

METROPOLITAN SERVICE DISTRICT
Portland, Oregon

Independent Auditors' Reports in Accordance
with the Single Audit Act of 1984

June 30, 1989

METROPOLITAN SERVICE DISTRICT
Portland, Oregon

Independent Auditors' Reports in Accordance
with the Single Audit Act of 1984

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Certified Public Accountants

Peat Marwick Main & Co.
Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

The Honorable Members of
the Council
Metropolitan Service District
Portland, Oregon:

We have audited the combined financial statements of the Metropolitan Service District (the District) for the year ended June 30, 1989, and have issued our report thereon dated October 20, 1989. These combined financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatements. An audit in accordance with those standards includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements and compliance with laws and regulations. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



The Honorable Members of
the Council
Metropolitan Service District

Our audit was made for the purpose of forming an opinion on the combined financial statements of the District taken as a whole. The supplementary information included in the accompanying Schedule of Federal Financial Assistance presented on page 3 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit 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.

Peat Marwick Main & Co.

October 20, 1989

Metropolitan Service District

Schedule of Federal Financial Assistance

June 30, 1989

<u>Federal grantor program title</u>	<u>Federal CFDA number</u>	<u>Program award amount</u>	<u>Total program expenditures at June 30, 1989</u>	<u>Accrued revenue at June 30, 1988</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Accrued revenue at June 30, 1989</u>
<u>Department of Transportation</u>							
Direct programs -							
Technical studies grants	20.505	\$ 2,792,509	2,592,987	101,006	475,447	448,103	73,662
Passed through Tri-County Metropolitan Transit District (Tri-Met) -							
Technical studies grants	20.505	693,950	550,969	83,681	192,733	219,714	110,662
Passed through State Department of Transportation -							
Highway, research, planning and construction	20.505	<u>1,245,140</u>	<u>949,218</u>	<u>78,252</u>	<u>316,592</u>	<u>337,163</u>	<u>98,823</u>
Total Department of Transportation		<u>4,731,599</u>	<u>4,093,174</u>	<u>262,939</u>	<u>984,772</u>	<u>1,004,980</u>	<u>283,147</u>
<u>Department of Education</u>							
Institute of Museum Services							
Conservation Project Support	45.301	<u>18,779</u>	<u>7,910</u>	<u>-</u>	<u>3,788</u>	<u>3,788</u>	<u>-</u>
Total Federal Financial Assistance Programs		<u>\$ 4,750,378</u>	<u>4,101,084</u>	<u>262,939</u>	<u>988,560</u>	<u>1,008,768</u>	<u>283,147</u>

See accompanying notes to Schedule of Federal Financial Assistance.

METROPOLITAN SERVICE DISTRICT

Notes to Schedule of Federal Financial Assistance

June 30, 1989

(1) General

The accompanying Schedule of Federal Financial Assistance presents the activity of all Federal and local financial assistance programs of the Metropolitan Service District (the District). The District reporting entity is defined in note 2 to the District's combined financial statements.

(2) Basis of Accounting

The accompanying Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting, which is described in note 1 to the District's combined financial statements.

(3) Relationship to Combined Financial Statements

Federal financial assistance revenues are presented in the District's combined financial statements included with grants from state and local governmental units.

Certified Public Accountants

Peat Marwick Main & Co.
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1211 South West Fifth Avenue
Portland, OR 97204

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AT THE COMBINED FINANCIAL STATEMENT LEVEL

The Honorable Members of
the Council
Metropolitan Service District
Portland, Oregon:

We have audited the combined financial statements of the Metropolitan Service District (the District) as of and for the year ended June 30, 1989, and have issued our report thereon dated October 20, 1989.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the District complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

The Honorable Members of
the Council
Metropolitan Service District

This report is intended for the information of the District and the cognizant and other Federal and state agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Paul Marwick Main & Co.

October 20, 1989.

Certified Public Accountants

Peat Marwick Main & Co.
Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

INDEPENDENT AUDITORS' REPORT ON GENERAL
COMPLIANCE REQUIREMENTS

The Honorable Members of
the Council
Metropolitan Service District
Portland, Oregon:

We have applied procedures to test the Metropolitan Service District's (the District) compliance with the following requirements applicable to each of its major Federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance presented on page 3, for the year ended June 30, 1989:

- o Political activity.
- o Davis-Bacon Act.
- o Civil rights.
- o Cash management.
- o Relocation assistance and real property management.
- o Federal financial reports.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the District's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.



The Honorable Members of
the Council
Metropolitan Service District

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs presented on page 11.

This report is intended for the information of the District and the cognizant and other Federal and state audit agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Pest Mawick Main & Co.

October 20, 1989

Certified Public Accountants

Peat Marwick Main & Co.
Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR AND NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Members of
the Council
Metropolitan Service District
Portland, Oregon:

We have audited the Metropolitan Service District's (the District) compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; cost allocation; monitoring subrecipients; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major Federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance presented on page 3, for the year ended June 30, 1989. The management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs presented on page 11. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.



The Honorable Members of
the Council
Metropolitan Service District

In our opinion, the District complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; cost allocation; monitoring subrecipients; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major Federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance presented on page 3, for the year ended June 30, 1989.

In connection with our audit of the 1989 combined financial statements of the District and with our study and evaluation of the District's internal control systems used to administer Federal financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits of State and Local Governments, we selected certain transactions applicable to certain nonmajor Federal financial assistance programs for the year ended June 30, 1989. As required by Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; cost allocation; and monitoring subrecipients claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the District's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Cost presented on page 11.

This report is intended for the information of the District and the cognizant and other Federal and state audit agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Peat Marwick Main & Co.

October 20, 1989

METROPOLITAN SERVICE DISTRICT

Schedule of Findings and Questioned Costs

June 30, 1989

<u>Grant</u>	<u>Finding</u>
General	1. The District did not submit the required state and local government information (EEO-4) report to the Equal Employment Opportunity Commission by the May 31, 1989 deadline.

Management's Response

Due to a change in staff in the personnel office, there was a lack of familiarity with various District procedures and requirements. The EEO-4 report was filed on June 30, 1989.

<u>Grant</u>	<u>Questioned Cost</u>
General	1. While performing testwork on the proper treatment of costs associated with political activity, we noted that certain costs related to the District's lobbyist had been included in the indirect cost pool allocated to certain grants. The lobbyist costs totaled \$1,748.42, resulting in \$646.92 being allocated to grants that allow indirect costs, after applying the rate of approximately 37% as described in note 1 to the District's combined financial statements.

Management's Response

The financial services staff is very familiar with Federal requirements regarding disallowed costs. The fiscal year ended June 30, 1989 was the first year the District designated a vehicle for lobbyist use. The inclusion of the lobbyist's car in overhead charges was an oversight.

Certified Public Accountants

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Suite 2000

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Portland, OR 97204

INDEPENDENT AUDITORS' COMBINED REPORT ON INTERNAL
ACCOUNTING AND ADMINISTRATIVE CONTROLS AT THE
COMBINED FINANCIAL STATEMENT LEVEL AND FOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Members of
the Council
Metropolitan Service District
Portland, Oregon:

We have audited the combined financial statements of the Metropolitan Service District (the District) for the year ended June 30, 1989, and have issued our report thereon dated October 20, 1989. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act of 1984 and the provisions of OMB Circular A-128, Audits of State and Local Governments. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether management has complied with laws and regulations, and whether management has established and maintained a system of internal accounting and administrative controls. An audit in accordance with those standards includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and compliance with laws and regulations. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



The Honorable Members of
the Council
Metropolitan Service District

The management of the District is also responsible for establishing and maintaining internal control systems. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems are to provide management with reasonable, but not absolute, assurance that resource use is consistent with laws, regulations and policies; that resources are safeguarded against waste, loss and misuse; that transactions are executed in accordance with management's authorization; and that data are obtained, recorded, and maintained properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and the preparation of Federal reports in accordance with Federal requirements. Because of inherent limitations in any system of internal accounting and administrative controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

For the purpose of this report, we have classified the significant internal accounting and administrative controls in the following categories:

o Accounting Controls

- 1) Purchases and disbursements.
- 2) Payroll.
- 3) Revenue and receipts.

o Administrative Controls Used in Administering the Major Federal Financial Assistance Programs

General requirements:

- 1) Political activity.
- 2) Davis-Bacon.
- 3) Civil rights.
- 4) Cash management.
- 5) Federal financial reports.

The Honorable Members of
the Council
Metropolitan Service District

Specific requirements:

- 1) Types of services.
- 2) Matching level of efforts.
- 3) Reporting.
- 4) Cost allocation.
- 5) Special requirements.
- 6) Monitoring subrecipients.
- 7) Drug free work place.
- 8) Eligibility.

Our study and evaluation included all the control categories listed above except that we did not evaluate the accounting controls over revenue and receipts because we believed the audit could be performed more efficiently by expanding substantive testing rather than placing reliance on the internal control system and because the accounting controls that were not evaluated are not significant to the major Federal financial assistance programs.

During the year ended June 30, 1989, the District expended approximately 99% of its total Federal financial assistance under major Federal financial assistance programs. With respect to internal control systems used in administering these major Federal financial assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

With respect to the internal control systems used solely in administering the nonmajor Federal financial assistance programs, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Accordingly, our audit would not necessarily disclose all material weaknesses in the internal control systems used in administering nonmajor Federal financial assistance programs.

The Honorable Members of
the Council
Metropolitan Service District

Our study and evaluation described above was more limited than would be necessary to express an opinion on the internal control systems of the District. Accordingly, we do not express an opinion on the internal control systems of the District taken as a whole, or on any of the control categories identified above. However, our study and evaluation and our audit disclosed no condition that we believe to be a material weakness. In our letter to management dated October 20, 1989, we have separately communicated our observations and recommendations regarding certain other matters, including those pertaining to nonmaterial internal control findings.

This report is intended for the use of the District and the cognizant and other Federal and state audit agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Pat Marwick Main & Co.

October 20, 1989



Annual

Financial

Report

Fiscal Year Ended
June 30, 1989

METRO



Annual

Financial

Report

Fiscal Year Ended
June 30, 1989

METRO

Metropolitan Service District, Oregon

- Independent auditor's report on examination of Financial Statements and Supplementary Data
- Audit comments and disclosures required by state regulations
- Prepared by Metro's Accounting Division

METROPOLITAN SERVICE DISTRICT

June 30, 1989

Rena Cusma, Executive Officer

COUNCIL

<u>Members</u>	<u>Representing</u>	<u>Term expires</u>
Mike Ragsdale, Presiding Officer	District 1	January 1, 1991
Sharron Kelley, Deputy Presiding Officer	District 7	January 1, 1991
Lawrence Bauer, Councilor	District 2	January 1, 1993
Jim Gardner, Councilor	District 3	January 1, 1993
Richard Devlin, Councilor	District 4	January 1, 1993
Tom DeJardin, Councilor	District 5	January 1, 1993
George Van Bergen, Councilor	District 6	January 1, 1991
Judy Wyers, Councilor	District 8	January 1, 1991
Tanya Collier, Councilor	District 9	January 1, 1993
Roger Buchanan, Councilor	District 10	January 1, 1993
David Knowles, Councilor	District 11	January 1, 1991
Gary Hansen, Councilor	District 12	January 1, 1991

Administrative Office:

2000 S. W. First Avenue
Portland, Oregon 97201-5398

Registered Agent:

Gwen Ware Barrett

Address of Registered Office:

2000 S. W. First Avenue
Portland, Oregon 97201-5398

METROPOLITAN SERVICE DISTRICT

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Financial Section

Consisting of:

- Report of Independent Certified Public Accountants
- Combined Financial Statements
- Combining Statements by Fund Type
- Individual Fund Statements and Schedules
- Supplementary Information

Report of
Independent
Certified Public
Accountants



Certified Public Accountants

Peat Marwick Main & Co.
Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

To the Council
Metropolitan Service District
Portland, Oregon:

We have audited the combined financial statements of the Metropolitan Service District (Metro) as of and for the year ended June 30, 1989 as listed in the accompanying table of contents. These combined financial statements are the responsibility of Metro's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Metro at June 30, 1989, and the results of its operations and the changes in financial position of its Proprietary Fund types and Similar Trust Fund for the year then ended in conformity with generally accepted accounting principles.



To the Council
Metropolitan Service District

STATE OF MICHIGAN

PEAT MARWICK MAIN & CO.
1000 W. WABASH AVENUE
CHICAGO, ILLINOIS 60601

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining individual fund statements and schedules and supplementary data listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of Metro. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

PEAT MARWICK MAIN & CO.

By Joseph F. Hoffman
Joseph F. Hoffman, Partner

October 20, 1989

Combined Financial Statements

General purpose financial statements

METROPOLITAN SERVICE DISTRICT

Combined Balance Sheet -
All Fund Types and Account Groups

June 30, 1989

<u>Assets and Other Debits</u>	<u>Governmental Fund types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash and investments	\$ 897,127	2,709,636	144,966	4,898,232
Receivables:				
User and landfill fees, net of allowance for doubtful accounts of \$42,553	-	-	-	-
Property taxes	-	735,168	525,755	-
Federal grants	-	88,802	-	-
State and local grants/contracts	-	304,212	-	-
Interest receivable	15,413	24,086	-	42,576
Other	942	88,378	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	90,000	-
Inventory of materials and supplies	-	204,386	-	-
Advance to other governments	-	-	-	-
Other assets	8,630	10,412	-	-
Restricted assets:				
Cash and investments	-	9,377	-	395,165
Interest receivable	-	-	-	-
Deferred post-closure costs	-	-	-	-
Fixed assets, net	-	-	-	-
Other debits:				
Amount available for debt service	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Amount to be provided for payment of capital leases	-	-	-	-
Amount to be provided for payment of compensated absences	-	-	-	-
	<u>\$ 922,112</u>	<u>4,174,457</u>	<u>760,721</u>	<u>5,335,973</u>

(Continued)

Proprietary Fund types		Fiduciary Fund type Trust Funds	Account groups		Total (memorandum only)
Enterprise	Internal Service		General Fixed Assets	General Long-term Obligations	
49,047,990	1,207,662	5,450,309	-	-	64,355,922
3,655,070	-	-	-	-	3,655,070
-	-	-	-	-	1,260,923
-	-	-	-	-	88,802
-	-	-	-	-	304,212
614,425	10,423	12,386	-	-	719,309
245,945	-	188,897	-	-	524,162
1,391,100	-	-	-	-	1,391,100
-	-	-	-	-	90,000
-	-	-	-	-	204,386
360,362	-	-	-	-	360,362
450	80,535	-	-	-	100,027
14,240,328	-	-	-	-	14,644,870
67,809	-	-	-	-	67,809
20,600,842	-	-	-	-	20,600,842
53,719,546	-	-	33,982,333	-	87,701,879
-	-	-	-	278,337	278,337
-	-	-	-	63,731,663	63,731,663
-	-	-	-	670,657	670,657
-	-	-	-	304,808	304,808
<u>143,943,867</u>	<u>1,298,620</u>	<u>5,651,592</u>	<u>33,982,333</u>	<u>64,985,465</u>	<u>261,055,140</u>

METROPOLITAN SERVICE DISTRICT

Combined Balance Sheet -
All Fund Types and Account Groups, Continued

<u>Liabilities, Fund Equity and Other Credits</u>	<u>Governmental Fund types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Liabilities:				
Accounts payable	\$ 84,849	515,922	-	76,797
Salaries, withholdings and payroll taxes payable	115,244	305,847	-	2,300
Accrued interest payable	-	-	-	-
Contracts payable	-	5,100	-	-
City of Portland end use fee payable	-	-	-	-
Deferred revenue	-	687,015	482,384	-
Due to other funds	-	-	-	-
Unearned grant revenue	-	91,193	-	-
Payable from restricted assets:				
Arbitrage payable	-	-	-	-
Contracts payable	-	-	-	395,165
Deposits	-	-	-	-
Post-closure costs payable	-	-	-	-
Bonds payable	-	-	-	-
Loans payable	-	-	-	-
Obligations under capital leases	-	-	-	-
Liability for compensated absences	-	-	-	-
Pension benefits payable	-	-	-	-
Other	69,916	2,605	-	-
Total liabilities	270,009	1,607,682	482,384	474,262
Fund equity and other credits:				
Contributed capital, net	-	-	-	-
Retained earnings	-	-	-	-
Fund balances -				
Unreserved	652,103	2,566,775	278,337	4,861,711
Other credits -				
Investment in general fixed assets	-	-	-	-
Total fund equity and other credits	652,103	2,566,775	278,337	4,861,711
Commitments and contingencies				
Total liabilities, fund equity and other credits	\$ 922,112	4,174,457	760,721	5,335,973

See accompanying notes to combined financial statements.

