costs to grants by adding detail to the accounting within the accounting system, rather than relying solely on separate spreadsheets. For the 2021-22 fiscal year, allocation of costs was improved but not complete. Cost allocations, posted retroactively, were not supported with clear evidence as to the allocation amounts, but rather were made based on separate spreadsheets where the grant accounting continued to be maintained.

### **Finding 2021-2 – Schedule of Expenditures of Federal Awards, Strengthen Controls Over the Federal Grant Activity Schedule (Material Weakness)**

**Criteria:** The Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that a review is performed to verify the accuracy and completeness of financial information reported. The Federal Grant Activity Schedule captures amounts that must be accurate and complete in order to ensure the accuracy of the financial and federal information reported on such schedule to verify the accuracy and completeness of financial information reported.

**Condition:** During the Single Audit for Umpqua Public Transportation District for year ended June 30, 2021, we became aware of the ineffective processes and/or procedures relating to internal controls over financial reporting. The SEFA presented for audit included several unreconciled differences between the SEFA and the General Ledger. The district's attempt to complete the reconciliation did not effectively correct the differences, and the errors required adjustments to the Schedule of Expenditures of Federal Awards. Lack of adequate controls over the Schedule of Expenditures of Federal Awards resulted in the amounts that could not be directly substantiated with accounting records.

**Cause:** Umpqua Public Transportation District does not have effective internal control over the preparation of the Schedule of Expenditures of Federal Awards. The district did not fully reconcile the expenditures reported on the Schedule of Expenditures of Federal Awards with the amounts reported on the district's general ledger.

**Effect or Potential Effect:** Without proper internal control over financial reporting, erroneous financial statements and corresponding schedules could be compiled, resulting in a misrepresentation of the financial standing of Umpqua Public Transportation District. Failure to properly ensure the Catalog of Federal domestic Assistance (CFDA) numbers and amounts are correct on the Federal Grant Activity Schedule could result in reporting errors on the district's Single Audit Report to the Federal Audit Clearinghouse.

**Questioned Cost:** No

---

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

**Context:** The SEFA presented for audit did not reconcile to the general ledger for Federal Awards, as it did not include all accruals from the general ledger or payments received during the year on prior year grants. Expenditures on the general ledger, from prior year, but not on the SEFA, mis-stated the expenditures of Federal Awards on the SEFA.

**Repeat of a Prior-Year Finding:** Yes, Financial Statement Findings 2020-2

**Recommendation:** We recommend that the district establish policies and procedures to ensure that all Federal awards are identified and reported accurately on the SEFA. Internal controls should be designed to prevent, detect, or correct errors in a timely manner by performing periodic reconciliations of the SEFA information to the general ledger throughout the fiscal year. The district should provide appropriate training to staff who are assigned to prepare and review the SEFA.

**District's Response:** The District concurs with the recommendation. The district has hired a Finance Manager to develop policies and procedures for all grants, including Federal, State, and County. Grant expenditures and reimbursement will be recorded in the general ledger on a timely basis. A proper cutoff of expenditures and revenues will be made at year end, ensuring accurate recording of accrued expenditures, and accrued revenues from grants. These procedures will also include reconciliation of the amounts reported on the SEFA with the District's trial balance.

**Corrective Action Plan:** The District hired a Finance Manager to oversee the day-to-day financial operations of the district. This will allow the activities of the district to be recorded and managed on a timely basis. The duties of the Finance Manager will include overseeing the proper creation and reconciliation of the SEFA on a timely basis.

**Actions Taken:** The District did hire a Finance Manager in June, 2021. The SEFA presented for audit for the 2021-22 fiscal year was greatly improved over what was presented for the prior year. For the audit of FY 2021-22, we found this finding to no longer be needed.

### **Finding 2021-3 – Accounting for Grants, Strengthen Controls Over Financial Reporting (Material Weakness)**

**Criteria:** Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all district funds.

**Condition:** During our audit, we found errors in two general journal entries that were undetected throughout the fiscal year. This financial reporting error caused receivables and revenue/unavailable revenue to be misstated.

**Cause:** The District does not have appropriate procedures in place to ensure that receivables and revenue/unavailable revenue are properly recorded in the general ledger. Grant revenues/unavailable revenue were not tracked and reconciled to the general ledger at year-end.

**Effect or Potential Effect:** Without proper internal control structures over financial reporting, erroneous financial statements and corresponding schedules could be compiled, resulting in a misrepresentation of the financial standing of financial standing of Umpqua Public Transportation District.

**Context:** At FYE June 30, 2021 year end, the District had over-stated revenues of \$957,460, and overstated expenditures of \$772,792.

**Repeat of a Prior-Year Finding:** Yes, Financial Statement Findings 2020-3

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

**Recommendation:** We recommend that the district establish policies and procedures to ensure that grant activity is recorded in the general ledger timely and accurately. Internal controls should also be designed to prevent, detect, or correct errors in a timely manner.

