

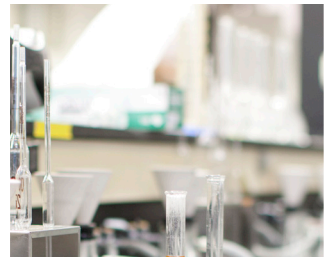


Twin Cities Area, Minnesota

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2019

A Component Unit of the State of Minnesota



METROPOLITAN COUNCIL
OF THE TWIN CITIES AREA
MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2019

A COMPONENT UNIT OF THE STATE OF MINNESOTA

Prepared by the Finance Unit

Issued June 2020



390 Robert Street North, St. Paul, Minnesota 55101



The mission of the Metropolitan Council is to foster efficient and economic growth for a prosperous metropolitan region.

The Council provides these essential services to enhance the region's quality of life and economic competitiveness:

- *Operate Metro Transit, serving 77.9 million bus and rail passengers in 2019 with award-winning, energy-efficient fleets. Our strategic investments support a growing network of bus and rail Transitways, and transit-oriented development.*
- *Collect and treat wastewater at rates 40 percent lower than peer agencies, while winning national awards for excellence.*
- *Work to ensure adequate clean water for the future, through our water supply planning and lake and river monitoring programs.*
- *Plan for future growth in partnership with communities and the public.*
- *Plan, acquire and develop a world-class regional parks and trails system.*
- *Provide affordable housing for qualifying low-income residents.*

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE METROPOLITAN COUNCIL
A COMPONENT UNIT OF THE STATE OF MINNESOTA
FOR THE YEAR ENDING DECEMBER 31, 2019**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	ix
GFOA Certificate of Achievement	xvi
Organization Chart	xvii
Council Members	xviii
Officers and Financial Administrative Officials	xix

FINANCIAL SECTION

Independent Auditor's Report	3
---	----------

MANAGEMENT'S DISCUSSION AND ANALYSIS	7
---	----------

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statement:

Statement of Net Position	20
Statement of Activities	21

Fund Financial Statements

Governmental Funds Financial Statements

Balance Sheet - Governmental Funds	22
Reconciliation of the Balance Sheet to the Statement of Net Position.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	25

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE METROPOLITAN COUNCIL
A COMPONENT UNIT OF THE STATE OF MINNESOTA
FOR THE YEAR ENDING DECEMBER 31, 2019**

TABLE OF CONTENTS

Proprietary Funds Financial Statements

Statement of Net Position - Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position - Fiduciary Fund	29
--	----

Notes to the Financial Statements

Notes to the Financial Statements Index.....	31
Notes to the Financial Statements	33

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

Major Funds	
General Fund	70
Metro Mobility Special Revenue Fund	71

Pension Schedules

Schedule of the Council's Proportionate Share of the Net Pension Liability	
Minnesota State Retirement System - General Employees Fund (MSRS-GEF).....	72
Public Employees Retirement Association of Minnesota - Public Employees Police and Fire Plan.....	73
Schedule of Council's Contributions	
Minnesota State Retirement System - General Employees Fund (MSRS-GEF).....	74
Public Employees Retirement Association of Minnesota - Public Employees Police and Fire Plan.....	75

Other Postemployment Benefits Plan

Schedule of Changes in the Metropolitan Council's Total OPEB Liability and Related Ratios.....	76
---	----

Notes to the Required Supplementary Information	77
--	-----------

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE METROPOLITAN COUNCIL
A COMPONENT UNIT OF THE STATE OF MINNESOTA
FOR THE YEAR ENDING DECEMBER 31, 2019**

TABLE OF CONTENTS

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Description of Nonmajor Governmental Funds	83
Combining Balance Sheet	
Nonmajor Governmental Funds	84
Nonmajor Governmental Funds - Special Revenue	85
Nonmajor Governmental Funds - Capital Projects	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental Funds	87
Nonmajor Governmental Funds - Special Revenue	88
Nonmajor Governmental Funds - Capital Projects	89
Budgetary Comparison Schedules	
Nonmajor Funds	
Livable Communities Special Revenue Fund	90
Transportation Planning Special Revenue Fund.....	91
Suburban Transit Providers Special Revenue Fund.....	92
Contracted Transit Service Special Revenue Fund	93
Other Special Revenue Fund	94
General Fund by Division.....	95
Statement of Changes in Assets and Liabilities - Fiduciary Fund	96
Bonds/Loans/Notes Outstanding	97
Schedule of Expenditures of Federal Awards	98
Notes to the Schedule of Expenditures of Federal Awards	102