Proprietary Fund types		Fiduciary Fund type Trust	Account groups		Total (memorandum only)
Enterprise	Internal Service		General Fixed Assets	General Long-term Obligations	
3,990,868	1,700	7,976	-	-	4,678,112
147,243	-	-	-	-	570,634
115,093	-	-	-	-	115,093
11,775	-	-	-	-	16,875
130,551	-	-	-	-	130,551
-	-	-	-	-	1,169,399
90,000	-	-	-	-	90,000
-	-	-	-	-	91,193
606,423	-	-	-	-	606,423
643,158	-	-	-	-	1,038,323
114,853	-	-	-	-	114,853
31,400,000	-	-	-	-	31,400,000
-	-	-	-	64,010,000	64,010,000
4,186,000	-	-	-	-	4,186,000
-	-	-	-	670,657	670,657
-	-	-	-	304,808	304,808
-	-	4,147,178	-	-	4,147,178
150	-	-	-	-	72,671
<u>41,436,114</u>	<u>1,700</u>	<u>4,155,154</u>	<u>-</u>	<u>64,985,465</u>	<u>113,412,770</u>
79,548,612	-	-	-	-	79,548,612
22,959,141	1,296,920	-	-	-	24,256,061
-	-	1,496,438	-	-	9,855,364
-	-	-	<u>33,982,333</u>	-	<u>33,982,333</u>
102,507,753	1,296,920	1,496,438	33,982,333	-	147,642,370
<u>143,943,867</u>	<u>1,298,620</u>	<u>5,651,592</u>	<u>33,982,333</u>	<u>64,985,465</u>	<u>261,055,140</u>

METROPOLITAN SERVICE DISTRICT

Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund

For the year ended June 30, 1989

	Governmental Fund types				Expendable Trust Fund	Total (memorandum only)
	General	Special Revenue	Debt Service	Capital Projects		
Revenues:						
Property taxes	\$ -	5,501,264	5,844,312	-	-	11,345,576
Dues	-	631,590	-	-	-	631,590
Grants and contracts:						
Federal	-	368,530	-	-	-	368,530
State and local	-	740,719	-	-	-	740,719
Admissions	-	1,816,947	-	-	-	1,816,947
Charges for services	-	868,349	-	-	-	868,349
Vending and concessions	-	2,227,597	-	-	-	2,227,597
Donations and bequests	-	191,119	-	489,808	-	680,927
Professional and contract service fees	9,044	50,089	-	-	-	59,133
Business license fees	-	41,580	-	-	-	41,580
Rehabilitation and enhancement fees	-	-	-	-	344,964	344,964
Interest	203,105	210,336	77,551	399,242	111,906	1,002,140
Miscellaneous	8,549	182,265	-	-	-	190,814
Total revenues	220,698	12,830,385	5,921,863	889,050	456,870	20,318,866
Expenditures:						
Current:						
General government operations	3,378,411	-	-	-	-	3,378,411
Zoo operations and development	-	7,028,478	-	-	-	7,028,478
Regional planning and development	-	1,537,743	-	-	54,681	1,592,424
Expense Reimbursement - General Fund	-	1,368,033	-	-	-	1,368,033
Capital outlay	167,675	549,876	-	2,141,251	-	2,858,802
Debt service	-	-	5,755,828	-	-	5,755,828
Total expenditures	3,546,086	10,484,130	5,755,828	2,141,251	54,681	21,981,976
Less administrative cost reimbursements:						
Enterprise Funds	2,142,540	-	-	-	-	2,142,540
Special Revenue Funds	1,368,033	-	-	-	-	1,368,033
Net expenditures	35,513	10,484,130	5,755,828	2,141,251	54,681	18,471,403
Revenues over (under) net expenditures	185,185	2,346,255	166,035	(1,252,201)	402,189	1,847,463
Other financing sources (uses):						
Proceeds of capital lease	119,441	-	-	-	-	119,441
Operating transfers in	-	50,709	-	1,987,662	-	2,038,371
Operating transfers out	(50,709)	(1,987,662)	-	-	-	(2,038,371)
Revenues and other sources over (under) net expenditures and other uses	253,917	409,302	166,035	735,461	402,189	1,966,904
Fund balances - July 1, 1988	398,186	2,157,473	112,302	4,126,250	1,094,249	7,888,460
Fund balances - June 30, 1989	\$ 652,103	2,566,775	278,337	4,861,711	1,496,438	9,855,364

See accompanying notes to combined financial statements.

METROPOLITAN SERVICE DISTRICT

Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual on a Budgetary Basis -
All Governmental Fund Types and Expendable Trust Fund

For the year ended June 30, 1989

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenues:						
Property taxes	\$ -	-	-	5,505,000	5,501,264	(3,736)
Dues	-	-	-	631,218	631,590	372
Grants and contracts:						
Federal	-	-	-	820,510	368,530	(451,980)
State and local	-	-	-	517,500	740,719	223,219
Admissions	-	-	-	1,716,467	1,816,947	100,480
Charges for services	-	-	-	357,200	376,701	19,501
Vending and concessions	-	-	-	1,728,372	2,227,597	499,225
Donations and bequests	-	-	-	123,800	191,119	67,319
Business license fees	-	-	-	100,000	41,580	(58,420)
Interest	108,000	203,105	95,105	89,852	210,336	120,484
Professional and contract service fees	-	9,044	9,044	48,671	50,089	1,418
Miscellaneous	-	8,549	8,549	284,116	182,265	(101,851)
Total revenues	108,000	220,698	112,698	11,922,706	12,338,737	416,031
Expenditures:						
Current:						
General government operations	3,363,744	3,186,104	177,640	-	-	-
Zoo operations and development	-	-	-	6,996,235	6,858,794	137,441
Regional planning and development	-	-	-	1,754,390	1,474,302	280,088
General operating contingency	164,807	-	164,807	307,723	-	307,723
Capital outlay	57,597	48,234	9,363	638,129	549,876	88,253
Debt service	-	-	-	-	-	-
Total expenditures	3,586,148	3,234,338	351,810	9,696,477	8,882,972	813,505
Revenues over (under) expenditures	(3,478,148)	(3,013,640)	464,508	2,226,229	3,455,765	1,229,536
Other financing sources (uses):						
Operating transfers in	3,628,853	3,510,573	(118,280)	540,334	542,357	2,023
Operating transfers out	(300,545)	(243,016)	57,529	(3,710,176)	(3,588,820)	121,356
Total other financing sources (uses)	3,328,308	3,267,557	(60,751)	(3,169,842)	(3,046,463)	123,379
Revenues and other sources over (under) expenditures and other uses	(149,840)	253,917	403,757	(943,613)	409,302	1,352,915
Fund balances - July 1, 1988	235,000	398,186	163,186	2,089,963	2,157,473	67,510
Fund balances - June 30, 1989	\$ 85,160	652,103	566,943	1,146,350	2,566,775	1,420,425

See accompanying notes to combined financial statements.

Debt Service Fund			Capital Projects Fund			Expendable Trust Fund			Total (memorandum only)		
Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
5,755,828	5,844,312	88,484	-	-	-	-	-	-	11,260,828	11,345,576	84,748
-	-	-	-	-	-	-	-	-	631,218	631,590	372
-	-	-	-	-	-	-	-	-	820,510	368,530	(451,980)
-	-	-	-	-	-	-	-	-	517,500	740,719	223,219
-	-	-	-	-	-	-	-	-	1,716,467	1,816,947	100,480
-	-	-	-	-	-	-	-	-	357,200	376,701	19,501
-	-	-	507,000	489,808	(17,192)	-	-	-	1,728,372	2,227,597	499,225
-	-	-	-	-	-	-	-	-	630,800	680,927	50,127
-	-	-	-	-	-	-	-	-	100,000	41,580	(58,420)
24,750	77,551	52,801	195,890	399,242	203,352	64,617	111,906	47,289	483,109	1,002,140	519,031
-	-	-	-	-	-	-	-	-	48,671	59,133	10,462
-	-	-	-	-	-	-	-	-	284,116	190,814	(93,302)
5,780,578	5,921,863	141,285	702,890	889,050	186,160	64,617	111,906	47,289	18,578,791	19,482,254	903,463
-	-	-	-	-	-	-	-	-	3,363,744	3,186,104	177,640
-	-	-	55,528	52,976	2,552	-	-	-	7,051,763	6,911,770	139,993
-	-	-	-	-	-	68,400	54,681	13,719	1,822,790	1,528,983	293,807
24,750	-	24,750	168,122	-	168,122	2,000	-	2,000	667,402	-	667,402
-	-	-	3,985,022	2,088,275	1,896,747	-	-	-	4,680,748	2,686,385	1,994,363
5,755,828	5,755,828	-	-	-	-	-	-	-	5,755,828	5,755,828	-
5,780,578	5,755,828	24,750	4,208,672	2,141,251	2,067,421	70,400	54,681	15,719	23,342,275	20,069,070	3,273,205
-	166,035	166,035	(3,505,782)	(1,252,201)	2,253,581	(5,783)	57,225	63,008	(4,763,484)	(586,816)	4,176,668
-	-	-	1,987,662	1,987,662	-	392,500	344,964	(47,536)	6,549,349	6,385,556	(163,793)
-	-	-	-	-	-	-	-	-	(4,010,721)	(3,831,836)	178,885
-	-	-	1,987,662	1,987,662	-	392,500	344,964	(47,536)	2,538,628	2,553,720	15,092
-	166,035	166,035	(1,518,120)	735,461	2,253,581	386,717	402,189	15,472	(2,224,856)	1,966,904	4,191,760
24,750	112,302	87,552	3,986,796	4,126,250	139,454	1,096,086	1,094,249	(1,837)	7,432,595	7,888,460	455,865
24,750	278,337	253,587	2,468,676	4,861,711	2,393,035	1,482,803	1,496,438	13,635	5,207,739	9,855,364	4,647,625

METROPOLITAN SERVICE DISTRICT

Combined Statement of Revenues, Expenses and Changes
in Retained Earnings/Fund Balance - Proprietary Fund
Types and Similar Trust Fund

For the year ended June 30, 1989

	Proprietary fund types		Fiduciary fund type	Total (memorandum only)
	Enterprise	Internal Service	Pension	
			Trust	
Operating revenues:				
Disposal fees	\$ 15,295,908	-	-	15,295,908
User fees	4,141,902	-	-	4,141,902
Regional transfer charge	3,411,092	-	-	3,411,092
Convenience charge	940,800	-	-	940,800
Landfill siting, rehabilitation and mitigation fees	1,164,324	-	-	1,164,324
Intergovernmental revenue	2,780,176	-	-	2,780,176
Rental and lease income	131,808	-	-	131,808
Receipts in lieu of rent	337,201	-	-	337,201
Parking fees	50,893	-	-	50,893
Charges for services	-	816,937	-	816,937
Change in investment value	-	-	292,813	292,813
Pension contributions	-	-	869,765	869,765
Miscellaneous	186,470	-	-	186,470
Total operating revenues	28,440,574	816,937	1,162,578	30,420,089
Operating and administrative expenses:				
Payroll and fringe benefits	1,663,471	-	-	1,663,471
St. Johns Landfill operating contract, including \$332,532 rent	3,235,610	-	-	3,235,610
Metro South Station operating contract	2,383,351	-	-	2,383,351
DEQ landfill siting fees	189,799	-	-	189,799
Depreciation	1,511,097	-	-	1,511,097
Rent and payments in lieu of rent	321,372	-	-	321,372
Payment of administrative expenses to the General Fund	1,607,948	-	-	1,607,948
Payment to Planning Fund for services	491,648	-	-	491,648
Insurance expense	570,764	216,350	-	787,114
Claims expense	-	15,311	-	15,311
Post-closure costs	8,648,166	-	-	8,648,166
Payment of rehabilitation fees	344,964	-	-	344,964
Consulting services	2,158,564	8,500	-	2,167,064
Other materials and services	1,681,301	2,383	-	1,683,684
Pension benefits	-	-	899,644	899,644
Distributions to participants	-	-	262,934	262,934
Total operating and administrative expenses	24,808,055	242,544	1,162,578	26,213,177
Income from operations	3,632,519	574,393	-	4,206,912

(Continued)

METROPOLITAN SERVICE DISTRICT

Combined Statement of Revenues, Expenses and Changes
in Retained Earnings/Fund Balance - Proprietary Fund
Types and Similar Trust Fund, Continued

	Proprietary fund types		Fiduciary fund type	Total (memorandum only)
	Enterprise	Internal Service	Pension Trust	
Non-operating revenues (expenses):				
Interest on investments	\$ 5,063,918	105,657	-	5,169,575
Interest expense, net of capitalized interest of \$3,464,814	(291,172)	-	-	(291,172)
Non-operating revenues, net	4,772,746	105,657	-	4,878,403
Net income	8,405,265	680,050	-	9,085,315
Depreciation on fixed assets that reduces contributed capital	91,448	-	-	91,448
Increase in retained earnings	8,496,713	680,050	-	9,176,763
Retained earnings/fund balance - July 1, 1988	14,462,428	616,870	-	15,079,298
Retained earnings/fund balance - June 30, 1989	\$ 22,959,141	1,296,920	-	24,256,061

See accompanying notes to combined financial statements.

METROPOLITAN SERVICE DISTRICT

Combined Statement of Changes in Financial Position -
Proprietary Fund Types and Similar Trust Fund

Year ended June 30, 1989

	Proprietary fund types		Fiduciary fund type	Total (memorandum only)
	Enterprise	Internal	Pension	
		Service	Trust	
Working capital provided from operations:				
Net income	\$ 8,405,265	680,050	-	9,085,315
Add charges to operations not affecting working capital in the current year -				
Depreciation, net of depreciation on plant and equipment that reduces contributed capital	<u>1,511,097</u>	<u>-</u>	<u>-</u>	<u>1,511,097</u>
Working capital provided from operations	9,916,362	680,050	-	10,596,412
Increase in pension benefits payable	-	-	728,021	728,021
Increase in contributed capital	<u>13,073,864</u>	<u>-</u>	<u>-</u>	<u>13,073,864</u>
Total working capital provided	<u>22,990,226</u>	<u>680,050</u>	<u>728,021</u>	<u>24,398,297</u>
Working capital used:				
Additions to plant and equipment	29,613,924	-	-	29,613,924
Principal payments on loan payable	384,000	-	-	384,000
Increase in restricted cash, net	2,144,546	-	-	2,144,546
Decrease in other liabilities	<u>4,521</u>	<u>-</u>	<u>-</u>	<u>4,521</u>
Total working capital used	<u>32,146,991</u>	<u>-</u>	<u>-</u>	<u>32,146,991</u>
Increase (decrease) in working capital	<u>\$ (9,156,765)</u>	<u>680,050</u>	<u>728,021</u>	<u>(7,748,694)</u>
Elements of net increase (decrease) in working capital:				
Cash and investments	(9,527,846)	661,366	662,232	(8,204,248)
Receivables	1,145,672	7,923	65,789	1,219,384
Due from other governments	705,154	-	-	705,154
Advances to other governments	70,362	-	-	70,362
Other assets	450	(3,556)	-	(3,106)
Accounts, salaries and other payables	(1,461,104)	14,317	-	(1,446,787)
Due to other funds	<u>(89,453)</u>	<u>-</u>	<u>-</u>	<u>(89,453)</u>
Increase (decrease) in working capital	<u>\$ (9,156,765)</u>	<u>680,050</u>	<u>728,021</u>	<u>(7,748,694)</u>

See accompanying notes to combined financial statements.

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements

June 30, 1989

(1) Organization and Operation

The Metropolitan Service District was organized under the provisions of Oregon Revised Statutes (ORS) Chapter 268 to make available in the Portland metropolitan area public services not adequately available through previously authorized governmental agencies. Subject to the limitations of state law, Metro may provide the metropolitan area aspects of sewerage, solid and liquid waste disposal, control of surface water, public transportation and zoo facilities. ORS 268 further allows the District to acquire, construct, alter, maintain, administer and operate major cultural, convention, exhibition, sports and entertainment facilities. It may also provide local area 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.

The 1975 Oregon Legislature expanded ORS 268 to include operations and maintenance of zoo facilities. As a result of this legislation and the passage of a special tax levy, Metro began operation and funding of the Metro 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, except for a railroad line and equipment subject to a perpetual lease agreement, to Metro.

By a vote of the electorate on May 23, 1978, the Metro Council was expanded to consist of twelve part-time councilors, each elected on a nonpartisan basis from a single subdistrict. Additionally, approval was also granted, effective January 1, 1979, to abolish the Columbia Region Association of Governments and transfer its planning activities to Metro.

The 1987 Oregon Legislature amended ORS 268 to provide that unless the electors of the District first approve the financing of the facilities, the District shall not construct new facilities or acquire existing facilities (except by means of an intergovernmental agreement). By a vote of the electorate in November 1986, the District was authorized to finance, construct and operate a regional convention center.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

Included in the District's combined financial statements are all activities and organizations with which the District exercises oversight authority as demonstrated by financial interdependency and/or authoritative appointment of governing authority. The District's sole component unit is the Metropolitan Exposition - Recreation Commission.

The Metropolitan Exposition - Recreation Commission, established by Metro Ordinance 87-225 on October 22, 1987, was established to operate, maintain and renovate metropolitan convention, trade and spectator facilities pursuant to appropriate state statutes. The Commission consists of seven members appointed by the Executive Officer and confirmed by the Metro Council.

(2) 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 combined financial statements.

(a) Basis of Accounting

The Governmental Fund types and the Expendable Trust Fund 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:

- o interfund transactions;
- o revenues from grants and contracts which are recorded as earned.

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

- o Federal and state grants;
- o interest earned on temporary investments;
- o property taxes received within approximately 60 days of the end of a fiscal year.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

The Proprietary Fund types and Pension Trust Fund are accounted for utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred, except for post-closure costs related to Metro's Solid Waste operations, which are determined to be recoverable through future user fee charges.

(b) Cash and Investments

Cash and investments consist of each fund's portion of pooled cash balances, time certificates of deposit, U. S. Government Securities and investments in the State Treasurer's investment pool. Such investments are stated at cost, which approximates market. Interest earned on investments is allocated monthly based upon each fund's average monthly cash balance. Pension plan investments are stated at market value and consist principally of insurance contracts, public utility bonds, and residential and commercial mortgages.

(c) Property Taxes Receivable

Uncollected property taxes are shown on the combined balance sheet as a receivable. Property taxes collected and remitted to Metro by county treasurers within approximately 60 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.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Property taxes become a lien against the property as of January 1 for personal property and on July 1 for real property and are payable in three installments which are due on November 15, February 15 and May 15.

(d) Inventory of Materials and Supplies

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

(e) 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.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(f) Materials and Volunteer Services Donated to Zoo

Donated materials relating to improvements are recorded at estimated fair values when received. Volunteer services and donated supplies are not accounted for in the combined financial statements as there is no reasonable basis for valuing these donations.

(g) 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. No depreciation is recorded on general fixed assets and 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 monies received from such disposal are accounted for as revenue in the General Fund or Special Revenue Funds as appropriate.

(h) Proprietary Fund Type Fixed Assets

Fixed assets are stated at cost. Normal maintenance and repairs are charged to operations as incurred. Replacements that improve or extend the lives of property are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 40 years. Gains or losses realized from sales or retirements are credited or charged to operations.

(i) Restricted Assets and Liabilities

Cash and investments and interest receivable have been restricted for future payment of retainages on several construction projects, deposits made by vendors for bid bond purposes and arbitrage earnings on convention center general obligation bonds. Deferred post-closure costs have been restricted for future payment of post-closure costs to be incurred at the St. Johns Landfill

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(j) Capitalized Interest

Interest costs in the Proprietary Fund types are capitalized as part of the costs of fixed assets during the period of construction based on the related weighted average net borrowing costs incurred. Interest earned on temporary investments acquired with the proceeds of such borrowed funds from the date of the borrowing until the assets are ready for their intended use is used to reduce the interest costs capitalized on the constructed assets. During fiscal 1989, interest costs amounting to approximately \$3,465,000 were capitalized.