**District's Response:** The District concurs with the recommendation. The district has hired a Finance Manager to develop policies and procedures for all grants, including Federal, State, and County. Grant expenditures and reimbursement will be recorded in the general ledger on a timely basis. A proper cutoff of expenditures and revenues will be made at year end, ensuring accurate recording of accrued expenditures, and accrued revenues from grants.

**Corrective Action Plan:** The District hired a Finance Manager to oversee the day-to-day financial operations of the district. This will allow the activities of the district to be recorded and managed on a timely basis.

**Actions Taken:** The District did hire a Finance Manager in June, 2021. The recording of activity in the general ledger and the structure of the general ledger for the purpose of recording grants and federal awards appeared greatly improved over what was presented for the prior year. While continued improvements are ongoing, for the audit of FY 2021-22, we found this finding to no longer be needed.

### **Finding 2021-4 – Fiscal Management System, Ensure Compliance with Federal Regulations Over Accounting Systems (Material Weakness)**

**Criteria:** Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all district funds.

The Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that a review is performed to verify the accuracy and completeness of financial information reported. The Federal Grant Activity Schedule captures amounts that must be accurate and complete in order to ensure the accuracy of the financial and federal information reported on such schedule to verify the accuracy and completeness of financial information reported.

CFR Part 200.302.b Auditee Responsibilities includes the requirement that the financial management system of each non-Federal entity provide the following. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Accurate, current, and complete disclosure of the financial results of each Federal award or program.

**Condition:** During the audit of Umpqua Public Transportation District for Fiscal Year 2020-2021, the district provided auditor with Separate and Identifiable General Ledger reports using QuickBooks Jobs feature, that showed a clear division between individual grant expenditures and revenues. Entries were not prepared or recorded on a timely basis, but completed retroactively, and not done for the entire fiscal year. This deficiency was instrumental in causing the general ledger to be inadequate for financial and Federal Award Reporting.

**Cause:** The District had relied on inadequately trained individuals to record activities in their general ledger. The accounting records were retroactively constructed to meet Federal award reporting purposes, but weren't fully corrected. District management did not have sufficient training or monitoring policies to recognize and correct the deficiency.

---

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

**Effect or Potential Effect:** Failure to record transactions timely into the general ledger for Umpqua Public Transportation District, and lack of proper accounting structure separating revenues and expenditures into each Federal and State or Local grant may result in transactions not being properly included in the district's financial statements. The potential for incorrect financial reporting, and untimely results, with the inability to rely on the general ledger for correct and timely information, may also cause misstatement of financial statements, and inappropriate reporting of federal awards.

**Questioned Cost:** No

**Context:** Various errors in amounts reported on the SEFA occurred, duplicating amounts also reported on the 2019-20 SEFA.

**Repeat of a Prior-Year Finding:** Yes, Financial Statement Findings 2020-4

**Recommendation:** We recommend that Umpqua Public Transportation District improve their general ledger structure to meet the requirement for separate accounts for Federal awards for program revenues and program expenditures. We also recommend that the district establish policies and procedures to ensure that all program revenues and expenditures are reported in the correct fiscal year. In addition, we recommend that the district establish policies and procedures to ensure that all required matching of grant expenditures be recorded in sufficient detail tracking to ensure that all matching program revenues and expenditures are reported correctly in the fiscal year. We also recommend that the district establish a training program and policies and procedures for staff and management to receive appropriate training for administering and recording Federal Grant revenues and expenditures.

**District's Response:** The District concurs with the recommendation. The SEFA errors occurred during the retroactive construction of the SEFA, by the newly hired Finance Manager, using the information provided by the offsite Accountant. General ledger accounts separating Federal, State, and Local revenues and related expenditures will be adhered to and further training implemented.

**Corrective Action Plan:** The District hired a Finance Manager to oversee the day-to-day financial operations of the district. The Finance Manager retroactively creating accounting records to separate grant revenues and related expenditures, for both grant records as well as grant matching records. This will allow the activities of the district to be recorded in a manner that allows for reporting in compliance with federal requirements.

**Actions Taken:** The District did hire a Finance Manager in June, 2021. The District's general ledger structure and postings to those accounts was improved significantly by the additional of "Jobs" accounting within the GL, wherein expenditures as assigned to grants ("Jobs"). This retroactive assignment of revenues and expenditures to specific grants was partially completed. Some assignment of costs to grants was not completed, particularly back to the beginning of the grant for grants awarded in the prior year.

### **Finding 2021-5 – Fiscal Management Personnel Skills, Knowledge and Experience, Strengthen Controls Over Financial Reporting (Material weakness)**

**Criteria:** Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all district funds.

Employees and contracted professionals tasked with recording and monitoring the financial activities of the district were not properly trained or experienced to perform such tasks. Management was not sufficiently trained to recognize or address such deficiencies.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

**Condition:** During our audit, we found reliance on individuals who did not originally structure the general ledger to properly record or account for grants. In addition, original entries were not prepared or recorded on a timely basis, and available for compiling adequate, accurate supporting documentation for grant reimbursement requests. This deficiency was instrumental and causing the general ledger to be inadequate for Federal Reporting.

