

ST. CLOUD METROPOLITAN TRANSIT COMMISSION
St. Cloud, Waite Park and Sauk Rapids
FINANCIAL STATEMENTS

As of

September 30, 1989

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

JAN 29 1990

Jean Anderson Brewer
Secretary of State

440039

ST. CLOUD METROPOLITAN TRANSIT COMMISSION
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SECTION 1

COMMISSIONERS, ADMINISTRATION AND OTHER DATA

ST. CLOUD METROPOLITAN TRANSIT COMMISSION
 COMMISSIONERS, ADMINISTRATION AND OTHER DATA
 Year Ended September 30, 1989

COMMISSIONERS

Alcuin J. Ringsmuth
 City of Waite Park
 Three-year term expires July 1, 1992

Chairman/
 Secretary

Robert J. Huston
 City of St. Cloud
 Three-year term expires July 1, 1990

Vice Chairman

Sybil M. Hollern
 City of St. Cloud
 Three-year term expires July 1, 1991

Treasurer

Tom Braun
 City of Sauk Rapids
 Three-year term expires July 1, 1992

Commissioner

ADMINISTRATION

David W. Tripp

Executive Director

LEGAL COUNSEL

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

OTHER DATA

	September 30	
	1989	1988
Number of Bus Miles	815,432	779,985
Number of Passengers	1,345,016	1,219,962
Bus Hours Operated	58,926	56,108

SECTION II

INDEPENDENT AUDITORS' REPORT



Kern, DeWenter, Viere, Ltd.
certified public accountants

Alvin M. Kern
Duane N. DeWenter
Loren M. Viere
Gerald A. Stover
Keith W. Julson

November 10, 1989

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of St. Cloud Metropolitan Transit Commission as of September 30, 1989 and 1988, and the related statements of revenues and expenses, changes in capital, and cash flows for the years then ended. These financial statements are the responsibility of the Commission'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of St. Cloud Metropolitan Transit Commission as of September 30, 1989 and 1988, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Kern, DeWenter, Viere, LTD.
KERN, DEWENTER, VIERE, LTD.

SECTION III
FINANCIAL STATEMENTS

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

BALANCE SHEETS

	ASSETS	September 30	
		1989	1988
CURRENT ASSETS:			
Cash and Cash Equivalents		\$ 993,073	\$ 49,147
Short-Term Investments		-	933,767
Receivables -			
Local Tax Levies		335,814	328,709
State Grants		149,567	109,051
Federal Grants		192,591	116,251
Associated Companies		7,500	7,500
Other		17,042	18,871
Materials and Supplies Inventory		134,298	116,865
Prepaid Insurance		19,357	24,261
Total Current Assets		<u>1,849,242</u>	<u>1,704,422</u>
TANGIBLE TRANSIT OPERATING PROPERTY - NET		<u>4,606,750</u>	<u>1,988,210</u>
TOTAL ASSETS		<u>\$ 6,455,992</u>	<u>\$ 3,692,632</u>
	LIABILITIES AND CAPITAL		
CURRENT LIABILITIES:			
Accounts Payable		\$ 381,198	\$ 45,550
Accrued Liabilities		67,548	58,354
Unearned State Advances		281,509	245,278
Total Current Liabilities		<u>730,255</u>	<u>349,182</u>
CAPITAL:			
Grants, Donations and Other Paid-In Capital		3,549,716	1,501,635
Accumulated Earnings (Unreserved) -			
Designated for Fixed Asset Acquisitions		260,874	468,390
Undesignated		<u>1,915,147</u>	<u>1,373,425</u>
Total Capital		<u>5,725,737</u>	<u>3,343,450</u>
TOTAL LIABILITIES AND CAPITAL		<u>\$ 6,455,992</u>	<u>\$ 3,692,632</u>

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

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

STATEMENTS OF REVENUES AND EXPENSES

	Year Ended September 30	
	<u>1989</u>	<u>1988</u>
REVENUES:		
Passenger Fares for Transit Service	\$ 280,709	\$ 248,381
Special Transit Fares - Other	17,710	11,348
Special Transit Fares - Students	9,509	10,205
Auxiliary Transportation Revenues	12,602	12,663
Non-Transportation Revenues - Rental	6,438	5,902
Non-Transportation Revenues - Other	18,237	13,183
Interest Income	100,053	57,787
Taxes Levied Directly by Transit System -		
Levied for Operations	287,153	344,651
Levied for Fixed Asset Acquisitions	344,448	269,183
State Grants	666,889	647,901
Federal Grant	251,249	273,669
Total Revenues	<u>1,994,997</u>	<u>1,894,873</u>
EXPENSES:		
Operators' Salaries and Wages	597,742	580,433
Other Salaries and Wages	258,009	266,092
Commissioners' Compensation	3,965	2,585
Payroll Taxes	63,812	61,533
Hospital, Medical and Surgical Plans	82,620	75,550
Uniform and Work Clothing Allowances	5,445	8,857
Other Fringe Benefits - Retirement	37,257	30,048
Unemployment Insurance	4,283	6,180
Workers Compensation	33,037	30,808
Management Service Fees	6,000	6,000
Advertising Fees	7,603	6,371
Professional and Technical Services	31,792	30,409
Sublet Mechanic Labor and Preventive Maintenance	30,944	23,365
Other Services	10,245	10,162
Fuel and Lubricants	110,523	101,540
Tires and Tubes	16,983	17,362
Other Materials and Supplies	115,433	106,907
Utilities	31,195	30,278
Insurance	83,569	88,028
Purchased Transportation Service	51,349	50,047
Dues and Subscriptions	3,053	3,071
Travel and Meetings	6,142	6,329
Advertising - Promotion/Media	28,239	15,746
Miscellaneous Expenses	2,286	2,168
Transit Way Structures and Equipment Leases	859	583
Total Expenses Before Depreciation	<u>1,622,385</u>	<u>1,560,452</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION	372,612	334,421
LESS: DEPRECIATION	<u>192,028</u>	<u>166,098</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 180,584</u>	<u>\$ 168,323</u>

