



**Kern, Poganski & Hirschfeld, Ltd.**  
certified public accountants

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SECRETARY OF STATE

September 28, 1987

The Honorable Joan A. Growe  
Secretary of State  
State of Minnesota  
180 State Office Building  
St. Paul, MN 55155

Dear Ms. Growe:

In accordance with the requirements of the Single Audit Act, we have enclosed a copy of the Single Audit Report for the St. Cloud Metropolitan Transit Commission, St. Cloud, Minnesota, for the year ended September 30, 1986.

If you have any questions, please contact me.

Sincerely,

KERN, POGANSKI & HIRSCHFELD, LTD.

*Loren M. Viere*

Loren M. Viere  
Certified Public Accountant

LMV:cr  
Enclosure

37672  
STATE OF MINNESOTA  
DEPARTMENT OF STATE  
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OCT 13 1987

*Joan Anderson Growe*  
Secretary of State

O.D.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

St. Cloud, Waite Park and Sauk Rapids

FINANCIAL STATEMENTS

As of

September 30, 1986

ST. CLOUD METROPOLITAN TRANSIT COMMISSION  
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SECTION I

COMMISSIONERS, ADMINISTRATION AND OTHER DATA

ST. CLOUD METROPOLITAN TRANSIT COMMISSION  
 COMMISSIONERS, ADMINISTRATION AND OTHER DATA  
 For the Year Ended September 30, 1986

COMMISSIONERS

<p>Alcuin J. Ringsmuth          City of Waite Park          Three-year term expires July 1, 1986</p>	<p>Chairman/          Secretary</p>
<p>Robert J. Huston          City of St. Cloud          Three-year term expires July 1, 1987</p>	<p>Vice Chairman</p>
<p>Sybil M. Hollern          City of St. Cloud          Three-year term expires July 1, 1988</p>	<p>Treasurer</p>
<p>William J. Bentfield          City of Sauk Rapids          Three-year term expires July 1, 1987</p>	<p>Commissioner</p>

ADMINISTRATION

<p>David W. Tripp</p>	<p>Executive Director</p>
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LEGAL COUNSEL

Donohue, Rajkowski, Hansmeier, Grunke and Jovanovich, Ltd.

OTHER DATA

	September 30	
	1986	1985
Number of Bus Miles	763,819	675,367
Number of Passengers	1,133,142	1,057,710
Bus Hours Operated	55,602	50,891

SECTION II

AUDITORS' REPORT



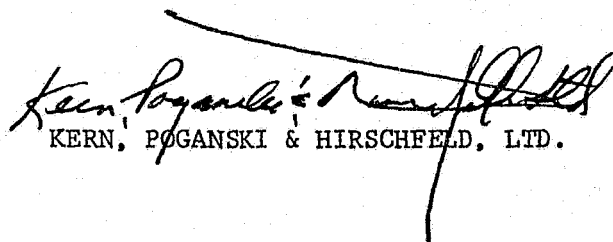
*Kern, Poganski & Hirschfeld, Ltd.*  
certified public accountants

December 3, 1986

Commissioners  
St. Cloud Metropolitan Transit Commission  
St. Cloud, Waite Park and Sauk Rapids, Minnesota

We have examined the balance sheet of the St. Cloud Metropolitan Transit Commission, as of September 30, 1986 and 1985, and the related statements of revenues and expenses, changes in capital and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the St. Cloud Metropolitan Transit Commission, at September 30, 1986 and 1985, and the results of its operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

  
KERN, POGANSKI & HIRSCHFELD, LTD.

cc: 12

SECTION III

FINANCIAL STATEMENTS



ST. CLOUD METROPOLITAN TRANSIT COMMISSION

BALANCE SHEET

	ASSETS	September 30	
		1986	1985
<b>CURRENT ASSETS:</b>			
Cash		\$ 159,956	\$ (7,934)
Receivables -			
Local Tax Levies		290,508	282,620
State Grants		57,754	50,407
Federal Grants		359,010	367,862
Associated Companies		7,500	57,500
Other		-	27,654
Materials and Supplies Inventory		111,245	108,055
Prepaid Insurance		64,682	38,414
Total Current Assets		<u>1,050,655</u>	<u>924,578</u>
<b>TANGIBLE TRANSIT OPERATING PROPERTY - NET</b>		<u>2,058,177</u>	<u>2,148,894</u>
<b>TOTAL ASSETS</b>		<u>\$ 3,108,832</u>	<u>\$ 3,073,472</u>
	<b>LIABILITIES AND CAPITAL</b>		
<b>CURRENT LIABILITIES:</b>			
Accounts Payable		\$ 101,915	\$ 155,442
Unearned State Advances		118,148	120,179
Short-Term Construction Liabilities		-	5,098
Total Current Liabilities		<u>220,063</u>	<u>280,719</u>
<b>CAPITAL:</b>			
Grants, Donations and Other Paid-In Capital		1,586,346	1,656,871
Accumulated Earnings-			
Available for Working Capital		714,624	611,802
Investment in Fixed Assets		587,799	524,080
Total Capital		<u>2,888,769</u>	<u>2,792,753</u>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<u>\$ 3,108,832</u>	<u>\$ 3,073,472</u>