**Cause:** The current policies and procedures do not provide for sufficient detailed level of supervisory review and approval of the underlying and supporting information used in the financial statement reporting and key entries. District did not have sufficient staff or management to ensure that the accounting was properly or timely completed. Grant receivables and revenue/unavailable revenue were not tracked and reconciled to the general ledger.

**Effect or Potential Effect:** Potential for incorrect financial reporting, and untimely results, with the inability to rely on the general ledger for correct and timely information.

**Questioned Cost:** No

**Context:** As a result of inadequate skills, knowledge, and experience in managing the accounting for the program activities, errors occurred in the recording of Federal awards in the general ledger. Due to recording errors, and insufficient skills, knowledge, and experience at monitoring of the recording activities, requirements for reporting were unmet by the staff and management of Umpqua Public Transit District.

**Repeat of a Prior-Year Finding:** Yes, Financial Statement Findings 2020-5

**Recommendation:** We recommend that Umpqua Public Transit District hire staff who have the skills, knowledge and experience to record and manage the overall financial activities for the district, especially regarding Federally funded programs. In addition, we recommend that the district establish training programs and continuing education policies and procedures for staff and management. Training and education efforts should focus on compliance requirements of Federal awards.

**District's Response:** The District concurs with the recommendation. Compliance requirements for federal awards were not effectively communicated to the contracted professional hired by the district. Training programs are needed.

**Corrective Action Plan:** The District has hired a Finance Manager that has the skills, knowledge and experience to design and monitor financial operations and controls of the district. This allowed the activities of the District to be retroactively recorded (partially) and will allow for future management in accordance with federal compliance requirements.

**Actions Taken:** By the end of the 2020-21 fiscal year, the District had hired a Finance Director, who has shown that she has the skills, knowledge and experience, to make improvements in the accounting systems and internal control systems. Her desire to make improvements is evidenced by attendance at trainings and by the vastly improvement accounting records, which she has to go back and retroactively adjust to the extent she had the time and information to do so. It appears as though she has the support necessary to continue making improvements in these areas.

In addition to hiring a Finance Director, both the Finance Director and the General Manager have attended training from ODOT during 2022 that will assist them in improving grant recording and reporting in future periods. The Finance Director has also attended Grant management training during FY 2021, and Budget & Finance training and CTAA Fundamental Financial Management training during 2022.

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

---

We recommend that this process be continued and enhanced with additional training for financial staff and management and also to the level of the board of directors. At this time, this need no longer arises to the level to need to be shown as a finding for the audit.

### **Finding 2021-6 – Control Procedures, Controls Should be Strengthened to Ensure Proper Review Processes for Financial Reporting (Material weakness)**

**Criteria:** *The Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government* specify that a satisfactory control environment is only effective when there are adequate control activities in place. This includes, but is not limited to, the review process of transactions, proper support of transactions, proper documentation and support of methodologies used in accounting practices, proper support of information, and communication within the district, and a commitment to competence by management.

Umpqua Public Transit District does not have properly designed, implemented and effective policies, procedures, processes, and controls surrounding its financial reporting process to ensure that all **non-standard adjustments** are adequately researched, documented, supported, and reviewed prior to their recording in the general ledger.

**Condition:** During our audit, we found errors in expenditure-driven grants where receivables and revenue/unavailable revenue were misstated. General Journal entries were improperly recorded, resulting in overstatements of revenues and expenditures. The District has no internal control procedures for performing or monitoring accrual adjustments.

**Cause:** The District did not have properly designed, implemented or effective policies, procedures, processes, or controls around the financial reporting process. Grant revenues and expenditures were inadequately tracked and reconciled to supporting documents.

**Effect or Potential Effect:** Misstatement of grant revenues, expenditures, receivables, and deferred revenue.

**Questioned Cost:** No

**Context:** Errors in the recording of journal entries resulted in material misstatements.

**Repeat of a Prior-Year Finding:** Yes, Financial Statement Findings 2020-6

**Recommendation:** We recommend that the district evaluate internal control procedures over the review and approval of transactions. Additionally, we recommend existing staff obtain the needed training to be able to accurately report, review and reconcile financial information. Internal controls should also be designed to prevent or detect and correct journal entry errors in a timely manner.

**District's Response:** We acknowledge that there were no policies or procedures for journal entries, and that they are important for accurate financial reporting.

**Corrective Action Plan:** The District has hired a Finance Manager that has the skills, knowledge, and experience to design and monitor internal control policies and procedures for adjusting entries.

**Actions Taken:** By the end of the 2020-21 fiscal year, the District had hired a Finance Director, who has shown that she has the skills, knowledge and experience, to make improvements in the accounting systems and internal control systems. Her desire to make improvements is evidenced by attendance at trainings and by the vastly improvement accounting records, which she had to go back and retroactively adjust to the extent she had the time and information to do so. It is apparent that she has the support necessary to continue making improvements in these areas.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

### **For the Year Ended June 30, 2022**

---

By 11/8/2021, Umpqua Public Transportation District had re-visited their financial policies with review and adoption of new policies that were in line with a transportation district. The implementation of these policies are still in progress as of the end of FY 2021-22.