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

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

STATEMENTS OF CHANGES IN CAPITAL

	Grants, Donations and Other Paid- In Capital	Accumulated Earnings (Unreserved)		Total
		Undesignated	Designated for Fixed Asset Acquisitions	
BALANCE - September 30, 1987	\$ 1,624,887	\$ 1,327,450	\$ 213,163	\$ 3,165,500
Federal Capital Grant Entitlement	9,627	-	-	9,627
Excess of Revenues Over (Under) Expenses for the Year Ended September 30, 1988	<u>(132,879)</u>	<u>45,975</u>	<u>255,227</u>	<u>168,323</u>
BALANCE - September 30, 1988	1,501,635	1,373,425	468,390	3,343,450
Federal Capital Grant Entitlement	1,145,089	-	-	1,145,089
State Capital Grant Entitlement	1,056,614	-	-	1,056,614
Excess of Revenues Over (Under) Expenses for the Year Ended September 30, 1989	<u>(153,622)</u>	<u>541,722</u>	<u>(207,516)</u>	<u>180,584</u>
BALANCE - September 30, 1989	<u>\$ 3,549,716</u>	<u>\$ 1,915,147</u>	<u>\$ 260,874</u>	<u>\$ 5,725,737</u>

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

ST. CLOUD METROPOLITAN TRANSIT COMMISSION
 STATEMENTS OF CASH FLOWS
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Year Ended September 30	
	1989	1988
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of Revenues Over Expenses	\$ 180,584	\$ 168,323
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:		
Depreciation and Other Items not Requiring the Current Use of Working Capital	192,028	166,098
Change in Assets and Liabilities:		
(Increase) Decrease in Short-Term Investments	933,767	(433,767)
(Increase) in Receivables	(122,132)	(23,934)
(Increase) Decrease in Materials and Supplies Inventory	(17,433)	4,400
(Increase) Decrease in Prepaid Insurance	4,904	(9,328)
Increase (Decrease) in Accounts Payable	335,648	(6,423)
Increase in Accrued Liabilities	9,194	23,260
Increase in Unearned State Reimbursements	36,231	14,872
Total Adjustments	<u>1,372,207</u>	<u>(264,822)</u>
Net Cash Provided (Used) by Operating Activities	1,552,791	(96,499)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital Expenditures	(2,810,568)	(25,802)
Disposition of Property and Equipment	-	495
Net Cash Used by Investing Activities	<u>(2,810,568)</u>	<u>(25,307)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Federal and State Capital Grant Entitlements	<u>2,201,703</u>	<u>9,627</u>
Net Increase (Decrease) in Cash and Cash Equivalents	943,926	(112,179)
Cash and Cash Equivalents, Beginning of Year	<u>49,147</u>	<u>161,326</u>
Cash and Cash Equivalents, End of Year	<u>\$ 993,073</u>	<u>\$ 49,147</u>

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, 1989 and 1988

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 using the accrual method of accounting.
2. Short-Term Investments
Short-term investments include certificates of deposit at various interest rates recorded at cost.
3. Taxes Receivable
Taxes receivable include the unpaid portion of the 1988 levy payable in 1989 and any unpaid taxes due from the previous six years.
4. 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 1988 levy payable in 1989 was recognized as revenue in the fiscal year ending September 30, 1989, 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.
5. State and Federal Grants Receivable
State and federal grants receivable include the portion of grant contracts earned but not received as of year end.
6. Materials and Supplies Inventory
Materials and supplies inventory are stated at cost (first-in, first-out method), which does not exceed market.
7. 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, 1989 and 1988
(Continued)

NOTE B - RECEIVABLES

Local Tax Levies -

Tax levies receivable at September 30, 1989 and 1988, including homestead credit were:

