

# **METROPOLITAN SERVICE DISTRICT**

**Report on Examination of Financial Statements  
And Supplementary Data**

**(Containing Audit Comments and Disclosures Required  
by State Regulations and Grant Compliance Review)**

**for the year ended June 30, 1981**

METROPOLITAN SERVICE DISTRICT  
June 30, 1981

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Rick Gustafson, Executive Officer

COUNCIL

<u>Name</u>	<u>Representing</u>	<u>Term Expires</u>
<u>Members</u>		
Jack Deines, Presiding Officer	District 5	January 1, 1985
Betty Schedeen, Vice-Presiding Officer	District 7	January 1, 1983
Bob Oleson, Councilor	District 1	January 1, 1983
Charles Williamson, Councilor	District 2	January 1, 1985
Craig Berkman, Councilor	District 3	January 1, 1985
Corky Kirkpatrick, Councilor	District 4	January 1, 1985
Jane Rhodes, Councilor	District 6	January 1, 1983
Ernie Bonner, Councilor	District 8	January 1, 1983
Cindy Banzer, Councilor	District 9	January 1, 1985
Bruce Etlinger, Councilor	District 10	January 1, 1985
Marge Kafoury, Councilor	District 11	January 1, 1983
Michael Burton, Councilor	District 12	January 1, 1983

Administrative Office: 527 S.W. Hall Street  
Portland, Oregon

Registered Agent: Sue A. Haynes

Address of Registered  
Office: 527 S. W. Hall Street  
Portland, Oregon

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To the Council  
Metropolitan Service District  
Portland, Oregon

We have examined the combined financial statements of the Metropolitan Service District as of and for the year ended June 30, 1981 as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and the Minimum Standards for Audits of Oregon Municipal Corporations and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the combined financial statements referred to above present fairly the financial position of the Metropolitan Service District at June 30, 1981, and the results of its operations and the changes in financial position of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The "Totals (Memorandum Only)" column on the combined financial statements and the combining, individual fund, and account group financial statements and schedules listed as supplementary data in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Metropolitan Service District. The information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

COOPERS & LYBRAND

By   
James L. Savage, a partner

Portland, Oregon  
January 19, 1982

COMBINED FINANCIAL STATEMENTS

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METROPOLITAN SERVICE DISTRICT  
COMBINED BALANCE SHEET -  
ALL FUND TYPES AND ACCOUNT GROUPS  
June 30, 1981

ASSETS AND OTHER DEBITS	Governmental Fund Types		Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups		Totals (Memorandum Only)
	General	Special Revenue			General Fixed Assets	General Long-Term Debt	
<b>Assets:</b>							
Cash and investments	\$ 500	\$1,321,059	\$ 98,611	\$ 5,937			\$ 1,426,107
Receivables:							
User and landfill fees			474,847				474,847
Property taxes		206,232					206,232
Federal grants/contracts	5 819,042		513,505	1,067,100			2,399,647
State and local grants/ contracts	✓ 435,619		161,799	96,022			693,440
Other	20,420	146,345	115,832				282,597
Due from other funds		201,802	745,968				947,770
Advances		78,478	50,000	23,963			152,441
Inventory of materials and supplies		71,701					71,701
Restricted assets:							
Cash and investments			5,020,487				5,020,487
Contract receivable			268,850				268,850
Deferred bond expense			25,000				25,000
Fixed assets, net			3,331,680		\$10,519,222		13,850,902
Other debits:							
Amount to be provided for payment of capital lease						\$115,967	115,967
Total assets and other debts	<u>\$1,275,581</u>	<u>\$2,025,617</u>	<u>\$10,806,579</u>	<u>\$1,193,022</u>	<u>\$10,519,222</u>	<u>\$115,967</u>	<u>\$25,935,988</u>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 215,453	\$ 371,423	\$ 427,168				\$ 1,014,044
Salaries, withholdings and payroll taxes payable	101,274	96,854	40,433				238,561
Due to other funds	947,770						947,770
Unearned grant revenue	8,581	8,664		\$ 112,958			130,203
Deferred revenue		184,557		23,595			208,152
Expenditures by subgrantees in excess of advances				1,056,469			1,056,469
Payable from restricted assets:							
Accounts payable			177,510				177,510
Deferred revenue			1,111,028				1,111,028
Other			56,116				56,116
Contract payable			143,519				143,519
Loans payable			6,025,870				6,025,870
Obligation under capital lease						\$115,967	115,967
Commitments and contingencies							
Total liabilities	<u>1,273,078</u>	<u>661,498</u>	<u>7,981,644</u>	<u>1,193,022</u>		<u>115,967</u>	<u>11,225,209</u>
<b>Fund equity:</b>							
Contributed capital, net of amortization of \$47,548			1,122,272				1,122,272
Investment in general fixed assets					\$10,519,222		10,519,222
Retained earnings			1,702,663				1,702,663
Fund balances:							
Reserved for capital outlay		18,607					18,607
Unreserved	2,503	1,345,512					1,348,015
Total fund equity	<u>2,503</u>	<u>1,364,119</u>	<u>2,824,935</u>		<u>10,519,222</u>		<u>14,710,779</u>
Total liabilities and fund equity	<u>\$1,275,581</u>	<u>\$2,025,617</u>	<u>\$10,806,579</u>	<u>\$1,193,022</u>	<u>\$10,519,222</u>	<u>\$115,967</u>	<u>\$25,935,988</u>

The accompanying notes are an integral  
part of the financial statements.

METROPOLITAN SERVICE DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 ALL GOVERNMENTAL FUND TYPES  
 for the year ended June 30, 1981

	General Fund	
	Budget	Actual
<b>REVENUES:</b>		
Taxes		
Dues	\$ 548,420	\$ 559,722
Grants and contracts:		
Federal	1,972,418	1,671,115
State and local	515,739	649,398
Admissions		
Charges for services		
Vending and concessions		
Donations and bequests		
Multnomah County franchise	200,000	
Interest	20,000	
Miscellaneous		11,719
Total revenues	<u>3,256,577</u>	<u>2,891,954</u>
<b>EXPENDITURES:</b>		
Current:		
General government	1,774,802	2,013,206
Zoo operations		
Planning and development	1,777,987	1,930,749
Expense reimbursements:		
General Fund		
Enterprise Fund	150,000	
Contingency	589,041	
Zoo capital improvements		
Total expenditures	<u>4,291,830</u>	<u>3,943,955</u>
Less administrative expense reimbursements:		
Enterprise Fund	436,259	436,259
Special Revenue Fund	275,610	275,610
Johnson Creek LID Fund	48,384	
Fiduciary Fund	25,000	24,224
	<u>785,253</u>	<u>736,093</u>
Net expenditures	<u>3,506,577</u>	<u>3,207,862</u>
Revenue (under) expenditures	<u>(250,000)</u>	<u>(315,908)</u>
Fund balance - July 1, 1980	<u>250,000</u>	<u>259,628</u>
Nonrecurring equity transfer - Planning Fund combined with General Fund		<u>58,783</u>
Fund balance - June 30, 1981	<u>\$ -</u>	<u>\$ 2,503</u>

The accompanying notes are an integral  
part of the financial statements.



Variance Favorable (Unfavorable)	Special Revenue Funds			Totals (Memorandum Only)		
	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 11,302	\$2,085,000	\$2,172,916	\$ 87,916	\$ 2,085,000	\$2,172,916	\$ 87,916
(301,303)	30,100		(30,100)	2,002,518	1,671,115	(331,403)
133,659				515,739	649,398	133,659
	727,671	715,701	(11,970)	727,671	715,701	(11,970)
	230,471	202,741	(27,730)	230,471	202,741	(27,730)
	660,113	784,155	124,042	660,113	784,155	124,042
(200,000)	570,000	506,215	(63,785)	570,000	506,215	(63,785)
(20,000)	200,000	239,924	39,924	200,000	239,924	39,924
11,719	17,500	28,687	11,187	17,500	40,406	22,906
(364,623)	<u>4,520,855</u>	<u>4,650,339</u>	<u>129,484</u>	<u>7,777,432</u>	<u>7,542,293</u>	<u>(235,139)</u>
(238,404)				1,774,802	2,013,206	(238,404)
(152,762)	3,435,100	3,299,049	136,051	3,435,100	3,299,049	136,051
	8,741		8,741	1,786,728	1,930,749	(144,021)
	275,610	275,610		275,610	275,610	
150,000				150,000		150,000
589,041	642,915		642,915	1,231,956		1,231,956
	<u>2,623,987</u>	<u>2,269,539</u>	<u>354,448</u>	<u>2,623,987</u>	<u>2,269,539</u>	<u>354,448</u>
<u>347,875</u>	<u>6,986,353</u>	<u>5,844,198</u>	<u>1,142,155</u>	<u>11,278,183</u>	<u>9,788,153</u>	<u>1,490,030</u>
				436,259	436,259	
(48,384)				275,610	275,610	
(776)				48,384		(48,384)
(49,160)				25,000	24,224	(776)
298,715	6,986,353	5,844,198	1,142,155	785,253	736,093	(49,160)
(65,908)	(2,465,498)	(1,193,859)	1,271,639	10,492,930	9,052,060	1,440,870
9,628	2,565,498	2,557,978	(7,520)	(2,715,498)	(1,509,767)	1,205,731
58,783				2,815,498	2,817,606	2,108
\$ 2,503	\$ 100,000	\$1,364,119	\$1,264,119		58,783	58,783
				\$ 100,000	\$1,366,622	\$1,266,622

METROPOLITAN SERVICE DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN RETAINED EARNINGS -  
 PROPRIETARY (ENTERPRISE) FUND TYPE  
 for the year ended June 30, 1981

Operating revenues:	
Solid waste collection fees	\$1,047,398
St. Johns Landfill disposal fees	2,480,089
Other	<u>1,493</u>
Total operating revenues	<u>3,528,980</u>
Operating and administrative expenses:	
Payroll and fringe benefits	375,908
St. Johns Landfill operating expenses, including \$183,960 rent	2,450,116
Consulting fees and contractual services	560,026
Office supplies	29,544
Utilities	4,370
Travel expense	11,961
Public information	19,188
Depreciation	167,146
Reimbursement of administrative expenses to the General Fund	436,259
Data processing expense	25,669
Repairs	6,759
Other	<u>25,085</u>
Total operating and administrative expenses	<u>4,112,031</u>
Loss from operations	<u>(583,051)</u>
Nonoperating revenues (expenses):	
Interest revenue	433,969
Interest expense	(139,541)
Operating grants	<u>99,192</u>
Total nonoperating revenues (expenses)	<u>393,620</u>
Net loss	(189,431)
Add depreciation on fixed assets acquired by capital grants	<u>47,548</u>
Decrease in retained earnings	(141,883)
Retained earnings - July 1, 1980	<u>1,844,546</u>
Retained earnings - June 30, 1981	<u>\$1,702,663</u>

The accompanying notes are an integral  
 part of the financial statements.

METROPOLITAN SERVICE DISTRICT  
 COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION -  
 PROPRIETARY (ENTERPRISE) FUND TYPE  
 for the year ended June 30, 1981

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Working capital provided:	
From operations:	
Net loss for the year	\$ (189,431)
Add charges to operations not affecting working capital in the current year - depreciation	<u>167,146</u>
Working capital used in operations	(22,285)
Proceeds from loan payable	2,990,870
Capital grants received	<u>932,260</u>
Total working capital provided	<u>3,900,845</u>
Working capital used:	
Increase in restricted assets	1,471,327
Additions to plant and equipment	2,145,543
Current maturities of loan payable	311,000
Current maturities of contract payable	68,768
Decrease in liabilities payable from restricted assets, net	<u>1,417</u>
Total working capital used	<u>3,998,055</u>
Decrease in working capital	<u>\$ (97,210)</u>
Changes in components which increased (decreased) working capital:	
Cash and investments	\$(1,185,792)
Receivables	822,956
Interfund receivable	483,968
Accounts, salaries and other payables	(146,820)
Contract payable within one year	(5,522)
Loan payable within one year	<u>(66,000)</u>
Decrease in working capital	<u>\$ (97,210)</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies:

The following is a summary of significant accounting policies utilized by the Metropolitan Service District (Metro) in preparation of the accompanying financial statements:

Bases of Accounting

The governmental and fiduciary fund types are maintained using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they become measurable and available and expenditures are recorded when the liability for them is incurred, except for earned but unpaid vacations which are recorded as expenditures when paid.

Significant revenues which are measurable and available under the modified accrual basis of accounting are:

- . Federal and state grants.
- . Interest earned on temporary investments.
- . Property taxes received within approximately sixty days of the end of a fiscal year.

The proprietary fund type is accounted for utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenditures are recorded at the time liabilities are incurred.