Little or no monitoring of accounting procedures was detected for the 2020-21 fiscal year, with some improvement during 2021-22. While few journal entries are performed, no evidence of management approval of general journal entries was detected. Improved review and management approval of payroll and benefit processes can be strengthened.

With the additional emphasis on training and education, for financial staff and management and also to the level of the board of directors. At this time, this need no longer arises to the level to need to be shown as a finding for the audit.

#### **Finding 2021-7 – Fiscal Management Controls Should be Strengthened to Ensure Proper Review Processes for Financial Reporting (Material weakness)**

**Criteria:** CFR Part 200.303 Internal controls, requires that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Umpqua Public Transit District does not have properly designed, implemented, or effective policies, procedures, processes and controls surrounding its financial reporting process to completely support beginning balance and year-end close-out related activity in its general ledger.

**Condition:** During our audit, we found that significant accruals were entered into the general ledger at year end 06/30/2020 for both grant expenditures and grant revenues. These accruals created corresponding Accounts Receivables and Accounts Payables at year end to carry balances into FY 2021. Upon further review, it was found by tracking these revenues and expenditures into the FY 2021 general ledger, the district did not apply the payments or receipts against these balance sheet accounts. Journal entries were posted to reverse these amounts, however, the journal entries to accrue them for the prior year was posted as of July1, 2020. Accordingly, prior year accrued revenues and expenditures were recorded twice in 2020-21 fiscal year.

**Cause:** The District does not have appropriate procedures in place to ensure that receivables and revenue/unavailable revenue are properly recorded in the general ledger. General ledger assets and liabilities are not reconciled. Grant revenue/unavailable revenue and expenditures were not tracked and reconciled to the supporting documentation.

**Effect or Potential Effect:** Misstatement by duplication of revenues and expenditures.

**Questioned Cost:** No

**Context:** Revenues for Federal awards and Expenditures for Federal awards are over-reported in FY 2021 requiring auditor adjustments to correct the misstatement.

**Repeat of a Prior-Year Finding:** Yes, Financial Statement Findings 2020-8

**Recommendation:** We recommend that the district establish policies and procedures to ensure that grant activity is recorded in the general ledger timely and accurately. Internal controls should also be designed to prevent, detect, or correct errors in a timely manner. We also recommend additional training for Umpqua Public Transportation District staff and Management in end of year processes and recording of revenues and expenditures.



# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

### **For the Year Ended June 30, 2022**

---

**District's Response:** We acknowledge that there were no policies or procedures for reversing accruals, or reconciling balance sheet accounts. We acknowledge that they are important for accurate financial reporting.

**Corrective Action Plan:** The District has hired a Finance Manager that has the skills, knowledge, and experience to design and monitor internal control policies and procedures for reversing accruals and reconciling balance sheet accounts.

**Actions Taken:** By the end of the 2020-21 fiscal year, the District had hired a Finance Director, who has shown that she has the skills, knowledge and experience, to make improvements in the accounting systems and internal control systems. Her desire to make improvements is evidenced by attendance at trainings and by the vastly improvement accounting records, which she had to go back and retroactively adjust to the extent she had the time and information to do so. It is apparent that she has the support necessary to continue making improvements in these areas.

For the 2021-22 fiscal year, there were no significant issues with accruals or proper cutoff of activity in the general ledger. For the audit of FY 2021-22, we found this finding to no longer be needed.

# UMPQUA PUBLIC TRANSPORTATION DISTRICT

## Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

---

### **Prior Year - Findings and Questioned Costs for Federal Awards.**

This part of the Schedule of Findings and Questioned Costs presents audit findings required to be reported by *OMB uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200*.

Each finding has one of the following designations:

**Material Weakness** – A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

**Significant Deficiency** – A *significant deficiency in internal control over compliance* is a deficiency, or 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.

**Material Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts or grant agreements, that in the auditor’s judgment have a direct and material effect on a major federal program.

**Immaterial Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts or grant agreements, that do not have a direct and material effect on a major federal program.

#### **Finding 2021-8 - Source Documentation (Significant Deficiency)**

**CFDA Title and Number: 20.513 (5310) Enhanced Mobility of Seniors and Individuals with Disabilities. Grant Agreement 33573 (City of Reedsport).**

**Name of Federal Agency: Transit Services Program Cluster**

**Internal Control over Compliance: Cash Management**

**CFDA Title and Number: 20.509 (5311) CARES 5311 Operating Assistance. Formula Grants for Rural Areas and Tribal Transit Program. Grant Agreement 34196.**

**Name of Federal Agency: Transit Services Program Cluster**

**Internal Control over Compliance: Cash Management**

**Criteria:** 2 CFR Part 200.302(b)(1) The financial management system of each non-federal entity must provide for the following: Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. 200.302(b)(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in 200.328 and 200.329.