	<u>9-30-89</u>	<u>9-30-88</u>
Current Taxes Receivable -		
Stearns County	\$ 206,687	\$ 198,469
Benton County	51,660	50,789
Sherburne County	10,072	10,170
Homestead Credit	<u>49,805</u>	<u>53,612</u>
Total Current Taxes Receivable	318,224	313,040
Delinquent Taxes Receivable -		
Stearns County	11,614	10,715
Benton County	5,685	4,651
Sherburne County	<u>291</u>	<u>303</u>
Total Delinquent Taxes Receivable	<u>17,590</u>	<u>15,669</u>
Total Taxes Receivable	<u>\$ 335,814</u>	<u>\$ 328,709</u>

Federal Grants -

Federal grant receivables at September 30, 1989 and 1988, were:

	<u>9-30-89</u>	<u>9-30-88</u>
Section 9 - Operating Assistance Grant # MN-90-4039	\$ 20,775	\$ -
Section 9 - Operating Assistance Grant # MN-90-4033	1,940	114,034
Section 9 - Capital Assistance Grant # MN-90-0023	-	1,040
Section 9 - Capital Assistance Grant # MN-90-0021	120,259	-
Section 5 - Capital Assistance Grant # MN-05-0013	9,392	946
Section 9 - Capital Assistance Grant # MN-90-0033	-	231
Section 5 - Capital Assistance Grant # MN-05-0017	3,533	-
Section 9 - Capital Assistance Grant # MN-90-0039	<u>36,692</u>	<u>-</u>
Total Federal Grant Receivables	<u>\$ 192,591</u>	<u>\$ 116,251</u>

State Grants -

State grant receivables at September 30, 1989 and 1988, were:

Grant	Grant Term	<u>9-30-89</u>	<u>9-30-88</u>
Public Transit Assistance -			
Contract #60187	Oct. 1, 1980 to Sept. 30, 1981	\$ 35,349	\$ 35,349
Contract #61046	Jan. 1, 1983 to Dec. 31, 1983	9,834	9,834
Contract #61761	Jan. 1, 1984 to Dec. 31, 1984	4,571	4,571
Contract #61870	Jan. 1, 1984 to Dec. 31, 1984	653	653
Contract #62472	Jan. 1, 1985 to Dec. 31, 1985	4,675	4,675
Contract #63090	Jan. 1, 1986 to Dec. 31, 1986	5,151	5,151
Contract #63604	Jan. 1, 1987 to Dec. 31, 1987	46,146	46,146
Contract #64280	Jan. 1, 1988 to Dec. 31, 1988	40,516	-
Capital Assistance -			
Contract #MN-05-0013	N/A	<u>2,672</u>	<u>2,672</u>
Total State Grant Receivables		<u>\$ 149,567</u>	<u>\$ 109,051</u>

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
September 30, 1989 and 1988
(Continued)

NOTE C - ASSOCIATED COMPANIES

The Commission has 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, 1989 and 1988, the Commission had made advances to Transit Special Services, Inc. of \$ 7,500.

NOTE D - TANGIBLE TRANSIT OPERATING PROPERTY

Tangible transit operating property at September 30, 1989 and 1988, consisted of:

	<u>1989</u>	<u>1988</u>
Land	\$ 135,908	\$ 135,908
Operating Facility	1,410,486	1,410,161
Shelters	97,090	97,090
Bus Purchases and Rehabilitation	4,115,825	1,329,842
Bus Equipment	89,255	70,318
Bus Washing Machine	34,533	34,533
Office Furniture and Equipment	86,603	81,280
Other Vehicles	12,900	12,900
	<u>5,982,600</u>	<u>3,172,032</u>
Less: Accumulated Depreciation	<u>1,375,850</u>	<u>1,183,822</u>
Net Tangible Transit Operating Property	<u>\$ 4,606,750</u>	<u>\$ 1,988,210</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 60% for fixed route and 65% for special services of the total operating expenses excluding depreciation and after subtracting out the amount of expenses covered by federal operating assistance grants. As of September 30, 1989 and 1988, the Commission had received funds in excess of the amounts earned for the following contract periods:

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
September 30, 1989 and 1988
(Continued)

NOTE E - UNEARNED STATE ADVANCES (Continued)

Grant Number	Term of Grant	1989	1988
59320	October 1, 1978 to September 30, 1979	\$ 55,979	\$ 55,979
59755	October 1, 1979 to September 30, 1980	15,080	15,080
60758	January 1, 1982 to December 31, 1982	17,121	17,121
62471	January 1, 1985 to December 31, 1985	8,240	8,240
63089	January 1, 1986 to December 31, 1986	1,296	1,296
63603	January 1, 1987 to December 31, 1987	28,046	28,046
64279	January 1, 1988 to December 31, 1988	16,987	28,963
64280	January 1, 1988 to December 31, 1988	-	90,553
65280	January 1, 1989 to December 31, 1989	51,842	-
65281	January 1, 1989 to December 31, 1989	86,918	-
Total		\$ <u>281,509</u>	\$ <u>245,278</u>

However, substantially all of the \$ 51,842 and \$ 86,918 of unearned 1989 grant aid on hand at September 30, 1989, 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 year ending September 30, 1989.