(k) Grants

Unreimbursed expenditures in the Governmental Fund types for all grants 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 combined balance sheet.

In Enterprise Funds, capital grants restricted by the grantor for capital outlay projects are credited directly to contributed capital as received and the related project costs are capitalized as fixed assets. Contributed capital is subsequently reduced in an amount equivalent to the depreciation on such fixed assets.

Metro allocates indirect costs, primarily of an administrative nature, to grants in compliance with a cost allocation plan. Metro's cost allocation plan is subject to the approval of Metro's cognizant agency. The plan in effect for fiscal 1989 allocated indirect costs to all grants and allow indirect costs at a rate of approximately 37% of the direct personnel costs.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(1) Leases

Leases which meet certain criteria established by the Financial Accounting Standards Board and adopted by the Governmental 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 lease term. Capital leases of general fixed assets are recorded at the inception of the leases as expenditures and other financing sources in Governmental Fund types and as assets and liabilities in the General Fixed Asset and General Long-term Obligations Account groups, respectively, at the present value of the minimum lease payments, using the interest rates stated in the leases. Lease payments are recorded as expenditures on the due date; the portion of the payments applicable to principal, determined by using interest rates implicit in the leases, is reported as a reduction of the capitalized lease obligation in the General Long-term Debt Account Group. Leases which do not meet the criteria of a capital lease are classified as operating leases and related rentals are charged to expenditures or expenses as appropriate.

(m) 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. The amounts of such interfund charges are based upon management's estimates (which are periodically updated) as reflected in the operating budgets.

Additionally, certain operating revenues and expenditures and capital costs under generally accepted accounting principles have been presented as transfers among funds for budgetary purposes in the combined statement of revenues, expenditures and changes in fund balances - budget and actual on a budgetary basis - all Governmental Fund types and Expendable Trust Funds.

(n) Liability for Compensated Absences

Accumulated unpaid vacation benefits in the Governmental Fund types are recorded as expenditures to the extent they are expected to be liquidated with expendable available resources. The amount payable from future resources is recorded in the General Long-term Obligations Account Group. Accumulated unpaid vacation benefits in the Proprietary Fund types are recorded as earned. Accumulated sick leave does not vest and is, therefore, recorded when leave is taken.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(o) Budget

A budget is prepared for each Governmental Fund type in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The original budget is adopted by the Council by ordinance prior to the beginning of Metro's fiscal year (July 1 through June 30). Budget amounts shown in the combined financial statements include the original budget amounts and all appropriation transfer and amendment amounts approved by the Council. The ordinance authorizing appropriations for each fund establishes maximum authorized expenditure levels. Personal services, materials and services, capital outlay and other expenditures by department in the General Fund, Zoo Fund, Planning Fund and Solid Waste Fund and total personal services, materials and services, capital outlay and other expenditures in all other budgeted funds are the levels of control established by ordinance. The detail budget document, however, is required to contain more specific, detailed information about the aforementioned expenditure categories. Unexpected additional resources and budget revisions may be added to the budget through the use of a supplemental budget or by an ordinance passed by the Council amending the budget. A supplemental budget requires hearings before the public, publication in newspapers and approval by the Council. Original, amended and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require the approval of the Council. Metro adopted twelve budget amendments during the year ended June 30, 1989.

(p) Total (Memorandum Only) Columns

The total (memorandum only) columns in the combined financial statements represent an aggregate of the columnar statements by fund type and account group; they do not represent consolidated financial information.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(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 primarily for Metro's administrative activities. The principal resources of the fund are provided by interest and reimbursements from other funds which benefit from General Fund activities.

Special Revenue Funds

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

Planning Fund - accounts for funding and operation of planning activities in the area of data services, transportation, development services and criminal justice. Principal sources of revenues are Federal, state and local grants, and dues assessed to member governmental bodies within Metro's District. The dues assessment is based on the population within the member district. The 1989 rate was \$.51 per person. Metro has the authority to assess this same rate through June 30, 1993.

Zoo Fund - accounts for funding and operation of the Metro Washington Park Zoo. Principal sources of revenues are admissions, concessions, and a special serial tax levy of \$5,500,000 per year through June 30, 1990.

Debt Service Fund

The Convention Center Debt Service Fund accounts for payments of general obligation bond principal and interest to bond holders. The principal source of revenue is property taxes.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

Capital Projects Fund

The Zoo Capital Fund accounts for the major capital improvement projects at the Metro Washington Park Zoo. Principal resources include donations, interest and a portion of the serial levy approved for the zoo and transferred from the Zoo Fund.

Proprietary Fund Types

Enterprise Funds

These funds account for the financing of predominantly self-supporting activities which are funded on a user charge basis or to meet management's desire to control and measure costs of service. Included are the following funds:

Solid Waste Fund - accounts for revenues, derived primarily from 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 and Metro South Station operations. This fund consists of four budgetary funds accounted for as one Enterprise Fund in accordance with generally accepted accounting principles.

Building Management Fund - accounts for revenues and expenses related to leasing and managing Metro's central office space at 2000 S. W. First Avenue, Portland, Oregon. Principal sources of revenue are sublease income and charges to user funds. Expenses primarily consist of lease payments, maintenance and utilities costs.

Convention Center Fund - accounts for revenues and expenses related to the management and construction of the Metro Oregon Convention Center in Portland, Oregon. The principal source of revenue currently is intergovernmental revenue from a 3% Multnomah County lodging tax. An expected future source of revenue upon the Center's opening in 1990 is user fees. General obligation bond proceeds, state grants and City of Portland Local Improvement District funds are being used to finance the construction of the Center. Expenses primarily consist of project management and marketing prior to the Center's opening in 1990. This fund consists of three budgetary funds accounted for as one Enterprise Fund in accordance with generally accepted accounting principles.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

Internal Service Fund

An internal service fund is used to account for activities or services furnished by a designated department to other organizational units within the entity. Charges are made to the various "user" departments to support these activities.

Insurance Fund - accounts for insurance activities and services performed for other organizational units within Metro. Revenues are derived primarily by charges to user funds and interest. Expenses consist primarily of insurance premiums, claims paid (deductibles) and studies related to insurance issues.

Fiduciary Fund Types

Pension Trust Fund

Pension Plan Fund - accounts for Metro's contributions to two defined contribution pension plans for the benefit of substantially all employees. Resources are contributions, based upon a percentage of participants' wages, and interest and other earnings on investments. This Non-expendable Trust Fund is accounted for and reported in a manner similar to Proprietary Funds since capital maintenance is critical.

Expendable Trust Fund

St. Johns Rehabilitation and Enhancement Fund - accounts for funds received and expenditures for rehabilitation and enhancement of the area in and around the St. Johns Landfill. Primary resources are rehabilitation and enhancement fees and interest on investments. Expenditures are for planning and implementation of rehabilitation and enhancement programs in the area. This Expendable Trust Fund is accounted for and reported in a manner similar to Governmental Funds.

Account Groups

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

General Long-term Obligations - accounts for Metro's obligations under capital leases and accrued vacation liabilities payable from future resources, and retirement of general obligation bonds.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(4) Individual Fund Disclosures

Generally accepted accounting principles require disclosure, as part of the combined financial statements, of certain information concerning individual funds.

Metro made the following budget basis expenditures in excess of the budgeted appropriation:

<u>Fund</u>	<u>Budget category</u>	<u>Amount</u>
Zoo Fund	Facilities management personal services	\$ 12,210
Solid Waste Operating Fund	Operations personal services	2,142
Solid Waste Operating Fund	Administration personal services	<u>462</u>

(5) Cash and Investments

Deposits

At June 30, 1989, the carrying amount of Metro's cash deposits with various financial institutions presented in the accompanying financial statements was \$147,604 and the corresponding bank balances were \$279,323. The entire amount of the bank balance was covered by Federal depository insurance or by collateral held by Metro's agent, First Interstate Bank of Oregon, in Metro's name. Metro also has cash on hand of \$31,100. Oregon statutes require each depository throughout the period of its possession of public funds to maintain on deposit securities having a value not less than 25% of the certificates of participation issued by its pool manager.

Investments

Policies officially adopted by the Investment Advisory Board and the Metro Council authorize Metro to invest in obligations of the U. S. Treasury and agencies, time certificates of deposit, bankers' acceptances, and the State Treasurer's investment pool. The Pension Trust Fund is also authorized to invest in, but is not limited to, stocks, mortgages, insurance contracts, bonds and other evidences of indebtedness or ownership.

During the period, there were no known violations of legal or contractual provisions for deposits and investments, other than a limited period of time where investments held by certain financial institutions exceeded, by a minor amount, the collateral of participation issued by the pool manager.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

Metro's investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by Metro or its agent in Metro's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in Metro's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in Metro's name.

	Category			Uncategorized	Carrying amount	Market value
	1	2	3			
Certificates of deposit	\$ -	37,476,680	-	-	37,476,680	37,476,680
Money market investments	1,305,168	-	-	-	1,305,168	1,305,168
U. S. Government obligations	17,911,343	-	-	-	17,911,343	18,059,000
Pooled short-term pension investments, primarily insurance contracts, residential and commercial mortgages and public utility bonds	-	-	3,958,281	-	3,958,281	3,958,281
	\$ 19,216,511	37,476,680	3,958,281	-	60,651,472	60,799,129
Investment in Oregon State Treasurer's investment pool	-	-	-	18,170,616	18,170,616	18,170,616
Total investments	\$ 19,216,511	37,476,680	3,958,281	18,170,616	78,822,088	78,969,745

The Pension Trust Fund owns all of the investments included in Category 3 above. Cash and investments are reflected on the combined balance sheets as follows:

Unrestricted	\$ 64,355,922
Restricted	<u>14,644,870</u>
	<u>\$ 79,000,792</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(6) Due From Other Governments

Metro has entered into an intergovernmental agreement with Multnomah County, Oregon to receive the proceeds of a 3% room tax levied on hotels and motels within the County's boundaries. At June 30, 1989, \$1,391,100 is owed to Metro for taxes levied and collected subsequent to year end by Multnomah County but not remitted to Metro by that date.

(7) Fixed Assets

Fixed assets by major class for the General Fixed Assets Account Group and the Enterprise Funds are as follows:

	Balance July 1, <u>1988</u>	<u>Additions</u>	Disposals and <u>transfers</u>	Balance June 30, <u>1989</u>
<u>General Fixed Assets</u>				
<u>Account Group</u>				
Land	\$ 2,573,449	-	-	2,573,449
Buildings	24,317,152	2,265,483	-	26,582,635
Improvements	923,592	54,530	-	978,122
Equipment	1,210,472	115,956	-	1,326,428
Office furniture	634,322	266,534	-	900,856
Railroad equipment and facilities	600,595	36,858	-	637,453
Capitalized leased equipment	<u>863,949</u>	<u>119,441</u>	<u>-</u>	<u>983,390</u>
	<u>\$ 31,123,531</u>	<u>2,858,802</u>	<u>-</u>	<u>33,982,333</u>
<u>Enterprise Funds</u>				
Land	13,362,014	699,594	-	14,061,608
Buildings	10,118,546	27,343,306	-	37,461,852
Improvements	267,089	258,427	-	525,516
Equipment	174,046	4,618	-	178,664
Office furniture	285,160	93,293	-	378,453
Leasehold improvements	<u>5,153,615</u>	<u>1,214,686</u>	<u>-</u>	<u>6,368,301</u>
	29,360,470	29,613,924	-	58,974,394
Less accumulated depreciation	<u>3,743,751</u>	<u>1,511,097</u>	<u>-</u>	<u>5,254,848</u>
	<u>\$ 25,616,719</u>	<u>28,102,827</u>	<u>-</u>	<u>53,719,546</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

An agreement effective July 1, 1976, transferred title of real property in the amount of \$4,063,148, accounted for in the General Fixed Assets Account Group, 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 ceases to be used for such purposes or is used for other purposes, title reverts 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 (see note 18). Under this agreement, the City of Portland retains ownership of the property. Therefore, Metro's cost of expansion and improvements at the landfill are recorded as leasehold improvements in the Solid Waste Enterprise Fund and are amortized over the expected life of the landfill.

(8) Bonds Payable

Bond principal and interest outstanding at June 30 and the corresponding maturities are as follows:

Fiscal year ending <u>June 39</u>	<u>Principal</u>	<u>Interest</u>
1990	\$ 1,045,000	4,674,253
1991	1,110,000	4,577,278
1992	1,175,000	4,474,453
1993	1,250,000	4,370,328
1994	1,335,000	4,280,696
1995-2013	<u>58,095,000</u>	<u>55,839,194</u>
	<u>\$ 64,010,000</u>	<u>78,216,202</u>

On July 1, 1987, Metro sold \$65,000,000 of General Obligation Convention Center Bonds (Series 1987), which mature serially each December 1 through 2013. Interest is payable semiannually on December 1 and June 1. During the year ended June 30, 1989, \$990,000 of principal matured and was paid.

Interest rates range from 5.75% to 9.00% on various maturities with the interest cost for the entire issue being 7.37%. Bond proceeds are being used, in conjunction with a \$5,000,000 grant from the City of Portland (local improvement district) and a \$15,000,000 State of Oregon grant, to finance the acquisition and construction of a regional convention and trade show center. The bonds are to be repaid with proceeds of Metro's ad valorem property tax levied each year.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(9) Loans Payable

Loans payable to the State of Oregon Department of Environmental Quality (DEQ) and included in the Solid Waste Enterprise Fund consist of the following at June 30, 1989:

	Balance June 30, <u>1988</u>	Principal payments	Balance June 30, <u>1989</u>
Loan 115, payable in annual principal installments ranging from \$160,000 to \$175,000 through October 1992. Interest rate varies from 4% to 6% over the life of the loan and interest is payable semiannually on April 1 and October 1	\$ 830,000	160,000	670,000
Loan 118, payable in annual principal installments ranging from \$12,000 to \$337,000 through August 2002. Interest rate varies from 5.2% to 7.9% over the life of the loan and interest is payable semiannually on February 1 and August 1	<u>3,740,000</u>	<u>224,000</u>	<u>3,516,000</u>
	<u>\$ 4,570,000</u>	<u>384,000</u>	<u>4,186,000</u>

Loan 115 is for implementation of the solid waste plan. 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 are subject to the approval of DEQ. Such loan is not collateralized.

Loan 118 is for the site development for the former Energy Recovery Facility and site development, design and construction of the Metro South Station. Under the provisions of its agreement with DEQ, 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 a resource recovery facility accompanied by an underwriter's statement of necessity for subordination. In addition, Metro has agreed not to discontinue operation or dispose of the Metro South Station without the prior approval of DEQ.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

Maturities of loan principal and interest are as follows:

Fiscal year ending June 30	Loan 115		Loan 118		Total requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
1990	\$ 160,000	25,400	225,000	250,677	385,000	276,077
1991	160,000	17,800	225,000	235,298	385,000	253,098
1992	175,000	10,500	229,000	220,463	404,000	230,963
1993	175,000	3,500	264,000	204,092	439,000	207,592
1994	-	-	270,000	185,572	270,000	185,572
Later years	-	-	2,303,000	675,490	2,303,000	675,490
	<u>\$ 670,000</u>	<u>57,200</u>	<u>3,516,000</u>	<u>1,771,592</u>	<u>4,186,000</u>	<u>1,828,792</u>

(10) General Long-term Obligations Account Group

The change in the balance of the liability in the General Long-term Obligations Account Group is as follows:

	Balance at July 1, 1988	Net (decrease) increase in liability	Balance at June 30, 1989
Bonds payable	\$ 65,000,000	(990,000)	64,010,000
Liability for compensated absences	237,490	67,318	304,808
Obligations under capital leases	<u>707,979</u>	<u>(37,322)</u>	<u>670,657</u>
	<u>\$ 65,945,469</u>	<u>960,004</u>	<u>64,985,465</u>

(11) End Use Fee Payable

Effective January 1, 1987, Metro is required to contribute annually to the City of Portland \$.40 for each ton of solid waste deposited at the St. Johns Landfill. This contribution, to be used by the City for implementation of the landfill end use plan, will continue until the landfill has reached capacity and is limited to the amount needed to effectuate the end use plan. Metro has recorded a liability to the City of Portland for \$130,551 in the Solid Waste Enterprise Fund which represents the required contribution as of June 30, 1989.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(12) Deferred Revenue

Deferred revenue as of June 30, 1989 consists of:

Taxes receivable and not collected within 60 days after year end:	
Special revenue fund	\$ 687,015
Debt service fund	<u>482,384</u>
	<u>\$ 1,169,399</u>

(13) Capital Lease Obligations

Metro has capital lease agreements for computer hardware and software, copy machines, high speed printer, telephone system and some office equipment. The agreements are for varying periods through 1994. Interest rates range from 8.4% to 13.2%.

The future minimum lease payments are:

Fiscal year ending <u>June 30</u>	
1990	\$ 218,523
1991	209,691
1992	164,910
1993	164,911
1994	<u>37,790</u>
Total minimum lease payments	795,825
Less amount representing interest	<u>125,168</u>
Net present value of future minimum lease payments	<u>\$ 670,657</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(14) Contributed Capital

Changes in contributed capital in the Enterprise Funds for the year ended June 30, 1989 are as follows:

	<u>Solid Waste Funds</u>	<u>Building Management Fund</u>	<u>Convention Center Fund</u>	<u>Total</u>
Balance, June 30, 1988	\$ 1,293,739	222,457	65,050,000	66,566,196
Additions	-	-	13,073,864	13,073,864
Depreciation on fixed assets that reduces contributed capital (\$865,252 total accumulated depreciation at June 30, 1989)	<u>63,641</u>	<u>27,807</u>	<u>-</u>	<u>91,448</u>
Balance, June 30, 1989	<u>\$ 1,230,098</u>	<u>194,650</u>	<u>78,123,864</u>	<u>79,548,612</u>

(15) Pension Plans

Metro provides pension benefits for substantially all of its full-time employees, other than four employees who participate in the State of Oregon Public Employees Retirement System (PERS), through two defined contribution plans. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. A resolution by the Metro Council established a 5% plan for all non-PERS participants which requires the employer to contribute 5% of the employee's salary and the employee vests in the contributions and earnings of the plan at 40% after two years of employment and an additional 20% per year for the next three years. Metro contributions for, and earnings forfeited by, employees who leave employment before five years of service are used to reduce Metro's current period contribution requirement.