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

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

STATEMENT OF REVENUES AND EXPENSES

	Year Ended September 30	
	1986	1985
<b>REVENUES:</b>		
Passenger Fares for Transit Service	\$ 252,032	\$ 235,791
Special Transit Fares - Other	9,229	3,198
Special Transit Fares - Students	15,172	10,749
Auxiliary Transportation Revenues	11,823	9,223
Non-Transportation Revenues - Rental	6,438	-
Non-Transportation Revenues - Other	13,821	39,317
Interest Income	9,183	15,773
Taxes Levied Directly by Transit System -		
Available for Working Capital	448,388	371,431
Investment in Fixed Assets	95,759	152,580
State Grants	579,272	558,131
Federal Grant	353,703	360,000
Total Revenues	<u>1,794,820</u>	<u>1,756,193</u>
<b>EXPENSES:</b>		
Operators' Salaries and Wages	513,075	461,465
Other Salaries and Wages	218,390	157,520
Commissioners' Compensation	4,200	3,950
Payroll Taxes	77,067	61,229
Hospital, Medical and Surgical Plans	69,946	53,599
Uniform and Work Clothing Allowances	4,915	2,684
Other Fringe Benefits - Retirement	18,867	15,374
Workers Compensation	35,144	18,478
Management Service Fees	45,694	58,702
Advertising Fees	6,371	7,990
Professional and Technical Services	77,361	58,525
Sublet Mechanic Labor and Preventive Maintenance	63,589	170,026
Other Services	12,403	14,374
Fuel and Lubricants	117,598	142,387
Tires and Tubes	14,885	11,457
Other Materials and Supplies	111,672	152,186
Utilities	37,111	15,642
Insurance	102,915	55,875
Purchased Transportation Service	36,456	34,750
Dues and Subscriptions	3,023	2,839
Travel and Meetings	5,650	5,199
Advertising - Promotion/Media	14,391	14,046
Miscellaneous Expenses	1,337	1,677
Leases and Rentals -		
Transit Way Structures and Equipment	12	14
Garages	2,186	33,360
General and Administrative Facilities	1,980	7,859
Total Expenses Before Depreciation	<u>1,596,238</u>	<u>1,561,207</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION	198,582	194,986
LESS: DEPRECIATION	<u>160,201</u>	<u>143,251</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 38,381</u>	<u>\$ 51,735</u>

The notes to the financial statements are an integral part of this statement. 5

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

STATEMENT OF CHANGES IN CAPITAL

	Grants, Donations and Other Paid- In Capital	Accumulated Earnings		Total
		Available for Working Capital	Investment in Fixed Assets	
BALANCE - SEPTEMBER 30, 1984	\$ 950,707	\$ 569,396	\$ 400,150	\$ 1,920,253
Federal Capital Grant Entitlement	820,765	-	-	820,765
Excess of Revenues Over (Under) Expenses for the Year Ended September 30, 1985	<u>(114,601)</u>	<u>42,406</u>	<u>123,930</u>	<u>51,735</u>
BALANCE - September 30, 1985	1,656,871	611,802	524,080	2,792,753
Federal Capital Grant Entitlement	57,635	-	-	57,635
Excess of Revenues Over (Under) Expenses for the Year Ended September 30, 1986	<u>(128,160)</u>	<u>102,822</u>	<u>63,719</u>	<u>38,381</u>
BALANCE - September 30, 1986	\$ <u>1,586,346</u>	\$ <u>714,624</u>	\$ <u>587,799</u>	\$ <u>2,888,769</u>