Investments

Investments are stated at cost, which approximates market.

Property Taxes Receivable

Uncollected property taxes of the special revenue funds are shown on the balance sheet as a receivable. Property taxes collected and remitted to the District by the County Treasurer within approximately sixty days of fiscal year end are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period.

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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1. Summary of Significant Accounting Policies, Continued:

Inventories of Materials and Supplies

Inventories, comprised primarily of food and gift shop items held for resale, are valued at cost (first-in, first-out method) and charged as expenditures upon sale.

Zoo Specimens and Animal Food

The cost of acquiring zoo specimens and the cost of animal food are charged against operations as such costs are incurred.

Materials and Volunteer Services Donated to Zoo

Donated materials relating to improvements are recorded at estimated fair values when received. Other volunteer services and donated supplies are not accounted for in the accompanying combined financial statements.

General Fixed Assets

Fixed assets purchased by Metro are stated at cost. Fixed assets acquired by donation from the City of Portland and the Portland Zoological Society are stated at the basis of the predecessor entity. All other donated fixed assets are stated at estimated fair market value when received. Purchases of fixed assets are recorded as capital outlay expenditures in the governmental funds and capitalized in the General Fixed Assets Account Group. Depreciation is not recorded on general fixed assets. Maintenance and repairs are charged to expenditures in various governmental funds as incurred and not capitalized. Upon disposal, the General Fixed Assets Account Group is relieved of the asset's original cost or other basis; any receipt from such disposal is accounted for as revenue in the General Fund or special revenue funds.

Proprietary Fund Type Fixed Assets

Fixed assets are stated at cost. Normal maintenance and repairs are charged to operations as incurred. Replacements which improve or extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which range from five to ten years. Gains or losses realized from sales or retirements are credited or charged to income.

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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1. Summary of Significant Accounting Policies, Continued:

Grants

Unreimbursed expenditures for all grants in governmental type funds and operating grants in the enterprise fund due from grantor agencies are reflected in the combined financial statements as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet.

Capital grants in the enterprise fund restricted by the grantor for capital outlay projects are credited directly to fund equity as earned and related project costs are capitalized as fixed assets. Contributed capital is subsequently reduced in an amount equivalent to the depreciation on such fixed assets.

Leases

Leases which meet certain criteria established by the Financial Accounting Standards Board are classified as capital leases and the assets and related liabilities are recorded at amounts equal to the lesser of the present value of minimum lease payments or the fair value of the leased property at the beginning of the respective lease term. The assets relating to the capital leases are recorded in the General Fixed Assets Account Group and the liabilities are recorded in the General Long-Term Debt Account Group. Payment of the capital lease obligations will be made primarily from the governmental fund types. Leases which do not meet the criteria of a capital lease are classified as operating leases and related rentals are charged to expenditures/expenses.

Transactions with Subgrantees

Expenditures by subgrantees in excess of advances represent amounts payable by Metro to the agency administering the project for eligible grant expenditures.

Interfund Transactions

It is Metro's policy to record certain administrative expenditures for other funds in the General Fund. Such expenditures are reimbursed by the various funds to the General Fund which accounts for such reimbursements as deductions from total expenditures. Reimbursed expenditures to the General Fund for fiscal 1981 was comprised of special revenue and enterprise fund reimbursements of \$711,869. The amounts of such interfund charges are based upon management's estimates (which are periodically updated) as reflected in the operating budgets. The transfer from the fiduciary fund was for grant match requirements.

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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1. Summary of Significant Accounting Policies, Continued:

Vacation and Sick Pay

Vacation pay is recorded as an expenditure in the governmental funds when paid. Vacation pay is recorded as an expense of the proprietary fund when earned. Sick pay is recorded when leave is taken.

Budget

A budget is prepared for each governmental fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. Budget amounts shown in the combined financial statements include the original and supplemental budget amounts and all appropriation transfer amounts approved by the Council.

Because the District budgets its funds in accordance with generally accepted accounting principles, a separate combined statement of revenues, expenditures and changes in fund balances for all governmental fund types is not presented.

Totals (Memorandum Only) Column on Combined Financial Statements

The totals (memorandum only) column on the combined financial statements represents an aggregate of the columnar statements by fund type and account group; it does not represent consolidated financial information.

2. Organization and Operation:

The Metropolitan Service District was organized under the provisions of ORS 268 to make available in the metropolitan area public services not adequately available through previously authorized governmental agencies. Subject to the limitations of state law, Metro may provide the metropolitan aspects of sewerage, solid and liquid waste disposal, control of surface water, public transportation and zoo facilities. It may also provide local aspects of those public services that are transferred to the District by agreement between Metro and other public corporations, cities or counties. Formation of the District, which includes parts of Clackamas, Multnomah and Washington counties, was approved by voters within the District on May 26, 1970.

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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2. Organization and Operation, Continued:

The 1975 Oregon Legislature expanded ORS 268 to include operation and maintenance of zoo facilities. As a result of this enabling legislation and the passage of a special tax levy (see Note 3), Metro began operation and funding of the Washington Park Zoo as of July 1, 1976. This was accomplished by the assumption of the assets and liabilities of the Portland Zoological Society, with the Society providing sufficient funds to pay past liabilities. In addition, pursuant to an agreement effective July 1, 1976, the City of Portland transferred ownership of land, buildings, animals and other assets related to the zoo to Metro, except for a railroad line and equipment subject to a perpetual lease agreement.

By a vote of the electorate on May 23, 1978, as provided for by Chapter 665, Oregon Laws 1977, Regular Session, the Metro Council was expanded to consist of twelve part-time councilors, each elected on a nonpartisan basis from a single subdistrict within the boundaries of the District. Additionally, approval was also granted, effective January 1, 1979, to abolish the Columbia Region Association of Governments and transfer its planning activities to Metro.

3. Description of Funds:

Metro's financial operations are accounted for in the following funds and account groups:

Governmental Fund Types

General Fund

This fund accounts for the District's administrative activities and for revenues and expenditures under grants received from federal, state and local agencies primarily for planning activities. Additional resources of the fund are provided by dues assessed to members and reimbursements from other funds which benefit from General Fund activities. The dues assessment is based on the population within the member district. The 1981 rate was \$.50 per person.

Special Revenue Funds

These funds account for revenues from specific sources. Included are the following:



METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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3. Description of Funds, Continued:

Governmental Fund Types, Continued

Special Revenue Funds, Continued

Drainage Fund - accounts for funds received for preparation of a drainage management plan for the Johnson Creek Drainage Basin. Though no funds were received for the Johnson Creek Drainage Basin, funds were received in prior years for a flood control program for the Lower Tualatin River and are accounted for in the Drainage Fund.

Zoo Fund - accounts for funding and operation of the Washington Park Zoo. Principal sources of revenue are admissions, concessions, railroad rides and a special five-year serial levy of \$2,000,000 for each of five years beginning with fiscal 1977.

Proprietary Fund Type

Solid Waste Fund - accounts for District revenues derived primarily from user fees imposed for the disposal of solid waste and expenses for the implementation, administration and enforcement of Metro's Solid Waste Management Plan. This fund also accounts for the St. Johns Landfill operations.

Fiduciary Fund Type

Agency Funds

Transportation Technical Assistance Fund - accounts for federal transportation planning funds received by Metro and passed through to local jurisdictions.

Criminal Justice Assistance Fund - accounts for criminal justice grants to local jurisdictions for which Metro acts in a custodial capacity for funds received and passed through.

Account Groups

General Fixed Assets - accounts for Metro's investment in fixed assets not recorded in the Proprietary Fund Type.

General Long-Term Debt - accounts for Metro's obligation under capital lease obligations.

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

4. Adoption of Statements 1 and 2 of The National Council on Governmental Accounting:

During fiscal 1981 Metro adopted the accounting principles and financial reporting provisions contained in Statements 1 and 2 of The National Council on Governmental Accounting entitled "Governmental Accounting and Financial Reporting Principles" and "Grant, Entitlement, and Shared Revenue Accounting and Reporting by State and Local Governments", respectively. Adoption of these statements did not result in a change in generally accepted accounting principles materially affecting the District's combined financial statements. Certain classifications and reclassifications have been made to conform financial statement presentation to the requirements of Statements 1 and 2.

5. Cash and Investments:

The amounts at June 30, 1981 comprised:

	<u>Restricted</u>	<u>Unrestricted</u>
Cash:		
On hand		\$ 8,350
Demand deposits	\$ 131,119	140,993
In hands of fiscal agents		19,980
City of Portland Investment Pool	659,368	
Local Government Investment Pool		33,784
Certificates of deposit, with interest rates of 15.6% to 17.5% and maturities to December 1, 1981	4,230,000	1,000,000
Repurchase agreement		220,000
Donated stock		3,000
	<u>\$5,020,487</u>	<u>\$1,426,107</u>

6. Restricted Assets:

The City of Portland transferred \$1,000,000 to Metro in a prior year representing surcharge fees collected by the City. An additional \$268,850 of surcharge fees and interest is due Metro. The surcharge fees are restricted for expansion, final cover and leachate control costs at the landfill. Disbursement of these funds amounting to \$117,930 were used to pay a portion of final ground cover costs of \$157,822 incurred in the current year. Also, the balance of loan proceeds from the Department of Environmental Quality are restricted as follows: \$917,877 for implementation of the solid waste plan, \$302,772 for expansion of the St. Johns Landfill and \$2,917,768 for site development for the Resource Recovery

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

6. Restricted Assets, Continued:

Facility and site development, design and construction of the Clackamas Receiving Center.

7. Fixed Assets:

Changes in these accounts during the fiscal year comprised:

GENERAL FIXED ASSETS ACCOUNT GROUP

	Balance June 30, <u>1980</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	Balance June 30, <u>1981</u>
Land and land improve- ments	\$1,123,251	\$ 20,518	\$13,789		\$ 1,157,558
Buildings and improve- ments	5,531,192	42,326	20,686		5,594,204
Furniture, fixtures and equipment	595,593	128,300	1,028	\$(8,422)	716,499
Railroad facilities un- der capital lease	301,891				301,891
Other capitalized leased equipment	182,750	28,445		(39,650)	171,545
Leasehold improvements	1,815				1,815
Construction in pro- gress	<u>414,740</u>	<u>2,212,973</u>	<u>(35,503)</u>	<u>(16,500)</u>	<u>2,575,710</u>
	<u>\$8,151,232</u>	<u>\$2,432,562</u>	<u>\$ -</u>	<u>\$(64,572)</u>	<u>\$10,519,222</u>

ENTERPRISE FUND

Land	\$ 162,075				\$ 162,075
Equipment	37,139	\$ 106,655			143,794
Leasehold improvements	298,197	1,334,806			1,633,003
Construction in pro- gress	<u>869,888</u>	<u>704,082</u>			<u>1,573,970(A)</u>
	1,367,299	2,145,543			3,512,842
Less accumulated depre- ciation	<u>14,016</u>	<u>167,146</u>			<u>181,162</u>
	<u>\$1,353,283</u>	<u>\$1,978,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,331,680</u>

(A) Construction in progress in the Enterprise Fund at June 30, 1981 represents Metro's cost of planning and designing the resource recovery facility. Construction is contingent upon Metro obtaining an air quality permit, executing a construction contract and obtaining sufficient financing to pay the construction costs. If these and other steps are achieved by Metro, construction is forecasted to begin in late 1982.

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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7. Fixed Assets, Continued:

An agreement effective July 1, 1976 transferred title of real property in the amount of \$4,063,148 from the City of Portland to Metro. The agreement provides that such property must be used for zoo or zoo-related purposes and, if such property shall cease to be used for such purposes or shall be used for other purposes, title shall revert to the City.

As of June 1, 1980, the City of Portland and Metro entered into an agreement whereby Metro assumed the responsibility for operating the St. Johns Landfill. Under this agreement the City of Portland retains the ownership of the property. Therefore, Metro's cost of expansion and improvements at the landfill is recorded as leasehold improvements in the enterprise fund and will be amortized over the expected life of the landfill.

Interest expense recorded in the enterprise fund for the year ended June 30, 1981 was \$184,133, of which \$44,592 was capitalized.