A Metro Council resolution established a second, additional plan also covering all non-PERS participants whereby 5% of the employee's salary is contributed by Metro and is immediately fully vested.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(15), Continued

Metro's total payroll in fiscal year 1989 was \$7,497,665. Metro's contributions for the 5% plan were calculated using the base salary amount of \$6,470,200. Metro made the required 5% contribution, amounting to \$323,510. Metro's contributions for the 6% plan were calculated using \$7,213,767 as the base salary amount. Metro made the required 6% contribution for the fiscal year, which amounted to \$432,826. In addition, employee voluntary contributions were made to the plan in the amount of \$113,429.

The 6% plan allows for loans to be taken against an individual's balance in specified circumstances. The balance of these employee loans outstanding at June 30, 1989 is \$108,464.

Metro's pension contributions were \$756,336 for the year ended June 30, 1989 for all of the above plans.

(16) Segment Information for Enterprise Funds

Metro maintains three Enterprise Funds: the Solid Waste Fund accounts for self-supporting activities which are rendered to the general public on a user charge basis; the Building Management Fund accounts for the operations of the leased office facility at 2000 S. W. First Avenue for which management desires a periodic determination of revenues earned and expenses incurred for management control and accountability purposes; and the Convention Center Fund accounts for construction, marketing and operations of the Metro Oregon Convention Center which will be operated on a user charge basis, supplemented by intergovernmental revenues.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

	Solid Waste <u>Fund</u>	Building Management <u>Fund</u>	Convention Center <u>Fund</u>	<u>Total</u>
Operating revenue	\$ 25,122,392	520,147	2,798,035	28,440,574
Depreciation expense	1,452,205	55,007	3,885	1,511,097
Income (loss) from operations	2,713,222	(31,752)	951,049	3,632,519
Net (loss) income	3,220,745	(31,752)	5,216,272	8,405,265
 Fixed assets -				
Additions	1,435,403	23,242	28,155,279	29,613,924
 Net working capital	7,863,856	-	42,965,956	50,829,812
 Total assets	51,652,268	471,799	91,819,800	143,943,867
 Long-term liabilities:				
Payable from operating revenues	4,186,000	-	-	4,186,000
Less amount due within one year	<u>(385,000)</u>	<u>-</u>	<u>-</u>	<u>(385,000)</u>
	<u>\$ 3,801,000</u>	<u>-</u>	<u>-</u>	<u>3,801,000</u>
 Contributed capital	1,230,098	194,650	78,123,864	79,548,612
 Total equity	<u>\$ 14,439,249</u>	<u>442,124</u>	<u>87,626,380</u>	<u>102,507,753</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(17) Reconciliation of Revenues and Expenditures - Budgetary Basis to GAAP Basis

Oregon Budget Law requires accounting for certain transactions to be on a basis other than generally accepted accounting principles (GAAP basis). For all fund types presented in the combined financial statements except the Enterprise Funds, there is no difference between the excess of revenues and other sources over expenditures and other uses on a budget basis and a GAAP basis. The differences, which arise through the employment of a basis of accounting for budgetary purposes which differs from the basis of accounting appropriate for the Enterprise Funds when reporting in accordance with GAAP, are summarized in the following schedule:

	<u>Enterprise Funds</u>
Excess of revenues over expenditures on a budgetary basis	\$ 5,686,050
Add amounts included as expenditures on a budgetary basis but not deducted as expenses on a GAAP basis:	
Fixed asset additions	25,543,561
Principal payments on loans payable	384,000
Add amounts not included as revenues on a budgetary basis but included as revenues on a GAAP basis:	
Receipts in lieu of rent	337,201
Increase in lodging tax receivable	88,398
Subtract amounts not included as expenditures on a budgetary basis but included as expenses on a GAAP basis:	
Depreciation	(1,511,097)
Post-closure costs	(8,648,166)
Increase in arbitrage payable	(290,235)
Increase in allowance for uncollectible landfill siting fees	(472,457)
Decrease in accrued interest payable	8,746
Increase in accrued vacation payable	(9,378)
Subtract amounts included as revenues on a budgetary basis but not included as revenues on a GAAP basis -	
Contributed capital - State grant	(7,425,055)
Contributed capital - Intergovernmental revenue	(2,180,995)
Contributed capital - Contributions	(3,000)
Less costs paid to various funds, recorded as transfers on a budgetary basis:	
Administrative costs paid to the General Fund	(1,607,948)
Payment of services provided by Planning Fund	(491,648)
Payment to Building Management Fund in lieu of rent	(86,984)
Payment to Insurance Fund	(570,764)
Payment of fees collected to Rehabilitation and Enhancement Fund	<u>(344,964)</u>
Net income presented in combined statement of revenues, expenses and changes in retained earnings/fund balance - proprietary fund types and similar trust fund	<u>\$ 8,405,265</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(18) Commitments and Contingencies

Contracts

Total contract commitments at June 30, 1989, primarily for construction projects for the Convention Center Fund were approximately \$38,176,411.

Reviews by Grantor Agencies

Grant costs are subject to review by the grantor agencies. Any costs disallowed as the result of the review would be borne by Metro and would require the return of such amount 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 subgrantees.

Arbitrage Payable

Under certain conditions, the Tax Reform Act of 1986 requires governmental units to remit excess arbitrage earnings arising from invested bond proceeds to the Internal Revenue Service. As of June 30, 1989, Metro recorded a liability of \$606,423 in these accompanying financial statements for such estimated excess arbitrage earnings.

Office Leases

Metro leases office space in Portland, Oregon. The term of the lease is eleven years and four months beginning March 1985, with a five-year renewal option at the end of the initial term. Under this lease, Metro is required to pay all utilities and certain other maintenance costs. Metro intends to sublease a significant portion of the office space and as of June 30, 1989 has entered into six sublease agreements.

Rental expense under the lease for the year ended June 30, 1989 amounted to approximately \$234,000, which has not been reduced by approximately \$132,000 of sublease rental receipts.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

The following is a schedule by years of future minimum rental payments required under the operating lease for the office space as of June 30, 1989:

Fiscal year ending <u>June 30</u>	
1990	\$ 234,000
1991	234,000
1992	291,000
1993	291,000
1994	291,000
Thereafter	<u>581,000</u>
Total minimum payments required	<u>\$ 1,922,000</u>

Minimum payments of \$1,922,000 presented in the schedule have not been reduced by future minimum sublease rentals totalling approximately \$266,000 at June 30, 1989.

St. Johns Landfill

Metro is leasing the landfill from the City of Portland. The lease term runs through December 31, 1991, or until the operational life of the landfill is completed, whichever is earlier. The lease agreement commits Metro to meet waste tonnage targets in order to ensure the availability of a disposal site for the region. If the tonnage targets are exceeded, subject to certain allowances, Metro is required to pay to the City of Portland \$2.00 per ton for all tons deposited in the landfill.

The lease agreement commits Metro to finance certain post-closure environmental control measures for the expansion area of the landfill. A resolution was passed by the Metro Council to establish a policy to include all revenue landfill costs in revenue requirements when setting future solid waste rates.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

During the fiscal year ended June 30, 1989, studies were completed which estimated that the closure cost of the St. Johns landfill would be approximately \$31,400,000 under current Federal and state regulations. As a result, Metro increased the landfill closure liability recorded at June 30, 1989 to \$31,400,000. Disposal rates were adjusted upward November 1, 1988 to cover the increased estimate of post-closure liability costs over the next three years. Of the total liability of \$31,400,000, approximately \$20,600,000 has been recorded as a deferred cost at June 30, 1989 as Metro intends to recover these costs through future user fee charges. The associated expense will be recognized as these amounts are recovered through fees charged to customers. Post-closure expense amounted to approximately \$8,600,000 for the year ended June 30, 1989.

Metro contracts with Browning-Ferris for the maintenance and operation of the landfill (other than the gatehouse which Metro operates). The contract runs through the landfill closure date or September 30, 1992, whichever is earlier.

The approximate annual commitments related to the St. Johns Landfill, based on forecasted tons of refuse and a 5% inflation factor, are:

Fiscal year ending <u>June 30</u>	City of Portland landfill <u>lease</u>	Maintenance and operations <u>contract</u>
1990	\$ 349,000	3,702,000
1991	<u>366,000</u>	<u>2,541,000</u>
	<u>\$ 715,000</u>	<u>6,243,000</u>

A portion of the maintenance and operations commitment, estimated by management to be \$1,500,000, relates to landfill improvements, primarily final ground cover.

Gilliam County Landfill Site

Metro has entered into a contract with Oregon Waste Systems for disposal of 17 million tons of solid waste or the time span of 20 years, whichever is earlier. Limited hauling is scheduled to begin approximately January 1990.

The contract requires fixed payments of approximately \$1,800,000 per year, in addition to a per ton rate of \$19.50. This per ton rate will be adjusted with the Consumer Price Index (CPI).

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

The approximate annual commitment based on forecasted tons of refuse is as follows:

Fiscal year ending <u>June 30</u>	<u>Fixed payments</u>	<u>Variable payment based on tons</u>
1990	\$ 1,802,950	3,578,000
1991	1,802,950	9,859,000
1992	1,802,950	13,057,000
1993	1,802,950	13,770,000
Later years	<u>28,847,200</u>	<u>292,582,000</u>
Total	<u>\$ 36,059,000</u>	<u>332,846,000</u>

Jack Gray Transport, Inc. has been contracted to transport Metro solid waste to the Gilliam County Landfill for the next twenty years, beginning January 1990. The contract requires fixed payments of approximately \$830,000 per year, in addition to a per ton rate of \$12.11. This per ton rate will be adjusted accordingly with the CPI.

The approximate annual commitment based on forecasted tons of refuse is as follows:

Fiscal year ending <u>June 30</u>	<u>Fixed payments</u>	<u>Variable payment based on tons</u>
1990	\$ 414,700	2,127,000
1991	829,400	5,861,000
1992	829,400	7,763,000
1993	829,400	8,186,000
Later years	<u>13,685,100</u>	<u>173,940,000</u>
Total	<u>\$ 16,588,000</u>	<u>197,877,000</u>

Metro South Station

Metro contracts for operations of the Metro South Station. The contract term of six years from the start of operation in April 1983 has been extended one year to April 1, 1990.

The approximate commitment based on forecasted usage and a 5% inflation factor relative to the Metro South Station for the fiscal year ending June 30, 1989 is \$2,000,000.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

Waste Reduction Program Contingency

Beginning in fiscal year 1986, Metro is required under Oregon Revised Statutes Section 459 to apportion the charges collected for disposal of solid waste; \$.50 per ton of solid waste is currently set aside for rehabilitation and enhancement of the area in and around the landfill from which the fees were collected.

Legal Matters

Metro is involved as a defendant in several claims and disputes which, for the most part, are normal to Metro's activities. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon its financial position or operations.

Combining
Individual
Fund
Statements
and Schedules

METROPOLITAN SERVICE DISTRICT

General Fund

Statement of Revenues Other Financing Sources
and Beginning Fund Balance - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginning fund balance available for appropriation July 1, 1988	\$ 235,000	398,186	163,186
Revenues:			
Documents and publications	-	448	448
Professional and contract service fees	-	9,044	9,044
Interest	108,000	203,105	95,105
Miscellaneous	-	8,101	8,101
Total revenues	<u>108,000</u>	<u>220,698</u>	<u>112,698</u>
Other financing sources:			
Operating transfers from:			
Solid Waste Operating Fund	1,285,518	1,285,518	-
Zoo Operating Fund	817,803	817,803	-
Planning Fund	668,510	550,230	(118,280)
Convention Center Project Management Fund	168,818	168,818	-
Convention Center Capital Fund	534,592	534,592	-
Metropolitan Exposition - Recreation Commission Fund	<u>153,612</u>	<u>153,612</u>	<u>-</u>
Total other financing sources	<u>3,628,853</u>	<u>3,510,573</u>	<u>(118,280)</u>
	<u>\$ 3,971,853</u>	<u>4,129,457</u>	<u>157,604</u>

METROPOLITAN SERVICE DISTRICT

General Fund

Statement of Expenditures Other Financing Uses
and Ending Fund Balance - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures:			
Council:			
Personal services	\$ 277,610	270,068	7,542
Materials and services	84,010	76,713	7,297
Capital outlay	<u>5,700</u>	<u>4,829</u>	<u>871</u>
	<u>367,320</u>	<u>351,610</u>	<u>15,710</u>
General counsel:			
Personal services	221,485	199,764	21,721
Materials and services	9,660	9,046	614
Capital outlay	<u>6,426</u>	<u>6,237</u>	<u>189</u>
	<u>237,571</u>	<u>215,047</u>	<u>22,524</u>
Executive management:			
Personal services	325,611	310,650	14,961
Materials and services	68,318	64,429	3,889
Capital outlay	<u>4,980</u>	<u>4,823</u>	<u>157</u>
	<u>398,909</u>	<u>379,902</u>	<u>19,007</u>
Public affairs:			
Personal services	416,762	372,240	44,522
Materials and services	79,175	67,473	11,702
Capital outlay	<u>12,500</u>	<u>6,546</u>	<u>5,954</u>
	<u>508,437</u>	<u>446,259</u>	<u>62,178</u>
Finance and administration:			
Personal services	1,082,495	1,064,473	18,022
Materials and services	798,618	751,248	47,370
Capital outlay	<u>27,991</u>	<u>25,799</u>	<u>2,192</u>
	<u>1,909,104</u>	<u>1,841,520</u>	<u>67,584</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

General Fund

Statement of Expenditures Other Financing Uses
and Ending Fund Balance - Budget and Actual, Continued

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
General operating contingency	\$ <u>164,807</u>	<u>-</u>	<u>164,807</u>
Total expenditures	3,586,148	3,234,338	351,810
Other financing uses -			
Transfers	<u>300,545</u>	<u>243,016</u>	<u>57,529</u>
Total expenditures and other financing uses	3,886,693	3,477,354	409,339
Unappropriated ending fund balance - June 30, 1989	<u>85,160</u>	<u>652,103</u>	<u>566,943</u>
	<u>\$ 3,971,853</u>	<u>4,129,457</u>	<u>157,604</u>

METROPOLITAN SERVICE DISTRICT

Special Revenue Funds

Combining Balance Sheet

June 30, 1989

<u>Assets</u>	<u>Planning Fund</u>	<u>Zoo Fund</u>	<u>Totals</u>
Cash and investments	\$ 130,998	2,578,638	2,709,636
Receivables:			
Property taxes	-	735,168	735,168
Federal grants	88,802	-	88,802
State grants	188,232	-	188,232
Local grants/contracts	115,980	-	115,980
Interest	3,231	20,855	24,086
Other	7,954	80,424	88,378
Inventory of materials and supplies	-	204,386	204,386
Other assets	-	10,412	10,412
Restricted assets -			
Cash and investments	-	9,377	9,377
	<u>\$ 535,197</u>	<u>3,639,260</u>	<u>4,174,457</u>

Liabilities and Fund Balances

Liabilities:			
Accounts payable	54,762	461,160	515,922
Salaries, withholdings and payroll taxes payable	57,955	247,892	305,847
Contracts payable	5,100	-	5,100
Deferred revenue	-	687,015	687,015
Unearned grant revenue	91,193	-	91,193
Deposits payable	975	1,350	2,325
Other	-	280	280
Total liabilities	209,985	1,397,697	1,607,682
Fund balances - unreserved	325,212	2,241,563	2,566,775
	<u>\$ 535,197</u>	<u>3,639,260</u>	<u>4,174,457</u>

METROPOLITAN SERVICE DISTRICT

Special Revenue Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the year ended June 30, 1989

	<u>Planning Fund</u>	<u>Zoo Fund</u>	<u>Totals</u>
Revenues:			
Property taxes	\$ -	5,501,264	5,501,264
Dues	631,590	-	631,590
Federal grants	366,674	1,856	368,530
State grants	505,586	-	505,586
Local grants	235,133	-	235,133
Admissions	-	1,816,947	1,816,947
Charges for services	491,648	376,701	868,349
Vending and concessions	-	2,227,597	2,227,597
Donations and bequests	-	191,119	191,119
Business license fees	41,580	-	41,580
Professional and contract service fees	50,089	-	50,089
Interest	45,334	165,002	210,336
Miscellaneous	14,013	168,252	182,265
Total revenues	<u>2,381,647</u>	<u>10,448,738</u>	<u>12,830,385</u>
Expenditures:			
Current:			
Zoo operations	-	7,028,478	7,028,478
Planning and development:			
Personal services	1,256,681	-	1,256,681
Materials and services	281,062	-	281,062
Expense reimbursement - General Fund	550,230	817,803	1,368,033
Capital outlay	<u>166,106</u>	<u>383,770</u>	<u>549,876</u>
Total expenditures	<u>2,254,079</u>	<u>8,230,051</u>	<u>10,484,130</u>
Net expenditures	<u>127,568</u>	<u>2,218,687</u>	<u>2,346,255</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

Special Revenue Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances, Continued

	Planning <u>Fund</u>	Zoo <u>Fund</u>	<u>Totals</u>
Other financing sources (uses):			
Operating transfers in	\$ 50,709	-	50,709
Operating transfers out	-	(1,987,662)	(1,987,662)
	<u>178,277</u>	<u>231,025</u>	<u>409,302</u>
Revenues and other sources over net expenditures and other uses			
Fund balances - July 1, 1988	<u>146,935</u>	<u>2,010,538</u>	<u>2,157,473</u>
Fund balances - June 30, 1989	\$ <u>325,212</u>	<u>2,241,563</u>	<u>2,566,775</u>

METROPOLITAN SERVICE DISTRICT

Planning Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginning fund balance available for appropriation - July 1, 1988	\$ <u>182,968</u>	<u>146,935</u>	<u>(36,033)</u>
Revenues:			
Dues	631,218	631,590	372
Federal grants	795,510	366,674	(428,836)
State grants	457,500	505,586	48,086
Local grants	60,000	235,133	175,133
Professional and contract service fees	48,671	50,089	1,418
Business license fees	100,000	41,580	(58,420)
Interest	12,000	45,334	33,334
Miscellaneous	<u>130,026</u>	<u>14,013</u>	<u>(116,013)</u>
Total revenues	2,234,925	1,889,999	(344,926)
Other financing sources -			
Operating transfers from:			
General Fund	50,709	50,709	-
Solid Waste Operating Fund	<u>489,625</u>	<u>491,648</u>	<u>2,023</u>
Total revenues and other financing sources	<u>2,775,259</u>	<u>2,432,356</u>	<u>(342,903)</u>
	<u>\$ 2,958,227</u>	<u>2,579,291</u>	<u>378,936</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

