

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 97-06

Authorizing a budget amendment to the FY 1996-97 Adopted Budget for the Expo Center related to anticipated capital expenditures.

The Metropolitan Exposition-Recreation Commission finds that the following budget amendment is necessary:

	<u>Adopted Budget</u>	<u>Amendment</u>	<u>Revised Budget</u>
Capital Outlay	\$12,210,500	\$285,806	\$12,496,306
Contingency	\$ 380,217	(\$285,806)	\$ 94,411

BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission hereby approves the above budget amendment and submits it to the Metro Council.

Passed by the Commission on February 12, 1997.

Andrew Morris
Chair

George L. Boep
Secretary-Treasurer

Approved as to Form:
Daniel B. Cooper, General Counsel

By: *Katie Pool*
Katie Pool, Assistant Counsel

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Based on inquiry of and discussions with Metro accounting personnel in early FY 95-96, we accounted for this situation by simply recording the \$82,000 annual payment as a lease payable in the financial records. Given the fact that Fine Host was not only providing the funds, but also spending them on our behalf, we determined it was not necessary to record those dollars and expenditures on our books.

As a result of the annual audit conducted by Peat Marwick, the accounting for the Fine Host loan was adjusted from how it had been reflected in the accounting records. Peat Marwick made the determination that this situation constituted a loan from Fine Host, which necessitated recognizing the loan proceeds as a resource and the purchases as capital expenditures on Expo's books. This determination was made in September/October, 1996.

The reason this affects FY 96-97 is because the entire \$450,000 in loan proceeds was not spent during the previous fiscal year. At June 30, 1996, there was \$212,616 which had not been spent. So, given the required accounting, that meant that FY 95-96 resulted in \$212,616 in unexpended resources falling to Expo's fund balance.

Now in FY 96-97, those remaining dollars (\$212,616) have been spent, and thus, will be recorded as a capital outlay expenditure in this fiscal year. This \$212,616 in capital outlay expenditures was not anticipated nor included in the Adopted Budget for Capital Outlay due to the fact that the final determination of the accounting treatment occurred months after the FY 96-97 budget was adopted. So, it is necessary to move \$212,616 in appropriation from Contingency to Capital Outlay to prevent an over-expenditure of budget.

Fiscal Impact: The movement of \$285,806 of Contingency appropriation to Capital Outlay has no impact on the budgeted bottom line net cash flow for Expo. It is necessary to move this appropriation to avoid an over-expenditure of budget, which is a violation of Oregon Budget Law.

Recommendation: Staff recommends that the Commission approve the FY 1996-97 budget amendment for the Expo Center related to anticipated capital expenditures.