8. Contract Payable:

Contract payable in the enterprise fund represents reimbursement due the City of Portland for design fees for expansion of the St. Johns Landfill paid by the City of Portland and is due in monthly installments of \$6,518, including interest at 8.4%. Maturities of contract principal at June 30, 1981 were as follows:

<u>Fiscal Year</u>	<u>Amount</u>
1982	\$ 68,768
1983	<u>74,751</u>
	<u>\$143,519</u>

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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9. Loans Payable:

Loans payable to the Department of Environmental Quality (DEQ) and included in the enterprise fund consist of the following at June 30, 1981:

Loan I, payable in annual installments ranging from \$130,000 to \$175,000 through October 1992. Interest rate varies from 4% to 6% over the life of the loan and is payable semi-annually on April 1 and October 1	\$1,855,000
Loan II, payable in annual installments of \$10,000 through October 1981. The interest rate is 6% and is payable semi-annually on April 1 and October 1	10,000
Loan III, payable in annual installments ranging from \$141,000 to \$205,000 through October 1987. Interest rate varies from 4% to 6% over the life of the loan and is payable semi-annually on April 1 and October 1	1,230,870
Loan IV, payable in annual installments ranging from \$30,000 to \$225,000 through August 2000. Interest rate varies from 5.9% to 7.8% over the life of the loan and is payable semi-annually on February 1 and August 1	<u>2,930,000</u>
	<u>\$6,025,870</u>

In 1975 the State of Oregon approved a loan commitment for \$8,101,622 and a grant of \$3,113,378 for implementation of Metro's solid waste plan.

Loan I is for implementation of the solid waste plan. Loan III is for expansion of the St. Johns Landfill.

Metro intends to apply for additional loan or grant monies as funds are required to implement its solid waste plan; however, such additional amounts received in excess of the current balance, if any, are subject to the approval of DEQ. Furthermore, Metro has agreed to complete the project by December 31, 1985.

Loan II is for the development of a bottle washing plant by the Portland Recycling Team, Inc. The District has loaned all but \$5,000 of the funds to the Portland Recycling Team, Inc. at June 30, 1981. The Portland Recycling Team is repaying the loan

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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9. Loans Payable, Continued:

in monthly installments of \$870, which include 6% interest. Until the loan is repaid, the District has a lien on all equipment purchased with the funds.

Loan IV is for the site development for the Resource Recovery Facility and site development, design and construction of the Clackamas Receiving Center. Total estimated cost of this project is \$6,411,000 and will be funded by loans up to \$4,487,700 and state grants up to \$1,923,300. The project is estimated to be complete December 31, 1982.

Under the provisions of this agreement Metro has pledged all of the solid waste disposal user fees collected subsequent to May 18, 1981. However, DEQ shall not unreasonably withhold its consent to a subordination of part or all of the pledged fees upon written request from Metro supported by a financing plan for the resource recovery facilities accompanied by the underwriter's statement of necessity for subordination. Additionally Metro has agreed to commence operation of the Clackamas Receiving Center and not to discontinue operation or dispose of the center without the approval of DEQ.

Loans I, II and III are not collateralized.

Maturities of loan principal at June 30, 1981 were as follows:

	<u>Loan I</u>	<u>Loan II</u>	<u>Loan III</u>	<u>Loan IV</u>	<u>Total</u>
1982	\$ 130,000	\$10,000	\$ 141,000	\$ 30,000	\$ 311,000
1983	135,000		152,000	30,000	317,000
1984	150,000		163,000	59,000	372,000
1985	150,000		174,000	59,000	383,000
1986	150,000		184,870	87,000	421,870
Later					
years	<u>1,140,000</u>	_____	<u>416,000</u>	<u>2,665,000</u>	<u>4,221,000</u>
	<u>\$1,855,000</u>	<u>\$10,000</u>	<u>\$1,230,870</u>	<u>\$2,930,000</u>	<u>\$6,025,870</u>

10. Capital Lease Obligations:

Metro has several lease agreements for copy machines, a word processing unit, a computer and computer software for varying periods through May 1985. Interest rates range from 10% - 18%.

At the end of the lease terms, Metro has the option to purchase the word processing unit and assume ownership of the copy machines and computer.

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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10. Capital Lease Obligations, Continued:

The future minimum lease payments are:

Fiscal Year Ended June 30,	Amount
1982	\$ 44,685
1983	44,685
1984	29,951
1985	<u>21,508</u>
Total minimum lease payments	140,829
Less: Amount representing interest	<u>(24,862)</u>
Net present value of future minimum lease payments	<u>\$115,967</u>

11. Contributed Capital:

Changes in contributed capital in the proprietary fund for the year ended June 30, 1981 are as follows:

	Enterprise Fund
Balance, June 30, 1980	\$ 237,560
Federal and state grant proceeds used for acquisition of fixed assets	932,260
Depreciation on fixed assets acquired with capital grants	<u>(47,548)</u>
Balance, June 30, 1981	<u>\$1,122,272</u>

12. Pension Plans:

Employees, after one year of employment, other than those covered by the State of Oregon Public Employees' Retirement System (PERS) and former CRAG employees covered under a defined contribution plan, are participants in Metro's contributory defined benefit pension plan. The estimated cost of pension benefits under the plan are determined annually by actuaries. Pension costs, representing normal costs plus interest, are funded as accrued. Accumulated plan benefits and net assets for the plan as determined at

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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12. Pension Plans, Continued:

January 1, 1981, the date of the latest actuarial valuation, are as follows:

Actuarial present value of accumulated plan benefits:

Vested	\$ 49,457
Nonvested	<u>44,177</u>
	<u>\$ 93,634</u>
Net assets available for benefits	<u>\$251,412</u>

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 6.5%.

Substantially all former CRAG employees are participants in a defined contribution plan whereby Metro contributes 5% of the employees' salaries and the employees are required to match this contribution under a deferred compensation arrangement. Employees hired after January 1, 1979 may join either this plan or the defined benefit plan described in the preceding paragraph.

In addition to the above plans, the District makes contributions to the State of Oregon Public Employees' Retirement System (PERS), a defined benefit plan to which the District and employees both contribute on behalf of five District employees who have elected to remain in the State retirement system. Metro's contribution rate was 10.49% of employee compensation through December 31, 1980 and 7.3% through June 30, 1981. Pension expenditures are recorded as funded. Assuming a 7-1/2% rate of return on investments, the plan's net assets (\$81,459) as of December 31, 1979, the latest actuarial valuation, exceeded the actuarially computed present value of vested and nonvested accumulated plan benefits by \$45,141 and the total unfunded supplemental value (prior service cost liability) for active employees at that date was \$24,392. Separate information as to the actuarially computed present value of vested accumulated plan benefits and nonvested accumulated plan benefits is not available from the actuary.

Pension expense approximated \$140,400 for the fiscal year ended June 30, 1981 for all of the above plans.



METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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13. Commitments and Contingencies:

Earned but unpaid and unaccrued vacations payable in the governmental fund types approximated \$177,800 at June 30, 1981.

Total contract commitments, primarily for construction projects, at June 30, 1981 were \$939,622 for the Zoo and \$549,885 for the Enterprise Fund.

Reviews by Grantor Agencies

Costs of each grant project are subject to review by the grantor agency to assure that such costs are in accordance with or further the purpose of the grant contract. Any costs disallowed as the result of the review would be borne by Metro and would require the return of such amounts to the grantor agency. However, should costs be disallowed on grants for which Metro acts in a pass-through capacity, Metro should be able to require repayment of amounts disallowed from the subgrantee.

Leases

Metro leases office space in the University Center Building, Portland, Oregon. On September 22, 1980 Metro entered into a revised lease for a term of five years commencing November 1, 1980. The lease requires annual adjustments for certain operating expenses. Metro also leases parking space in the same building.

The approximate aggregate minimum annual rental commitments are:

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Amount</u>
1982	\$ 271,875
1983	273,261
1984	274,647
1985	264,945
1986	<u>259,863</u>
	<u>\$1,344,591</u>

Rental expense under the lease for the year ended June 30, 1981 amounted to \$240,131.

St. Johns Landfill

Metro is leasing the landfill from the City of Portland. The lease is for a term of three years commencing June 1, 1980. The lease will be renegotiated once the present lease term expires.

METROPOLITAN SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued

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13. Commitments and Contingencies, Continued:

Additionally, Metro executed two contracts with a joint venture whereby the joint venture will maintain and operate the landfill other than the gatehouse which Metro operates. A short-term contract expired September 30, 1980, and a long-term contract for a period of five years commenced October 1, 1980.

The approximate annual commitments relative to the St. Johns Landfill are:

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>City of</u> <u>Portland</u>	<u>Joint</u> <u>Venture</u>	<u>Total</u>
1982	\$183,960	\$ 3,530,000	\$ 3,713,960
1983	168,630	3,540,000	3,708,630
1984		3,680,000	3,680,000
1985		<u>1,060,000</u>	<u>1,060,000</u>
	<u>\$352,590</u>	<u>\$11,810,000</u>	<u>\$12,162,590</u>

The commitment with the joint venture is an estimate, as operating and maintenance costs are based on forecasted tons of garbage disposed of at the landfill. A portion of the commitment, \$2,489,555, relates to landfill improvements, primarily final ground cover.

Rental and operational expense for the year ended June 30, 1981 at the St. Johns Landfill amounted to \$183,960 and \$1,919,027, respectively.

SUPPLEMENTARY DATA

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METROPOLITAN SERVICE DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND  
for the year ended June 30, 1981

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>		
<b>REVENUES:</b>					
Dues	\$ 548,420	\$ 559,722	\$ 11,302		
Multnomah County Franchise Fee	200,000		(200,000)		
State IGRD Grant	5,000	3,500	(1,500)		
State LCDC Grant	78,171	56,600	(21,571)		
Department of Environmental Quality		15,731	15,731		
Federal Grants:					
Housing and Urban Development	78,000	69,275	(8,725)		
Economic Development Administration	100,000	112,018	12,018		
Environmental Protection Agency	243,741	232,927	(10,814)		
Law Enforcement Assistance Agency	124,837	113,953	(10,884)		
Urban Mass Transit Administration	1,172,340	1,085,069	(87,271)		
Department of Transportation	253,500	50,000	(203,500)		
Federal Highways Administration		7,873	7,873		
Oregon Department of Transportation	208,000	184,706	(23,294)		
Washington Department of Transportation		16,779	16,779		
Tri-Met	171,364	364,075	192,711		
Portland State University	15,204		(15,204)		
Interest	20,000		(20,000)		
Clark County	38,000	8,007	(29,993)		
Miscellaneous		11,719	11,719		
Total revenues	<u>3,256,577</u>	<u>2,891,954</u>	<u>(364,623)</u>		
<b>OTHER FINANCING SOURCES:</b>					
Operating transfers from:					
Solid Waste Fund	436,259	436,259			
Zoo Fund	275,610	275,610			
Johnson Creek LID Fund	48,384		(48,384)		
Criminal Justice Assistance Fund	25,000	24,224	(776)		
Total other financing sources	<u>785,253</u>	<u>736,093</u>	<u>(49,160)</u>		
<b>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</b>					
	<u>250,000</u>	<u>318,411</u>	<u>68,411</u>		
	<u>\$4,291,830</u>	<u>\$3,946,458</u>	<u>\$(345,372)</u>		
	<u>Budgeted Appropriations</u>				
	<u>Original</u>	<u>Transfers In (Out)</u>	<u>Revised</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES:</b>					
Personal services	\$2,119,423	\$85,039	\$2,204,462	\$2,186,094	\$ 18,368
Materials and services	1,350,436	(18,739)	1,331,697	1,740,084	(408,387)*
Capital outlay	14,330	2,300	16,630	17,777	(1,147)
Contingency	657,641	(68,600)	589,041		589,041
Total expenditures	4,141,830		4,141,830	3,943,955	197,875
<b>OTHER FINANCING USES - OPERATING TRANSFER TO SOLID WASTE FUND</b>					
	<u>150,000</u>		<u>150,000</u>		<u>150,000</u>
	<u>\$4,291,830</u>	<u>\$ -</u>	<u>\$4,291,830</u>	<u>\$3,943,955</u>	<u>\$347,875</u>

\*Overexpenditures of \$357,986 attributable to unanticipated grants were exempt from Local Budget Law under the provisions of ORS 294.326.