Planning Fund

Statement of Revenues and Expenditures -
Budget and Actual, Continued

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures:			
Planning and development:			
Personal services	406,997	394,305	12,692
Materials and services	195,595	58,071	137,524
Capital outlay	<u>69,604</u>	<u>69,367</u>	<u>237</u>
Total planning and development	<u>672,196</u>	<u>521,743</u>	<u>150,453</u>
Transportation planning:			
Personal services	894,048	862,376	31,672
Materials and services	257,750	159,550	98,200
Capital outlay	106,748	96,739	10,009
General operating contingency	<u>292,458</u>	<u>-</u>	<u>292,458</u>
Total transportation planning	<u>1,551,004</u>	<u>1,118,665</u>	<u>432,339</u>
Total expenditures	2,223,200	1,640,408	582,792
Other financing uses -			
Transfers	<u>735,027</u>	<u>613,671</u>	<u>121,356</u>
Total expenditures and other financing uses	2,958,227	2,254,079	704,148
Unappropriated ending fund balance - June 30, 1989	<u>-</u>	<u>325,212</u>	<u>325,212</u>
	<u>\$ 2,958,227</u>	<u>2,579,291</u>	<u>378,936</u>

METROPOLITAN SERVICE DISTRICT

Zoo Fund

Statement of Revenues and Expenditures -
Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginning fund balance available for appropriation - July 1, 1988	\$ 1,906,995	2,010,538	103,543
Revenues:			
Property taxes	5,505,000	5,501,264	(3,736)
Federal grants	25,000	1,856	(23,144)
Admissions	1,716,467	1,816,947	100,480
Railroad	357,200	376,701	19,501
Vending and concessions	1,330,570	1,704,957	374,387
Gift shop	397,802	522,640	124,838
Donations and bequests	123,800	191,119	67,319
Interest	77,852	165,002	87,150
Miscellaneous	154,090	168,252	14,162
Total revenues	<u>9,687,781</u>	<u>10,448,738</u>	<u>760,957</u>
	<u>\$ 11,594,776</u>	<u>12,459,276</u>	<u>864,500</u>
Expenditures:			
Administration:			
Personal services	365,860	354,009	11,851
Materials and services	149,892	148,135	1,757
Capital outlay	13,224	12,959	265
	<u>528,976</u>	<u>515,103</u>	<u>13,873</u>
Animal management:			
Personal services	1,356,599	1,350,986	5,613
Materials and services	323,675	295,430	28,245
Capital outlay	22,550	21,881	669
	<u>1,702,824</u>	<u>1,668,297</u>	<u>34,527</u>
Facilities management:			
Personal services	1,091,867	1,104,077	(12,210)
Materials and services	1,018,771	1,001,170	17,601
Capital outlay	371,160	308,172	62,988
	<u>2,481,798</u>	<u>2,413,419</u>	<u>68,379</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

Zoo Fund

Statement of Revenues and Expenditures -
Budget and Actual, Continued

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
Educational services:			
Personal services	\$ 472,694	443,158	29,536
Materials and services	107,711	96,812	10,899
Capital outlay	<u>15,430</u>	<u>15,281</u>	<u>149</u>
	<u>595,835</u>	<u>555,251</u>	<u>40,584</u>
Marketing:			
Personal services	134,862	126,738	8,124
Materials and services	177,409	172,698	4,711
Capital outlay	<u>5,313</u>	<u>3,458</u>	<u>1,855</u>
	<u>317,584</u>	<u>302,894</u>	<u>14,690</u>
Visitor services:			
Personal services	996,282	968,733	27,549
Materials and services	800,613	796,848	3,765
Capital outlay	<u>34,100</u>	<u>22,019</u>	<u>12,081</u>
	<u>1,830,995</u>	<u>1,787,600</u>	<u>43,395</u>
General operating contingency	<u>15,265</u>	<u>-</u>	<u>15,265</u>
Total expenditures	<u>7,473,277</u>	<u>7,242,564</u>	<u>230,713</u>
Other financing uses -			
Transfers	<u>2,975,149</u>	<u>2,975,149</u>	<u>-</u>
Total expenditures and other financing uses	<u>10,448,426</u>	<u>10,217,713</u>	<u>230,713</u>
Unappropriated ending fund balance - June 30, 1989	<u>1,146,350</u>	<u>2,241,563</u>	<u>1,095,213</u>
	<u>\$ 11,594,776</u>	<u>12,459,276</u>	<u>864,500</u>

METROPOLITAN SERVICE DISTRICT

Convention Center Debt Service Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginning fund balance available for appropriation - July 1, 1988	\$ <u>24,750</u>	<u>112,302</u>	<u>87,552</u>
Revenues:			
Property taxes	5,755,828	5,844,312	88,484
Interest on investments	<u>24,750</u>	<u>77,551</u>	<u>52,801</u>
Total revenues	<u>5,780,578</u>	<u>5,921,863</u>	<u>141,285</u>
	<u>\$ 5,805,328</u>	<u>6,034,165</u>	<u>228,837</u>
Expenditures:			
Debt service	5,755,828	5,755,828	-
Contingency	<u>24,750</u>	<u>-</u>	<u>24,750</u>
Total expenditures	<u>5,780,578</u>	<u>5,755,828</u>	<u>24,750</u>
Unappropriated ending fund balance - June 30, 1989	<u>24,750</u>	<u>278,337</u>	<u>253,587</u>
	<u>\$ 5,805,328</u>	<u>6,034,165</u>	<u>228,837</u>

METROPOLITAN SERVICE DISTRICT

Zoo Capital Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginning fund balance available for appropriation - July 1, 1988	\$ 3,986,796	4,126,250	139,454
Revenues:			
Donations and bequests	507,000	489,808	(17,192)
Interest	195,890	399,242	203,352
Total revenues	702,890	889,050	186,160
Other financing sources -			
Transfer from -			
Zoo Fund	1,987,662	1,987,662	-
Total revenues and other financing sources	2,690,552	2,876,712	186,160
	<u>\$ 6,677,348</u>	<u>7,002,962</u>	<u>325,614</u>
Expenditures:			
Personal services	55,528	52,976	2,552
Capital outlay	3,985,022	2,088,275	1,896,747
General operating contingency	168,122	-	168,122
Total expenditures	4,208,672	2,141,251	2,067,421
Unappropriated ending fund balance - June 30, 1989	2,468,676	4,861,711	2,393,035
	<u>\$ 6,677,348</u>	<u>7,002,962</u>	<u>325,614</u>

METROPOLITAN SERVICE DISTRICT

Enterprise Funds

Combining Balance Sheet

June 30, 1989

<u>Assets and Other Debits</u>	Solid Waste <u>Fund</u>	Building Management <u>Fund</u>	Convention Center <u>Fund</u>	<u>Total</u>
Cash and investments	\$ 4,416,246	29,675	44,602,069	49,047,990
Receivables:				
Trade, net	3,655,070	-	-	3,655,070
Interest receivable	55,591	-	558,834	614,425
Other	245,595	-	350	245,945
Due from other governments	-	-	1,391,100	1,391,100
Advance to other governments	360,362	-	-	360,362
Other	450	-	-	450
Restricted assets:				
Cash and investments	13,633,906	-	606,422	14,240,328
Interest receivable	67,809	-	-	67,809
Deferred post-closure costs	20,600,842	-	-	20,600,842
Fixed assets, net	8,616,397	442,124	44,661,025	53,719,546
Total assets	<u><u>\$ 51,652,268</u></u>	<u><u>471,799</u></u>	<u><u>91,819,800</u></u>	<u><u>143,943,867</u></u>

<u>Liabilities and Fund Equity</u>	<u>Solid Waste Fund</u>	<u>Building Management Fund</u>	<u>Convention Center Fund</u>	<u>Total</u>
Liabilities:				
Accounts payable	\$ 498,635	26,930	3,465,303	3,990,868
Salaries, withholdings and payroll taxes payable	113,691	2,745	30,807	147,243
Accrued interest payable	115,093	-	-	115,093
Contracts payable	11,038	-	737	11,775
End use fee payable	130,551	-	-	130,551
Due to other funds	-	-	90,000	90,000
Payable from restricted assets:				
Arbitrage payable	-	-	606,423	606,423
Contracts payable	643,158	-	-	643,158
Deposits	114,853	-	-	114,853
Post-closure costs payable	31,400,000	-	-	31,400,000
Loans payable	4,186,000	-	-	4,186,000
Other	-	-	150	150
Total liabilities	<u>37,213,019</u>	<u>29,675</u>	<u>4,193,420</u>	<u>41,436,114</u>
Fund equity:				
Contributed capital, net	1,230,098	194,650	78,123,864	79,548,612
Retained earnings	<u>13,209,151</u>	<u>247,474</u>	<u>9,502,516</u>	<u>22,959,141</u>
Total fund equity	<u>14,439,249</u>	<u>442,124</u>	<u>87,626,380</u>	<u>102,507,753</u>
Total liabilities and fund equity	<u>\$ 51,652,268</u>	<u>471,799</u>	<u>91,819,800</u>	<u>143,943,867</u>

METROPOLITAN SERVICE DISTRICT

Enterprise Funds

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings

For the year ended June 30, 1989

	Solid Waste <u>Fund</u>	Building Management <u>Fund</u>	Convention Center <u>Fund</u>	<u>Total</u>
Operating revenues:				
Disposal fees	\$ 15,295,908	-	-	15,295,908
User fees	4,141,902	-	-	4,141,902
Regional transfer charge	3,411,092	-	-	3,411,092
Convenience charge	940,800	-	-	940,800
Landfill siting, rehabilitation and mitigation fees	1,164,324	-	-	1,164,324
Intergovernmental revenue	-	-	2,780,176	2,780,176
Rental and lease income	-	131,808	-	131,808
Receipts in lieu of rent	-	337,201	-	337,201
Parking fees	-	50,893	-	50,893
Miscellaneous	168,366	245	17,859	186,470
Total operating revenues	<u>25,122,392</u>	<u>520,147</u>	<u>2,798,035</u>	<u>28,440,574</u>
Operating and administrative expenses:				
Payroll and fringe benefits	1,426,678	55,983	180,810	1,663,471
St. Johns Landfill operating expenses, including \$332,532 rent	3,235,610	-	-	3,235,610
Metro South Station operating expenses	2,383,351	-	-	2,383,351
DEQ landfill siting fees	189,799	-	-	189,799
Depreciation	1,452,205	55,007	3,885	1,511,097
Rent and payments in lieu of rent	64,405	234,388	22,579	321,372
Administrative expenses paid to General Fund	1,285,518	-	322,430	1,607,948
Payments to Planning Fund for services	491,648	-	-	491,648
Insurance expense	559,684	-	11,080	570,764
Post-closure costs	8,648,166	-	-	8,648,166
Payment of rehabilitation fees	344,964	-	-	344,964
Consulting	2,158,564	-	-	2,158,564
Other materials and services	168,578	206,521	1,306,202	1,681,301
Total operating and administrative expenses	<u>22,409,170</u>	<u>551,899</u>	<u>1,846,986</u>	<u>24,808,055</u>
Income (loss) from operations	<u>2,713,222</u>	<u>(31,752)</u>	<u>951,049</u>	<u>3,632,519</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

Enterprise Funds

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings, Continued

	<u>Solid Waste Fund</u>	<u>Building Management Fund</u>	<u>Convention Center Fund</u>	<u>Total</u>
Non-operating revenues (expenses):				
Interest on investments	\$ 798,695	-	4,265,223	5,063,918
Interest expense, net of capitalized interest of \$3,464,814	<u>(291,172)</u>	<u>-</u>	<u>-</u>	<u>(291,172)</u>
Non-operating revenues (expenses), net	<u>507,523</u>	<u>-</u>	<u>4,265,223</u>	<u>4,772,746</u>
Net income (loss)	3,220,745	(31,752)	5,216,272	8,405,265
Depreciation on fixed assets that reduces contributed capital	<u>63,641</u>	<u>27,807</u>	<u>-</u>	<u>91,448</u>
Increase in retained earnings	3,284,386	(3,945)	5,216,272	8,496,713
Retained earnings - June 30, 1988	<u>9,924,765</u>	<u>251,419</u>	<u>4,286,244</u>	<u>14,462,428</u>
Retained earnings - June 30, 1989	<u>\$ 13,209,151</u>	<u>247,474</u>	<u>9,502,516</u>	<u>22,959,141</u>

METROPOLITAN SERVICE DISTRICT

Enterprise Funds

Combining Statement of Changes
in Financial Position

For the year ended June 30, 1989

	<u>Solid Waste Fund</u>	<u>Building Management Fund</u>	<u>Convention Center Fund</u>	<u>Total</u>
Working capital provided from:				
Net income (loss)	\$ 3,192,938	(3,945)	5,216,272	8,405,265
Add charges to operations not affecting working capital in the current year -				
Depreciation, net of depreciation in plant and equipment that reduces contributed capital	<u>1,452,205</u>	<u>55,007</u>	<u>3,885</u>	<u>1,511,097</u>
Working capital provided from operations	4,645,143	51,062	5,220,157	9,916,362
Increase (decrease) in contributed capital	<u>27,807</u>	<u>(27,807)</u>	<u>13,073,864</u>	<u>13,073,864</u>
Total working capital provided	<u>4,672,950</u>	<u>23,255</u>	<u>18,294,021</u>	<u>22,990,226</u>
Working capital used:				
Additions to plant and equipment	1,435,403	23,242	28,155,279	29,613,924
Current maturities of loans payable	384,000	-	-	384,000
Increase in restricted cash, net	2,144,546	-	-	2,144,546
Decrease in other liabilities	-	-	4,521	4,521
Total working capital used	<u>3,963,949</u>	<u>23,242</u>	<u>28,159,800</u>	<u>32,146,991</u>
Increase (decrease) in working capital	<u>\$ 709,001</u>	<u>13</u>	<u>(9,865,779)</u>	<u>(9,156,765)</u>
Elements of net increase (decrease) in working capital:				
Cash and investments	(1,435,017)	(30,590)	(8,062,239)	(9,527,846)
Receivables	1,508,317	(13,887)	(348,758)	1,145,672
Due from other governments	-	-	705,154	705,154
Advances to other governments	70,362	-	-	70,362
Other assets	450	-	-	450
Accounts, salaries and other payables	564,342	44,490	(2,069,936)	(1,461,104)
Due to other funds	<u>547</u>	<u>-</u>	<u>(90,000)</u>	<u>(89,453)</u>
Increase (decrease) in working capital	<u>\$ 709,001</u>	<u>13</u>	<u>(9,865,779)</u>	<u>(9,156,765)</u>

METROPOLITAN SERVICE DISTRICT

Enterprise Funds

Description of Solid Waste Budgetary Funds

For financial reporting purposes, management considers the activities relating to solid waste management as those of a unitary enterprise operation and as such the activities 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 budgetary concepts are presented in the following pages.

Solid Waste Operating Fund

The primary activities accounted for in the Solid Waste Operating Fund are expenditures relating to the implementation, administration and enforcement of Metro's Solid Waste Management Plan and operation of the St. Johns Landfill and Metro South Station. Disposal fees provide the primary sources of revenue.

Solid Waste Debt Service Fund

The Solid Waste Debt Service Fund accounts for repayment of loans from the State of Oregon Department of Environmental Quality (DEQ). The principal source for loan repayments is transfers from the Solid Waste Operating Fund.

Solid Waste Capital Improvement Fund

The Solid Waste Capital Improvement Fund accounts for the construction of capital improvements for the Solid Waste Management Program, including expenditures incurred to properly close out the St. Johns Landfill. The primary expenditures in the fund are for the placement of final cover, roads and drainage structures. The principal sources of revenues are transfers from the Solid Waste Operating Fund and interest earnings on cash and investments.

Solid Waste St. Johns Reserve Fund

The Solid Waste St. Johns Reserve Fund accounts for the funding of two environmental control activities which will begin after the St. Johns Landfill is closed. The activities are:

- o Annual maintenance of the landfill, including grading, compacting and reseeded;
- o Leachate processing and transportation.