**Condition:** The District prepared drawdown calculations according to an internal reconciliation spreadsheet tool outside of the General Ledger rather than utilizing proper General Ledger expenditure and supporting backup information.

**Cause:** General ledger reconciling procedures were not enforced or completed.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

**Effect or Potential Effect:** Activities or costs that are allowed or allowable could potentially be overpaid or underpaid.

**Questioned Cost:** No

**Context:** During our testing of expenditures, we found no Federal drawdown reimbursement requests selected for testing that did not reconcile to their corresponding expenditures.

**Repeat of a Prior-Year Finding:** Yes, Findings and Questioned Costs 2020-1

**Recommendation:** The District should establish policies and procedures to ensure that each drawdown is reconciled with supporting expenditure documents and general ledger postings prior to reimbursement being requested.

**District's Response:** The District has relied on inadequately skilled or trained individuals for recording activity in the general ledger. General ledger activity was not available timely, or in sufficient quality such that the General Manager could rely upon the general ledger to gather information for reporting to grantors. Consequently, the General Manager developed and relied upon their own spreadsheet records for grant reimbursement requests.

**Corrective Action Plan:** The District has hired a Finance Manager to oversee the day-to-day financial operations of the District. This will allow the activities of the district to be recorded and managed on a timely basis.

**Actions Taken:** Clear evidence of improvements were made to reduce the risk that expenditures may have been utilized twice for reimbursements. Because the prior year findings were presented after the end of the 2021-22 fiscal, all modifications to procedures were done retroactively. Separation of expenditures by grant was accomplished by using the Jobs" feature of QuickBooks and assigning costs to grants by adding detail to the accounting within the accounting system, rather than relying solely of separate spreadsheets. For the 2021-22 fiscal year, allocation of costs was not complete. Cost allocations, posted retroactively, were not supported with clear evidence as to the allocation amounts, but rather were made based on separate spreadsheets where the grant accounting continued to be maintained. This process of improvement continues to be ongoing.

### **Finding 2021-9 – Schedule of Expenditures of Federal Awards (Material Weakness)**

**CFDA Title and Number 20.509 (5311) Formula Grants for Rural Areas and Tribal Transit Program.  
Grant Agreement 33420.**

**Name of Federal Agency: Transit Services Program Cluster**

**Compliance/Internal Control over Compliance: Auditee Responsibilities**

**CDA Title and Number 20.513 (5310) Enhanced Mobility of Seniors and Individuals with Disabilities.  
Grant Agreement 33573.**

**Name of Federal Agency: Transit Services Program Cluster**

**Compliance/Internal Control over Compliance: Auditee Responsibilities**

**CFDA Title and Number 20.513 (5310) Enhanced Mobility of Seniors and Individuals with Disabilities.  
Grant Agreement 33655.**

**Name of Federal Agency: Transit Services Program Cluster**

**Compliance/Internal Control over Compliance: Auditee Responsibilities**

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

**CFDA Title and Number: 20.509 (5311) CARES 5311 Operating Assistance. Formula Grants for Rural Areas and Tribal Transit Program. Grant Agreement 34196**

**Name of Federal Agency: Transit Services Program Cluster**

**Compliance/Internal Control over Compliance: Auditee Responsibilities**

**Criteria:** CFR Part 200.508, CFR Part 200.510, Auditee Responsibilities state that the auditee must prepare the Schedule of Expenditures of Federal Awards, which must list individual Federal awards by Federal Agency, including the total Federal awards expended, name of the pass-through entity, CFDA number, and total amount provided to subrecipients. The information contained in the Schedule of Expenditures of Federal Awards should be derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

**Condition:** The SEFA presented for audit included unreconciled differences between the SEFA and the General Ledger. The districts attempt to complete the reconciliation continued for months after fiscal year end, and the errors required adjustments to the SEFA.

**Cause:** Umpqua Public Transportation District does not have effective internal control over the preparation of the Schedule of Expenditures of Federal Awards. The district did not reconcile the expenditures reported on the Schedule of Expenditures of Federal Awards with the amounts reported on the district's general ledger.

**Effect or Potential Effect:** Potential understatement or overstatement of expenditures could exist in the Schedule of Expenditures of Federal Awards and not be detected and corrected. Because the SEFA was completed incorrectly, and not reconciled to the general ledger, the financial statements were materially misstated prior to auditors' adjustments.

**Questioned Cost:** No

**Context:** The SEFA presented for audit did not reconcile to the general ledger for Federal Awards.

**Repeat of a Prior-Year Finding:** Yes, Findings and Questioned Costs 2020-2

**Recommendation:** We recommend that the district establish policies and procedures to ensure that all Federal awards are identified and reported accurately on the SEFA. Internal controls should be designed to prevent, detect, or correct errors in a timely manner by performing periodic reconciliations of the SEFA information to the general ledger throughout the fiscal year. The district should provide appropriate training to staff who are assigned to prepare and review the SEFA.