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE METROPOLITAN COUNCIL
A COMPONENT UNIT OF THE STATE OF MINNESOTA
FOR THE YEAR ENDING DECEMBER 31, 2019**

TABLE OF CONTENTS

STATISTICAL SECTION

Statistical Section Index	105
Financial Trends:	
Net Position by Component.....	106
Changes in Net Position.....	107
Fund Balances of Governmental Funds.....	108
Changes in Fund Balances of Governmental Funds.....	109
Revenue Capacity:	
General Governmental Revenues and Other Financing Sources by Source.....	110
Market Value and Net Tax Capacity Value of Taxable Property.....	111
Property Tax Rates and Levies - Direct and Overlapping Governments.....	112
Principal Property Taxpayers.....	113
Property Tax Levies and Collections.....	114
Debt Capacity:	
Ratios of General Bonded Debt Outstanding.....	115
Ratios of Outstanding Debt by Type.....	116
Compilation of Overlapping Debt.....	118
Legal Debt Margin Information.....	123
Pledged Revenue Coverage.....	124
Demographic and Economic Information:	
Demographic and Economic Statistics.....	125
Principal Employers.....	126
Operating Information:	
Employees by Function/Program.....	127
Operating Indicators by Function/Program.....	128
Capital Asset Statistics by Function/Program.....	129

INTRODUCTORY SECTION





Metropolitan Council
2019 Comprehensive Annual Financial Report
Transmittal Letter from the Deputy Regional Administrator/Chief Financial Officer

June 17, 2020

Chair Charles Zelle and Members of the Metropolitan Council
390 Robert Street North
St. Paul, MN 55101

Dear Chair Zelle and Council Members,

In accordance with Minnesota Statute 473.13, subd. 4, I am pleased to submit the Comprehensive Annual Financial Report for the Metropolitan Council for the fiscal year ended December 31, 2019. This report includes the financial statements for the Council and the disclosures necessary to accurately present the financial condition and results of operations for the year then ended. The report has been prepared in accordance with generally accepted accounting principles (GAAP) for government units.

The report is divided into three sections:

- **Introductory Section** – includes this letter of transmittal, the certificate of achievement, the Council’s organization chart, and a list of Council members, officers, and financial administrative officials.
- **Financial Section** – includes the auditor’s opinion, the management’s discussion and analysis, the basic financial statements, budgetary comparison schedules, pension schedules, Other Post-Employment Benefits (OPEB) schedules, required supplementary information, combining and individual fund statements for nonmajor funds, bonds/loans/notes outstanding schedule, and the schedule of expenditures of federal awards. The notes to the financial statements, in the basic financial statements, are necessary for an understanding of the information included in the statements. The notes include a summary of significant accounting policies and other necessary disclosure of matters relating to the financial position of the Council.
- **Statistical Section** – includes mainly trend data and nonfinancial information useful in assessing a government’s financial condition.

Management assumes full responsibility for the completeness and reliability of all information contained in this report based on a comprehensive framework of internal controls that it has established for this purpose. These controls provide reasonable assurance that the Council’s assets are protected against loss and that the accounting records from which the financial statements are prepared are reliable. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is presented in conformity with GAAP.

METROPOLITAN COUNCIL

The independent Office of the State Auditor, State of Minnesota has issued an unmodified (clean) audit opinion on the Metropolitan Council's financial statements for the year ended December 31, 2019. The independent auditor's report is presented as the first component of the financial section of this report.