METROPOLITAN SERVICE DISTRICT

Solid Waste Operating Fund

Statement of Revenues and Expenditures -
Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginning fund balance available for appropriation - July 1, 1989	\$ <u>2,800,000</u>	<u>4,132,785</u>	<u>1,332,785</u>
Revenues:			
Disposal fees	16,556,780	15,951,768	(605,012)
User fees	4,366,975	4,141,902	(225,073)
Regional transfer charge	4,833,525	3,411,092	(1,422,433)
Convenience charge	912,800	940,800	28,000
Landfill siting, rehabilitation and mitigation fees	458,670	1,031,102	572,432
Interest	123,000	294,006	171,006
Miscellaneous	<u>104,910</u>	<u>168,366</u>	<u>63,456</u>
Total revenues	<u>27,356,660</u>	<u>25,939,036</u>	<u>(1,417,624)</u>
	<u>\$ 30,156,660</u>	<u>30,071,821</u>	<u>(84,839)</u>
Expenditures:			
Administration:			
Personal services	266,083	266,545	(462)
Materials and services	27,508	26,812	696
Capital outlay	<u>5,615</u>	<u>4,377</u>	<u>1,238</u>
	<u>299,206</u>	<u>297,734</u>	<u>1,472</u>
Budget and finance:			
Personal services	97,732	93,305	4,427
Capital outlay	<u>4,328</u>	<u>180</u>	<u>4,148</u>
	<u>102,060</u>	<u>93,485</u>	<u>8,575</u>
Operations:			
Personal services	502,296	504,438	(2,142)
Materials and services	8,783,590	6,668,635	2,114,955
Capital outlay	<u>850,000</u>	<u>64,646</u>	<u>785,354</u>
	<u>10,135,886</u>	<u>7,237,719</u>	<u>2,898,167</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

Solid Waste Operating Fund

Statement of Revenues and Expenditures -
Budget and Actual, Continued

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
Waste reduction:			
Personal services	315,605	255,534	60,071
Materials and services	1,218,108	758,880	459,228
Capital outlay	<u>44,613</u>	<u>25,641</u>	<u>18,972</u>
	<u>1,578,326</u>	<u>1,040,055</u>	<u>538,271</u>
Systems planning and engineering:			
Personal services	317,824	300,324	17,000
Materials and services	1,387,930	731,756	656,174
Capital outlay	<u>5,178</u>	<u>180</u>	<u>4,998</u>
	<u>1,710,932</u>	<u>1,032,260</u>	<u>678,672</u>
General operating contingency	<u>277,312</u>	<u>-</u>	<u>277,312</u>
Total expenditures	14,103,722	9,701,253	4,402,469
Other financing uses -			
Transfers	<u>14,809,609</u>	<u>14,143,401</u>	<u>666,208</u>
Total expenditures and other financing uses	28,913,331	23,844,654	5,068,677
Unappropriated ending fund balance - June 30, 1989	<u>1,243,329</u>	<u>6,227,167</u>	<u>4,983,838</u>
	<u>\$ 30,156,660</u>	<u>30,071,821</u>	<u>84,839</u>

METROPOLITAN SERVICE DISTRICT

Solid Waste Debt Service Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Other financing sources:			
Operating transfers from:			
Solid Waste Operating Fund	\$ 683,919	683,918	(1)
Solid Waste Capital Fund	<u>2,532,714</u>	<u>-</u>	<u>(2,532,714)</u>
Total revenues and other financing sources	<u>\$ 3,216,633</u>	<u>683,918</u>	<u>(2,532,715)</u>
Expenditures -			
Interest expense and principal payment on Department of Environmental Quality loans	1,950,276	683,918	1,266,358
Unappropriated ending fund balance - June 30, 1989	<u>1,266,357</u>	<u>-</u>	<u>1,266,357</u>
	<u>\$ 3,216,633</u>	<u>683,918</u>	<u>2,532,715</u>

METROPOLITAN SERVICE DISTRICT

Solid Waste Capital Improvement Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginnig fund balance available for appropriation - July 1, 1988	\$ <u>2,188,079</u>	<u>2,349,563</u>	<u>161,484</u>
Revenues -			
Interest	634,227	140,987	(493,240)
Other financing sources:			
Department of Environmental Quality loan proceeds	11,560,000	-	(11,560,000)
Operating transfers from - Solid Waste Operating Fund	<u>902,250</u>	<u>284,254</u>	<u>(617,996)</u>
Total revenues and other financing sources	<u>13,096,477</u>	<u>425,241</u>	<u>(12,671,236)</u>
	<u>\$ 15,284,556</u>	<u>2,774,804</u>	<u>(12,509,752)</u>
Total expenditures:			
Materials and services	497,000	-	497,000
Capital outlay	3,001,340	1,340,380	1,660,960
Contingency	<u>84,000</u>	<u>-</u>	<u>84,000</u>
Total expenditures	<u>3,582,340</u>	<u>1,340,380</u>	<u>2,241,960</u>
Other financing uses -			
Transfers	<u>2,532,714</u>	<u>-</u>	<u>2,532,714</u>
Total expenditures and other financing uses	<u>6,115,054</u>	<u>1,340,380</u>	<u>4,774,674</u>
Unappropriated ending fund balance - June 30, 1989	<u>9,169,502</u>	<u>1,434,424</u>	<u>7,735,078</u>
	<u>\$ 15,284,556</u>	<u>2,774,804</u>	<u>12,509,752</u>

METROPOLITAN SERVICE DISTRICT

Solid Waste St. Johns Reserve Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginning fund balance available for appropriation - July 1, 1988	\$ <u>2,057,374</u>	<u>2,150,991</u>	<u>93,617</u>
Revenues - Interest	363,594	363,703	109
Other financing sources: Operating transfers from - Solid Waste Operating Fund	<u>10,429,010</u>	<u>10,429,010</u>	<u>-</u>
Total revenues and other financing sources	<u>10,792,604</u>	<u>10,792,713</u>	<u>109</u>
Unappropriated ending fund balance - June 30, 1989	<u><u>\$ 12,849,978</u></u>	<u><u>12,943,704</u></u>	<u><u>93,726</u></u>

METROPOLITAN SERVICE DISTRICT

Building Management Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Rental and lease income	\$ 151,089	131,808	(19,281)
Parking fees	48,560	50,893	2,333
Miscellaneous	-	245	245
Total revenues	<u>199,649</u>	<u>182,946</u>	<u>(16,703)</u>
Other financing sources:			
Operating transfers:			
General Fund	237,257	179,728	57,529
Solid Waste Operating Fund	67,103	64,405	2,698
Planning Fund	59,023	56,650	2,373
Convention Center Project Management Fund	4,553	4,370	183
Convention Center Project Capital Fund	14,419	13,839	580
Metropolitan Exposition - Recreation Commission Fund	<u>18,972</u>	<u>18,209</u>	<u>763</u>
Total other financing sources	<u>401,327</u>	<u>337,201</u>	<u>64,126</u>
Total revenues and other financing sources	<u>\$ 600,976</u>	<u>520,147</u>	<u>80,820</u>
Expenditures:			
Personal services	57,517	55,996	1,521
Materials and services	475,652	440,909	34,743
Capital outlay	24,707	23,242	1,465
Contingency	<u>43,100</u>	-	<u>43,100</u>
Total expenditures	<u>\$ 600,976</u>	<u>520,147</u>	<u>80,829</u>

METROPOLITAN SERVICE DISTRICT

Enterprise Funds

Description of Convention Center Budgetary Funds

For financial reporting purposes, management considers the activities relating to Convention Center management as those of a unitary enterprise operation and as such the activities are reported in the Convention Center Fund in a 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 budgetary concepts are presented in the following pages.

Metropolitan Exposition - Recreation Commission Fund

The Metropolitan Exposition - Recreation Commission Fund accounts for expenditures associated with the administration and operation of regional convention and trade show facilities--specifically the Metro Oregon Convention Center. The primary source of revenue for this fund is 3% lodging tax, proceeds of which are transferred from Multnomah County.

Convention Center Project Management Fund

The Convention Center Project Management Fund accounts for expenditures associated with the transition of the Metro Oregon Convention Center project from a construction effort to the operation of the Center and liaison work with other state and local agencies. The primary source of revenue for this fund is interest earnings on investments.

Convention Center Project Capital Fund

The primary sources of revenue for the Convention Center Project Capital Fund are the proceeds from general obligation bonds, interest, proceeds of a local improvement District transferred from the City of Portland and state and Federal grants. Eligible expenditures to be made from this fund relate directly to the site acquisition and construction of the Metro Oregon Convention Center.

METROPOLITAN SERVICE DISTRICT

Metropolitan Exposition - Recreation Commission Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Intergovernmental revenue	\$ 2,726,870	2,691,778	(35,092)
Interest	40,000	45,534	5,534
Miscellaneous	<u>-</u>	<u>6,190</u>	<u>6,190</u>
Total revenues	2,766,870	2,743,502	(23,368)
Other financing sources -			
Transfer from Convention Center Management Fund	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 3,266,870</u>	<u>3,243,502</u>	<u>(23,368)</u>
Expenditures:			
Personal services	444,480	111,318	333,162
Materials and services	1,322,927	1,252,569	70,358
Contingency	<u>290,862</u>	<u>-</u>	<u>290,862</u>
Total expenditures	2,058,269	1,363,887	694,382
Other financing uses -			
Transfers	<u>181,416</u>	<u>180,653</u>	<u>763</u>
Total expenditures and other financing uses	2,239,685	1,544,540	695,145
Unappropriated ending fund balance - June 30, 1989	<u>1,027,185</u>	<u>1,698,962</u>	<u>671,777</u>
Total expenditures and other financing uses	<u>\$ 3,266,870</u>	<u>3,243,502</u>	<u>(23,368)</u>

METROPOLITAN SERVICE DISTRICT

Convention Center Project Management Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginning fund balance available for appropriation - July 1, 1988	\$ <u>1,152,040</u>	<u>1,331,738</u>	<u>179,698</u>
Revenues:			
Interest on investments	10,000	74,321	64,321
Miscellaneous	<u>-</u>	<u>3,851</u>	<u>3,851</u>
Total revenues	<u>10,000</u>	<u>78,172</u>	<u>68,172</u>
	<u>\$ 1,162,040</u>	<u>1,409,910</u>	<u>247,870</u>
Expenditures:			
Personal services	75,150	66,633	8,517
Materials and services	74,000	53,633	20,367
Contingency	<u>201,157</u>	<u>-</u>	<u>201,157</u>
Total expenditures	<u>350,307</u>	<u>120,266</u>	<u>230,041</u>
Other financing uses:			
Transfers	<u>675,619</u>	<u>675,436</u>	<u>183</u>
Total expenditures and other financing uses	<u>1,025,926</u>	<u>795,702</u>	<u>230,224</u>
Unappropriated ending fund balance - June 30, 1989	<u>136,114</u>	<u>614,208</u>	<u>478,094</u>
Total expenditures and other financing uses	<u>\$ 1,162,040</u>	<u>1,409,910</u>	<u>247,870</u>

METROPOLITAN SERVICE DISTRICT

Convention Center Capital Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginning fund balance available for appropriation - July 1, 1988	\$ <u>49,054,711</u>	<u>51,135,013</u>	<u>2,080,302</u>
Revenues:			
State grants	7,500,000	7,425,055	(74,945)
Intergovernmental revenue	5,000,000	2,180,995	(2,819,005)
Interest	1,515,969	4,435,603	2,919,634
Miscellaneous	-	10,818	10,818
Total revenues	<u>14,015,969</u>	<u>14,052,471</u>	<u>36,502</u>
	<u>\$ 63,070,680</u>	<u>65,187,484</u>	<u>2,116,804</u>
Expenditures:			
Personal services	224,624	170,264	54,360
Materials and services	64,220	57,638	6,582
Capital outlay	34,675,960	23,857,014	10,710,946
Contingency	3,669,409	-	3,669,409
Total expenditures	<u>38,526,213</u>	<u>24,084,916</u>	<u>14,441,297</u>
Other financing uses -			
Transfers	<u>606,130</u>	<u>605,550</u>	<u>580</u>
Total expenditures and other financing uses	<u>39,132,343</u>	<u>24,690,466</u>	<u>14,441,877</u>
Unappropriated ending fund balance - June 30, 1989	<u>23,938,337</u>	<u>40,497,018</u>	<u>16,558,681</u>
	<u>\$ 63,070,680</u>	<u>65,187,484</u>	<u>2,116,804</u>

METROPOLITAN SERVICE DISTRICT

Reconciliation of Enterprise Funds' Revenues and Expenditures
(Budgetary Basis) to Combining Statement of Revenues, Expenses
and Changes in Retained Earnings (GAAP Basis)

For the year ended June 30, 1989

	<u>Budgetary basis</u>		
	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues over (under) expenditures</u>
Solid Waste Fund:			
Solid Waste Operating Fund	\$ 25,939,036	9,701,253	16,237,783
Solid Waste Debt Service Fund	-	683,918	(683,918)
Solid Waste Capital Improvement Fund	140,987	1,340,380	(1,199,393)
Solid Waste St. Johns Reserve Fund	<u>363,703</u>	<u>-</u>	<u>363,703</u>
Total Solid Waste Fund	<u>\$ 26,443,726</u>	<u>11,725,551</u>	<u>14,718,175</u>
Building Management Fund	<u>\$ 182,946</u>	<u>520,147</u>	<u>(337,201)</u>
Convention Center Fund:			
Metropolitan Exposition - Recreation Commission Fund	2,743,502	1,363,887	1,379,615
Convention Center Project Management Fund	78,172	120,266	(42,094)
Convention Center Capital Fund	<u>14,052,471</u>	<u>24,084,916</u>	<u>(10,032,445)</u>
Total Convention Center Fund	<u>\$ 16,874,145</u>	<u>25,569,069</u>	<u>(8,694,924)</u>

(Continued)

METROPOLITAN SERVICE DISTRICT

Reconciliation of Enterprise Funds' Revenues and Expenditures
(Budgetary Basis) to Combining Statement of Revenues, Expenses
and Changes in Retained Earnings (GAAP Basis), Continued

	Solid Waste Fund	Building Management Fund	Convention Center Fund	Total
Excess of revenues over (under) expenditures on a budgetary basis	\$ 14,718,175	(337,201)	(8,694,924)	5,686,050
Add amounts included as expenditures on a budgetary basis but not deducted as expenses on a GAAP basis:				
Fixed assets additions	1,435,403	23,242	24,084,916	25,543,561
Principal payments on loans	384,000	-	-	384,000
Add amounts not included as revenues on a budgetary basis but included as revenues on a GAAP basis:				
Receipts in lieu of rent	-	337,201	-	337,201
Increase in lodging tax receivable	-	-	88,398	88,398
Subtract amounts not included as expenditures on a budgetary basis but included as expenses on a GAAP basis:				
Depreciation	(1,452,205)	(55,007)	(3,885)	(1,511,097)
Post-closure costs	(8,648,166)	-	-	(8,648,166)
Increase in arbitrage payable	-	-	(290,235)	(290,235)
Increase in allowance for uncollectible landfill siting fees	(472,457)	-	-	(472,457)
Decrease in accrued interest payable	8,746	-	-	8,746
Increase in accrued vacation payable	(6,532)	13	(2,859)	(9,378)
Subtract amounts included as revenues on a budgetary basis but not included as revenues on a GAAP basis:				
Contributed capital - State grant	-	-	(7,425,055)	(7,425,055)
Contributed capital - Intergovernmental revenue	-	-	(2,180,995)	(2,180,995)
Contributed capital - Contributions	-	-	(3,000)	(3,000)
Less costs paid to various funds, recorded as transfers on a budgetary basis:				
Administrative costs paid to the General Fund	(1,285,518)	-	(322,430)	(1,607,948)
Payment of services provided by Planning Fund	(491,648)	-	-	(491,648)
Payment to Building Management Fund in lieu of rent	(64,405)	-	(22,579)	(86,984)
Payment to Insurance Fund	(559,684)	-	(11,080)	(570,764)
Payment of fees collected to Rehabilitation and Enhancement Fund	(344,964)	-	-	(344,964)
Net income (loss) presented in combining statement of revenues, expenses and changes in retained earnings/fund balance	\$ 3,220,745	(31,752)	5,216,272	8,405,265

METROPOLITAN SERVICE DISTRICT

Insurance Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginning fund balance available for appropriation - July 1, 1988	\$ 635,000	616,870	(18,130)
Revenues -			
Interest	56,750	105,657	48,907
Other financing sources:			
Operating transfers from:			
Zoo Operating Fund	169,684	169,684	-
Solid Waste Operating Fund	559,684	559,684	-
Planning Fund	7,494	6,791	(703)
Convention Center Management Fund	2,248	2,248	-
Convention Center Capital Fund	57,119	57,119	-
Metropolitan Exposition - Recreation Commission Fund	8,832	8,832	-
General Fund	12,579	12,579	-
Total revenues and other financing sources	874,390	922,594	48,204
	<u>\$ 1,509,390</u>	<u>1,539,464</u>	<u>30,074</u>
Expenditures:			
Materials and services	267,640	242,544	25,096
General operating contingency	386,000	-	386,000
Total expenditures	653,640	242,544	411,096
Unappropriated ending fund balance - June 30, 1989	855,750	1,296,920	441,170
	<u>\$ 1,509,390</u>	<u>1,539,464</u>	<u>30,074</u>

METROPOLITAN SERVICE DISTRICT

Trust Funds

Combining Balance Sheet

June 30, 1989

<u>Assets</u>	<u>Pension Trust Pension Plan</u>	<u>Expendable Trust Rehabilitation and Enhancement Fund</u>	<u>Total</u>
Cash and investments	\$ 3,958,281	1,492,028	5,450,309
Receivables	188,897	-	188,897
Interest receivable	-	12,386	12,386
	<u>\$ 4,147,178</u>	<u>1,504,414</u>	<u>5,651,592</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	-	7,976	7,976
Pension benefits payable	4,147,178	-	4,147,178
Total liabilities	4,147,178	7,976	4,155,154
Fund balance - unreserved - June 30, 1989	-	1,496,438	1,496,438
	<u>\$ 4,147,178</u>	<u>1,504,414</u>	<u>5,651,592</u>

METROPOLITAN SERVICE DISTRICT

St. Johns Rehabilitation and Enhancement Fund

Statement of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Beginning fund balance available for appropriation - July 1, 1988	\$ <u>1,096,086</u>	<u>1,094,249</u>	<u>(1,837)</u>
Revenues - Interest	64,617	111,906	47,289
Other financing sources: Operating transfers - Solid Waste Operating Fund	<u>392,500</u>	<u>344,964</u>	<u>(47,536)</u>
Total revenues and other financing sources	<u>457,117</u>	<u>456,870</u>	<u>(247)</u>
	<u>\$ 1,553,203</u>	<u>1,551,119</u>	<u>(2,084)</u>
Expenditures: Materials and services	68,400	54,681	13,719
Contingency	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	70,400	54,681	15,719
Unappropriated ending fund balance - June 30, 1989	<u>1,482,803</u>	<u>1,496,438</u>	<u>13,635</u>
	<u>\$ 1,553,203</u>	<u>1,551,119</u>	<u>(2,084)</u>

Supplementary Data

- Schedule of Property Tax Transactions
- Schedule of Long-term Debt Transactions
- Schedule of Future Debt Service Requirements
- Supplementary Grant Schedules

METROPOLITAN SERVICE DISTRICT

Schedule of Property Tax Transactions
and Outstanding Receivable

For the year ended June 30, 1989

<u>Fiscal year</u>	Property taxes receivable June 30, <u>1988</u>	Current levy as extended by <u>assessors</u>
1988-89	\$ -	11,756,128
1987-88	586,019	-
1986-87	190,806	-
1985-86	111,457	-
1984-85	32,594	-
1983-84	8,357	-
1982-83 and prior	<u>4,167</u>	<u>-</u>
	\$ 933,400	11,756,128

	Collections to June 30, <u>1989</u>	<u>Collections</u>	
		July 1, 1988 to August 31, <u>1988</u>	July 1, 1989 to August 31, <u>1989</u>
Reconciliation to property tax revenue per combined financial statements:			
Zoo Fund	\$ 5,482,848	48,815	48,153
Debt Service Fund - Convention Center	<u>5,796,684</u>	<u>17,336</u>	<u>43,371</u>
	\$ <u>11,279,532</u>	<u>66,151</u>	<u>91,524</u>