NOTE F - CAPITAL GRANTS

During the years ended September 30, 1989 and 1988, the St. Cloud Metropolitan Transit Commission received from the Urban Mass Transportation Administration capital grants in the amount of \$ 1,145,089 and \$ 9,627, respectively, which were used to purchase and rehabilitate buses and purchase equipment. Also during the year ended September 30, 1989, the St. Cloud Transit Commission received from the Minnesota Department of Transportation capital grants in the amount of \$ 1,056,614 to purchase buses.

NOTE G - PENSION PLANS

1. Public Employees Retirement Association

a. Plan Description

Non-union employees are covered by a defined benefit pension plan administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund which is a cost-sharing multiple-employer public employee retirement system. The Commission's payroll for employees covered by the PERA plan for the year ended September 30, 1989, was \$ 207,654; the Commission's total payroll was \$ 767,474.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
September 30, 1989 and 1988
(Continued)

NOTE G - PENSION PLANS (Continued)

1. Public Employees Retirement Association (Continued)

a. Plan Description (Continued)

All non-union employees are eligible to participate in the PERA plan. Public Employees Retirement Fund members belong to either the Coordinated or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. The PERA plan provides pension benefits, deferred annuity, and death and disability benefits. Benefits are established by State statute.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State statute, and vest after five years of credited service. The defined retirement benefits are based on member's average salary for any five successive years of allowable service, age, and years of credit at termination of service. The annuity accrual rates for a Basic member is 2 percent of average salary for each of the first 10 years of service and 2.5 percent for each remaining year. For a Coordinated member, the annuity accrual rate is 1 percent for each of the first ten years, and 1.5 percent for each remaining year. Members are eligible for a full annuity when age plus years of service equal 90.

There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon the death of the retiree. No survivor annuity is payable. There are also various types of joint and survivor annuity options available which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members may also leave their contributions in the fund upon termination of public service, in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

b. Contributions Required and Contributions Made

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. The Commission makes annual contributions to the pension plans equal to the amount required by state statutes. Minnesota Statutes Chapter 356.215, subd. 4(g) provides the formula for determining the date of full funding for the PERA which is 2010.

	<u>Statutory Rates</u>	
	<u>Employee</u>	<u>Employer</u>
Basic Plan	8%	10.50%
Coordinated Plan	4%	4.25%

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
September 30, 1989 and 1988
(Continued)

NOTE G - PENSION PLANS (Continued)

1. Public Employees Retirement Association (Continued)

b. Contributions Required and Contributions Made (Continued)

Total contributions required and made by the Commission during the fiscal year ended September 30, 1989, were:

	<u>Amounts</u>		<u>Percentage of Covered Payroll</u>	
	<u>Employees</u>	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>
Coordinated Plan	\$ 8,420	\$ 8,957	4.0%	4.25%

Total contributions made to PERA by all participating entities during the fiscal year ended June 30, 1989, are estimated to be approximately \$ 84,289,000. The Commission's contributions to PERA for the year ended June 30, 1989, was an amount equal to approximately .02% of the estimated total.

c. Funding Status and Progress

1. Pension Benefit Obligation

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess PERA's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among Public Employees Retirement Systems and employers. PERA does not make separate measurements of assets and pension benefit obligation for individual employers.

The pension benefit obligations of the PERA as of June 30, 1988, were as follows:

Total pension benefit obligation	\$ 3,334,423,000
Net assets available for benefits, at cost (market value is \$ 2,749,289,000)	<u>2,610,913,000</u>
Unfunded pension benefit obligation	<u>\$ 723,510,000</u>

The measurement of the pension benefit obligation is based on an actuarial valuation as of June 30, 1988. Net assets available to pay pension benefits were valued as of June 30, 1988.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
September 30, 1989 and 1988
(Continued)

NOTE G - PENSION PLANS (Continued)

1. Public Employees Retirement Association (Continued)

c. Funding Status and Progress (Continued)

2. Change in Actuarial Methods

Prior to fiscal year 1988, the mortality table used was the UP-184 Unisex set forward one year for males and set back four years for females. For fiscal year 1988, the PERA Board of Trustees approved the use of the 1971 Group Annuity Mortality Table projected to 1984 for males and females. The change was made in order to reduce, if not eliminate, the series of large, annually recurring mortality losses that have been realized in the last four years. With the adoption of the new mortality table, the projected benefit obligation increased \$ 179,670,000 in the Public Employees Retirement Fund. The change in actuarial methods does not affect the Commission's contribution rate.

d. Trend Information

Ten-year historical trend information is presented in PERA's State PERS Comprehensive Annual Financial Report for the year ended June 30, 1988. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

e. Related-Party Investments

During fiscal year 1988 and as of June 30, 1988, PERA held no securities issued by the Commission or other related parties.