As a part of the financial statement audit, the Office of the State Auditor is conducting a single audit of federal programs. This audit meets the requirements of the federal Single Audit Act and is designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and requirements involving the administration of federal awards. These reports, included in the Metropolitan Council's separately issued Management and Compliance Report, will be available in June 2019.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Minnesota Legislature established the Metropolitan Council in 1967 to coordinate planning and development within the Twin Cities metropolitan area and to address issues that could not be adequately addressed with existing governmental arrangements. The area over which the Council has responsibility includes the counties of Anoka, Carver, Dakota (excluding the city of Northfield), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague), and Washington. The area includes 189 cities and townships and has a population of 3.63 million people. Additional legislative acts in 1974, 1976 and 1994 strengthened the Council's planning and policy roles and merged the functions of three operating agencies (the Metropolitan Transit Commission, the Regional Transit Board and the Metropolitan Waste Control Commission) into the Metropolitan Council. Note that the operating agencies serve geographic areas less than the full jurisdictional area of the Council.

The Council is composed of sixteen members who each represent a geographic district and one chairperson who serves at large. Each is appointed by and serves at the pleasure of the governor. The State Senate confirms Council member and chairperson appointments.

The Metropolitan Council is a component unit of the State of Minnesota. A component unit should be included in the reporting entity financial statements using the blending method in any of these circumstances, (a) the component unit's governing body is substantively the same as the governing body of the primary government and there is a financial benefit or burden relationship between the primary government and the component unit or management of the primary government has operational responsibility for the component unit, (b) the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. Usually the services provided by a blended component unit are financing services provided solely to the primary government.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund, all budgeted Special Revenue Funds, Metro Transit Bus, Light Rail, and Commuter Rail, and the Metropolitan Housing and Redevelopment Authority enterprise funds. The budget for the Environmental Services enterprise fund is prepared in conformity with the "cost allocation" system described in Minnesota Statute 473.517. Positive variances in revenues and expenses are accumulated for contingency reserves. All annual appropriations lapse at year end. Budgets are prepared in May and are reviewed by the Council committees in June and July. The Council approves a preliminary budget in August and approves public comment drafts of the operating and capital budgets in October. The public comment period extends through the final adoption of the budget in mid-December.

METROPOLITAN COUNCIL

Budgetary Comparison Schedules are presented in this report for each governmental fund for which an annual budget has been prepared. For the General Fund and the Metro Mobility Special Revenue Fund, these comparisons are included in the Required Supplementary Information section. Budgetary Comparison Schedules for the nonmajor governmental funds are presented in the Combining and Individual Fund Financial Statements and Schedules section.

Budgets are prepared at the division and fund level. Budgetary control is provided primarily through the Council's accounting system. Council adopted budgets are established in the accounting system by fund. Operating divisions have the authority to reallocate budgets within a fund, but by policy, the Council does not permit expenditures in excess of the approved fund budget. Transfers of authority across funds or divisions must be approved by the Council. Results of operations are reported against the approved budget, which may be amended.

Economic Condition and Outlook

The Twin Cities metro area experienced slower economic and employment growth in 2019. Market conditions remain mostly favorable for key industries. However, unemployment rates and job vacancy rates have reached an imbalance where workforce shortages are constraining continued regional economic growth. Also, a housing supply shortage is driving housing prices higher – a situation that diminishes the metro area's competitiveness in attracting and retaining new residents. Finally, metro area economic performance is tied to the national and global economies.

Gross domestic product (GDP) for the fifteen-county Minneapolis-St. Paul metropolitan statistical area (MSA) was \$263.69 billion in 2018, the most recent year estimated. Metro GDP grew by 2.52 percent, or 2.60 percent in real, inflation-adjusted terms. The growth was diversified, spread across industry sectors. Real GDP growth of 2.60 percent is very close to the national growth rate but lags the performance of competing major metro economies. (U.S. Bureau of Economic Analysis).

Total nonfarm employment in the Minneapolis-St. Paul metropolitan statistical area (MSA) grew by 0.10 percent in the year ending December 2019. This was the slowest annual growth rate measured since 2010, and lagged both the national growth rate (1.40 percent) and rates in other major metro areas. Minneapolis-St. Paul MSA's job growth rate ranked 23rd among the 25 largest metropolitan statistical areas. (U.S. Bureau of Labor Statistics, Current Employment Statistics).

Monthly unemployment rates for the seven-county metro area have been consistently low for three years. The seven-county metro area unemployment rate was 2.80 percent in December 2019. Among the 25 largest MSAs, Minneapolis-St. Paul MSA had the 13th lowest unemployment rate at the end of 2019 (U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics).