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

ST. CLOUD METROPOLITAN TRANSIT COMMISSION  
STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended September 30	
	1986	1985
<b>SOURCE OF WORKING CAPITAL:</b>		
From Operations:		
Excess of Revenues Over Expenses	\$ 38,381	\$ 51,735
Depreciation and Other Items not Requiring the Current Use of Working Capital	160,201	143,251
Total from Operations	198,582	194,986
Federal and State Capital Grant Entitlements	57,635	820,765
Disposition of Property and Equipment	1,623	1,130
Total Source of Working Capital	257,840	1,016,881
<b>APPLICATION OF WORKING CAPITAL:</b>		
Acquisition of Building, Buses and Equipment	71,107	1,036,438
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	<b>\$ 186,733</b>	<b>\$ (19,557)</b>
 <b>CHANGES IN COMPONENTS OF WORKING CAPITAL - INCREASE (DECREASE):</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 167,890	\$ (437,541)
Receivables	(71,271)	254,833
Materials and Supplies Inventory	3,190	26,493
Prepaid Insurance	26,268	12,012
Increase (Decrease) in Current Assets	126,077	(144,203)
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	(53,527)	45,155
Unearned State Reimbursements	(2,031)	(24,294)
Short-Term Construction Liabilities	(5,098)	(145,507)
Increase (Decrease) in Current Liabilities	(60,656)	(124,646)
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	186,733	(19,557)
<b>WORKING CAPITAL AT BEGINNING OF YEAR</b>	643,859	663,416
<b>WORKING CAPITAL AT END OF YEAR</b>	\$ 830,592	\$ 643,859

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

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 1986 and 1985

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Metropolitan Transit Commission, hereinafter referred to as "The Commission", was established pursuant to Minnesota Statute Chapter 458A dated 1969. The Transit area is composed of the City of St. Cloud, the City of Waite Park and the City of Sauk Rapids.

The Commission will include one representative member of each City, except that the City of St. Cloud shall appoint two members. Each representative is entitled to one vote. The terms of Commissioners are three years and will alternate according to Minnesota Statute 458A.02, Subdivision 2.

The more significant accounting policies followed by the Commission are summarized below to assist the reader in understanding the accompanying financial statements.

1. Method of Accounting

The Transit Commission, in conformity with Section 15 of the Urban Mass Transportation Act of 1964, maintains its accounting system on the accrual method of accounting.

2. Taxes Receivable

Taxes receivable include the unpaid portion of the 1985 levy payable in 1986 and any unpaid taxes due from prior years.

3. Recognition of Property Tax Revenue

Property taxes are recorded as revenue in the fiscal year in which the levy became payable. For example, the entire 1985 levy payable in 1986 was recognized as revenue in the fiscal year ending September 30, 1986 with the unpaid portion set up as a receivable. No allowance has been provided for delinquent taxes receivable. The aforementioned policies have the effect of recognizing property tax revenues at the time they are levied rather than received.

4. State and Federal Grants Receivable

State and federal grants receivable include the portion of grant contracts earned but not received as of year end.

5. Materials and Supplies Inventory

Materials and supplies inventory are stated at cost (first-in, first-out method), which does not exceed market.

6. Tangible Transit Operating Property

Tangible transit operating property is stated at cost. The Metropolitan Transit Commission provides for depreciation on the straight-line method by annual charges calculated to allocate the cost over the estimated useful lives of the assets.

Additions or disposals to the accounts are depreciated on a pro-rate basis in the year of acquisition or disposal.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 1986 and 1985  
(Continued)

NOTE B - RECEIVABLES

Local Tax Levies -

Tax levies receivable at September 30, 1986 and 1985 including homestead credit were:

	<u>9-30-86</u>	<u>9-30-85</u>
Current Taxes Receivable -		
Stearns County	\$ 180,137	\$ 173,870
Benton County	43,066	40,693
Sherburne County	9,215	8,911
Homestead Credit	<u>48,935</u>	<u>48,634</u>
Total Current Taxes Receivable	281,353	272,108

Delinquent Taxes Receivable -		
Stearns County	5,584	6,978
Benton County	3,297	3,305
Sherburne County	<u>274</u>	<u>229</u>

        Total Delinquent Taxes Receivable 9,155      10,512

            Total Taxes Receivable \$ 290,508      \$ 282,620

Federal Grants -

Federal grant receivables at September 30, 1986 and 1985 were:

	<u>9-30-86</u>	<u>9-30-85</u>
Section 5 - Operating Assistance Grant # MN-90-X021	\$ 353,703	\$ -
Section 5 - Operating Assistance Grant # MN-90-4012	-	360,000
Section 5 - Capital Assistance Grant # MN-90-0002	3,179	2,364
Section 5 - Capital Assistance Grant # MN-05-0012	(1,376)	3,020
Section 5 - Capital Assistance Grant # MN-05-0001	-	2,478
Section 5 - Capital Assistance Grant # MN-05-0013	<u>3,504</u>	<u>-</u>

        Total Federal Grant Receivables \$ 359,010      \$ 367,862

State Grants -

State grant receivables at September 30, 1986 and 1985 were:

	<u>9-30-86</u>	<u>9-30-85</u>
Public Transit Assistance Contract # 60187 (October 1 1980 through September 30, 1981)	\$ 35,349	\$ 35,349
Public Transit Assistance Contract # 61761 Amendment	4,571	4,571
Public Transit Assistance Contract # 61870	653	653
Public Transit Assistance Contract # 61046 Amendment 1 (Operating Assistance)	9,834	9,834
Public Transit Assistance Contract 62472	4,675	-
State Share of Capital Assistance Grant MN-05-0013	<u>2,672</u>	<u>-</u>