METROPOLITAN SERVICE DISTRICT  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 June 30, 1981

	<u>Zoo Fund</u>	<u>Drainage Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$1,311,319	\$ 9,740	\$1,321,059
Receivables:			
Property taxes	206,232		206,232
Other	145,158	1,187	146,345
Due from other funds	201,802		201,802
Advances	78,478		78,478
Inventory of materials and supplies	<u>71,701</u>		<u>71,701</u>
	<u>\$2,014,690</u>	<u>\$10,927</u>	<u>\$2,025,617</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 371,423		\$ 371,423
Salaries, withholdings and payroll taxes payable	96,854		96,854
Deferred revenue	184,557		184,557
Unearned grant revenue		<u>\$ 8,664</u>	<u>8,664</u>
Total liabilities	<u>652,834</u>	<u>8,664</u>	<u>661,498</u>
Fund balances:			
Reserved for capital outlay	18,607		18,607
Unreserved	<u>1,343,249</u>	<u>2,263</u>	<u>1,345,512</u>
Total fund balances	<u>1,361,856</u>	<u>2,263</u>	<u>1,364,119</u>
Total liabilities and fund balance	<u>\$2,014,690</u>	<u>\$10,927</u>	<u>\$2,025,617</u>

METROPOLITAN SERVICE DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 for the year ended June 30, 1981

	<u>Zoo Fund</u>	<u>Drainage Fund</u>	<u>Totals</u>
REVENUES:			
Taxes	\$2,172,916		\$2,172,916
Admissions	715,701		715,701
Charges for services	202,741		202,741
Vending and concessions	784,155		784,155
Donations and bequests	506,215		506,215
Interest	238,882	\$1,042	239,924
Miscellaneous	28,687		28,687
Total revenues	<u>4,649,297</u>	<u>1,042</u>	<u>4,650,339</u>
EXPENDITURES:			
Current:			
Zoo operations	3,299,049		3,299,049
Expense reimbursement	275,610		275,610
Capital improvements	2,269,539		2,269,539
Contingency			
Total expenditures	<u>5,844,198</u>		<u>5,844,198</u>
Revenues over (under) expenditures	(1,194,901)	1,042	(1,193,859)
FUND BALANCE - July 1, 1980	<u>2,556,757</u>	<u>1,221</u>	<u>2,557,978</u>
FUND BALANCE - June 30, 1981	<u>\$1,361,856</u>	<u>\$2,263</u>	<u>\$1,364,119</u>

METROPOLITAN SERVICE DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
ZOO FUND  
for the year ended June 30, 1981

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property tax levy - current	\$1,880,000	\$1,966,800	\$ 86,800
Property tax levy - prior years	205,000	204,063	(937)
Payments in lieu of property taxes		2,053	2,053
Admissions	727,671	715,701	(11,970)
Concessions - food	474,082	614,090	140,008
Railroad	210,336	182,188	(28,148)
Gift shop	147,881	155,860	7,979
Vending - animal food	30,250	14,205	(16,045)
Vending - human food	7,900		(7,900)
Boat ride	6,600	1,351	(5,249)
Federal grants	30,100		(30,100)
Stroller rentals	8,200	16,506	8,306
Donations	120,000	73,129	(46,871)
Education and tuition	4,235	1,072	(3,163)
Interest	200,000	238,882	38,882
Miscellaneous	3,500	9,311	5,811
Sale of animals	12,000	18,049	6,049
Sale of equipment	2,000	1,326	(674)
Building rental	100		(100)
Educational presentations	1,000	1,625	625
Cascade project bequest	450,000	433,086	(16,914)
Total revenues	4,520,855	4,649,297	128,442
BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATIONS			
	2,556,757	2,556,757	
	\$7,077,612	\$7,206,054	\$128,442

	Budgeted Appropriations				Variance Favorable (Unfavorable)
	Original and Supplemental	Transfers In (Out)	Revised	Actual	
EXPENDITURES:					
Personal services	\$1,807,731	\$100,000	\$1,907,731	\$1,891,080	\$ 16,651
Materials and services	1,311,245		1,311,245	1,281,538	29,707
Capital outlay	216,124		216,124	126,431	89,693
General capital improvements	2,623,987		2,623,987	2,269,539	354,448
Contingency	742,915	(100,000)	642,915		642,915
Total expenditures	6,702,002		6,702,002	5,568,588	1,133,414
OTHER FINANCING USES - OPERATING TRANSFER TO GENERAL FUND					
	275,610		275,610	275,610	
	6,977,612		6,977,612	\$5,844,198	\$1,133,414
UNAPPROPRIATED ENDING FUND BALANCE					
	100,000		100,000		
	\$7,077,612	\$ -	\$7,077,612		

METROPOLITAN SERVICE DISTRICT  
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 DRAINAGE FUND  
 for the year ended June 30, 1981

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	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Interest		\$1,042	\$1,042
BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATIONS	<u>\$8,741</u>	<u>1,221</u>	<u>(7,520)</u>
	<u>\$8,741</u>	<u>\$2,263</u>	<u>\$(6,478)</u>

	<u>Budgeted Appropriations</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:			
Personal services	<u>\$8,741</u>	<u>\$ -</u>	<u>\$8,741</u>



METROPOLITAN SERVICE DISTRICT  
DESCRIPTION OF SOLID WASTE BUDGETARY FUNDS

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For financial reporting and operating purposes, management considers the activities relating to solid waste management as those of an unitary enterprise operation and as such are reported in the Solid Waste Fund in the preceding section of this report. However, for budgetary and legal purposes these activities are accounted for in the funds described below. Statements for these funds prepared according to governmental fund budgetary concepts on the modified accrual basis of accounting are shown on pages 27 through 29.

Solid Waste Fund

The primary activities accounted for in the Solid Waste Fund are expenditures relating to the implementation, administration and enforcement of the District's Solid Waste Management Plan and operation of the St. Johns Landfill. User fees provide the primary source of revenue.

Solid Waste Debt Service Fund

The Solid Waste Debt Service Fund accounts for repayment on loans from the State of Oregon. The principal source for loan repayments is transfers from other funds.

Solid Waste Capital Improvement Fund

The Solid Waste Capital Improvement Fund accounts for the construction of capital improvements for the Solid Waste Management Program.

METROPOLITAN SERVICE DISTRICT  
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 SOLID WASTE FUND  
 for the year ended June 30, 1981

	Original and Supplemental Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Solid waste user fees	\$ 925,000	\$1,056,470	\$ 131,470
St. Johns Landfill	3,500,000	2,340,146	(1,159,854)
Nash Pit Landfill	1,000,000		(1,000,000)
Troutdale Landfill	132,000		(132,000)
Federal grants	280,000	99,192	(180,808)
Interest	35,000	69,471	34,471
Portland Recycling fee	670	333	(337)
Recycling drop centers	17,000		(17,000)
Miscellaneous		<u>1,160</u>	<u>1,160</u>
Total revenues	5,889,670	3,566,772	(2,322,898)
<b>OTHER FINANCING SOURCES - OPERATING TRANSFER FROM GENERAL FUND</b>	150,000		(150,000)
<b>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATIONS</b>	<u>1,252,210</u>	<u>1,233,273</u>	<u>(18,937)</u>
	<u>\$7,291,880</u>	<u>\$4,800,045</u>	<u>\$(2,491,835)</u>

	Original and Supplemental Budgeted Appropriations	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES:</b>			
Solid Waste Division:			
Personal services	\$ 601,237	\$ 444,983	\$ 156,254
Materials and services	5,028,180	2,766,837	2,261,343
Capital outlay	17,110	13,420	3,690
Contingency	<u>517,925</u>		<u>517,925</u>
Total expenditures	6,164,452	3,225,240	2,939,212
<b>OTHER FINANCING USES:</b>			
Operating transfers to:			
General Fund	436,259	436,259	
Solid Waste Debt Service Fund	389,150	389,150	
Solid Waste Capital Improvement Fund	<u>302,019</u>		<u>302,019</u>
Total transfers to other funds	1,127,428	<u>825,409</u>	<u>302,019</u>
	<u>\$7,291,880</u>	<u>\$4,050,649</u>	<u>\$3,241,231</u>

METROPOLITAN SERVICE DISTRICT  
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 SOLID WASTE DEBT SERVICE FUND  
 for the year ended June 30, 1981

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	<u>Original and Supplemental Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Loan repayment, including interest	\$ 10,448	\$ 5,223	\$(5,225)
OTHER FINANCING SOURCES - OPERATING TRANSFER FROM SOLID WASTE FUND	<u>389,150</u>	<u>389,150</u>	<u>      </u>
	<u>\$399,598</u>	<u>\$394,373</u>	\$( <u>5,225</u> )
	<u>Original and Supplemental Budgeted Appropriations</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:			
Interest expense and principal payment on Department of Environmental Quality loans	<u>\$399,598</u>	<u>\$399,597</u>	\$ <u>      1</u>

METROPOLITAN SERVICE DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
SOLID WASTE CAPITAL IMPROVEMENT FUND  
for the year ended June 30, 1981

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	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Department of Environmental Quality loan		\$2,990,870	\$2,990,870
Department of Environmental Quality grant		461,366	461,366
Federal grant		470,894	470,894
Interest	\$ 63,000	364,358	301,358
City of Portland - User fee surcharges	<u>750,000</u>	<u>          </u>	<u>(750,000)</u>
Total revenues	813,000	4,287,488	3,474,488
OTHER FINANCING SOURCES - OPERATING TRANSFER FROM SOLID WASTE FUND	302,019		(302,019)
BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATIONS	<u>2,962,100</u>	<u>3,814,715</u>	<u>852,615</u>
	<u>\$4,077,119</u>	<u>\$8,102,203</u>	<u>\$4,025,084</u>
	<u>Budgeted</u>		<u>Variance</u>
	<u>Appropriations</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
EXPENDITURES:			
Capital Outlay	<u>\$4,077,119</u>	<u>\$2,656,054</u>	<u>\$1,421,065</u>

METROPOLITAN SERVICE DISTRICT  
 RECONCILIATION OF SOLID WASTE FUNDS REVENUES AND  
 EXPENDITURES (BUDGETARY BASIS)  
 TO COMBINED STATEMENT OF REVENUES AND EXPENSES  
 for the year ended June 30, 1981

	<u>Solid Waste</u>	<u>Solid Waste Debt Service</u>	<u>Solid Waste Capital Improvement</u>	<u>Total</u>
BUDGETARY BASIS:				
Revenues	\$3,566,772	\$ 5,223	\$4,287,488	\$7,859,483
Expenditures	<u>3,225,240</u>	<u>399,597</u>	<u>2,656,054</u>	<u>6,280,891</u>
	<u>\$ 341,532</u>	<u>\$(394,374)</u>	<u>\$1,631,434</u>	1,578,592
Add amounts deducted as expenditures in budgetary schedules not deducted as expenses in statement of revenues, expenses and changes in retained earnings:				
Capital outlay, \$2,669,474 less \$300,858 of items not capital- ized				2,368,616
Interest expense capitalized				44,592
Principal payments on loans				245,000
Less amounts included as revenues in budgetary schedules not included as revenues in statement of revenues, expenses and changes in retained earnings:				
Collection of notes receivable				(5,042)
Increase in loan payable				(2,990,870)
Increase in capital grants				(932,260)
Add (less) adjustment for conversion from modified accrual (budgetary basis) to accrual basis of account- ing (enterprise basis):				
Increase in accrual of user fees				130,871
Increase in accrued interest payable				(14,526)
Increase in accrued vacation payable				(10,999)
Less administrative reimbursement to the General Fund recorded as a transfer in budgetary schedules				(436,259)
Less depreciation expense				<u>(167,146)</u>
Net loss per combined statement of revenues, expenses and changes in retained earnings (page 4)				<u>\$ (189,431)</u>

METROPOLITAN SERVICE DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS  
 for the year ended June 30, 1981

	<u>Balance</u> <u>June 30, 1980</u>	<u>Additions</u>	<u>Deductions</u>		<u>Balance</u> <u>June 30, 1981</u>
<u>TRANSPORTATION TECHNICAL ASSISTANCE FUND</u>					
<u>Assets</u>					
Cash		\$ 296,425	\$ 412,166		\$ (115,741)
Receivables:					
Federal grants	\$ 294,958	1,060,927	288,785		1,067,100
State grants	8,488		7,640		848
Advances		1,543			1,543
	<u>\$ 303,446</u>	<u>\$ 1,358,895</u>	<u>\$ 708,591</u>		<u>\$ 953,750</u>
<u>Liabilities</u>					
Expenditures by subgrantees in excess of advances	<u>\$ 303,446</u>	<u>\$ 1,060,927</u>	<u>\$ 410,623</u>		<u>\$ 953,750</u>
<u>CRIMINAL JUSTICE ASSISTANCE FUND</u>					
<u>Assets</u>					
Cash	\$ 453,002	\$ 802,604	\$ 1,133,928		\$ 121,678
Receivables:					
State administered grants and state buy-in	477,084	930,346	1,312,256		95,174
Advances	239	22,420	239		22,420
	<u>\$ 930,325</u>	<u>\$ 1,755,370</u>	<u>\$ 2,446,423</u>		<u>\$ 239,272</u>
<u>Liabilities</u>					
Unearned grant revenue	\$ 310,179	\$ 58,887	\$ 256,108		\$ 112,958
Deferred revenue	20,378	27,441	24,224		23,595
Expenditures by subgrantees in excess of advances	599,768	931,537	1,428,586		102,719
	<u>\$ 930,325</u>	<u>\$ 1,017,865</u>	<u>\$ 1,708,918</u>		<u>\$ 239,272</u>
<u>TOTALS AGENCY FUNDS</u>					
<u>Assets</u>					
Cash	\$ 453,002	\$ 1,099,029	\$ 1,546,094		\$ 5,937
Receivables:					
Federal grants	294,958	1,060,927	288,785		1,067,100
State grants	485,572	930,346	1,319,896		96,022
Advances	239	23,963	239		23,963
	<u>\$ 1,233,771</u>	<u>\$ 3,114,265</u>	<u>\$ 3,155,014</u>		<u>\$ 1,193,022</u>
<u>Liabilities</u>					
Unearned grant revenue	\$ 310,179	\$ 58,887	\$ 256,108		\$ 112,958
Deferred revenue	20,378	27,441	24,224		23,595
Expenditures by subgrantees in excess of advances	903,214	1,992,464	1,839,209		1,056,469
	<u>\$ 1,233,771</u>	<u>\$ 2,078,792</u>	<u>\$ 2,119,541</u>		<u>\$ 1,193,022</u>

METROPOLITAN SERVICE DISTRICT  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - BUDGET AND ACTUAL\*  
 TRANSPORTATION TECHNICAL ASSISTANCE FUND  
 for the year ended June 30, 1981

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	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS:			
Federal grants	\$ <u>569.500</u>	\$ <u>296.425</u>	\$( <u>273.075</u> )

	<u>Budgeted Appropriations</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
DISBURSEMENTS:			
Materials and services	\$ <u>569.500</u>	\$ <u>412.166</u>	\$ <u>157.334</u>

\*Prepared on a cash basis.