At the same time, the job vacancy rate in the seven-county metro area has grown to 5.00 percent, or 86,000 positions open in 2nd Quarter 2019. This is the largest number of openings seen in the twenty years that Minnesota has conducted this survey (Minnesota Department of Employment and Economic Development, Job Vacancy Survey). Endemic workforce shortage conditions are not easily solved. Minnesota DEED tracks gross jobs creation from business openings and expansions; the gross gains peaked in 2016, and then leveled off during 2017, 2018, and 2019. (Minnesota DEED, Quarterly Census of Employment). Metropolitan Council, in its recent regional forecast update, discusses a demographic plateau in the "traditional" supply of US-born, under-65 workers; their numbers are not growing. Instead, workforce growth now depends on older workers extending their careers, and on migrants settling in the metro area and adding to the workforce supply (Metropolitan Council, Regional Forecast).

METROPOLITAN COUNCIL

Housing prices continue to rise in the Twin Cities metro, due to inflation in construction costs, and the continuation of seller's market conditions. According to the Minneapolis Area Association of Realtors (MAAR), the median sale price rose 5.70 percent in 2019 to \$280,000. The number of new listings remained unchanged at 76,000, considered by MAAR to be a low level of turnover and availability (MAAR, 2019 Annual Housing Market Report). The housing shortage is particularly pronounced for those seeking low- or moderately priced houses.

In the rental market, the apartments building boom has helped stabilize the apartments vacancy rate. CoStar measured the apartments vacancy rate at 4.80 percent in 4th Quarter 2019. Apartment rent inflation slowed to 2.60 percent at the end of 2019. The average rents in the Twin Cities market have risen 3.00 to 4.00 percent each year since 2015 (CoStar).

New housing construction in the Twin Cities seven-county area rose substantially from 14,900 permitted housing units in 2018 to 19,500 units in 2019. (U.S. Census Bureau, Building Permits Survey, preliminary estimate for 2019). Note: U.S. Census Bureau's permitted housing statistics are often lower than Metropolitan Council's statistics; the Council's survey and report will be complete in June 2020. The past year was also robust for office, commercial, industrial, and other nonresidential construction projects. Construction projects in the Twin Cities seven-county area amounted to 14.10 million square feet of new floorspace and \$2.77 billion of new investment in 2019 (Dodge Reports).

Delivering High-Performance Regional Services

Transit - Metro Transit is one of the country's largest transit systems, providing over 84.00 percent of the 91.60 million regional bus and train trips taken annually in the Twin Cities in 2019. Each weekday, customers board Metro Transit regional buses and trains an average of nearly 252,000 times.

Metro Transit operates 127 bus routes, the METRO Blue Line Light Rail, the METRO Green Line Light Rail, and the NorthStar Commuter Rail Line, using a fleet of 904 buses, 91 light-rail passenger cars, 18 commuter rail passenger cars and 6 commuter rail locomotives.

The METRO Blue Line operates service between downtown Minneapolis, the MSP Airport, and the Mall of America in Bloomington, Minnesota. In 2019, the METRO Blue Line carried 11.00 million passengers. With average weekday ridership of 32,973, the line continued to exceed weekday projections for the year 2020 by more than 34.00 percent.

The METRO Green Line Light Rail is an 11-mile line and links five major centers of activity in the Twin Cities Region – downtown Minneapolis, the University of Minnesota, the Midway area, the State Capitol complex and downtown St. Paul. In 2019 the METRO Green Line carried nearly 14.3 million passengers and experienced average weekday ridership of 44,004. The line continued to exceed projections for the year and exceeded year 2030 weekday ridership levels by over 7.00 percent.

The NorthStar Commuter Rail provides service between Big Lake in Sherburne County and downtown Minneapolis. The service offers five morning trips and five afternoon return trips on weekdays, with one reverse commute trip each morning and afternoon. Weekend service includes three roundtrips on both Saturday and Sunday. Each train consists of a locomotive and four passenger cars and has seating for 560 people. Trains travel at speeds up to 79 miles per hour, making the trip from Big Lake to Minneapolis in about 50 minutes. Trains stop at stations in Elk River, Ramsey, Anoka, Coon Rapids, and Fridley. In 2019, the NorthStar Commuter Rail carried 767,768 passengers, with an average weekday ridership of 2,739.