        Total State Grant Receivables \$ 57,754      \$ 50,407

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 1986 and 1985  
(Continued)

NOTE C - ASSOCIATED COMPANIES

Effective August 1, 1983, the St. Cloud Metropolitan Transit Commission entered into a 3 year agreement, which expired July 31, 1986 with Trans-Lines, Ltd., to provide operation and management of the Metropolitan Public Transportation System. In accordance with this agreement, Trans-Lines, Ltd., is reimbursed for expenses incurred in the operations and management of the Metropolitan Public Transportation System.

The Commission has also entered into an agreement with Transit Special Services, Inc., to provide operation and management of transportation services to the handicapped. In accordance with this agreement, Transit Special Services, Inc., is reimbursed for expenses incurred in providing transportation services to the handicapped.

As of September 30, 1986 and 1985, the Commission had made advances to the above referenced associated companies:

	<u>1986</u>	<u>1985</u>
Trans-Lines, Ltd.	\$ -	\$ 50,000
Transit Systems, Inc.	<u>7,500</u>	<u>7,500</u>
Total	<u>\$ 7,500</u>	<u>\$ 57,500</u>

NOTE D - SUMMARY OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at September 30, 1986 and 1985 consisted of:

	<u>1986</u>	<u>1985</u>
Land	\$ 135,908	\$ 135,908
Operating Facility	1,398,194	1,377,010
Shelters	93,960	93,960
Bus Purchases and Rehabilitation	1,093,463	1,093,463
Bus Equipment	105,973	81,147
Bus Washing Machine	34,533	34,533
Office Furniture and Equipment	<u>51,366</u>	<u>27,893</u>
	2,913,397	2,843,914
Less: Accumulated Depreciation	<u>855,220</u>	<u>695,020</u>
Net Property, Plant and Equipment	<u>\$ 2,058,177</u>	<u>\$ 2,148,894</u>

NOTE E - UNEARNED STATE ADVANCES

The Commission annually enters into contracts with the State of Minnesota Department of Transportation, in which the Minnesota Department of Transportation agrees to pay the Commission a specified amount or two-thirds of the total operating deficit, whichever is less. "Total Deficit" means the amount by which the total approved operating expenses incurred in the operation of the Public Transit System exceeds the amount of passenger revenue and federal grants derived therefrom. As of September 30, 1986 and 1985, the Commission had received funds in excess of two-thirds of the operating deficit for the following contract periods:

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 1986 and 1985  
(Continued)

NOTE E - UNEARNED STATE ADVANCES (Continued)

	<u>1986</u>	<u>1985</u>
October 1, 1978 to September 30, 1979	\$ 27,095	\$ 27,095
January 1, 1982 to December 31, 1982	17,121	17,121
January 1, 1985 to December 31, 1985	8,240	75,963
January 1, 1986 to December 31, 1986	<u>65,692</u>	<u>-</u>
Total	<u>\$ 118,148</u>	<u>\$ 120,179</u>

However, substantially all of the \$ 118,148 of unearned 1986 grant aid on hand at September 30, 1986, is expected to be earned by the Commission in the next three months. This occurred because state grants are on a calendar year, while the Commission is on a fiscal ending September 30.

NOTE F - CAPITAL GRANTS

During the years ended September 30, 1986 and 1985, the St. Cloud Metropolitan Transit Commission received from the Urban Mass Transportation Administration capital grants in the amount of \$ 57,635 and \$ 820,765, respectively, which were used to purchase and rehabilitate buses, purchase radios and other equipment, and construct a new bus garage facility. A portion of this grant revenue was received from Section 5 - Capital Assistance Grant #MN-90-0002 and #MN-05-0001, which as of September 30, 1986, were completed.

NOTE G - PENSION PLAN

All non-union employees employed directly by the Commission are covered by the Public Employees Retirement Association plan. The PERA plan is a state-wide plan which covers employees working for school districts, counties, cities and other local governmental units within the state. Contributions to the plan are made by employees, with matching contributions made by the employer. Pension expense incurred by the Commission under the plan was approximately \$ 3,100 and \$ 1,826 for the years ended September 30, 1986 and 1985, respectively. Contribution rates are determined on a state wide basis and include provisions for prior service costs. The assets of the PERA fund were substantially less than the actuarially computed value of vested benefits as of the most recent valuation date. The liability for unfunded vested benefits is the responsibility of the participating governmental units, however, the liability is not actuarially segregated.



ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 1986 and 1985  
(Continued)

NOTE H - CONTINGENT LIABILITY

The grants for the fiscal years ending September 30, 1979 and 1980, which the Commission has entered into with the Minnesota Department of Transportation are being audited by the Department of Transportation. As a result of this audit, the reimbursement of various operating expenses, which the Commission received from the Department of Transportation, are being disputed by the Department of Transportation. At the date of this report, any resultant contingencies that the Commission may incur are not determinable. In addition, grants for the years 1979 through 1986 with the Minnesota Department of Transportation are all pending audits by the agency; however, the only questioned costs that the Commission is aware of are those for the fiscal 1979 and 1980 contracts.

The grantors retain their interest in assets acquired with grant funds should they be disposed of prior to the end of their economic lives or not be used for mass transit.

NOTE I - LOCAL TAX LEVIED FOR CAPITAL IMPROVEMENTS

Included in the tax levies payable in 1986 and 1985 are levies for capital improvements for approximately \$ 95,759 and \$ 152,580, respectively.

SECTION IV

OTHER FINANCIAL INFORMATION



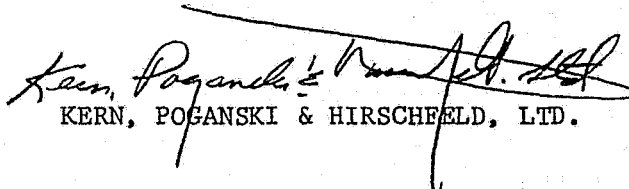
**Kern, Poganski & Hirschfeld, Ltd.**  
certified public accountants

December 3, 1986

Commissioners  
St. Cloud Metropolitan Transit Commission  
St. Cloud, Waite Park and Sauk Rapids, Minnesota

ACCOUNTANTS' REPORT ON OTHER FINANCIAL INFORMATION

The primary purpose of our examination was to formulate an opinion on the basic financial statements taken as a whole. The additional information which is presented in the following pages, 14 through 17, for supplementary analysis purposes was subjected to the audit procedures applied in our examination of the basic financial statements. The information, while not considered necessary for fair presentation of financial position, results of operation and changes in financial position in conformity with generally accepted accounting principles, is, in our opinion, fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

  
KERN, POGANSKI & HIRSCHFELD, LTD.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

STATEMENT OF EXPENSES AND FUNCTIONS  
For the Year Ended September 30, 1986

EXPENSE OBJECT CLASSES	Total Expenses	Operations 010	Vehicle Maintenance 040	Maintenance Administration - Facilities 042	General Administration 160
Labor -					
Operators' Salaries and Wages	\$ 513,075	\$ 513,075	\$ -	\$ -	\$ -
Other Salaries and Wages	218,390	87,951	79,786	109	50,544
Commissioners' Compensation	4,200	-	-	-	4,200
Fringe Benefits -					
Payroll Taxes	77,067	67,944	5,649	-	3,474
Hospital, Medical and Surgical Plans	69,946	65,140	991	-	3,815
Uniforms and Work Clothing Allowance	4,915	2,020	2,895	-	-
Other Fringe Benefits -					
Retirement	18,867	16,167	643	-	2,057
Workers Compensation	35,144	29,395	5,633	-	116
Services -					
Management Service Fees	45,694	45,694	-	-	-
Advertising Fees	6,371	-	-	-	6,371
Professional and Technical Services	77,361	38,442	-	-	38,919
Sublet Mechanic Labor and Preventive Maintenance	63,589	-	50,457	13,132	-
Other Services	12,403	2,324	1,783	8,296	-
Materials and Supplies Consumed -					
Fuel and Lubricants	117,598	117,581	-	17	-
Tires and Tubes	14,885	14,885	-	-	-
Other Materials and Supplies	111,672	7,413	84,583	8,454	11,222
Utilities	37,111	4,251	-	-	32,860
Insurance	102,915	-	-	-	102,915
Purchased Transportation Service	36,456	86	-	-	36,370
Miscellaneous Expenses -					
Dues and Subscriptions	3,023	289	-	-	2,734
Travel and Meetings	5,650	3,062	-	-	2,588
Advertising - Promotion/Media	14,391	-	-	-	14,391
Other Miscellaneous Expenses	1,337	802	-	-	535
Leases and Rentals -					
Transit Way Structures & Equipment	12	-	-	-	12
Garages	2,186	2,186	-	-	-
Other General Administrative Facilities	1,980	1,980	-	-	-
Total Expenses Before Depreciation	1,596,238	1,020,687	232,420	30,008	313,123
Depreciation Expense	160,201	160,201	-	-	-
TOTAL OPERATING EXPENSES	\$ 1,756,439	\$ 1,180,888	\$ 232,420	\$ 30,008	\$ 313,123