**District's Response:** The District concurs with the recommendation. The district has hired a Finance Manager to develop policies and procedures for all grants, including Federal, State, and County. Grant expenditures and reimbursement will be recorded in the general ledger on a timely basis. A proper cutoff of expenditures and revenues will be made at year end, ensuring accurate recording of accrued expenditures, and accrued revenues from grants. These procedures will also include reconciliation of the amounts reported on the SEFA with the District's trial balance.

**Corrective Action Plan:** The District has hired a Finance Manager to oversee the day-to-day financial operations of the district. This will allow the activities of the district to be recorded and managed on a timely basis. The duties of the Finance Manager will include overseeing the proper creation and reconciliation of the SEFA on a timely basis.

**Actions Taken:** By end of the 2021-2022 fiscal year, the timing of the reimbursement requests, there was no longer a discrepancy between the general ledger and the Schedule of Expenditures of Federal Awards.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

### **Finding 2021-10 – Accounting for Grants (Material Weakness)**

**CFDA Title and Number 20.513 (5310) Enhanced Mobility of Seniors and Individuals with Disabilities. Grant Agreement 33573.**

**Name of Federal Agency: Transit Services Program Cluster**

**Compliance/Internal Control over Compliance: Auditee Responsibilities**

**Criteria:** CFR Part 200.508 Auditee Responsibilities. For grants based on a formula, a receivable and revenue/unavailable revenue should be recognized as soon as all eligibility requirements have been met. For expenditure-driven grants (reimbursement-type grants), a receivable and revenue/unavailable revenue should be recognized when both qualifying expenditures and compliance with contingent requirements such as matching funds, are met. Unavailable revenue is revenue of the current period that is not yet considered available to liquidate liabilities of the current period.

**Condition:** During our audit, we found errors in expenditure-driven grants where receivables and revenue/unavailable revenue were misstated. A grant reimbursement request for expenditures was made but was not recorded in the general ledger revenue or receivables at year end during the prior year. In addition, these errors were not identified or corrected timely in the new year.

**Cause:** The District does not have appropriate procedures in place to ensure that receivables and revenue/unavailable revenue are properly recorded in the general ledger. Grant receivables and revenue/unavailable revenue were not tracked and reconciled to the general ledger into the new fiscal year.

**Effect or Potential Effect:** Misstatement of grant receivables and revenue/unavailable revenue.

**Context:** At FY 2020-2021 year end, the District had not recorded unavailable revenues from grants.

**Repeat of a Prior-Year Finding:** Yes, Findings and Questioned Costs 2020-3

**Recommendation:** We recommend that the district establish policies and procedures to ensure that grant activity is recorded in the general ledger timely and accurately. Internal controls should also be designed to prevent, detect, or correct errors in a timely manner.

**District's Response:** The District concurs with the recommendation. The district is hiring a Finance Manager to develop policies and procedures for all grants, including Federal, State, and County. Grant expenditures and reimbursement will be recorded in the general ledger on a timely basis. A proper cutoff of expenditures and revenues will be made at year end, ensuring accurate recording of accrued expenditures, and accrued revenues from grants.

**Corrective Action Plan:** The District has hired a Finance Manager to oversee the day-to-day financial operations of the district. This will allow the activities of the district to be recorded and managed on a timely basis.

**Actions Taken:** By the end of the 2020-21 fiscal year, the District had hired a Finance Director, who has shown that she has the skills, knowledge and experience, to make improvements in the accounting systems and internal control systems. No discrepancies were found from the journal entries designed to record the accruals for revenues for Federal grants. Reversing entries were correctly and timely posted. Furthermore, accrual entries made at year-end were recorded correctly for financial reporting and did not effect the accounting of grants in the “Jobs” system of QuickBooks. Review procedures appear to have improved.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

### **Finding 2021-11 – Fiscal Management System (Material Weakness)**

**Criteria:** CFR Part 200.302.b Auditee Responsibilities includes the requirement that the financial management system of each non-Federal entity provide the following. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Accurate, current, and complete disclosure of the financial results of each Federal award or program.

**Condition:** During the audit of Umpqua Public Transportation District for Fiscal Year 2020-2021, the district provided auditor with Separate and Identifiable General Ledger reports that showed a clear division between Federal, State and Local expenditures and revenues. However, the separation was done retroactively and was not been completed for the entire fiscal year or life of grants. This deficiency was instrumental in causing the general ledger to be inadequate for financial and Federal Award Reporting.

**Cause:** The District had originally relied on unskilled individuals for structuring and recording activities in their general ledger. District management did not have sufficient staff or monitoring policies to recognize and correct the deficiency.

**Effect or Potential Effect:** Potential for incorrect financial reporting, and untimely results, with the inability to rely on the general ledger for correct and timely information.

**Questioned Cost:** No

**Context:** The lack of completed effort at separating revenues or expenditures by grant led to errors in reporting expenditures for Federal Awards.