The Council's Metropolitan Transportation Services Division provides additional transit services to the region through direct service contracts and other coordinating arrangements supporting four major programs: Metro Mobility, Contracted Regular Routes, Transit Link, and Suburban Transit Authority Providers.

METROPOLITAN COUNCIL

The Metro Mobility program is the metropolitan area's designated Americans with Disabilities Act (ADA) complementary paratransit service. In 2019, Metro Mobility provided over 2.3 million rides. Transit Link is a region-wide dial-a-ride program that assists people outside areas served by fixed-route transit and provided 236,082 rides in 2019. Contracted Regular Routes are bus transit services consisting primarily of lower productivity routes that can be operated in vehicles smaller than the standard 40-foot transit bus. In 2019, these routes carried nearly 2.6 million passengers. Suburban Transit Authority Providers are comprised of 12 communities selecting to manage their own transit service and provided nearly 5.0 million rides in 2019.

Water services - Metropolitan Council Environmental Services (MCES) provides wastewater treatment directly to 110 connected local municipalities within the Twin Cities seven-county region. MCES owns and operates over 600 miles of interceptor collection sewers along with nine treatment plants that treat an average 266 million gallons of wastewater per day. The system, which operates 24 hours a day, 365 days a year, has capacity to treat 358 million gallons per day.

All nine MCES wastewater treatment plants continue to perform at a high level in complying with clean water discharge permits. System-wide, wastewater was treated to 100.00 percent National Pollutant Discharge Elimination System (NPDES) compliance and all air emissions permits, and stack tests were successfully passed. The interceptor system had no notices of violations.

Six MCES wastewater treatment plants earned Platinum Awards for the National Association of Clean Water Agencies (NACWA) for six consecutive years or more of perfect discharge permit compliance through 2018. The awards were given in 2019 and include: Hastings (28 years), St. Croix Valley (27 years), Blue Lake (13 years), Eagles Point (13 years), Empire (11 years), and Metro (7 years). These compliance records are among the highest in the nation.

The 2019 annual budget for Environmental Services operations was funded primarily from the metropolitan wastewater charge allocated to municipalities (\$227.40 million) pursuant to Minnesota Statute 473.517. Municipal sewer rates to local homes and businesses in the metro region are low, approximately 40.00 percent lower than the national average. The metropolitan wastewater charge, while limited to wastewater and certain total watershed management expenses, is not limited by statute, this allows the Council to set rates as needed to maintain the approximately \$7.00 billion (replacement cost) in infrastructure.

Sewer Availability Charge (SAC) units continue to remain strong. The 25,309 SAC units in 2019 were 26.00 percent higher than 2018 and 280.00 percent higher than the low in 2009 of 6,653 units.

MCES also provides water supply research and planning for the region. Expenses for this program are not funded from wastewater fees, but from various other sources. In 2019, program expenses were \$1.20 million, and expenses are budgeted at \$1.70 million in 2020.

Approximately \$96.00 million was spent on capital projects in 2019 to support the regional goals of maintaining infrastructure, accommodating growth, and protecting the environment. \$59.00 million was spent on improvements to the regional interceptor system and \$37.00 million was spent on improvements to the nine wastewater treatment plants that are operated by Environmental Services. Capital projects are based on three needs: improvements to treatment or wastewater conveyance technology, expansion of the capacity within the regional treatment and conveyance system, and preservation of our existing facilities. In 2019, 9.00 percent of capital expenses were categorized as improvements, 9.00 percent as expansion, and 82.00 percent as preservation.

METROPOLITAN COUNCIL

Regional parks and trails – The Twin Cities area’s nationally renowned system of regional parks contributes significantly to our high quality of life. Preserving green space for active living and wildlife habitat enhances the region’s livability and thus its economic strength.

The regional parks system, which includes 56 regional parks and park reserves, 49 trails and 8 special recreation areas had 59.6 million visitors last year. Parks are operated by 10 partnering cities, counties and special districts. These partners work with the Metropolitan Council to acquire and develop parks and trails to protect natural resources and to provide outdoor recreation for public enjoyment.