2. Central States, Southeast and Southwest Areas Pension Fund

a. Plan Description

Union employees are covered by a defined benefit pension plan administered by a Board of Trustees composed of four Teamsters Union and four Employer members. The Trustees administer the Central States, Southeast and Southwest Areas Pension Fund which is a cost-sharing multiple-employer trust fund. The Commission's payroll for employees covered by the plan for the year ended September 30, 1989, was \$ 518,331; the Commission's total payroll was \$ 767,474.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
September 30, 1989 and 1988
(Continued)

NOTE G - PENSION PLANS (Continued)

2. Central States, Southeast and Southwest Areas Pension Fund (Continued)

a. Plan Description (Continued)

Employers and the Union may apply to have eligible employees participate in the Plan. Participation is based on covered service as defined by the collective bargaining agreement. Benefits under the Plan are generally based on the participant's age, accumulated service credit (including certain noncontributory service credit) and the rate at which contributions were required to be made to the Fund.

The principal benefit under the Plan is a "20-Year Service Pension," which is available to participants who attain age 57 and have twenty years of service credit. A "30-and-Out Pension" is available to participants of any age who have thirty years of contributory service credit and meet certain other requirements. The Plan provides a "10-Year Vested Pension" upon completion of ten years of vesting service and satisfaction of certain other conditions. An "Age 65 Vested Pension" is available to participants who attain age 65, have five years of vesting service and satisfy certain other conditions. A "Joint and Survivor Pension" and preretirement and postretirement survivor benefits are provided, and an "Early Retirement Pension" is available at reduced amounts. Eligible participants may defer the payment of their "20-Year Service Pension" or "Early Retirement Pension" to receive a larger monthly benefit. The Plan also provides for a disability pension benefit and for lump-sum disability and death benefits. Under certain conditions, partial pensions are available at reduced amounts where participation has been divided between the Plan and other pension plans that have reciprocal agreements with the Fund.

The "Contribution-Based Pension" and the "Transition Pension" are available to participants whose pensions were first payable on or after January 1, 1987 and who have established a specified contribution rate and have met certain other requirements. The "Contribution-Based Pension" provides for monthly pensions equal to 2% of the amount of contributions required to be paid on behalf of a qualifying participant after January 1, 1986 plus the participant's accrued benefit as of January 1, 1986. The "Transition Pension," as revised in 1988, is a fixed amount payable to pensioners who are at least age 57 at retirement, have twenty-five or more years of contributory service credit and meet certain other requirements.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
September 30, 1989 and 1988
(Continued)

NOTE G - PENSION PLANS (Continued)

2. Central States, Southeast and Southwest Areas Pension Fund (Continued)

b. Contributions

Employers make contributions to the Fund, on behalf of employee participants, at the rate specified in the applicable collective bargaining agreement. Participating employees, under specified conditions, may make self-contributions to secure benefits. Trustees are empowered to establish and amend the level of Plan benefits. Although an individual Trustee may participate in collective bargaining in the capacity of an employer of Union representative, the Fund itself is not a party to such negotiations. Collective bargaining agreements are generally negotiated for three-year periods with varying expiration dates, terms and employer contribution rates.

Total contributions made by the Commission during the fiscal year ended September 30, 1989, were:

	Amounts	
	<u>Employee</u>	<u>Employer</u>
Pension Fund	\$ -	\$ 24,102

Total contributions made to the Fund by all participating entities during the fiscal year ended December 31, 1988, are estimated to be approximately \$ 817,027,000. The Commission's contributions to the Fund for the year ended September 30, 1989, was an amount equal to approximately .001% of the estimated total.

c. Funding Status and Progress

Pension Benefit Obligation:

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among the Fund. The Fund does not make separate measurements of assets and pension benefit obligation for individual employers.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
September 30, 1989 and 1988
(Continued)

NOTE G - PENSION PLANS (Continued)

2. Central States, Southeast and Southwest Areas Pension Fund (Continued)

c. Funding Status and Progress (Continued)

Pension Benefit Obligation: (Continued)

The pension benefit obligation as of December 31, 1988, was as follows:

Total pension benefit obligation	\$ 11,700,000,000
Net assets available for benefits	<u>8,583,488,000</u>
Unfunded pension benefit obligation	\$ <u>3,116,512,000</u>

The measurement of the pension benefit obligation is based on an actuarial valuation as of December 31, 1989. Net assets available to pay pension benefits were valued as of December 31, 1988.

d. Related-Party

The Fund has common Trustees and shares the cost of common office facilities, personnel and other functions with Central States, Southeast and Southwest Areas Health and Welfare Fund ("Health and Welfare Fund"). In addition, all Fund employees are covered by one of the Health and Welfare Fund's benefit plans. Shared costs are allocated between the Fund and the Health and Welfare Fund on the basis of estimated utilization.

NOTE H - LOCAL TAX LEVIED FOR CAPITAL IMPROVEMENTS

Included in the tax levies payable in 1989 and 1988 are levies for capital improvements for approximately \$ 344,448 and \$ 269,183, respectively.