METROPOLITAN SERVICE DISTRICT  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - BUDGET AND ACTUAL\*  
 CRIMINAL JUSTICE ASSISTANCE FUND  
 for the year ended June 30, 1981

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	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>RECEIPTS:</b>			
Federal LEAA Grants	\$1,626,000	\$ 775,163	\$(850,837)
Interest	<u>25,000</u>	<u>27,441</u>	<u>2,441</u>
	<u>\$1,651,000</u>	<u>\$ 802,604</u>	<u>\$(848,396)</u>
	<u>Budgeted Appropriations</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>DISBURSEMENTS:</b>			
Materials and services	\$1,626,000	\$1,109,704	\$516,296
OTHER FINANCING USES - OPERATING TRANSFER TO GENERAL FUND	<u>25,000</u>	<u>24,224</u>	<u>776</u>
	<u>\$1,651,000</u>	<u>\$1,133,928</u>	<u>\$517,072</u>

\*Prepared on a cash basis.



METROPOLITAN SERVICE DISTRICT  
 SCHEDULE OF PROPERTY TAX TRANSACTIONS  
 AND OUTSTANDING BALANCE  
 for the year ended June 30, 1981

Fiscal Year	Property Taxes Receivable June 30, 1980	Current Levy as Extended by Assessors	Add (Deduct)		(Deduct)		Property Taxes Receivable June 30, 1981
			Adjustments	Interest	Discounts	Collections	
1980-81		\$2,129,663	\$(6,055)	\$ 1,678	\$(43,647)	\$(1,956,075)	\$125,564
1979-80	\$212,675		(350)	3,704		(168,075)	47,954
1978-79	35,061		(147)	2,920		(16,735)	21,099
1977-78	18,394		(796)	2,495		(9,983)	10,110
1976-77	<u>10,970</u>		<u>(348)</u>	<u>4,011</u>		<u>(13,128)</u>	<u>1,505</u>
	<u>\$277,100</u>	<u>\$2,129,663</u>	<u>\$(7,696)</u>	<u>\$14,808</u>	<u>\$(43,647)</u>	<u>\$(2,163,996)</u>	<u>\$206,232</u>

Reconciliation to revenue per financial statements:

Collections above	\$2,163,996
Property taxes susceptible to accrual at June 30, 1981	21,675
Taxes in lieu of property taxes	2,053
Interest revenue	<u>(14,808)</u>
	<u>\$2,172,916</u>

METROPOLITAN SERVICE DISTRICT  
 SCHEDULE OF LONG-TERM DEBT TRANSACTIONS  
 (LOANS FROM DEPARTMENT OF ENVIRONMENTAL QUALITY)  
 for the year ended June 30, 1981

	<u>Original Issue</u>		<u>Outstanding</u> <u>at June 30, 1980</u>		<u>1980-81 Transactions</u>			<u>Outstanding</u> <u>at June 30, 1981</u>	
	<u>Date</u>	<u>Amount</u>	<u>Unmatured</u>	<u>Matured</u>	<u>Issued</u>	<u>Matured</u>	<u>Paid</u>	<u>Unmatured</u>	<u>Matured</u>
Loan I:									
Principal	4/21/77	<u>\$2,150,000</u>	<u>\$1,960,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$105,000</u>	<u>\$105,000</u>	<u>\$1,855,000</u>	<u>\$ -</u>
Interest						<u>\$ 88,880</u>	<u>\$ 88,880</u>		
Loan II:									
Principal	1/26/78	<u>\$ 35,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Interest						<u>\$ 900</u>	<u>\$ 900</u>		
Loan III:									
Principal	2/1/80	<u>\$1,300,000</u>	<u>\$1,300,000</u>	<u>\$ -</u>		<u>\$130,000</u>	<u>\$130,000</u>	<u>\$1,170,000</u>	<u>\$ -</u>
Addition		<u>60,870</u>			<u>\$ 60,870</u>			<u>60,870</u>	
Total		<u>\$1,360,870</u>						<u>\$1,230,870</u>	
Interest						<u>\$ 64,818</u>	<u>\$ 64,818</u>		
Loan IV:									
Principal	6/1/81	<u>\$2,930,000</u>			<u>\$2,930,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,930,000</u>	<u>\$ -</u>
Interest						<u>\$ -</u>	<u>\$ -</u>		

METROPOLITAN SERVICE DISTRICT  
 SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS  
 (LOANS FROM DEPARTMENT OF ENVIRONMENTAL QUALITY)  
 as of June 30, 1981

Year of Maturity	Loan I - 4 to 6%		Loan II - 6%		Loan III - 4 to 6%		Loan IV - 5.9 to 7.8%		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1981-82	\$ 130,000	\$ 81,895	\$10,000	\$300	\$ 141,000	\$ 58,292	\$ 30,000	\$ 139,349	\$ 311,000	\$ 279,836
1982-83	135,000	74,955			152,000	49,724	30,000	207,932	317,000	332,611
1983-84	150,000	68,475			163,000	40,630	59,000	205,204	372,000	314,309
1984-85	150,000	61,725			174,000	31,508	59,000	201,427	383,000	294,660
1985-86	150,000	54,900			184,870	23,003	87,000	196,726	421,870	274,629
1986-87	150,000	47,925			200,000	14,436	117,000	190,023	467,000	252,384
1987-88	160,000	40,600			216,000	4,968	146,000	180,920	522,000	226,488
1988-89	160,000	33,000					146,000	170,408	306,000	203,408
1989-90	160,000	25,400					147,000	159,860	307,000	185,260
1990-91	160,000	17,800					147,000	149,865	307,000	167,665
1991-92	175,000	10,500					147,000	140,309	322,000	150,809
1992-93	175,000	3,500					176,000	129,636	351,000	133,136
1993-94							176,000	117,492	176,000	117,492
1994-95							205,000	103,864	205,000	103,864
1995-96							205,000	88,899	205,000	88,899
1996-97							205,000	73,524	205,000	73,524
1997-98							205,000	57,944	205,000	57,944
1998-99							208,000	42,042	208,000	42,042
1999-2000							210,000	25,740	210,000	25,740
2000-01							225,000	8,775	225,000	8,775
	<u>\$1,855,000</u>	<u>\$520,675</u>	<u>\$10,000</u>	<u>\$300</u>	<u>\$1,230,870</u>	<u>\$222,561</u>	<u>\$2,930,000</u>	<u>\$2,589,939</u>	<u>\$6,025,870</u>	<u>\$3,333,475</u>

METROPOLITAN SERVICE DISTRICT  
ABBREVIATED DESIGNATIONS FOR AGENCIES

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<u>Abbreviated Designation</u>	<u>Description</u>
DEQ	Department of Environmental Quality
DOE	Department of Energy
DOT	U. S. Department of Transportation
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
EDA	Economic Development Administration
FHWA	Federal Highways Administration
HUD	Department of Housing and Urban Development
LGRD	Local Government Relations Division
IGRD	Intergovernmental Relations Division
LCDC	Land Conservation and Development Commission
ODOT	Oregon Department of Transportation
ODOT/PL	Oregon Department of Transportation - Federal Highway Planning Grant
ODOT/TQX	Oregon Department of Transportation - Federal Highway Planning Transitional Quarter Grant
OLEC	Oregon Law Enforcement Council
RPC	Regional Planning Council of Clark County
UMTA	Urban Mass Transportation Administration
WDOT	Washington Department of Transportation

METROPOLITAN SERVICE DISTRICT  
 SCHEDULE OF GENERAL FUND RESOURCES AND EXPENDITURES - BY GRANT  
 for the year ended June 30, 1981

	Resources					Expenditures			
	Federal Grants	State and Other Grants	Contributed Resources		Total	Direct Costs			Total
			Required Match	Match in Excess		Wages and Fringe Benefits	Consultants and Other Direct Charges	Indirect Costs	
UMTA 09-0023	\$ 58,532		\$ 14,633		\$ 73,165	\$ 45,576	\$ 1,798	\$ 25,791	\$ 73,165
UMTA 09-0026	41,835		10,459		52,294	32,085	2,052	18,157	52,294
UMTA 09-7002	51,114				51,114	8,531	37,755	4,828	51,114
EPA/UMTA 19-0004	82,703				82,703	41,130	18,297	23,276	82,703
EPA/UMTA 19-0005	28,804				28,804	18,130	415	10,259	28,804
UMTA 29-9003	14,875		2,625		17,500		17,500		17,500
UMTA 29-9004	626,894		110,628		737,522	284,114	292,627	160,781	737,522
UMTA 29-9006	291,819		51,497		343,316	214,022	8,179	121,115	343,316
DOT S59-80	50,000				50,000		50,000		50,000
EPA 208	121,420		40,473		161,893	50,593	82,670	28,630	161,893
EDA	112,018		37,340		149,358	95,382		53,976	149,358
Census Bureau-JSA125	1,350		449		1,799	1,149		650	1,799
HUD	69,275		35,000	\$ 27,886	132,161	84,399		47,762	132,161
FHWA IX-0000(39)	7,873		1,389		9,262	5,915		3,347	9,262
ODOT/PL 1981		\$124,391	31,098		155,489	96,871	3,799	54,819	155,489
LEAA/OLEC 81X-2-1		56,223	6,247		62,470	39,894		22,576	62,470
LEAA/OLEC 80J-2		7,684	9,021		16,705	10,668		6,037	16,705
LEAA/OLEC 79A-2-1		36,937	2,969		39,906	25,484		14,422	39,906
LEAA/OLEC 80P-2		13,109		5,987	19,096	12,195		6,901	19,096
DEQ		15,731	7,585	7,026	30,342	19,377		10,965	30,342
IGRD		3,500	930		4,430	2,829		1,601	4,430
LCDC		56,600		75,100	131,700	84,105		47,595	131,700
WDOT		16,779			16,779	8,633	3,260	4,886	16,779
Clark County		3,983		431	4,414	2,819		1,595	4,414
Clark County		4,024			4,024	2,570		1,454	4,024
Tri-Met TSAPP		265,251			265,251	61,835	168,424	34,992	265,251
	<u>\$1,558,512</u>	604,212	<u>\$362,343</u>	<u>\$116,430</u>	<u>\$2,641,497</u>	<u>\$1,248,306</u>	<u>\$686,776</u>	<u>\$706,415</u>	<u>\$2,641,497</u>
ODOT provided funds used as required match		60,315							
Tri-Met provided funds used as required match		98,824							
		<u>\$763,351</u>							

METROPOLITAN SERVICE DISTRICT  
 SCHEDULE OF ENTERPRISE FUND RESOURCES AND EXPENDITURES - BY GRANT  
 for the year ended June 30, 1981