The Council also works with these regional partners to develop park policies that protect the park system, improve water quality, promote best management practices, help integrate the park systems with housing and transportation and ensure that the park system is available to all residents of the region.

Housing - An adequate supply of affordable housing for the region’s workforce is essential for economic vitality and regional resiliency. The Council supports affordable housing in the region through various programs and initiatives. The Council’s Housing and Redevelopment Authority operates the state’s largest federal Housing Choice Voucher rent assistance program. The Council ensures all available federal funds provided are used to assist over 6,700 very low to extremely low-income households. This includes 150 Council owned and operated housing units known as the Family Affordable Housing Program in 11 suburban cities throughout Anoka, Ramsey and Hennepin Counties. Additionally, the Council provides rent assistance to nearly 600 households through other state and federally funded rent assistance programs serving households with specialized needs such as disabilities or people experiencing homelessness.

Working in partnership with cities, counties and municipal development authorities, the Council, through its Livable Communities Programs, provides grants to projects that: clean up contaminated land for redevelopment; promote efficient, connected development; and support the development and preservation of affordable and lifecycle housing. Currently, 96 metropolitan area communities are participating in the voluntary Livable Communities Act Local Housing Incentives program.

Financial Information

The 2019 unified budget was adopted by the Council on December 12, 2018. The original adopted budget for operations, pass-through expenditures and debt service was \$1.109 billion, representing a 4.92 percent increase from the budget adopted in 2018. During the year, the budget was revised to \$1.119 billion, primarily to recognize carry forward of budgeted expenses for projects initiated in the prior year but that are expected to be completed during 2019 and to recognize additional pass-through expenditures in 2019.

The Council budget relies on several funding sources. In the 2019 amended budget, \$401.11 million in revenues and transfers from other funds come from wastewater treatment service fees and transit fare revenues. Intergovernmental revenues from federal, state and local sources total \$319.60 million and \$86.99 million of revenues comes from property tax levies.

The Council receives a percentage of the state Motor Vehicle Sales Tax (MVST) to fund transit expenditures. In 2019, MVST revenues were projected at \$301.47 million. The sales tax on motor vehicle sales is a single sector tax and has historically experienced significant volatility in the amount generated from year to year. To address this volatility, the Council only budgets 95.00 percent of its share of forecasted revenues and does not budget the additional 5.00 percent until the following budget year if it is received.

METROPOLITAN COUNCIL

The Council also adopted its 2019 capital program as part of the unified budget adopted in December 2018. The capital program includes an authorized capital program (ACP) and a six-year capital improvement plan (CIP) reflecting the Council's commitment to maintain and preserve regional investments in wastewater services, transit services, and regional parks and trails. The adopted 2019 capital program totaled \$7.56 billion, including \$2.88 billion in projects in the authorized capital program and \$4.68 billion in planned projects in the capital improvement plan. The adopted 2019 capital program included an annual capital budget of \$575.36 million.

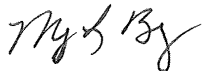
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Council for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2018. This was the thirty-sixth consecutive year the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report is prepared with the professional and dedicated services of the finance staff. Support from the entire staff is required to produce the report in a timely manner. Staff in many other departments of the Metropolitan Council also provided data. I want to express my appreciation for the dedication of the staff members for their contribution in preparation of this report.

Respectfully,



Mary L. Bogie
Deputy Regional Administrator / Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Metropolitan Council
of the Twin Cities Area, Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

Metropolitan Council Organizational Chart

December 2019

Acting Chair
Molly Cummings

Regional Administrator
Meredith Vadis

Deputy Regional Administrator/ Chief Financial Officer
Mary Bogie

General Counsel
Ann Bloodhart

Program Evaluation and Audit
Matthew LaTour
Director

Enterprise Content Management
Finance
Human Resources
Information Services
Procurement
Real Estate
Risk Management

