



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

**Uniform Guidance Reports
For the Year Ended June 30, 2020**

(With Independent Auditors' Reports Thereon)

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* Incorporated by reference only.

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Enterprise Fund, Retirement Plan for Management Staff Employees, Pension Plan for Bargaining Unit Employees, and Total Trust Fund of Tri-County Metropolitan Transportation District of Oregon (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 18, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Miss Adams LLP

Portland, Oregon
September 18, 2020

Report of Independent Auditors on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

We have audited the financial statements of the Enterprise Fund, Retirement Plan for Management Staff Employees, Pension Plan for Bargaining Unit Employees, and Total Trust Fund of Tri-County Metropolitan Transportation District of Oregon's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2020. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the District as of and for the year ended June 30, 2020, and have issued our report thereon dated September 18, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Miss Adams UP

Portland, Oregon
December 29, 2020

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020
(dollars in thousands)

Federal grantor/program title	Federal CFDA number	Pass Through/ Grant number	Total expenditures	Passed through to subrecipients
U.S. Department of Transportation				
<u>Federal Transit Cluster:</u>				
U.S. Department of Transportation - Direct Programs				
Federal Transit - Capital Investment Grants	20.500	OR-03-0126	\$ 10,258	\$ -
Federal Transit - Capital Investment Grants	20.500	OR-2020-001	6,778	-
			<u>17,036</u>	<u>-</u>
Federal Transit - Formula Grants	20.507	OR-2016-011	29	-
Federal Transit - Formula Grants	20.507	OR-2016-013	79	-
Federal Transit - Formula Grants	20.507	OR-2019-013	414	-
Federal Transit - Formula Grants	20.507	OR-2019-017	197	-
Federal Transit - Formula Grants	20.507	OR-2019-020	893	197
Federal Transit - Formula Grants	20.507	OR-2020-012	7,689	760
Federal Transit - Formula Grants	20.507	OR-2020-011	21,390	-
Federal Transit - Formula Grants	20.507	OR-2020-013	144	-
COVID-19 Federal Transit - Formula Grants	20.507	OR-2020-022	118,200	-
Federal Transit - Formula Grants	20.507	OR-2020-024	40,538	-
			<u>189,573</u>	<u>957</u>
State of Good Repair Grants Program	20.525	OR-2019-036	15	-
State of Good Repair Grants Program	20.525	OR-2020-017	24,821	-
State of Good Repair Grants Program	20.525	OR-2020-018	15	-
			<u>24,851</u>	<u>-</u>
Bus and Bus Facilities Formula Program	20.526	OR-2017-018	609	-
Bus and Bus Facilities Formula Program	20.526	OR-2019-004	207	-
Bus and Bus Facilities Formula Program	20.526	OR-2019-006	3,742	-
Bus and Bus Facilities Formula Program	20.526	OR-2019-032	3,515	-
			<u>8,073</u>	<u>-</u>
Passed through from METRO				
Federal Transit - Formula Grants	20.507	METRO # 931908	19	-
Total Federal Transit Cluster			<u>239,552</u>	<u>957</u>
<u>Transit Services Program Cluster:</u>				
U.S. Department of Transportation - Direct Programs				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OR-2017-031	38	9
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OR-2019-005	404	355
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OR-2020-008	911	911
Passed through from Oregon Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	ODOT 32850	1,015	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	ODOT 33601	758	-
Total Passed through from Oregon Department of Transportation			<u>1,773</u>	<u>-</u>
Total Transit Services Program Cluster			<u>3,126</u>	<u>1,275</u>
Total U.S. Department of Transportation Programs			<u>242,678</u>	<u>2,232</u>
U.S. Department of Homeland Security - Direct Programs				
Rail and Transit Security Grant Program	97.075	EMW-2016-RA-00012	1,009	-
Rail and Transit Security Grant Program	97.075	EMW-2017-RA-00013	22	-
Total U.S. Department of Homeland Security Programs			<u>1,031</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 243,709</u>	<u>\$ 2,232</u>

The accompanying notes are an integral part of this schedule.

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020
(dollars in thousands)

1. Reporting Entity

The Tri-County Metropolitan Transportation District of Oregon (“TriMet” or “the District”) was organized under the provisions of Oregon Revised Statutes (ORS) Chapter 267 to provide mass transit services to the Portland metropolitan area. Formation of the District, which includes parts of Multnomah, Clackamas, and Washington counties, was effective October 14, 1969 with the assumption of the operations of a privately owned bus system.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes all federal grant activity of Tri-County Metropolitan Transportation District of Oregon (the District), under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The District receives both direct and pass through awards. Because this Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

3. Summary of Significant Accounting Policies and Revenue and Expense Recognition

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is consistent with the financial statements, as described in Note 1 to the District’s June 30, 2020 financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District does not utilize the 10 percent de minimus rate for overhead allocation.

4. Relationship to the Basic Financial Statements

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

5. Subrecipients

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

Subrecipient	Federal CFDA Number	Grant Number/TriMet Contract number	Total Expenditures
Ride Connection	20.507	TriMet #16-0051	\$ 26
Ride Connection	20.513	TriMet #17-0346	911
Ride Connection	20.513	TriMet #17-0346	9
Ride Connection	20.513	TriMet #17-0346	355
Ride Connection	20.513	TriMet #19-0060	285
Ride Connection	20.513	TriMet #15-0292	223
Portland Community College	20.507	TriMet #17-0817	226
Portland Bureau of Transportation	20.507	TriMet #20-0834	197
Total subrecipient expenditures			\$ 2,232

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

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

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

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

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

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Schedule of Prior Federal Findings
For the Year Ended June 30, 2020

Schedule of Prior Federal Award Findings

None reported