SECTION IV

OTHER FINANCIAL INFORMATION



Kern, DeWenter, Viere, Ltd.
certified public accountants

Alvin M. Kern
Duane N. DeWenter
Loren M. Viere
Gerald A. Stover
Keith W. Julson

November 10, 1989

INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

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

We have audited the financial statements of St. Cloud Metropolitan Transit Commission, as listed in Section III of the table of contents, for the year ended September 30, 1989, and have issued our report thereon dated November 10, 1989. Our audit of such financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Government Auditing Standards (1988 Revision), issued by the U.S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information listed under the other financial information section in the table of contents and schedules of federal and state grant information is presented for purposes of additional analysis and is not a required part of the financial statements of St. Cloud Metropolitan Transit Commission. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Kern, DeWenter, Viere, Ltd.
KERN, DEWENTER, VIERE, LTD.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

STATEMENT OF EXPENSES AND FUNCTIONS
Year Ended September 30, 1989

EXPENSE OBJECT CLASSES	Total Expenses	Operations	Vehicle Maintenance	Maintenance Administration - Facilities	General Administration
Labor -					
Operators' Salaries and Wages	\$ 597,742	\$ 597,742	\$ -	\$ -	\$ -
Other Salaries and Wages	258,009	81,645	96,554	-	79,810
Commissioners' Compensation	3,965	-	-	-	3,965
Fringe Benefits -					
Payroll Taxes	63,812	51,650	6,656	-	5,506
Hospital, Medical and Surgical Plans	82,620	72,196	6,007	-	4,417
Uniforms and Work Clothing Allowance	5,445	2,651	2,794	-	-
Other Fringe Benefits -					
Retirement	37,257	30,281	3,804	-	3,172
Unemployment Insurance	4,283	1,498	2,785	-	-
Workers Compensation	33,037	26,395	5,821	-	821
Services -					
Management Service Fees	6,000	6,000	-	-	-
Advertising Fees	7,602	-	-	-	7,602
Professional and Technical Services	31,792	693	-	-	31,099
Sublet Mechanic Labor and Preventive Maintenance	30,943	459	20,091	10,393	-
Other Services	10,245	3,077	462	6,706	-
Materials and Supplies Consumed -					
Fuel and Lubricants	110,523	109,676	847	-	-
Tires and Tubes	16,983	16,983	-	-	-
Other Materials and Supplies	115,433	8,051	87,071	12,775	7,536
Utilities	31,195	2,805	-	-	28,390
Insurance	83,569	-	-	-	83,569
Purchased Transportation Service	51,350	55	-	-	51,295
Miscellaneous Expenses -					
Dues and Subscriptions	3,053	100	46	-	2,907
Travel and Meetings	6,142	2,550	413	-	3,179
Advertising - Promotion/Media	28,239	-	-	-	28,239
Other Miscellaneous Expenses	2,287	2,199	-	(22)	110
Leases and Rentals -					
Transit Way Structures & Equipment	859	834	20	-	5
Total Expenses Before Depreciation	1,622,385	1,017,540	233,371	29,852	341,622
Depreciation Expense	192,028	35,664	119,480	24,317	12,567
TOTAL OPERATING EXPENSES	\$ <u>1,814,413</u>	\$ <u>1,053,204</u>	\$ <u>352,851</u>	\$ <u>54,169</u>	\$ <u>354,189</u>

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

STATEMENT OF REVENUES AND EXPENSES COMPARED TO BUDGET
Year Ended September 30, 1989

	Actual	Budget	Over (Under) Budget
REVENUES:			
Passenger Fares for Transit Service	\$ 280,709	\$ 261,000	\$ 19,709
Special Transit Fares - Other	17,710	21,000	(3,290)
Special Transit Fares - Students	9,509	10,500	(992)
Auxiliary Transportation Revenues	12,602	12,000	603
Non-Transportation Revenues - Rental	6,438	6,500	(62)
Non-Transportation Revenues - Other	18,237	8,000	10,237
Interest Income	100,053	40,000	60,053
Taxes Levied Directly by Transit System -			
Levied for Operations	287,153	303,800	(16,647)
Levied for Fixed Asset Acquisitions	344,448	316,200	28,248
State Grants	666,889	640,000	26,889
Federal Grants	251,249	354,000	(102,751)
TOTAL REVENUES	\$ 1,994,997	\$ 1,973,000	\$ 21,997
EXPENSES:			
Operators' Salaries and Wages	\$ 597,742	\$ 584,700	\$ 13,042
Other Salaries and Wages	258,009	244,710	13,299
Commissioners' Compensation	3,965	4,000	(35)
Payroll Taxes	63,812	59,200	4,612
Hospital, Medical and Surgical Plans	82,620	76,400	6,220
Uniform and Work Clothing Allowance	5,445	5,900	(455)
Other Fringe Benefits - Retirement	37,257	36,130	1,127
Unemployment Insurance	4,283	9,500	(5,217)
Workers' Compensation	33,037	30,600	2,437
Management Service Fees	6,000	6,000	-
Advertising Fees	7,603	7,000	603
Professional and Technical Services	31,792	35,100	(3,308)
Sublet Mechanic Labor and Preventive			
Maintenance	30,944	27,300	3,644
Other Services	10,245	10,800	(555)
Fuel and Lubricants	110,523	122,500	(11,977)
Tires and Tubes	16,983	18,000	(1,017)
Other Materials and Supplies	115,433	113,000	2,433
Utilities	31,195	32,700	(1,505)
Insurance	83,569	76,550	7,019
Purchased Transportation Service	51,349	53,100	(1,751)
Dues and Subscriptions	3,053	3,100	(47)
Travel and Meetings	6,142	6,650	(508)
Advertising - Promotion/Media	28,239	15,000	13,239
Miscellaneous Expenses	2,286	2,700	(414)
Transit Way Structures and Equipment Leases	859	312	547
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 1,622,385	\$ 1,580,952	\$ 41,433