<u>Adjustments</u>	<u>Add (deduct)</u>			<u>Property taxes receivable June 30, 1989</u>
	<u>Interest</u>	<u>Discounts</u>	<u>Collections</u>	
13,619	10,219	(250,420)	(10,721,755)	807,791
1,620	26,440	-	(318,345)	295,734
(4,662)	18,603	-	(99,242)	105,505
205	26,298	-	(102,438)	35,522
(1,947)	10,246	-	(31,412)	9,481
(283)	1,110	-	(4,654)	4,530
(372)	251	-	(1,686)	2,360
<u>8,180</u>	<u>93,167</u>	<u>(250,420)</u>	<u>(11,279,532)</u>	<u>1,260,923</u>

<u>Payment in lieu of property taxes</u>	<u>Property tax revenue per combined statement of revenues, expenditures and changes in fund balances</u>	<u>Taxes uncollected June 30, 1989</u>	<u>Deferred revenue</u>
19,078	5,501,264	735,168	687,015
<u>21,593</u>	<u>5,844,312</u>	<u>525,755</u>	<u>482,384</u>
<u>40,671</u>	<u>11,345,576</u>	<u>1,260,923</u>	<u>1,169,399</u>

METROPOLITAN SERVICE DISTRICT

Schedule of Long-term Debt Transactions
(Loans from Department of Environmental Quality)

For the year ended June 30, 1989

	<u>Original issue</u>	
	<u>Date</u>	<u>Amount</u>
Loan 115:		
Principal	Apr. 21, 1977	\$ <u>2,150,000</u>
Interest		
Loan 118:		
Principal	Jun. 1, 1981	2,930,000
Addition	Apr. 1, 1982	400,000
Addition	Aug. 1, 1982	<u>1,157,000</u>
Total		\$ <u>4,487,000</u>
Interest		
Total requirements		

Outstanding June 30, 1988	1988-1989 transactions		Outstanding June 30, 1989
	<u>Matured</u>	<u>Paid</u>	
<u>830,000</u>	<u>160,000</u>	<u>160,000</u>	<u>670,000</u>
	\$ <u>33,000</u>	<u>33,000</u>	
2,402,000	146,000	146,000	2,256,000
348,000	20,000	20,000	328,000
<u>990,000</u>	<u>58,000</u>	<u>58,000</u>	<u>932,000</u>
<u>3,740,000</u>	<u>224,000</u>	<u>224,000</u>	<u>3,516,000</u>
	\$ <u>266,918</u>	<u>266,918</u>	
			\$ <u>4,186,000</u>

METROPOLITAN SERVICE DISTRICT

Schedule of Future Debt Service Requirements
(Loans from Department of Environmental Quality)

For the year ended June 30, 1989

Fiscal year	Loan 115		Loan 118		Total requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
1989-90	\$ 160,000	25,400	225,000	250,677	385,000	276,077
1990-91	160,000	17,800	225,000	235,298	385,000	253,098
1991-92	175,000	10,500	229,000	220,463	404,000	230,963
1992-93	175,000	3,500	264,000	204,092	439,000	207,592
1993-94	-	-	270,000	185,572	270,000	185,572
1994-95	-	-	299,000	165,129	299,000	165,129
1995-96	-	-	299,000	143,208	299,000	143,208
1996-97	-	-	305,000	120,458	305,000	120,458
1997-98	-	-	305,000	97,178	305,000	97,178
1998-99	-	-	316,000	73,160	316,000	73,160
1999-2000	-	-	318,000	48,326	318,000	48,326
2000-2001	-	-	337,000	22,671	337,000	22,671
2001-2002	-	-	112,000	5,048	112,000	5,048
2002-2003	-	-	12,000	312	12,000	312
2003-2004	-	-	-	-	-	-
	<u>\$ 670,000</u>	<u>57,200</u>	<u>3,516,000</u>	<u>1,771,592</u>	<u>4,186,000</u>	<u>1,828,792</u>

METROPOLITAN SERVICE DISTRICT

Schedule of Future Debt Service Requirements
(General Obligation Convention Center Bonds)

For the year ended June 30, 1989

<u>Year of maturity</u>	<u>Dated July 1, 1988</u> <u>5.75% to 9.00%</u>	
	<u>Principal</u>	<u>Interest</u>
1989-90	\$ 1,045,000	4,674,253
1990-91	1,110,000	4,577,278
1991-92	1,175,000	4,474,453
1992-93	1,250,000	4,370,328
1993-94	1,335,000	4,280,696
1994-95	1,425,000	4,199,565
1995-96	1,530,000	4,109,385
1996-97	1,640,000	4,009,475
1997-98	1,760,000	3,898,915
1998-99	1,890,000	3,776,575
1999-2000	2,040,000	3,641,935
2000-2001	2,195,000	3,494,730
2001-2002	2,370,000	3,333,770
2002-2003	2,560,000	3,157,475
2003-2004	2,770,000	2,964,210
2004-2005	2,995,000	2,752,290
2005-2006	3,240,000	2,521,595
2006-2007	3,510,000	2,270,090
2007-2008	3,805,000	1,995,777
2008-2009	4,120,000	1,698,590
2009-2010	4,465,000	1,374,420
2010-2011	4,840,000	1,020,830
2011-2012	5,250,000	636,097
2012-2013	5,690,000	217,642
Total	\$ 64,010,000	73,450,374

METROPOLITAN SERVICE DISTRICT

Schedule of Long-term Debt Transactions
 (General Obligation Convention Center Bonds Payable)

For the year ended June 30, 1989

	Principal			Interest expense	
	Outstanding June 30, <u>1988</u>	Issued during <u>year</u>	Matured and paid during <u>year</u>		Outstanding June 30, <u>1989</u>
General Obligation Convention Center Bonds with interest rates from 5.75% to 9.00%, final year of maturity 2013	\$ <u>65,000,000</u>	<u>-</u>	<u>990,000</u>	<u>64,010,000</u>	<u>4,765,828</u>

METROPOLITAN SERVICE DISTRICT

Abbreviated Designations for Grantor Agencies

<u>Abbreviated designation</u>	<u>Description</u>
FHWA	U. S. Federal Highway Administration
IMS	U. S. Department of Education, Institute of Museum Services
LCDC	Oregon Land Conservation and Development Commission
ODOT	Oregon Department of Transportation
ODOT/PL	Oregon Department of Transportation - Federal Highway Planning Grant
NEA	National Endowment for the Arts
UMTA	U. S. Urban Mass Transportation Administration

METROPOLITAN SERVICE DISTRICT

Zoo Fund

Schedule of Revenues and Expenditures by Grant

For the year ended June 30, 1989

	IMS
	<u>IC-70058-87</u>
Federal funding percentage	<u>4%</u>
Revenues:	
Federal grants	\$ 1,856
Required match	<u>1,932</u>
Total revenues	<u>\$ 3,788</u>
Expenditures:	
Direct costs:	
Salaries	1,387
Fringe benefits	545
Travel	1,856
Contractual services	-
Other	<u>-</u>
Total direct costs	3,788
Indirect costs*	<u>-</u>
Total expenditures	<u>\$ 3,788</u>

*Indirect costs are not allowed under the grant agreement.

METROPOLITAN SERVICE DISTRICT

Planning Fund

Schedule of Revenues and Expenditures by Grantor

For the year ended June 30, 1989

	<u>UMTA</u>	<u>FHWA/ ODOT</u>	<u>ODOT</u>	<u>LCDC</u>	<u>Total</u>
Revenues earned:					
Federal grants	\$ 366,674	-	-	-	366,674
State and state administered grants	15,561	337,163	139,913	12,949	505,586
Local and local administered grants/match	235,133	-	-	-	235,133
Required match	46,238	15,126	-	-	61,364
Match in excess	4,211	-	-	-	4,211
Total revenues	\$ 667,817	352,289	139,913	12,949	1,172,968
Expenditures:					
Direct costs:					
Salaries	317,397	190,162	57,835	6,345	571,739
Fringe benefits	92,333	55,382	16,844	1,849	166,408
Travel	3,003	1,014	737	-	4,754
Contractual services	72,934	3,904	1,192	-	78,030
Data processing	12,965	8,445	4,336	-	25,746
Printing	2,099	1,297	1,196	-	4,592
Other	480	182	80	-	742
Expenditures by subgrantees	13,269	-	29,754	-	43,023
Total direct costs	514,480	260,386	111,974	8,194	895,034
Indirect costs*	153,337	91,903	27,939	4,755	277,934
Total expenditures	\$ 667,817	352,289	139,913	12,949	1,172,968

*Indirect costs are not allowed under certain grant agreements.

METROPOLITAN SERVICE DISTRICT

Planning Fund

Schedule of Revenues and Expenditures by Grant

For the year ended June 30, 1989

	<u>UMTA</u> <u>OR-90-2026</u>	<u>UMTA</u> <u>OR-29-9014</u>	<u>UMTA</u> <u>OR-08-0057</u>	<u>UMTA</u> <u>OR-90-0026</u>
Federal funding percentage	<u>80%**</u>	<u>85%</u>	<u>80%</u>	<u>80%</u>
Revenues earned:	\$ -	27,598	149,711	-
Federal grants				
State and state administered grants	-	-	9,288	-
Local and local administered grants/match	93,241	2,500	6,552	58,792
Required match	7,125	2,371	21,601	3,049
Match in excess	-	-	-	-
Total revenues	<u>\$ 100,366</u>	<u>32,469</u>	<u>187,152</u>	<u>61,841</u>
Expenditures:				
Direct costs:	54,447	18,370	99,227	32,668
Salaries	15,850	5,248	28,907	9,519
Fringe benefits	769	5	1,095	-
Travel	-	-	6,840	-
Contractual services	2,938	12	804	3,868
Data processing	-	-	2,077	-
Printing	47	-	256	-
Other	-	-	-	-
Expenditures by subgrantee	74,051	23,635	139,206	46,055
Total direct costs	<u>26,315</u>	<u>8,834</u>	<u>47,946</u>	<u>15,786</u>
Indirect costs	\$ 100,366	32,469	187,152	61,841
Total expenditures	<u>\$ 100,366</u>	<u>32,469</u>	<u>187,152</u>	<u>61,841</u>

(Continued)

<u>UMTA</u> <u>OR-90-0026</u>	<u>UMTA</u> <u>OR-29-9013</u>	<u>UMTA</u> <u>OR-08-0051</u>	<u>UMTA</u> <u>OR-08-0054</u>	<u>UMTA</u> <u>OR-29-9012</u>	<u>UMTA</u> <u>OR-08-0046</u>	<u>UMTA</u> <u>OR-29-9010</u>	<u>UMTA</u> <u>OR-29-9010</u>	<u>UMTA</u> <u>OR-29-9008</u>	Total
<u>100%</u>	<u>85%</u>	<u>80%</u>	<u>80%</u>	<u>85%</u>	<u>80%</u>	<u>85%</u>	<u>100%</u>	<u>85%*</u>	
-	7,450	17,677	66,162	45,964	559	24,811	2,875	23,867	366,674
-	-	-	-	6,273	-	-	-	-	15,561
57,507	-	-	16,541	-	-	-	-	-	235,133
-	1,315	4,420	-	1,838	140	4,379	-	-	46,238
-	-	-	-	-	-	-	-	4,211	4,211
<u>57,507</u>	<u>8,765</u>	<u>22,097</u>	<u>82,703</u>	<u>54,075</u>	<u>699</u>	<u>29,190</u>	<u>2,875</u>	<u>28,078</u>	<u>667,817</u>
32,105	4,692	12,127	3,458	29,245	393	15,631	-	15,034	317,397
9,349	1,367	3,531	1,007	8,504	115	4,555	-	4,381	92,333
-	132	137	2	-	-	440	-	423	3,003
-	-	-	66,094	-	-	-	-	-	72,934
541	303	408	-	2,108	-	1,011	-	972	12,965
-	-	22	-	-	-	-	-	-	2,099
-	-	8	77	92	-	-	-	-	480
-	-	-	<u>10,394</u>	-	-	-	<u>2,875</u>	-	<u>13,269</u>
41,995	6,494	16,233	81,032	39,949	508	21,637	2,875	20,810	514,480
<u>15,512</u>	<u>2,271</u>	<u>5,864</u>	<u>1,671</u>	<u>14,126</u>	<u>191</u>	<u>7,553</u>	-	<u>7,268</u>	<u>153,337</u>
<u>57,507</u>	<u>8,765</u>	<u>22,097</u>	<u>82,703</u>	<u>54,075</u>	<u>699</u>	<u>29,190</u>	<u>2,875</u>	<u>28,078</u>	<u>667,817</u>

METROPOLITAN SERVICE DISTRICT

Planning Fund, Continued

Schedule of Revenues and Expenditures by Grant, Continued

	<u>FHWA/ODOT</u> <u>FY 88 PL</u>	<u>ODOT</u> <u>FY 88 H.P.R.</u>
Federal funding percentage	<u>89.06%**</u>	<u>89.06%**</u>
Revenues earned:		
State and state administered grants	\$ 202,456	134,707
Required match	-	<u>15,126</u>
Total revenues	<u>\$ 202,456</u>	<u>149,833</u>
Expenditures:		
Direct costs:		
Salaries	108,216	81,946
Fringe benefits	31,520	23,862
Travel	650	364
Contractual services	3,904	-
Data processing	5,198	3,247
Printing	529	768
Other	144	38
Expenditures by subgrantee	-	-
Total direct costs	150,161	110,225
Indirect costs	<u>52,295</u>	<u>39,608</u>
Total expenditures	<u>\$ 202,456</u>	<u>149,833</u>

**Metro is a subgrantee of the state or local grantee who is receiving funds from the Federal government at the rate indicated.

<u>Total FHWA/ODOT</u>	<u>ODOT TA Expansion</u> <u>0%</u>	<u>ODOT FY 88 Supplement</u> <u>0%</u>	<u>Total ODOT</u>	<u>LCDC DD-010</u> <u>0%</u>
337,163	5,475	134,438	139,913	12,949
<u>15,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>352,289</u>	<u>5,475</u>	<u>134,438</u>	<u>139,913</u>	<u>12,949</u>
190,162	2,961	54,874	57,835	6,345
55,382	863	15,981	16,844	1,849
1,014	-	737	737	-
3,904	-	1,192	1,192	-
8,445	220	4,116	4,336	-
1,297	-	1,196	1,196	-
182	-	80	80	-
<u>-</u>	<u>-</u>	<u>29,754</u>	<u>29,754</u>	<u>-</u>
260,386	4,044	107,930	111,974	8,194
<u>91,903</u>	<u>1,431</u>	<u>26,508</u>	<u>27,939</u>	<u>4,755</u>
<u>352,289</u>	<u>5,475</u>	<u>134,438</u>	<u>139,913</u>	<u>12,949</u>

METROPOLITAN SERVICE DISTRICT

Zoo Fund

Schedule of Revenues and Expenditures by Grant

From inception through June 30, 1989

	IMS <u>IC-70058-87</u>
Grant award date	Jul. 30, 1987
Grant award total	\$ <u>18,779</u>
Unexpended grant award	\$ <u>10,869</u>
Federal funding percentage	<u>49%</u>
Revenues:	
Federal grants	\$ 3,876
Required match	<u>4,034</u>
Total revenues	\$ <u>7,910</u>
Expenditures:	
Direct costs:	
Salaries and benefits	4,034
Consultants and other	<u>3,876</u>
Total direct costs	7,910
Indirect costs*	<u>-</u>
Total expenditures	\$ <u>7,910</u>
Funding activity:	
Total expenditures	7,910
Total award and match received to date	<u>7,910</u>
Amount receivable from grantor agency	\$ <u>-</u>

*Indirect costs are not allowed under the grant agreement.