	Resources				Expenditures			
	Federal Grants	State Grants	Required Match	Total	Direct Costs		Indirect Costs	Total
					Wages and Fringe Benefits	Consultants and other Direct Costs		
Operating grants:								
EPA	\$ 37,390		\$ 12,464	\$ 49,854	\$21,952	\$ 15,479	\$12,423	\$ 49,854
DOE	<u>61,802</u>			<u>61,802</u>	<u>8,368</u>	<u>48,699</u>	<u>4,735</u>	<u>61,802</u>
	<u>\$ 99,192</u>		<u>\$ 12,464</u>	<u>\$ 111,656</u>	<u>\$30,320</u>	<u>\$ 64,178</u>	<u>\$17,158</u>	<u>\$ 111,656</u>
Capital grants:								
EPA 149-01	\$ 42,188		\$ 14,063	\$ 56,251	\$10,559	\$ 39,716	\$ 5,976	\$ 56,251
EPA 149-02	428,706		142,902	571,608	61,663	475,049	34,896	571,608
DEQ #117		\$451,877		451,877	7,850	439,585	4,442	451,877
DEQ #118		<u>9,489</u>		<u>9,489</u>		<u>9,489</u>		<u>9,489</u>
	<u>\$470,894</u>	<u>\$461,366</u>	<u>\$156,965</u>	<u>\$1,089,225</u>	<u>\$80,072</u>	<u>\$963,839</u>	<u>\$45,314</u>	<u>\$1,089,225</u>

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METROPOLITAN SERVICE DISTRICT  
 SCHEDULE OF GENERAL FUND OPEN GRANT PROJECTS  
 June 30, 1981

Name of Project	Type of Project	Grant Award	Local Match	Total of Award and Match	Total Award and Match Received to Date	Receivable	Unearned Grant Revenue	Total Revenues	Total Expenditures	Continuing or Lapsed Project Balance
UMTA OR-29-9006	Transportation Planning	\$ 300,000	\$ 52,942	\$ 352,942	\$ 184,928	\$ 158,388		\$ 343,316	\$ 343,316	\$ 9,626
UMTA OR-09-0023	Transportation Planning	63,360	15,840	79,200	38,522	34,643		73,165	73,165	6,035
UMTA OR-29-9003	Transportation Planning	112,965	19,936	132,901	115,134	14,875		130,009	130,009	2,892
UMTA OR-29-9004	Transportation Planning	969,240	171,041	1,140,281	518,377	325,487		843,864	843,864	296,417
UMTA 09-0026	Transportation Planning	120,000	30,000	150,000	10,459	41,835		52,294	52,294	97,706
UMTA OR-19-0005	Transportation Planning	35,000		35,000	3,828	24,976		28,804	28,804	6,196
UMTA OR-19-0004	Transportation Planning	282,000		282,000	177,638	34,265		211,903	211,903	70,097
DEQ	Ground Water Study	15,731	14,611	30,342	30,342			30,342	30,342	
ODOT/TQX 1980	Transportation Planning	215,460	23,940	239,400	217,130	21,474		238,604	238,604	796
ODOT/PL 1981	Transportation Planning	130,569	32,642	163,211	91,151	64,338		155,489	155,489	7,722
Census Bureau JSA 125	Census Project	116,250	37,567	153,817	151,054	2,365		153,419	153,419	398
EDA	Planning Grant	200,000	66,667	266,667	265,119		\$4,644	260,475	260,475	6,192
IGRD	Planning Grant	3,500	930	4,430	4,430			4,430	4,430	
HUD 1981	Planning Grant	70,000	62,886	132,886	123,300	8,861		132,161	132,161	725
OLEC 79A-2-1	Planning Grant	37,950	3,050	41,000	39,906			39,906	39,906	1,094
OLEC 80J-2	Planning Grant	11,400	13,503	24,903	20,421		3,716	16,705	16,705	8,198
OLEC 80P-2	Planning Grant	110,080	5,987	116,067	116,067			116,067	116,067	
EPA 208	Planning Grant	296,729	98,963	395,692	281,125	59,648		340,773	340,773	54,919
OLEC 81X-2-1	Planning Grant	74,490	8,311	82,801	43,492	18,978		62,470	62,470	20,331
RPC	Transportation Planning	14,540		14,540		4,024		4,024	4,024	10,516
RPC	Air Quality	17,050	431	17,481	13,498	3,983		17,481	17,481	
ODOT/PL 1980	Transportation Planning	157,204	31	157,235	141,515	15,720		157,235	157,235	
LCDC 1981	Coordination Grant	56,600	75,100	131,700	126,040	5,660		131,700	131,700	
DOT S59-80	Transportation Planning	50,000		50,000		50,000		50,000	50,000	
WDOT	Transportation Planning	17,000		17,000	17,000		221	16,779	16,779	221
FHWA IX-0000(39)	Westside Corridor	59,500	10,500	70,000	1,389	7,873		9,262	9,262	60,738
UMTA OR-09-7002	Transit Mall Study	133,200		133,200		51,114		51,114	51,114	82,086
Tri-Met	Transit Station Area Planning	<u>632,767</u>		<u>632,767</u>	<u>128,024</u>	<u>137,227</u>		<u>265,251</u>	<u>265,251</u>	<u>367,516</u>
		<u>\$4,302,585</u>	<u>\$744,878</u>	<u>\$5,047,463</u>	<u>\$2,859,889</u>	<u>\$1,085,734</u>	<u>\$8,581</u>	<u>\$3,937,042</u>	<u>\$3,937,042</u>	<u>\$1,110,421</u>

METROPOLITAN SERVICE DISTRICT  
 SCHEDULE OF ENTERPRISE FUND OPEN GRANT PROJECTS  
 June 30, 1981

<u>Name of Project</u>	<u>Type of Project</u>	<u>Grant Award</u>	<u>Local Match</u>	<u>Total of Award and Match</u>	<u>Total Award and Match Received to Date</u>	<u>Receivable</u>	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Continuing or Lapsed Project Balance</u>
EPA	Air Pollution Control	\$ 265,000	\$ 89,928	\$ 354,928	\$ 12,464	\$ 37,390	\$ 49,854	\$ 49,854	\$ 305,074
DOE	Methane Gas Feasibility	94,302		94,302	56,582	5,220	61,802	61,802	32,500
EPA 149-01	Resource Recovery	253,596	84,525	338,121	295,858	42,190	338,048	338,048	73
EPA 149-02	Resource Recovery	450,500	150,167	600,667	142,902	428,706	571,608	571,608	29,059
DEQ #117	St. Johns Landfill Expansion	583,230		583,230	325,782	152,309	478,091	478,091	105,139
DEQ #118	Resource Recovery	<u>1,923,300</u>		<u>1,923,300</u>		<u>9,489</u>	<u>9,489</u>	<u>9,489</u>	<u>1,913,811</u>
		<u>\$3,569,928</u>	<u>\$324,620</u>	<u>\$3,894,548</u>	<u>\$833,588</u>	<u>\$675,304</u>	<u>\$1,508,892</u>	<u>\$1,508,892</u>	<u>\$2,385,656</u>

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METROPOLITAN SERVICE DISTRICT  
 SCHEDULE OF TRANSPORTATION TECHNICAL ASSISTANCE FUND OPEN GRANT PROJECTS  
 June 30, 1981

Name of Project	Administered By	Grant Award	Local Match	Total of Award and Match	Total Award and Match Received to Date	Receivable	Total Project Revenues	Total Project Expenditures	Continuing or Lapsed Project Balance
UMTA 09-0020	Tri-Met	\$ 132,716	\$ 33,179	\$ 165,895	\$ 100,857	\$ 40,038	\$ 140,895	\$ 140,895	\$ 25,000
UMTA 09-0022	Tri-Met	267,953	133,977	401,930	388,467		388,467	388,467	13,463
UMTA 09-0023	Tri-Met	191,640	47,910	239,550	25,514	102,055	127,569	127,569	111,981
UMTA 09-0030	Tri-Met	602,667	242,333	845,000	571,708	129,628	701,336	701,336	143,664
UMTA 09-0059	Tri-Met	125,000	31,250	156,250	147,878	6,860	154,738	154,738	1,512
UMTA 09-7002	Tri-Met	22,500		22,500		10,908	10,908	10,908	11,592
UMTA 09-7002	City of Portland	44,300		44,300		13,018	13,018	13,018	31,282
UMTA 29-9002	Clackamas County	21,250	3,750	25,000	21,659		21,659	21,659	3,341
UMTA 29-9003	Tri-Met	185,075	32,660	217,735	112,098	105,637	217,735	217,735	
UMTA 29-9003	Washington County	43,749	7,721	51,470	47,448	716	48,164	48,164	3,306
UMTA 29-9003	City of Portland	13,750	2,426	16,176	1,358	8,832	10,190	10,190	5,986
UMTA 29-9003	City of Beaverton	4,800	847	5,647	4,320	480	4,800	4,800	847
UMTA 19-0005	City of Portland	60,000		60,000		5,365	5,365	5,365	54,635
UMTA 19-0005	Clackamas County	40,000		40,000		11,219	11,219	11,219	28,781
ODOT/TQX 1980	Tri-Met	17,171	4,293	21,464	9,762	849	10,611	10,611	10,853
UMTA 29-9004	Tri-Met	523,323	92,351	615,674	85,458	484,261	569,719	569,719	45,955
UMTA 29-9004	Washington County	52,700	9,300	62,000	13,609	14,851	28,460	28,460	33,540
UMTA 29-0004	City of Portland	146,200	25,800	172,000	10,583	124,245	134,828	134,828	37,172
UMTA 29-9004	City of Beaverton	65,963	11,642	77,605	57,063	8,986	66,049	66,049	11,556
		<u>\$2,560,757</u>	<u>\$679,439</u>	<u>\$3,240,196</u>	<u>\$1,597,782</u>	<u>\$1,067,948</u>	<u>\$2,665,730</u>	<u>\$2,665,730</u>	<u>\$574,466</u>

METROPOLITAN SERVICE DISTRICT  
 SCHEDULE OF GENERAL FUND GRANT PROJECTS CLOSED  
 June 30, 1981

<u>Name of Project</u>	<u>Type of Project</u>	<u>Federal or State Grant Amount</u>	<u>Local Match</u>	<u>Total of Award and Match</u>	<u>Total Project Expenditures</u>
IGRD PNR 01252	Planning Grant	\$ 20,000	\$ 2,200	\$ 22,200	\$ 22,200
LCDC 1980	Coordination Grant	100,000	25,839	125,839	125,839
OLEC 79P-2	Planning Grant	98,316	1,963	100,279	100,279
UMTA 19-0001	Transportation Planning	129,050	5,363	134,413	134,413
Regional Planning Council of Clark County	Transportation Planning	35,000		35,000	35,000
FAA	Planning Grant	15,069	14,931	30,000	30,000
LGRD	Planning Grant	5,000	18,435	23,435	23,435
HUD	Planning Grant	106,000	103,039	209,039	209,039
UMTA OR-29-9001	Transportation Planning	61,500	10,852	72,352	72,352
UMTA OR-29-9002	Transportation Planning	9,605	1,695	11,300	11,300
UMTA OR-09-0019	Transportation Planning	128,000	32,000	160,000	160,000
UMTA OR-09-0020	Transportation Planning	97,200	24,300	121,500	121,492
UMTA 09-0022	Transportation Planning	69,460	34,730	104,190	101,365
OLEC 79J-2	Planning Grant	11,318	11,318	22,636	22,636
Interstate	Interstate Bridge Corridor Study	<u>48,000</u>	<u>100,914</u>	<u>148,914</u>	<u>144,571</u>
		<u>\$933,518</u>	<u>\$387,579</u>	<u>\$1,321,097</u>	<u>\$1,313,921</u>

METROPOLITAN SERVICE DISTRICT  
 SCHEDULE OF GRANT PROJECTS CLOSED IN THE TRANSPORTATION  
 TECHNICAL ASSISTANCE FUND  
 June 30, 1981

<u>Name of Project</u>	<u>Administered by</u>	<u>Federal or State Grant Amount</u>	<u>Local Match</u>	<u>Total of Award and Match</u>	<u>Total Project Expenditures</u>	<u>Lapsed or Transferred Portion of Grant</u>
UMTA 09-0019	Tri-Met	\$120,800	\$30,200	\$151,000	\$150,907	\$ 93
UMTA 09-0043	Tri-Met	184,681	46,170	230,851	230,851	
UMTA 29-9001	Washington County	7,500	1,324	8,824	8,824	
UMTA 29-9001	City of Portland	7,500	1,324	8,824	8,824	
ODOT/TQX 1979	Tri-Met	14,200	3,500	17,700	16,373	1,327*
ODOT/TQX 1979	Washington County	20,000	5,000	25,000	21,669	3,331*
ODOT/TQX 1979	City of Portland	20,000	5,000	25,000	8,618	16,382*
ODOT/TQX 1980	Tri-Met	<u>17,171</u>	<u>4,293</u>	<u>21,464</u>	<u>10,611</u>	<u>10,853*</u>
		<u>\$391,852</u>	<u>\$96,811</u>	<u>\$488,663</u>	<u>\$456,677</u>	<u>\$31,986</u>

\*Amount is transferred back to the TQX pool and then reallocated in the next fiscal year.