ST. CLOUD METROPOLITAN TRANSIT COMMISSION
 SCHEDULE OF TAX LEVIES, TAX CAPACITY AND RATES
 For Taxes Payable in 1989

Levy and Tax Capacity Rate

	<u>Levy</u>				<u>Tax Capacity Rates</u>
	<u>Total</u>	<u>St. Cloud</u>	<u>Waite Park</u>	<u>Sauk Rapids</u>	
Stearns County	\$ 484,305	\$ 424,077	\$ 60,228	\$ -	1.649
Benton County	123,492	69,328	-	54,164	1.649
Sherburne County	<u>28,603</u>	<u>28,603</u>	<u>-</u>	<u>-</u>	1.649
Total	<u>\$ 636,400</u>	<u>\$ 522,008</u>	<u>\$ 60,228</u>	<u>\$ 54,164</u>	

Tax Capacity

	<u>Valuations</u>	<u>Tax Capacity Rates</u>
Stearns County - City of St. Cloud	\$ 25,700,823	1.649
Stearns County - City of Waite Park	3,646,335	1.649
Benton County - City of St. Cloud	4,219,424	1.649
Benton County - City of Sauk Rapids	3,302,850	1.649
Sherburne County - City of St. Cloud	1,715,822	1.649
Sherburne County - City of St. Cloud - 1/6 Annex	<u>106,504</u>	.275
Total	<u>\$ 38,691,758</u>	

SECTION V

FEDERAL AND STATE GRANT/CONTRACT INFORMATION

ST. CLOUD METROPOLITAN TRANSIT COMMISSION
 SCHEDULE OF FEDERAL AND STATE GRANT INFORMATION
 Year Ended September 30, 1989

<u>Federal Assistance Grant Number</u>	<u>Grant Name</u>	<u>Project Time Period</u>	<u>Funding Source</u>
CFDA No. 20.507			
MN-90-4039	Section 9 - Operating Assistance	10-1-88 thru 9-30-89	US Dept. of Transportation
MN-90-4033	Operating Assistance	10-1-87 thru 9-30-88	US Dept. of Transportation
MN-05-0013	Section 5 - Capital Assistance	N/A	US Dept. of Transportation
MN-90-0023	Section 9 - Capital Assistance	N/A	US Dept. of Transportation
MN-90-0033	Section 9 - Capital Assistance	N/A	US Dept. of Transportation
MN-05-0017	Section 5 - Capital Assistance	N/A	US Dept. of Transportation
MN-90-0021	Section 9 - Capital Assistance	N/A	US Dept. of Transportation
MN-90-0039	Section 9 - Capital Assistance	N/A	US Dept. of Transportation
State Assistance			
<u>Contract Number</u>			
64279	Public Transit Assistance Contract	1-1-89 thru 12-31-89	MN Dept. of Transportation
64280	Public Transit Assistance Contract	1-1-89 thru 12-31-89	MN Dept. of Transportation
65280	Public Transit Assistance Contract	1-1-89 thru 12-31-90	MN Dept. of Transportation
65281	Public Transit Assistance Contract	1-1-89 thru 12-31-90	MN Dept. of Transportation
64280	Public Transit Assistance Contract	1-1-89 thru 12-31-90	MN Dept. of Transportation
65281	Public Transit Assistance Contract	1-1-89 thru 12-31-90	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>
10-1-88 Thru 9-30-89	\$ 249,309	\$ -	\$ 249,309	\$ 249,309
10-1-88 Thru 9-30-89	275,609	273,669	1,940	275,609
10-1-88 Thru 9-30-89	295,304	174,628	120,676	295,304
10-1-88 Thru 9-30-89	15,833	14,009	1,824	15,833
10-1-88 Thru 9-30-89	126,378	7,058	119,320	126,378
10-1-88 Thru 9-30-89	103,669	-	103,669	103,669
10-1-88 Thru 9-30-89	682,000	-	682,000	682,000
10-1-88 Thru 9-30-89	117,600	-	117,600	117,600
10-1-88 Thru 9-30-89	63,142	43,881	19,261	63,142
10-1-88 Thru 9-30-89	560,242	425,222	135,020	560,242
10-1-88 Thru 9-30-89	41,505	-	41,505	41,505
10-1-88 Thru 9-30-89	471,103	-	471,103	471,103
10-1-88 Thru 9-30-89	469,606	-	469,606	469,606
10-1-88 Thur 9-30-89	587,008	-	587,008	587,008