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

STATEMENT OF REVENUES AND EXPENSES COMPARED TO BUDGET

For the Year Ended September 30, 1986

	Actual	Budget	Over (Under) Budget
<b>REVENUES:</b>			
Passenger Fares for Transit Service	\$ 252,032	\$ 255,000	\$ (2,968)
Special Transit Fares	9,229	7,000	2,229
School Bus Service Revenues	15,172	15,000	172
Auxiliary Transportation Revenues	11,823	10,000	1,823
Non-Transportation Revenues - Rental	6,438	6,400	38
Non-Transportation Revenues - Other	13,821	7,000	6,821
Interest Income	9,183	20,000	(10,817)
Taxes Levied Directly by Transit System			
Available for Working Capital	448,388	455,134	(6,746)
Investment in Fixed Assets	95,759	95,759	-
State Cash Grants and Reimbursements	579,272	602,586	(23,314)
Federal Cash Grants and Reimbursements	353,703	353,742	(39)
<b>TOTAL REVENUES</b>	<b>\$ 1,794,820</b>	<b>\$ 1,827,621</b>	<b>\$ (32,801)</b>
<b>EXPENSES:</b>			
Operators' Salaries and Wages	\$ 513,075	\$ 529,000	\$ (15,925)
Other Salaries and Wages	218,390	201,300	17,090
Commissioners' Compensation	4,200	4,500	(300)
Payroll Taxes	77,067	68,200	8,867
Hospital, Medical and Surgical Plans	69,946	71,700	(1,754)
Uniform and Work Clothing Allowance	4,915	4,000	915
Other Fringe Benefits - Retirement	18,867	18,000	867
Worker's Compensation	35,144	36,350	(1,206)
Management Service Fees	45,694	59,000	(13,306)
Advertising Fees	6,371	7,000	(629)
Professional and Technical Services	77,361	63,000	14,361
Sublet Mechanic Labor and Preventive Maintenance	63,589	115,000	(51,411)
Other Services	12,403	14,800	(2,397)
Fuel and Lubricants	117,598	168,500	(50,902)
Tires and Tubes	14,885	14,600	285
Other Materials and Supplies	111,672	110,000	1,672
Utilities	37,111	43,800	(6,689)
Insurance	102,915	119,000	(16,085)
Purchased Transportation Service	36,456	39,000	(2,544)
Dues and Subscriptions	3,023	3,000	23
Travel and Meetings	5,650	7,300	(1,650)
Advertising - Promotion/Media	14,391	13,000	1,391
Miscellaneous Expenses	1,337	800	537
Leases and Rentals -			
Transit Way Structures & Equipment	12	12	-
Garages	2,186	3,000	(814)
General Administrative Facilities	1,980	3,000	(1,020)
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>\$ 1,596,238</b>	<b>\$ 1,716,862</b>	<b>\$ (120,624)</b>

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

SCHEDULE OF TAX LEVIES AND VALUATIONS  
For Taxes Payable in 1986

Levy and Mill Rate

	<u>Levy</u>				<u>Mill Rates</u>
	<u>Total</u>	<u>St. Cloud</u>	<u>Waite Park</u>	<u>Sauk Rapids</u>	
Stearns County	\$ 420,187	\$ 372,089	\$ 48,098	\$ -	2.098
Benton County	104,517	58,140	-	46,377	2.098
Sherburne County	<u>26,189</u>	<u>26,189</u>	<u>-</u>	<u>-</u>	2.098
Total	\$ <u>550,893</u>	\$ <u>456,418</u>	\$ <u>48,098</u>	\$ <u>46,377</u>	

Taxable Valuations

	<u>Valuations</u>	<u>Mill Rates</u>
Stearns County - City of St. Cloud	\$ 177,354,376	2.098
Stearns County - City of Waite Park	22,926,284	2.098
Benton County - City of St. Cloud	27,711,734	2.098
Benton County - City of Sauk Rapids	22,105,330	2.098
Sherburne County - City of St. Cloud	<u>12,482,643</u>	2.098
Total	\$ <u>262,580,367</u>	

SECTION V

FEDERAL AND STATE GRANT/CONTRACT INFORMATION

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

SCHEDULE OF FEDERAL AND STATE GRANT INFORMATION  
For the Year Ended September 30, 1986