AUDIT COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS

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AUDIT COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS

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Oregon Administrative Rules 165-30-100 through 165-30-295 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to our examination of such statements and schedules are set forth following.

## AUDIT COMMENTS AND DISCLOSURES

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### I. Accounting and Internal Control Systems:

We have examined the financial statements of Metropolitan Service District (Metro) for the fiscal year ended June 30, 1981, and have issued our report thereon dated January 19, 1982. As part of our examination, we have obtained an understanding of accounting systems and controls incorporated therein as required by generally accepted auditing standards. The purpose of gaining such an understanding is to assist the auditor in planning the nature and scope of the examination of the financial statements. The process of obtaining such an understanding is more limited than a study and evaluation necessary to express an opinion on the system of internal accounting control taken as a whole. Based on our understanding, we determined that our examination could be more efficiently conducted without placing significant reliance on internal accounting controls and therefore we did not directly evaluate and test them. The nature and extent of our other auditing procedures were adjusted accordingly.

Our examination of the financial statements would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data. Accordingly, we do not express an opinion on the system of internal accounting control of Metro taken as a whole. However, during our examination, we became aware of the conditions described in comments III through IX in our Report to Management for the year ended June 30, 1981, dated February 8, 1982, that we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of Metro may occur and not be detected within a timely period. Our recommendations have been discussed with appropriate employees of the District.

AUDIT COMMENTS AND DISCLOSURES, Contined

I. Accounting and Internal Control Systems, Continued:

As a result of our discussion, we understand that some of our recommendations are presently being implemented.

This report is intended solely for the use of the Council, management and the State of Oregon, Division of Audits, and should not be used for any other purpose.

II. Budgeting and Compliance:

Except for the following, Metro has substantially complied with the Local Budget Law (ORS 294.305 to 294.520) in the preparation and adoption of its budgets for the current and ensuing year.

Expenditures Exceeded Legal Appropriation

Metro made the following expenditures in excess of the related appropriation categories:

	<u>Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General fund:			
Materials and services	\$1,331,697	\$1,740,084	\$408,387
Less expenditures exempt under ORS 294.326		<u>(357,986)</u>	<u>(357,986)</u>
Net overexpenditure	<u>\$1,331,697</u>	<u>\$1,382,098</u>	<u>\$ 50,401</u>
Capital outlay	<u>\$ 16,630</u>	<u>\$ 17,777</u>	<u>\$ 1,147</u>

III. Indebtedness:

The District had no bonded indebtedness during the year ended June 30, 1981.

AUDIT COMMENTS AND DISCLOSURES, Contined

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IV. Collateral Securing Depository Balances:

ORS Chapter 295 provides that each depository throughout the period of its possession of public fund deposits shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager, for funds in excess of those insured by the Federal Deposit Insurance Corporation.

Collateral securing Metro's deposits was in compliance with the requirements of this statute for the year ended June 30, 1981.

V. Insurance and Fidelity Bond Coverage:

We have examined Metro's insurance and fidelity bond coverage at June 30, 1981. We ascertained that such policies appeared to be in force and comply with legal requirements relating to fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies covering District-owned property at June 30, 1981.



AUDIT COMMENTS AND DISCLOSURES, Contined

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VI. Programs Funded from Outside Sources:

We reviewed and tested, to the extent deemed appropriate, the transactions and reports filed for federal and state grant programs. We noted that there was a general lack of financial reports being filed. As such the District had not reported all grant reimbursable expenses as of June 30, 1981 and at various filing dates throughout the year. Also see comment III in our Report to Management for the year ended June 30, 1981, dated February 8, 1982, for further comments on programs funded from outside sources. The terms of our audit contract with the District did not require us to make complete audits relating to each project. Our audit opinion on the District's basic financial statements does not cover each individual grant.

GRANT COMPLIANCE REVIEW

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To the Council  
Metropolitan Service District  
Portland, Oregon

We have examined the combined financial statements of Metropolitan Service District as of June 30, 1981 and for the year then ended and have issued our report thereon dated January 19, 1982. Our examination was made in accordance with generally accepted auditing standards, the provisions of "Standards for Audit of Governmental Organizations, Programs, Activities and Functions", promulgated by the Comptroller General, which pertain to financial and compliance audits, "Guidelines for Financial and Compliance Audits of Federally Assisted Programs" and the provisions of Office of Management and Budget (OMB) Circular A-102, Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments, Attachment P, Audit Requirements. Our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our examination, we reviewed the terms and conditions of the following grant contracts and agreements:

<u>Agency</u>	<u>Award Number</u>	<u>Award Amount</u>
DEQ	118	\$1,923,300
EDA	07-25-01682-49	} 200,000
EDA	07-25-1677	
EDA	07-25-1682-21	
EPA	D-000-149-02	450,500
EPA	A-000-227-81-0	265,000
HUD	CPA-OR-10-16-1031	70,000
ODOT/PL	1981 FHWA	130,569
UMTA	OR-29-9004	969,240
Tri-Met/UMTA	OR-29-9005	632,767

We performed tests of operations and records applicable to compliance by Metropolitan Service District with the material terms and conditions set forth in such contracts and agreements. The identification of material compliance features were determined by us as we deemed necessary in the circumstances and were reviewed with and agreed to by the District's designated cognizant audit agency.

In our opinion, for the tested operations and records, Metropolitan Service District complied with the material terms and conditions of its grant contracts and agreements referred to above, except as described in comments III through IX in our Report to Management for the year ended June 30, 1981, dated February 8, 1982, and as follows:

- . The accounting system did not provide for accumulating and recording expenditures by grant and cost category shown in the approved budget.
- . Grant financial reports were not prepared and submitted on a timely basis.
- . There were no procedures for determining reasonableness, allowability and allocability of costs in accordance with Federal Management Circular 74-4.
- . Though the District's written procurement procedures appropriately reflected applicable state and local laws, evidence of compliance was lacking on certain procedures for some contracts in the following areas:
  - .. No evidence of advertisement of the Request For Proposal was contained in the files.
  - .. There was no evidence contained in the files of written notification of selection or rejection to firms who made bids.
- . Lack of adequate source documentation (primarily no indication of purpose) resulted in approximately \$22,000 of costs being excluded from those costs eligible for grant reimbursement.

Further, based upon our examination and the procedures referred to above, nothing came to our attention to indicate that the District had not complied with the material terms and conditions referred to above, except as previously indicated.

*Coopers & Lybrand*

Portland, Oregon  
January 19, 1982

**METROPOLITAN SERVICE DISTRICT**

**Report to Management**

**for the year ended June 30, 1981**

METROPOLITAN SERVICE DISTRICT

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The Council  
Metropolitan Service District  
Portland, Oregon

We have examined the financial statements of Metropolitan Service District (Metro) for the fiscal year ended June 30, 1981, and have issued our report thereon dated January 19, 1982. As part of our examination, we have obtained an understanding of accounting systems and controls incorporated therein as required by generally accepted auditing standards. The purpose of gaining such an understanding is to assist the auditor in planning the nature and scope of the examination of the financial statements. The process of obtaining such an understanding is more limited than a study and evaluation necessary to express an opinion on the system of internal accounting control taken as a whole. Based on our understanding, we determined that our examination could be more efficiently conducted without placing significant reliance on internal accounting controls and therefore we did not directly evaluate and test them. The nature and extent of our other auditing procedures were adjusted accordingly.

Our examination of the financial statements would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data. Accordingly, we do not express an opinion on the system of internal accounting control of Metro taken as a whole. However, during our examination, we became aware of the conditions described in comments III through IX on the following pages that we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of Metro may occur and not be detected within a timely period.

Our recommendations have been discussed with appropriate employees of the District. As a result of our discussion, we understand that some of our recommendations are presently being implemented.

We wish to express our appreciation to Metro personnel for the cooperation and courtesies extended to us during our examination.

We will be happy to discuss our recommendations with you further or to assist in their implementation.

This report is intended solely for the use of the Council, management and the State of Oregon, Division of Audits, and should not be used for any other purpose.

COOPERS & LYBRAND

By   
James L. Savage, a partner

Portland, Oregon  
February 8, 1982



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## I. STREAMLINE THE CHART OF ACCOUNTS

The chart of accounts is too voluminous to be effective. For example, it contains accounts for consulting services, technical consultants, consulting-engineering and contract services - other. Such detail leads to confusion in coding invoices, e.g., we found the same monthly billing coded to different accounts. Additionally, using too many accounts makes the general ledger difficult to work with.

During fiscal 1981 there were numerous accounts that accumulated less than \$100 of expenditures. Excessive detail can distort the overall picture necessary for management to effectively monitor Metro's activity.

### Recommendation

Streamline the chart of accounts. Secure user input to ensure their needs are met.

## II. DEVELOP A REPORT COMPARING EXPENDITURES TO BUDGETED APPROPRIATION CATEGORIES

To effectively monitor compliance with Oregon Local Budget Law it is imperative to have a summary of expenditures in the same categories as the adopted appropriations.

### Recommendation

A report comparing budgeted appropriations with actual expenditures must be prepared monthly and submitted to management and the Council to allow them to properly manage Metro's finances. Budget modifications must be approved by the Council during the year if an overexpenditure of appropriation is anticipated.

### III. IMPROVE GRANT RELATED PROCEDURES

#### A. Requests for Grantor Reimbursements and Grant Reports

The following weaknesses were noted regarding requests for grantor reimbursements and grant reports:

- . Letters of credit arrangements and other requests for reimbursement were not monitored. For example:
  - .. Metro had a \$969,000 letter of credit from the Environmental Protection Agency. Although Metro's expenditures during the year, to be reimbursed by the EPA, exceeded \$500,000, Metro requested and received only \$103,000 during the year from this available letter of credit. We have been informed by management subsequent to year end that grant billings are current.
  - .. Approximately \$80,000 was received by Metro from the grantor and held for five months before being passed through to the subgrantee.
  - .. Conversely, at June 30, 1981, Metro had passed approximately \$115,000 through to subgrantees without Metro receiving the money from the grantors.
- . Grant reports were not prepared on a timely basis. For example, Metro closed a grant, but two years passed before a final grant report was submitted to the grantor.

#### Recommendations

- . Maintain control over requests for grantor reimbursement, keep a file of all requests and the status of the request.

III. IMPROVE GRANT RELATED PROCEDURES, Continued

A. Requests for Grantor Reimbursements and Grant Reports,  
Continued

Recommendations, Continued

- . Be familiar with each grant and their reporting requirements to ensure timely grant reports.

B. Responsibility for Grants

- . No individual at Metro had specifically been assigned the following responsibilities:
  - .. Grant applications and awards.
  - .. Maintenance of grant files.
  - .. Grant close-outs.
  - .. Coordination with accounting.
  - .. Grant reporting.
  - .. Grant coding.
- . No individual at Metro understood fully the accounting treatment of grants, causing grants to be recorded improperly in Metro's general ledger.

Recommendations

- . Establish a position which will have responsibilities as outlined above. Document these procedures so as to prevent disruption during periods of personnel turnover.

### III. IMPROVE GRANT RELATED PROCEDURES, Continued

#### B. Responsibility for Grants, Continued

##### Recommendations, Continued

- . The individual assuming these responsibilities and at least one other individual in the accounting department must become familiar with grant accounting and the governmental pronouncements impacting grants.
  
- . To maintain grant files, prepare a checklist of the required documentation to be contained in each grant file. Complete this checklist when preparing the file. This will help prevent voluminous files and duplicate copies.

#### C. Monitoring Grant Compliance Features

There was no system in effect which would monitor Metro's compliance with each grant's terms and regulations. Metro's failure to comply can result in not receiving reimbursement for expenditures.

##### Recommendation

Assign an individual the responsibility of monitoring each grant's compliance requirements as outlined in the grant award agreement and in Federal Management Circular A-102. Develop a standard checklist to assist in this procedure and review the checklist periodically.

### III. IMPROVE GRANT RELATED PROCEDURES, Continued

#### D. Direct Costs Charged to Grants

Many costs which could be charged directly to grants did not bear evidence as being a grant-related charge. Insufficient support for a cost could result in the cost being disallowed and, therefore, not reimbursable by the grantor.

#### Recommendation

Develop a form which requires the following items to be documented:

- . Grant name and number.
- . Grant purpose and/or objective.
- . Purpose of cost being charged.
- . Remaining balance in the grant's line item budget after being charged with the cost.

Review the costs for propriety in light of Federal Management Circular 74-4 and make sure the grant's budget allows such a cost to be charged.