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

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

November 10, 1989

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

We have audited the financial statements of St. Cloud Metropolitan Transit for the year ended September 30, 1989, and have issued our report thereon dated November 10, 1989. As part of our audit, we made a study and evaluation of the system of internal accounting controls of St. Cloud Metropolitan Transit Commission, to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Governmental Auditing Standards (1988 Revision); and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, 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 Commission 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 Commission, is a matter of public record.

Kern, Dewenter, Viere, CPA.
KERN, DEWENTER, VIERE, LTD.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION
REPORT ON INTERNAL CONTROLS BASED SOLELY ON A STUDY AND
EVALUATION MADE AS PART OF AN AUDIT OF THE
FINANCIAL STATEMENTS AND THE ADDITIONAL TESTS REQUIRED
BY THE SINGLE AUDIT ACT

November 10, 1989

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

We have audited the financial statements of St. Cloud Metropolitan Transit Commission, for the year ended September 30, 1989, and have issued our report thereon dated November 10, 1989. As part of our audit, 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 Government Auditing Standards (1988 Revision), 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

Accounting Applications -
Billings
Receivables
Cash Receipts
Purchasing and Receiving
Accounts Payable
Cash Disbursements
Payroll
Inventory Control
Property and Equipment
General Ledger

CONTROLS USED IN ADMINISTERING FEDERAL PROGRAMS:

General Requirements -
Political Activity
Civil Rights
Federal Financial Reports
Cash Management

Specific Requirements -
Types of Services
Eligibility
Cost Allocation
Reporting

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, 1989, St. Cloud Metropolitan Transit Commission, expended 100% of its total federal financial assistance under a major federal financial assistance program. With respect to internal control systems used in administering the major federal financial assistance program, 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.

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 program of St. Cloud Metropolitan Transit Commission. Accordingly, we do not express an opinion on the internal control systems used in administering the major federal financial assistance program of St. Cloud Metropolitan Transit Commission.

However, our study and evaluation and our audit disclosed no conditions that we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material to a federal financial assistance program may occur and not be detected within a timely period.

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.

Kern, Dewenter, Viere, LTD.
KERN, DEWENTER, VIERE, LTD.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION
REPORT ON COMPLIANCE BASED ON AN AUDIT OF
THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH THE STANDARDS FOR AUDIT ISSUED BY THE GAO

November 10, 1989

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

We have audited the financial statements of St. Cloud Metropolitan Transit Commission for the year ended September 30, 1989, and have issued our report thereon dated November 10, 1989. Our audit was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Government Auditing Standards (1988 Revision), issued by the U.S. General Accounting Office; and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, 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 compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine their compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements of the Commission.

The results of our tests indicate that for the items tested, St. Cloud Metropolitan Transit Commission complied with those laws and regulations, noncompliance with which could have a material effect on the 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 and regulations, noncompliance with which could have a material effect on the financial statements.

Kern, Dewenter, Viere, c70.
KERN, DEWENTER, VIERE, LTD.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION
REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS RELATED
TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

November 10, 1989

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

We have audited the financial statements of St. Cloud Metropolitan Transit Commission for the year ended September 30, 1989, and have issued our report thereon dated November 10, 1989. Our audit was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Government Auditing Standards (1988 Revision), 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 Minnesota Legal Compliance Audit Guide for Local Government, 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 compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records from the major federal financial assistance program. The purpose of our testing of transactions and records from this federal financial assistance programs was to obtain reasonable assurance that St. Cloud Metropolitan Transit Commission had, in all material respects, administered the major program 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 the major federal financial assistance program disclosed no instances of noncompliance with those laws and regulations.

In our opinion, for the year ended September 30, 1989, St. Cloud Metropolitan Transit Commission administered the major federal financial assistance program in compliance, in all material respects, with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, non-compliance with which we believe could have a material effect on the allowability of program expenditures.

The Minnesota Legal Compliance Audit Guide for Local Government 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 Commission complied with the material terms and conditions of applicable legal provisions. Further, for the items not tested, based on our audit and the procedures referred to above, nothing came to our attention to indicate that the Commission had not complied with such legal provisions.

Kern, DeWenter, Viere, LTD.
KERN, DEWENTER, VIERE, LTD.

ST. CLOUD METROPOLITAN TRANSIT COMMISSION

AUDIT FINDINGS

CURRENT YEAR: None

PRIOR YEAR: None

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

JAN 29 1990

Joan Anderson Thayer

Secretary of State

140039