**Repeat of a Prior-Year Finding:** Yes, Findings and Questioned Costs 2020-4

**Recommendation:** We recommend that Umpqua Public Transportation District improve their general ledger structure to meet the requirement for separate accounts for Federal awards for program revenues and program expenditures. We also recommend that the district establish policies and procedures to ensure that all program revenues and expenditures are reported in the correct fiscal year. In addition, we recommend that the district establish a training program and policies and procedures for staff and management to receive appropriate training for administering and recording Federal Grant revenues and expenditures.

**District's Response:** The District concurs with the recommendation. General ledger accounts separating Federal, State, and Local revenues and related expenditures will be designed and implemented.

**Corrective Action Plan:** The District has hired a Finance Manager to oversee the day-to-day financial operations of the district. The Finance Manager has developed an accounting system for separating Federal, State, and Local revenues and related expenditures. This will allow the activities of the district to be recorded in a manner that allows for reporting in compliance with federal requirements.

**Actions Taken:** Clear evidence of improvements were made to reduce the risk that expenditures may have been utilized twice for reimbursements. Because the prior year findings were presented after the end of the 2021-22 fiscal, all modifications to procedures were done retroactively. Separation of expenditures by grant was accomplished by using the Jobs" feature of QuickBooks and assigning costs to grants by adding detail to the accounting within the accounting system, rather than relying solely of separate spreadsheets. For the 2021-22 fiscal year, allocation of costs was not complete. Cost allocations, posted retroactively, were not supported with clear evidence as to the allocation amounts, but rather were made based on separate spreadsheets where the grant accounting continued to be maintained. This process of improvement continues to be ongoing.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

### **Finding 2021-12 – Fiscal Management Personnel Skills, Knowledge and Experience (Material weakness)**

**Criteria:** Employees tasked with recording and monitoring the financial activities of the district were not properly trained or experienced to perform such tasks. Management was not sufficiently trained to recognize or address such deficiencies.

**Condition:** During our audit, we found that during the course of the year, the General Manager was relying on individuals who were not sufficiently structure the general ledger to properly record or account for Federal Grants. In addition, entries were not prepared or recorded on a timely basis. This deficiency was instrumental and causing the general ledger to be inadequate for Federal Reporting.

**Cause:** The District did not have sufficient staff or management trained to recognize that the accounting was not properly or timely completed. Grant receivables and revenue/unavailable revenue were not tracked and reconciled to the general ledger.

**Effect or Potential Effect:** Potential for incorrect financial reporting, and untimely results, with the inability to rely on the general ledger for correct and timely information.

**Questioned Cost:** No

**Context:** As a result of inadequate skills, knowledge, and experience in managing the accounting for the program activities, errors occurred in the recording of Federal awards in the general ledger. Due to recording errors, and insufficient skills, knowledge, and experience at monitoring of the recording activities, requirements for reporting were unmet by the staff and Management of Umpqua Public Transit District.

**Repeat of a Prior-Year Finding:** Yes, Findings and Questioned Costs 2020-5

**Recommendation:** We recommend that Umpqua Public Transit District hire staff who have the skills, knowledge and experience to record and manage the overall financial activities for the district, especially regarding Federally funded programs. In addition, we recommend that the district establish training programs and continuing education policies and procedures for staff and management. Training and education efforts should focus on compliance requirements of Federal awards.

**District's Response:** The District concurs with the recommendation. Compliance requirements for federal awards were not fully understood by staff, and contracted professional hired by the district. Training programs are needed.

**Corrective Action Plan:** The District has hired a Finance Manager that has the skills, knowledge and experience to design and monitor financial operations and controls of the district. This will allow the activities of the district to be recorded and managed in accordance with federal compliance requirements.

**Actions Taken:** By the end of the 2020-21 fiscal year, the District had hired a Finance Director, who has shown that she has the skills, knowledge and experience, to make improvements in the accounting systems and internal control systems. Her desire to make improvements is evidenced by attendance at trainings and by the vastly improvement accounting records, which she has to go back and retroactively adjust to the extent she had the time and information to do so. It appears as though she has the support necessary to continue making improvements in these areas.

In addition to hiring a Finance Director, both the Finance Director and the General Manager have attended training from ODOT during 2022 that will assist them in improving grant recording and reporting in future periods. The Finance Director has also attended Grant management training during FY 2021, and Budget & Finance training and CTAA Fundamental Financial Management training during 2022.

# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

### **For the Year Ended June 30, 2022**

---

We recommend that this process be continued and enhanced with additional training for financial staff and management and also to the level of the board of directors. At this time, this need no longer arises to the level to need to be shown as a finding for the audit.