#### E. Grant Cash Receipts and Disbursements

We noted the following weaknesses with regard to grant cash receipts and disbursements:

- . There was not a complete and accurate record of cash receipts and disbursements by grant. This made it difficult to determine the amount of cash requested, received and disbursed.
- . Grant cash receipts and disbursements were coded improperly.

III. IMPROVE GRANT RELATED PROCEDURES, Continued

E. Grant Cash Receipts and Disbursements, Continued

Recommendation

The individual assigned the responsibility of all grants should:

- . Maintain a record of cash receipts and disbursements for each grant and monitor this information for potential problems.
- . Review the coding for propriety. To have complete accountability for each grant, it is important to code cash receipts and disbursements properly.

IV. IMPROVE PURCHASING AND CONTRACT PROCEDURES

A. Documentation of Purchase Contracts Maintained in Central Files

During our review of compliance with Metro's contract procedures, it was noted the central contract files maintained in Management Services were not always complete. As a result, it was difficult to determine a contract's status or compliance with contract procedures.

Recommendations

- . Maintain one copy of all documentation related to a contract in the Management Services files. Prepare a checklist which outlines the required documentation to be contained in each file.



IV. IMPROVE PURCHASING AND CONTRACT PROCEDURES, Continued

A. Documentation of Purchase Contracts Maintained in Central Files, Continued

Recommendations, Continued

Contract files should contain at a minimum the following data:

- . Original contract.
- . Actual date of inception, if different from contract execution.
- . Extensions or continuations of contracts.
- . Summary of amendments to contract amounts.
- . Date of contract completion.
- . Payments on contract.
- . Any unusual developments or problems incurred.
- . Date and reason for cancellation of a contract.

B. Procedures Over Contract Purchasing Function

During our review of contract purchasing procedures we noted the following instances of noncompliance with Metro's contract policies:

- . Competitive vendor bids were not always solicited when required.

IV. IMPROVE PURCHASING AND CONTRACT PROCEDURES, Continued

B. Procedures Over Contract Purchasing Function, Continued

- . Written notification of selection or rejection of bids was not always made to contract bidders.
- . There was no evidence of review of bid documents by Management Services and Legal Counsel before bids were solicited.
- . The Contract Summary Form was not always completed, which resulted in a lack of evidence of approval of the contract.
- . There is not always evidence of contact with a Minority Business Enterprise where required.

Recommendation

Take corrective action in order to ensure that contract procedures are followed in accordance with applicable legal and administrative provisions. Compliance should be monitored closely by management.

C. Establish a Written Policy to Determine Purchases Requiring a Contract

There were no written procedures to determine whether a purchase requires a contract or a purchase order. Currently, department heads determine this at their own discretion.

Recommendation

Establish a written policy which specifies the requirements to be met in order to purchase goods and services under contract. Such a policy, if adequately monitored, would ensure consistency throughout all departments.

IV. IMPROVE PURCHASING AND CONTRACT PROCEDURES, Continued

D. Increase Internal Control Over Purchasing Procedures

The following weaknesses were noted:

- . While a purchase order log is maintained, it is not effectively used to account for the numerical sequence of purchase orders. Purchase order forms are not pre-numbered.
- . Unmatched purchase commitments are not reviewed on a regular basis.
- . There are no procedures in effect to determine commitments entered into with blanket, semi-annual or annual purchase orders.
- . Documentation of receipt of goods is not always forwarded to accounting from the purchasing department.

As a result of the above procedures, it is possible to have unrecorded expenses and accounts payable. In addition, payments may be made for items not actually received.

Recommendations

- . Maintain in the accounting department a purchase order log to record purchase orders.
- . Periodically review the purchase order log and investigate any long outstanding or unmatched purchase orders.
- . Initiate procedures to ensure that all blanket, semi-annual and annual purchase orders are properly approved and necessary. Maintain a separate control log to account for this type of purchase order.
- . Match purchase orders, invoices and receiving documents prior to making payment.

## V. IMPLEMENT ACCOUNTING PROCEDURES

A substantial portion of Metro's accounting problems resulted from omission of standard accounting procedures. The following comments describe various accounting procedures that must be performed to assure Metro's accounting records are accurate.

### A. Timely Cash Reconciliations by Fund

In performing the 1981 audit we discovered the following errors in Metro's accounting records:

- . Checks were issued and not recorded in the general ledger.
- . Cash receipts were deposited and not recorded in the general ledger.
- . Voided checks were not properly deleted from the general ledger.
- . Cash disbursements were recorded twice.
- . Various bank adjustments were not properly reflected in the general ledger.

All of the above result in misstated account balances.

### Recommendation

Accurate financial reports can be prepared only if cash transactions are properly recorded in the accounting records. Therefore, monthly cash reconciliations by Fund must be prepared on a timely basis. These reconciliations should be prepared by accounting personnel who are independent of posting to the general ledger, preparing bank deposits and preparing and approving disbursements. This reconciliation should be reviewed and evidenced by appropriate supervisory personnel.

V. IMPLEMENT ACCOUNTING PROCEDURES, Continued

B. Monthly Reconciliations of Detailed Accounts Payable to the General Ledger

During the course of the audit numerous adjustments were required to agree the accounts payable detail to the general ledger. Instances were noted where accounts payable was relieved for items which had not been originally recorded as accounts payable. Conversely, some items were paid without the liability being properly relieved.

Recommendation

Monthly reconciliation of detailed accounts payable to the general ledger balances should be made. All unmatched amounts should be resolved on a timely basis. This procedure is necessary to properly reflect Metro's expenses and liabilities.

C. Reconcile Monthly All Balance Sheet Accounts to the General Ledger

We noted that general ledger balance sheet accounts were not properly supported by accurate detail.

Recommendation

Maintain a detailed listing of all assets and liabilities and agree to the general ledger control accounts on a monthly basis.

V. IMPLEMENT ACCOUNTING PROCEDURES, Continued

D. Evidence in Writing the Review, Approval and Comparison of Accounting Information

During our review of internal controls exercised by Metro, we noted the following control procedures are not evidenced in writing:

- . Comparison of the totals of:
  - .. Unposted Batch Listing and batched invoices.
  - .. Cash Required Report and amount authorized to pay.
  - .. Check Register and Cash Required Report.
  - .. Monthly unposted Batch Listings to Subsidiary Accounts Payable Ledger.
  - .. Accounts Payable Summary Ledger and Subsidiary Accounts Payable Ledger.
  - .. General Ledger Batch Posting Log and Subsidiary Accounts Payable Ledger.
  - .. Monthly computer check register to individual check registers.
- . Review and disposition of items posted to the Suspense Account awaiting proper coding.

Recommendation

Evidence all comparisons, reviews and approvals by accounting personnel by initialing the appropriate reports or totals.

V. IMPLEMENT ACCOUNTING PROCEDURES, Continued

E. Review Account Coding of All Transactions

During our review of cash receipts and disbursements, we noted the following instances of errors in account coding:

- . Revenues and expenses were not always recorded in the fund in which they were budgeted.
- . Invalid account numbers were used.
- . Several keying errors were noted.

Recommendations

- . Once the budget is adopted, department heads and accounting personnel should be given a valid account number list with a brief description of the valid charges.
- . All account coding should be reviewed and approved by a responsible official.
- . Printouts of cash batches should be manually reviewed for coding errors.

VI. IMPROVE CONTROLS OVER CASH RECEIPTS AND DISBURSEMENTS

A. Cash Disbursement Procedures

The following weaknesses were noted in our review of Metro's cash disbursement procedures:

- . The accounts payable clerk handles accounts payable documentation, enters information into the computer for processing, has access to check signer, and mails checks.

VI. IMPROVE CONTROLS OVER CASH RECEIPTS AND DISBURSEMENTS,  
Continued

A. Cash Disbursement Procedures, Continued

- . Supervisory review of invoices and supporting documentation and initial review of account coding are performed after invoices have been entered as accounts payable and checks have been prepared.
- . Standard procedures for documentation required before payments can be made are not enforced.
- . There is no control exercised to ensure all invoice batches are processed.
- . There is no comparison of printed checks to the check register.

As a result of the above procedures, it is possible to make duplicate or unauthorized payments, or incorrectly record purchase transactions. In addition, invoice batches may be misplaced and not included in processing for payment.

Recommendations

- . Provide segregation of duties for the following functions:
  - .. Computer input processing
  - .. Check signing
  - .. Processing of accounts payable documentation
  - .. Mailing of checks



VI. IMPROVE CONTROLS OVER CASH RECEIPTS AND DISBURSEMENTS,  
Continued

A. Cash Disbursement Procedures, Continued

Recommendations, Continued

- . Review and approve invoices and supporting documentation before information is processed for payment.
- . Require matching of all invoices with appropriate supporting documents prior to payment. Disbursements should only be made with properly approved documentation.
- . Establish and maintain a batch control log to ensure all invoice batches have been processed.
- . Agree the total of checks printed to the total of the check register before checks are issued. Any discrepancies should be resolved.

B. Cash Receipts

There is a lack of segregation of cash receipts duties. One person is responsible for the following functions:

- . Preparation of the cash receipts.
- . Preparation of the bank deposit slips.
- . Delivery of cash to the bank.
- . Maintenance of accounts receivable records.

Recommendation

Segregate the cash receipts duties.

VI. IMPROVE CONTROLS OVER CASH RECEIPTS AND DISBURSEMENTS,

Continued:

C. Zoo Cash Receipts

In our review we noted the following weaknesses in control over cash receipts at the Zoo.

- . Concessionaires are not always signing the Daily Cash Reconciliations.
- . Eight employees have access to the vault.

Recommendations

- . Have concessionaires sign their Daily Cash Reconciliations.
- . Reduce the number of employees with access to the vault.

VII. INCREASE INTERNAL CONTROL OVER PAYROLL PROCEDURES

The following weaknesses were noted in our review of the payroll procedures:

- . There is no evidence of the following:
  - .. Review of Time Card Reconciliation
  - .. The Payroll Journal was agreed to the Check Register
- . Not all supervisors at the Zoo sign their employees time cards.
- . Payroll deductions are not checked for propriety and accuracy.

VII. INCREASE INTERNAL CONTROL OVER PAYROLL PROCEDURES,  
Continued

The above could result in inaccurate deduction and payments.

These weaknesses may result in the issuance of erroneous payroll checks.

Recommendations

- . Require all review and comparison procedures to be evidenced.
- . Have supervisors review and sign all employee time cards.
- . Introduce procedures to check the calculations of payroll deductions by establishing control totals and/or spot checks of individual calculations.
- . When batching timecards, prepare batch totals of hours worked and then compare these totals to the timecard reconciliation.

VIII. CONTROL OVER INVESTMENT ACTIVITY SHOULD BE IMPROVED

We observed several deficiencies over control of investments:

- . Purchase and sale of investments are not initiated on the basis of written authorization nor are there written policies to govern these activities.
- . The bank's calculation of accrued interest, discounts and premiums on investments purchased and sold are not checked for accuracy.

VIII. CONTROL OVER INVESTMENT ACTIVITY SHOULD BE IMPROVED,  
Continued

- . Investment securities and other valuable documents under the physical control of Metro were not adequately protected from fire or theft.

Recommendations

- . Written policies governing investment activity should be established. These would include designating which employees are authorized to purchase and sell investments.
- . Metro should verify the bank's calculation of earned interest, discounts and premiums.
- . Investment securities and all other valuable documents in Metro's possession should be protected in a fire-proof vault. The vault should be inaccessible to persons other than those responsible for the safekeeping of the valuables.

IX. ESTABLISH AND MAINTAIN FIXED ASSET DETAIL LEDGER

Metro owns a significant amount of property (in excess of \$13,000,000). A complete detail fixed asset ledger should be established to support the carrying value of fixed assets, account for projects under construction and provide the data necessary to compute the depreciation charges. Additionally, detail fixed asset records provide better administrative control over fixed assets.

IX. ESTABLISH AND MAINTAIN FIXED ASSET DETAIL LEDGER,  
Continued

Recommendations

- . Establish a complete detail fixed asset ledger.
- . Establish and follow set criteria for capitalization of acquisitions such as a set dollar amount and the expected useful life of the acquisition.
- . Maintain such detail records to reflect current activity including acquisitions, disposals, status of projects under construction and depreciation charges for assets held by the Solid Waste Fund.

X. PERFORM PERIODIC AUDITS AT THE LANDFILLS

The Solid Waste Disposal Report is prepared at the landfill sites and is the basis for user fee remittances made by the landfills to Metro. Metro's Solid Waste Department personnel do not audit these reports on a periodic basis to ensure the accuracy of the user fee payments. Without audits, landfills might misstate their user fee payments.

Recommendation

Solid Waste Department personnel should perform periodic audits at the landfill sites, comparing the cash register tapes to the Solid Waste Disposal Report.