METROPOLITAN SERVICE DISTRICT

Planning Fund

Schedule of Revenues and Expenditures by Grantor

From inception through June 30, 1989

	<u>UMTA</u>	<u>FHWA/ ODOT</u>	<u>ODOT</u>	<u>LCDC</u>	<u>Total</u>
Grant award total	\$ <u>3,405,759</u>	<u>1,171,021</u>	<u>426,867</u>	<u>60,000</u>	<u>5,063,647</u>
Unexpended grant award	\$ <u>269,733</u>	<u>156,677</u>	<u>87,792</u>	<u>-</u>	<u>514,202</u>
Revenues:					
Federal grants	2,159,757	-	-	-	2,159,757
State and state administered grants	671,979	995,662	311,965	60,000	2,039,606
Contracts	-	-	27,110	-	27,110
Required match	304,290	18,682	-	-	322,972
Match in excess	<u>4,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,211</u>
Total revenues	\$ <u>3,140,237</u>	<u>1,014,344</u>	<u>339,075</u>	<u>60,000</u>	<u>4,553,656</u>
Expenditures:					
Direct costs:					
Salaries and fringe benefits	1,771,822	653,710	148,206	39,568	2,613,306
Consultants and other	372,719	67,545	96,413	-	536,677
Expenditures by subgrantees	<u>146,933</u>	<u>-</u>	<u>29,754</u>	<u>-</u>	<u>176,687</u>
Total direct costs	2,291,474	721,255	274,373	39,568	3,326,670
Indirect costs	<u>848,763</u>	<u>293,089</u>	<u>64,702</u>	<u>20,432</u>	<u>1,226,986</u>
Total expenditures	\$ <u>3,140,237</u>	<u>1,014,344</u>	<u>339,075</u>	<u>60,000</u>	<u>4,553,656</u>
Funding activity:					
Total expenditures	3,140,237	1,014,344	339,075	60,000	4,553,656
Total award and match received to date	<u>2,955,913</u>	<u>915,521</u>	<u>321,176</u>	<u>60,000</u>	<u>4,252,610</u>
Amount receivable from grantor agencies	\$ <u>184,324</u>	<u>98,823</u>	<u>17,899</u>	<u>-</u>	<u>301,046</u>

METROPOLITAN SERVICE DISTRICT

Planning Fund

Schedule of Revenues and Expenditures by Grant

From inception through June 30, 1989

	<u>UMTA</u> <u>OR-90-2026</u>	<u>UMTA</u> <u>OR-29-9014</u>	<u>UMTA</u> <u>OR-08-0057</u>	<u>UMTA</u> <u>OR-90-0026</u>
Grant award date	Jul. 1, 1988	Jun. 30, 1988	Jun. 30, 1988	Apr. 15, 1988
Grant award total	\$ <u>125,000</u>	<u>41,325</u>	<u>279,525</u>	<u>80,700</u>
Unexpended grant award	\$ <u>24,634</u>	<u>8,856</u>	<u>92,373</u>	<u>-</u>
Federal funding percentage	<u>80%</u>	<u>85%</u>	<u>80%</u>	<u>80%</u>
Revenues:				
Federal grants	\$ -	27,598	149,711	-
State and state administered grants	93,241	2,500	15,840	76,665
Required match	7,125	2,371	21,601	4,035
Match in excess	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 100,366</u>	<u>32,469</u>	<u>187,152</u>	<u>80,700</u>
Expenditures:				
Direct costs:				
Salaries and fringe benefits	70,297	23,618	128,134	54,142
Consultants and other	3,754	17	11,072	4,793
Expenditures by subgrantee	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total direct costs	74,051	23,635	139,206	58,935
Indirect costs	<u>26,315</u>	<u>8,834</u>	<u>47,946</u>	<u>21,765</u>
Total expenditures	<u>\$ 100,366</u>	<u>32,469</u>	<u>187,152</u>	<u>80,700</u>
Funding activity:				
Total expenditures	100,366	32,469	187,152	80,700
Total award and match received to date	<u>66,156</u>	<u>38,946</u>	<u>142,436</u>	<u>61,755</u>
Amount receivable from (advanced by) grantor agencies	<u>\$ 34,210</u>	<u>(6,477)</u>	<u>44,716</u>	<u>18,945</u>

(Continued)

<u>UMTA</u> <u>OR-90-0026</u> Apr. 15, 1988	<u>UMTA</u> <u>OR-29-9013</u> Jun. 22, 1987	<u>UMTA</u> <u>OR-08-0051</u> Jun. 19, 1987	<u>UMTA</u> <u>OR-08-0054</u> Dec. 31, 1987	<u>UMTA</u> <u>OR-29-9012</u> Jul. 1, 1986	Subtotal (carried forward to page 94)
<u>97,750</u>	<u>72,324</u>	<u>279,525</u>	<u>375,000</u>	<u>235,294</u>	<u>1,586,443</u>
<u>40,243</u>	<u>-</u>	<u>14,795</u>	<u>87,683</u>	<u>-</u>	<u>268,584</u>
<u>100%</u>	<u>85%</u>	<u>80%</u>	<u>80%</u>	<u>85%</u>	
-	61,475	211,783	229,853	199,996	880,416
57,507	1,224	7,500	57,464	21,130	333,071
-	9,625	45,447	-	14,168	104,372
-	-	-	-	-	-
<u>57,507</u>	<u>72,324</u>	<u>264,730</u>	<u>287,317</u>	<u>235,294</u>	<u>1,317,859</u>
41,454	45,225	172,008	24,318	153,520	712,716
541	5,246	8,683	226,403	9,762	270,271
-	-	-	25,000	-	25,000
<u>41,995</u>	<u>50,471</u>	<u>180,691</u>	<u>275,721</u>	<u>163,282</u>	<u>1,007,987</u>
<u>15,512</u>	<u>21,853</u>	<u>84,039</u>	<u>11,596</u>	<u>72,012</u>	<u>309,872</u>
<u>57,507</u>	<u>72,324</u>	<u>264,730</u>	<u>287,317</u>	<u>235,294</u>	<u>1,317,859</u>
57,507	72,324	264,730	287,317	235,294	1,317,859
-	<u>71,279</u>	<u>259,134</u>	<u>290,914</u>	<u>209,931</u>	<u>1,140,551</u>
<u>57,507</u>	<u>1,045</u>	<u>5,596</u>	<u>(3,597)</u>	<u>25,363</u>	<u>177,308</u>

Subtotal (brought forward from page 93)	UMTA	UMTA	UMTA	UMTA	UMTA
	OR-90-2017	OR-08-0046	OR-90-0007	OR-29-9011	OR-08-0045
	Jan. 2, 1987	Jul. 1, 1986	Jan. 2, 1986	Jul. 1, 1985	Jul. 1, 1985
<u>1,586,443</u>	<u>78,500</u>	<u>282,050</u>	<u>106,300</u>	<u>352,840</u>	<u>315,375</u>
<u>268,584</u>	<u>-</u>	<u>13</u>	<u>1,123</u>	<u>5</u>	<u>8</u>
	<u>80%*</u>	<u>80%</u>	<u>80%*</u>	<u>85%</u>	<u>80%</u>
880,416	-	225,630	-	299,909	252,299
333,071	62,800	4,047	85,039	18,201	19,695
104,372	15,700	52,360	20,138	34,725	43,373
-	-	-	-	-	-
<u>1,317,859</u>	<u>78,500</u>	<u>282,037</u>	<u>105,177</u>	<u>352,835</u>	<u>315,367</u>
712,716	50,433	181,855	65,988	225,352	193,116
270,271	2,851	9,318	6,195	14,808	25,694
25,000	-	-	-	-	-
1,007,987	53,284	191,173	72,183	240,160	218,810
<u>309,872</u>	<u>25,216</u>	<u>90,864</u>	<u>32,994</u>	<u>112,675</u>	<u>96,557</u>
<u>1,317,859</u>	<u>78,500</u>	<u>282,037</u>	<u>105,177</u>	<u>352,835</u>	<u>315,367</u>
1,317,859	78,500	282,037	105,177	352,835	315,367
<u>1,140,551</u>	<u>78,500</u>	<u>282,050</u>	<u>105,177</u>	<u>352,835</u>	<u>315,367</u>
<u>177,308</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>-</u>

<u>UMTA</u> <u>OR-29-9010</u> Jun. 8, 1984	<u>UMTA</u> <u>OR-29-9010</u> <u>Portland</u> Jun. 8, 1984	<u>UMTA</u> <u>OR-29-9008</u> Mar. 30, 1983	<u>UMTA</u> <u>OR-29-9008</u> <u>Tri-Met</u> Mar. 30, 1983	<u>UMTA</u> <u>OR-90-2019</u> Apr. 15, 1988	<u>Total</u> <u>UMTA</u>
<u>385,001</u>	<u>12,750</u>	<u>52,317</u>	<u>109,183</u>	<u>125,000</u>	<u>3,405,759</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269,733</u>
<u>85%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>80%*</u>	
327,253	12,750	52,317	109,183	-	2,159,757
30,650	-	-	-	118,476	671,979
27,098	-	-	-	6,524	304,290
<u>-</u>	<u>-</u>	<u>4,211</u>	<u>-</u>	<u>-</u>	<u>4,211</u>
<u>385,001</u>	<u>12,750</u>	<u>56,528</u>	<u>109,183</u>	<u>125,000</u>	<u>3,140,237</u>
241,807	-	19,415	-	81,140	1,771,822
10,447	-	29,845	-	3,290	372,719
<u>-</u>	<u>12,750</u>	<u>-</u>	<u>109,183</u>	<u>-</u>	<u>146,933</u>
252,254	12,750	49,260	109,183	84,430	2,291,474
<u>132,747</u>	<u>-</u>	<u>7,268</u>	<u>-</u>	<u>40,570</u>	<u>848,763</u>
<u>385,001</u>	<u>12,750</u>	<u>56,528</u>	<u>109,183</u>	<u>125,000</u>	<u>3,140,237</u>
385,001	12,750	56,528	109,183	125,000	3,140,237
381,318	12,750	53,182	109,183	125,000	2,955,913
<u>3,683</u>	<u>-</u>	<u>3,346</u>	<u>-</u>	<u>-</u>	<u>184,324</u>

METROPOLITAN SERVICE DISTRICT

Planning Fund

Schedule of Revenues and Expenditures by Grant, Continued

	<u>FHWA/ODOT</u> <u>PL 1986</u>	<u>FHWA/ODOT</u> <u>PL 1987</u>	<u>FHWA/ODOT</u> <u>PL 1988</u>	<u>FHWA/ODOT</u> <u>PL 1989</u>	<u>FHWA/ODOT</u> <u>FY 88</u> <u>H. P. R.</u>
Grant award date	May 21, 1985	Jul. 1, 1986	Jul. 1, 1987	Jul. 1, 1988	Jul. 1, 1987
Grant award total	\$ <u>212,384</u>	<u>225,325</u>	<u>259,538</u>	<u>240,641</u>	<u>43,258</u>
Unexpended grant award	\$ <u>-</u>	<u>-</u>	<u>67,690</u>	<u>38,185</u>	<u>10,760</u>
Federal funding percentage	<u>89.06%*</u>	<u>89.06%*</u>	<u>89.06%*</u>	<u>89.06%*</u>	<u>89.06%*</u>
Revenues:					
State and state administered grants	\$ 212,384	225,325	191,848	202,456	28,942
Contracts	-	-	-	-	-
Required match	-	-	-	-	3,556
Total revenues	\$ <u>212,384</u>	<u>225,325</u>	<u>191,848</u>	<u>202,456</u>	<u>32,498</u>
Expenditures:					
Direct costs:					
Salaries and fringe benefits	127,681	141,657	118,920	139,736	19,908
Consultants and other	23,758	12,840	13,469	10,425	2,636
Expenditures by subgrantees	-	-	-	-	-
Total direct costs	151,439	154,497	132,389	150,161	22,544
Indirect costs	<u>60,945</u>	<u>70,828</u>	<u>59,459</u>	<u>52,295</u>	<u>9,954</u>
Total expenditures	\$ <u>212,384</u>	<u>225,325</u>	<u>191,848</u>	<u>202,456</u>	<u>32,498</u>
Funding activity:					
Total expenditures	212,384	225,325	191,848	202,456	32,498
Total award and match received to date	<u>212,384</u>	<u>225,325</u>	<u>209,610</u>	<u>134,627</u>	<u>36,203</u>
Amount receivable from (advanced by) grantor agencies	\$ <u>-</u>	<u>-</u>	<u>(17,762)</u>	<u>67,829</u>	<u>(3,705)</u>

*Metro is a subgrantee of the state or local government who receive funds from the Federal government at the rate indicated.

FHWA/ODOT FY 89 H.P.R.	Total FHWA/ODOT	ODOT	ODOT	ODOT	Total ODOT	LCDC	LCDC	Total LCDC
		TA Expansion	FY 87 Supplement	FY 89 Supplement		R-00073	DD-010	
Jul. 1, 1988		Dec. 16, 1986	Jul. 1, 1986	Jul. 1, 1988		Jun. 1, 1986	Mar. 1, 1988	
<u>189,875</u>	<u>1,171,021</u>	<u>222,480</u>	<u>69,949</u>	<u>134,438</u>	<u>426,867</u>	<u>40,000</u>	<u>20,000</u>	<u>60,000</u>
<u>40,042</u>	<u>156,677</u>	<u>44,953</u>	<u>42,839</u>	<u>-</u>	<u>87,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>89.06%*</u>		<u>0%</u>	<u>0%</u>	<u>0%</u>		<u>0%</u>	<u>0%</u>	
<u>134,707</u>	<u>995,662</u>	<u>177,527</u>	<u>-</u>	<u>134,438</u>	<u>311,965</u>	<u>40,000</u>	<u>20,000</u>	<u>60,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>27,110</u>	<u>-</u>	<u>27,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>15,126</u>	<u>18,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>149,833</u>	<u>1,014,344</u>	<u>177,527</u>	<u>27,110</u>	<u>134,438</u>	<u>339,075</u>	<u>40,000</u>	<u>20,000</u>	<u>60,000</u>
<u>105,808</u>	<u>653,710</u>	<u>61,454</u>	<u>15,897</u>	<u>70,855</u>	<u>148,206</u>	<u>26,673</u>	<u>12,895</u>	<u>39,568</u>
<u>4,417</u>	<u>67,545</u>	<u>85,827</u>	<u>3,265</u>	<u>7,321</u>	<u>96,413</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,754</u>	<u>29,754</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>110,225</u>	<u>721,255</u>	<u>147,281</u>	<u>19,162</u>	<u>107,930</u>	<u>274,373</u>	<u>26,673</u>	<u>12,895</u>	<u>39,568</u>
<u>39,608</u>	<u>293,089</u>	<u>30,246</u>	<u>7,948</u>	<u>26,508</u>	<u>64,702</u>	<u>13,327</u>	<u>7,105</u>	<u>20,432</u>
<u>149,833</u>	<u>1,104,344</u>	<u>177,527</u>	<u>27,110</u>	<u>134,438</u>	<u>339,075</u>	<u>40,000</u>	<u>20,000</u>	<u>60,000</u>
<u>149,833</u>	<u>1,014,344</u>	<u>177,527</u>	<u>27,110</u>	<u>134,438</u>	<u>339,075</u>	<u>40,000</u>	<u>20,000</u>	<u>60,000</u>
<u>97,372</u>	<u>915,521</u>	<u>222,480</u>	<u>26,610</u>	<u>72,086</u>	<u>321,176</u>	<u>40,000</u>	<u>20,000</u>	<u>60,000</u>
<u>52,461</u>	<u>98,823</u>	<u>(44,953)</u>	<u>500</u>	<u>62,352</u>	<u>17,899</u>	<u>-</u>	<u>-</u>	<u>-</u>

METROPOLITAN SERVICE DISTRICT

Zoo Fund

Schedule of Closed Grant Projects

June 30, 1989

	IMS <u>IC-70326-87</u>
Grant award total	\$ <u>75,000</u>
Lapsed or transferred portion of grant	\$ <u>-</u>
Revenues:	
Federal grants	75,000
Required match	<u>-</u>
Total revenues	\$ <u>75,000</u>
Expenditures:	
Direct costs:	
Salaries and benefits	43,568
Consultants and other	<u>31,432</u>
Total direct costs	75,000
Indirect costs*	<u>-</u>
Total expenditures	\$ <u>75,000</u>

*Indirect costs are not allowed under grant agreement.

METROPOLITAN SERVICE DISTRICT
 Convention Center Project Capital Fund
 Schedule of Closed Grant Projects

June 30, 1989

	NEA <u>87-4170-0460</u>
Grant award total	\$ <u>50,000</u>
Lapsed or transferred portion of grant	\$ <u>-</u>
Revenues:	
Federal grants	50,000
Match in excess of required match	<u>82,581</u>
Total revenues	<u>\$ 132,581</u>
Expenditures:	
Direct costs:	
Salaries and benefits	37,138
Consultants and other	<u>95,443</u>
Total direct costs	132,581
Indirect costs*	<u>-</u>
Total expenditures	<u>\$ 132,581</u>

*Indirect costs are not allowed under grant agreement.

METROPOLITAN SERVICE DISTRICT

Planning Fund

Schedule of Indirect Costs

For the year ended June 30, 1989

Salaries and fringe benefits	\$ 259,724
Travel, meetings and related expenses	1,611
Supplies	12,479
Contractual services	10,091
Printing	9,572
Telephone	10,321
Fuels	1,244
Postage	16,323
Equipment rental and maintenance	27,713
Insurance	7,122
Leases	82,998
Other	<u>28,767</u>
Total indirect costs	<u>\$ 467,965</u>

The indirect cost rate for the year ended June 30, 1989 is the ratio of the indirect costs to direct personnel costs:

Indirect costs	<u>\$ 467,965</u>	= 37%
Direct personnel costs	\$1,256,682	

Audit
Comments and
Disclosures

Required by state regulations

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

Oregon Administrative Rules 162-01-050 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, as 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 in the following pages.

AUDIT COMMENTS AND DISCLOSURES

Accounting and Internal Control System

We have audited the financial statements of Metropolitan Service District (Metro) for the year ended June 30, 1989, and have issued our report thereon dated October 20, 1989. In planning and performing our audit of the financial statements of Metro, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. The maintenance of an adequate control structure designed to fulfill control objectives is the responsibility of management. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, controls found to be functioning at a point in time may later be found deficient because of the performance of those responsible for applying them, and there can be no assurance that controls currently in existence will prove to be adequate in the future as changes take place in the organization. We have not considered the internal control structure since the date of our report.

A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

In connection with our audit, certain other observations were made concerning the management and financial and accounting controls over the financial activities of Metro. Our recommendations regarding these matters were documented in a letter dated October 20, 1989 to the Council for the year ended June 30, 1989.

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

AUDIT COMMENTS AND DISCLOSURES, CONTINUED

Budgeting and Compliance

Metro appears to have complied with the statutory provisions relating to budgeting and adoption of tax levies for fiscal years 1988 and 1989 except for the expenditures in excess of the related appropriation categories for fiscal 1989 presented below:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Zoo Fund -			
Facilities management -			
Personal services	\$ 1,091,867	1,104,077	(12,210)
Solid Waste Operating Fund:			
Administration -			
Personal services	266,083	266,545	(462)
Operations -			
Personal services	<u>502,296</u>	<u>504,438</u>	<u>(2,142)</u>

Indebtedness

We have reviewed the records of the District for compliance with the ORS requirements regarding bonds issued. Our review disclosed no conditions which we considered to be matters of noncompliance with the statutory requirements relating to the bonds outstanding.

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 securities having a value of not less than 25 percent of the certificate of participation issued by the pool manager for those funds not covered under the provisions of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Our review of the adequacy of collateral securing amounts deposited indicated that such collateral was adequate at June 30, 1989. There was a limited period of time during the year where investments held by certain financial institutions exceeded by a minor amount the collateral of participations issued by the pool manager.

Insurance and Fidelity Bond Coverage

We have reviewed Metro's procedures and policies in regard to their review of insurance and fidelity bond coverages. Our review determined that such procedures appear to be effectively performed and in compliance with legal requirements. We are not competent by professional training to determine the adequacy of Metro's insurance coverage.

AUDIT COMMENTS AND DISCLOSURES, CONTINUED

Programs Funded from Outside Sources

We reviewed and tested, to the extent deemed appropriate, transactions and reports relative to Federal and state grant programs. The audit was conducted in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-128 and the Single Audit Act of 1984 which specifies the audit content of audits of Federal grants. Our audit of Metro's grant programs is reported under separate cover. We did not consider, however, that the terms of our audit contract with Metro required us to make complete audits of each project and our audit opinion on Metro's combined financial statements does not cover each individual grant.

Public Contracting and Purchasing

Metro appears to be in compliance with legal requirements relating to the award of public contracts and the construction of public improvements.