<u>Federal Assistance Grant Number</u>	<u>Grant Name</u>	<u>Project Time Period</u>	<u>Funding Source</u>
CFDA No. 20.500			
MN-90-X021	Section 9 - Operating Assistance	10-1-85 thru 9-30-86	US Dept. of Transportation
MN-05-0012	Section 5 - Capital Assistance	N/A	US Dept. of Transportation
MN-05-0001	Section 5 - Capital Assistance	N/A	US Dept. of Transportation
MN-05-0013	Section 5 - Capital Assistance	N/A	US Dept. of Transportation
MN-90-0002	Section 9 - Capital Assistance	N/A	US Dept. of Transportation
State Assistance			
<u>Contract Number</u>			
62471	Public Transit Assistance Contract	1-1-85 thru 12-31-85	MN Dept. of Transportation
62472	Public Transit Assistance Contract	1-1-85 thru 12-31-85	MN Dept. of Transportation
63089	Public Transit Assistance Contract	1-1-86 thru 12-31-86	MN Dept. of Transportation
63090	Public Transit Assistance Contract	1-1-86 thru 12-31-86	MN Dept. of Transportation



<u>Audit Report This Period</u>	<u>Total Revenues</u>	<u>Expenditures</u>		
		<u>Prior Reports</u>	<u>This Report</u>	<u>Total</u>
10-1-85 Thru 9-30-86	\$ 353,703	\$ -	\$ 353,703	\$ -
10-1-85 Thru 9-30-86	1,134,624	1,113,651	20,973	1,134,624
10-1-85 Thru 9-30-86	210,905	210,905	-	210,905
10-1-85 Thru 9-30-86	21,376	-	21,376	21,376
10-1-85 Thru 9-30-86	175,000	161,293	13,707	175,000
10-1-85 Thru 9-30-86	58,661	49,384	9,277	58,661
10-1-85 Thru 9-30-86	467,526	356,245	111,281	467,526
10-1-85 Thru 9-30-86	53,146	-	53,146	53,146
10-1-85 Thru 9-30-86	405,568	-	405,568	405,568

ST. CLOUD METROPOLITAN TRANSIT COMMISSION  
St. Cloud, Minnesota

REPORT ON INTERNAL ACCOUNTING CONTROLS BASED SOLELY  
ON A STUDY AND EVALUATION MADE AS PART OF AN  
EXAMINATION OF THE GENERAL PURPOSE FINANCIAL STATEMENTS

December 3, 1986

Commissioners  
St. Cloud Metropolitan Transit Commission  
St. Cloud, Waite Park, Sauk Rapids, Minnesota

We have examined the general purpose financial statements of St. Cloud Metropolitan Transit Commission, as listed in section III of the table of contents, for the year ended September 30, 1986, and have issued our report thereon dated December 3, 1986. As part of our examination, we made a study and evaluation of the system of internal accounting control of St. Cloud Metropolitan Transit Commission, to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards; the standards for financial compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions; and the provisions of the Legal Compliance Audit Guide promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Sec. 6.65. For the purpose of this report, we have classified the significant internal accounting controls in the following categories: cash receipts, cash disbursements, cash and investment balances, receivables, payables, payrolls, other assets and liabilities, and general ledger. Our study included all of these control categories. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of St. Cloud Metropolitan Transit Commission, is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system 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.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of St. Cloud Metropolitan Transit Commission, taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

This report is intended solely for the use of management and the Commissioners' and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Commissioners', is a matter of public record.

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ST. CLOUD METROPOLITAN TRANSIT COMMISSION  
St. Cloud, Minnesota

REPORT ON COMPLIANCE BASED ON AN EXAMINATION OF  
THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH THE STANDARDS FOR AUDIT ISSUED BY THE GAO

December 3, 1986

Commissioners  
St. Cloud Metropolitan Transit Commission  
St. Cloud, Waite Park, Sauk Rapids, Minnesota

We have examined the general purpose financial statements of St. Cloud Metropolitan Transit Commission as listed in section III of the table of contents for the year ended September 30, 1986, and have issued our report thereon dated December 3, 1986. Our examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; and the provisions of the Legal Compliance Audit Guide, promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Sec. 6.65 and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of St. Cloud Metropolitan Transit Commission is responsible for the MTC's compliance with laws and regulations. In connection with our examination referred to above, we selected and tested transactions and records to determine the MTC's compliance with laws and regulations noncompliance with which could have a material effect on the general purpose financial statements of the St. Cloud Metropolitan Transit Commission.

The results of our tests indicate that for the items tested, St. Cloud Metropolitan Transit Commission complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to our attention that caused us to believe that for the items not tested St. Cloud Metropolitan Transit Commission was not in compliance with laws or regulations noncompliance with which could have a material effect on the MTC's general purpose financial statements.