#### **Finding 2021-13 – Control Procedures (Material weakness)**

**Criteria:** CFR Part 200.303 Internal controls, requires that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Umpqua Public Transit District does not have properly designed, implemented and effective policies, procedures, processes, and controls surrounding its financial reporting process to ensure that all **non-standard adjustments** are adequately researched, supported, and reviewed prior to their recording in the general ledger

**Condition:** During our audit, we found errors in expenditure-driven grants where revenues and unavailable revenues were misstated. Grant reimbursement requests for expenditures were met, but expenses were not recorded in the general ledger correctly. In addition, the district has no internal control procedures for performing or monitoring accrual adjustments.

**Cause:** The District did not have properly designed, implemented or effective policies, procedures, processes, or controls around the financial reporting process. Grant receivables and revenue/unavailable revenue were not tracked and reconciled to the general ledger.

**Effect or Potential Effect:** Misstatement of grant receivables and revenue/unavailable revenue.

**Questioned Cost:** No

**Context:** Errors in the recording of journal entries for accruals related to Federal awards resulted in material misstatements.

**Repeat of a Prior-Year Finding:** Yes, Findings and Questioned Costs 2020-6

**Recommendation:** We recommend that the district establish policies and procedures to ensure that accruals related to grant activity is recorded in the general ledger timely and accurately. Internal controls should also be designed to prevent or detect and correct journal entry errors in a timely manner.

**District's Response:** We acknowledge that there were no policies or procedures for journal entries, and that they are important for accurate financial reporting.

**Corrective Action Plan:** The District has hired a Finance Manager that has the skills, knowledge, and experience to design and monitor internal control policies and procedures for adjusting entries.

**Actions Taken:** By the end of the 2020-21 fiscal year, the District had hired a Finance Director, who has shown that she has the skills, knowledge and experience, to make improvements in the accounting systems and internal control systems. No discrepancies were found from the journal entries designed to record the accruals for revenues for Federal grants. Reversing entries were correctly and timely posted. Furthermore, accrual entries made at year-end were recorded correctly for financial reporting and did not effect the accounting of grants in the "Jobs" system of QuickBooks. Review procedures appear to have improved.



# **UMPQUA PUBLIC TRANSPORTATION DISTRICT**

## **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

---

### **Finding 2021-14 – Fiscal Management (Material Weakness)**

**Criteria:** CFR Part 200.303 Internal controls, requires that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Umpqua Public Transit District does not have properly designed, implemented, or effective policies, procedures, processes and controls surrounding its financial reporting process to completely support beginning balance and year-end close-out related activity in its general ledger.

**Condition:** During our audit, we found that significant accruals were entered into the general ledger at year end 06/30/2020 for both grant expenditures and grant revenues. These accruals created corresponding Accounts Receivables and Accounts Payables at year end to carry balances into FY 2021. Upon further review, it was found by tracking these revenues and expenditures into the FY 2021 general ledger, the district did not apply the payments or receipts against these balance sheet accounts. Additionally, journal entries were posted to record those accruals but posted in the current year instead of the prior year, and then reversed. Accordingly, amounts that had been recorded as expenditures and Accounts Payables in FY 2020 yet paid in FY 2021 were recorded as expenditures again in FY 2021, and grant revenues recorded as revenues and Accounts Receivables in FY 2020, yet received in FY 2021, were recorded as revenues again in FY 2021.

**Cause:** The District does not have appropriate procedures in place to ensure that receivables and revenue/unavailable revenue are properly recorded in the general ledger. General ledger assets and liabilities are not reconciled. Grant receivables and revenue/unavailable revenue were not tracked and reconciled to the general ledger.

**Effect or Potential Effect:** Misstatement by duplication of grant receivables and revenue/unavailable revenue, and misstatement of grant expenditures and accounts payable.

**Questioned Cost:** No

**Context:** Revenues for Federal awards and Expenditures for Federal awards are over-reported in FY 2021 requiring auditor adjustments to correct the misstatement.

**Repeat of a Prior-Year Finding:** Yes, Findings and Questioned Costs 2020-8

**Recommendation:** We recommend that the district establish policies and procedures to ensure that grant activity is recorded in the general ledger timely and accurately. Internal controls should also be designed to prevent, detect, or correct errors in a timely manner. We also recommend additional training for Umpqua Public Transportation District staff and Management in end of year processes and recording of revenues and expenditures.

**District's Response:** We acknowledge that there were no policies or procedures for reversing accruals, or reconciling balance sheet accounts. We acknowledge that they are important for accurate financial reporting.

**Corrective Action Plan:** The District has hired a Finance Manager that has the skills, knowledge, and experience to design and monitor internal control policies and procedures for reversing accruals and reconciling balance sheet accounts.

**Actions Taken:** By the end of the 2020-21 fiscal year, the District had hired a Finance Director, who has shown that she has the skills, knowledge and experience, to make improvements in the accounting systems and internal control systems. No discrepancies were found from the journal entries designed to record the accruals for revenues for Federal grants. Reversing entries were correctly and timely posted. Furthermore, accrual entries made at year-end were recorded correctly for financial reporting and did not effect the accounting of grants in the "Jobs" system of QuickBooks. Review procedures appear to have improved.