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ST. CLOUD METROPOLITAN TRANSIT COMMISSION  
St. Cloud, Minnesota

REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS RELATED TO MAJOR  
AND NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
AND COMPLIANCE WITH MINNESOTA STATUTES

December 3, 1986

Commissioners  
St. Cloud Metropolitan Transit Commission  
St. Cloud, Waite Park, Sauk Rapids, Minnesota

We have examined the general purpose financial statements of St. Cloud Metropolitan Transit Commission as listed in section III of the table of contents for the year ended September 30, 1986, and have issued our report thereon dated December 3, 1986. Our examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; the provisions of OMB Circular A-128, Audits of State and Local Governments; and the provisions of the Legal Compliance Audit Guide, promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Sec. 6.65, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of St. Cloud Metropolitan Transit Commission is responsible for the MTC's compliance with laws and regulations. In connection with the examination referred to above, we selected and tested transactions and records from each major federal financial assistance program and certain nonmajor federal financial assistance programs. The purpose of our testing of transactions and records from those federal financial assistance programs was to obtain reasonable assurance that St. Cloud Metropolitan Transit Commission, had, in all material respects, administered major programs, and executed the tested nonmajor program transactions, in compliance with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

Our testing of transactions and records selected from major federal financial assistance programs disclosed no instances of noncompliance with those laws and regulations.

In our opinion, for the year ended September 30, 1986, St. Cloud Metropolitan Transit Commission administered each of its major federal financial assistance programs in compliance, in all material respects, with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

The results of our testing of transactions and records selected from nonmajor federal financial assistance programs indicate that for the transactions and records tested St. Cloud Metropolitan Transit Commission complied with the laws and regulations referred to above. Our testing was more limited than would be necessary to express an opinion on whether St. Cloud Metropolitan Transit Commission administered those programs in compliance in all material respects with laws and regulations noncompliance with which we believe could have a material effect on the allowability of program expenditures; however, with respect to the transactions that were not tested by us, nothing came to our attention to indicate that St. Cloud Transit Commission had violated laws and regulations.

The Legal Compliance Audit Guide covers five main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements. Our study included all of the listed categories. The results of our tests indicate that for the items tested, the St. Cloud Metropolitan Transit Commission complied with the material terms and conditions of applicable legal provisions. Further, for the items not tested, based on our examination and the procedures referred to above, nothing came to our attention to indicate that the St. Cloud Metropolitan Transit Commission had not complied with such legal provisions.

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ST. CLOUD METROPOLITAN TRANSIT COMMISSION  
St. Cloud, Minnesota

REPORT ON INTERNAL CONTROLS - BASED ON A STUDY AND  
EVALUATION MADE AS PART OF AN EXAMINATION OF THE GENERAL  
PURPOSE FINANCIAL STATEMENTS AND THE ADDITIONAL TESTS REQUIRED  
BY THE SINGLE AUDIT ACT

December 3, 1986

Commissioners

St. Cloud Metropolitan Transit Commission  
St. Cloud, Waite Park, Sauk Rapids, Minnesota

We have examined the general purpose financial statements of St. Cloud Metropolitan Transit Commission, as listed in section III of the table of contents, for the year ended September 30, 1986, and have issued our report thereon dated December 3, 1986. As part of our examination, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories.

ACCOUNTING CONTROLS

Cycles of the Entities' Activity -

Treasury or Financing  
Revenue/Receipts  
Purchases/Disbursements  
External Financial Reporting

Financial Statement Captions -

Cash and Cash Equivalents  
Receivables  
Inventory  
Property and Equipment  
Payables and Accrued Liabilities  
Debt  
Fund Balance

CONTROLS USED IN ADMINISTERING FEDERAL PROGRAMS

General Requirements -

Political Activity  
Civil Rights  
Federal Financial Reports

Specific Requirements -

Types of Services

Eligibility

Cost Allocation

The management of St. Cloud Metropolitan Transit Commission, is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. 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 used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, 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.

Our study included all of the applicable control categories listed above. During the year ended September 30, 1986, St. Cloud Metropolitan Transit Commission expended 77% of its total federal financial assistance under major federal financial assistance programs. With respect to internal control systems used in administering 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 the 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 of St. Cloud Metropolitan Transit Commission, 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. Our study and evaluation of the internal control systems used solely in administering the nonmajor federal financial assistance programs of the St. Cloud Metropolitan Transit Commission, did not extend beyond this preliminary review phase.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of St. Cloud Metropolitan Transit Commission. Further, we do not express an opinion on the internal control systems used in administering the major federal financial assistance programs of St. Cloud Metropolitan Transit Commission.

Also, our examination, made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor federal financial assistance programs.



However, our study and evaluation and our examination disclosed no conditions that we believe to be a material weakness in relation to a federal financial assistance program of the St. Cloud Metropolitan Transit Commission.

This report is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by St. Cloud Metropolitan Transit Commission, is a matter of public record.

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STATE OF MINNESOTA  
DEPARTMENT OF STATE  
FILED

OCT 13 1987

*John Andrew Howe*  
Secretary of State

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