Communications
Open
Director

Government Affairs
Judd Schetnan
Director

Office of Diversity and Equal Opportunity
Cyrenthia Jordan
Director

Community Development
Lisa Barajas
Director

Metro Transit
Wes Kooistra
General Manager

Metropolitan Transportation Services
Nick Thompson
Director

Environmental Services
Leisa Thompson
General Manager

		Term of Office	
<i>COUNCIL MEMBERS</i>		First Appointed	End of Term
Chair:	Nora Slawik	January 9, 2019	November 15, 2019
District Members:			
District No. 1	Judy Johnson	March 6, 2019	January 2, 2023
District No. 2	Reva Chamblis	March 6, 2019	January 2, 2023
District No. 3	Christopher Ferguson	March 6, 2019	January 2, 2023
District No. 4	Deb Barber	March 8, 2015	January 2, 2023
District No. 5 Acting Chair	Molly Cummings	March 6, 2019	January 2, 2023
District No. 6	Lynnea Atlas-Ingebretson	March 6, 2019	January 2, 2023
District No. 7	Robert Lilligren	March 6, 2019	January 2, 2023
District No. 8	Abdirahman Muse	March 6, 2019	January 2, 2023
District No. 9	Raymond Zeran	March 6, 2019	January 2, 2023
District No. 10	Peter Lindstrom	March 6, 2019	January 2, 2023
District No. 11	Susan Vento	March 6, 2019	January 2, 2023
District No. 12	Francisco J. Gonzalez	March 6, 2019	January 2, 2023
District No. 13	Chai Lee	March 6, 2019	January 2, 2023
District No. 14	Kris Fredson	March 6, 2019	January 2, 2023
District No. 15	Phillip Sterner	March 6, 2019	January 2, 2023
District No. 16	Wendy Wulff	April 22, 2009	January 2, 2023

METROPOLITAN COUNCIL

OFFICERS

Chair	Nora Slawik, end of term November 15, 2019
Vice-Chair	Molly Cummings, Acting Chair
Treasurer	Mary Bogie
Secretary	Emily Getty

FINANCIAL ADMINISTRATIVE OFFICIALS

Regional Administrator	Meredith Vadis
Deputy Regional Administrator/ Chief Financial Officer	Mary Bogie



FINANCIAL SECTION







JULIE BLAHA
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Members of the Council and Audit Committee
Metropolitan Council of the Twin Cities Area
Saint Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Council of the Twin Cities Area, a component unit of the State of Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Metropolitan Council's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the Metropolitan Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Metropolitan Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Council as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Subsequent Events and the Pandemic

As discussed in Note V.F. to the financial statements, subsequent to year-end, the World Health Organization declared the outbreak of a coronavirus (COVID-19) to be a pandemic, resulting in reduced transit services, reduced rent from tenants, and adjustments to services. Also identified was a period of civil unrest in the Twin Cities metro area, which resulted in transportation being suspended and potential damage to assets. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metropolitan Council's basic financial statements. The Introductory Section, the Combining and Individual Fund Financial Statements and Schedules, and the Statistical Section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020, on our consideration of the Metropolitan Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Metropolitan Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Metropolitan Council's internal control over financial reporting and compliance.



JULIE BLAHA
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 17, 2020



2019 Comprehensive Annual Financial Report Management's Discussion and Analysis (Unaudited)

The following discussion and analysis of the Metropolitan Council financial performance provides an overview of the Council's financial activities for the fiscal year ending December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in our preceding transmittal letter and the Metropolitan Council's basic financial statements following this section.

Financial Highlights

- The assets and deferred outflows of resources of the Metropolitan Council exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3.67 billion. Of this amount, \$3.39 billion or 92.37 percent represents net investment in capital assets.
- The Metropolitan Council's total net position increased by \$328.08 million, or 9.81 percent compared to the prior year's net position. Net position from business-type activities increased by \$295.17 million, mainly due to increased activity on the Metro Transit Bus and Metro Transit Light Rail lines. Governmental activities net position increased by \$32.91 million mainly due to transit capital activity.
- At the close of the current fiscal year, the Metropolitan Council's governmental funds reported combined fund balances of \$552.77 million, an increase of \$131.55 million, or 31.23 percent.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$34.84 million, an increase of \$5.29 million or 17.90 percent compared to the previous year's fund balance. Approximately \$21.07 million of this amount is unassigned fund balance and available for spending on the general purpose needs of the Council.
- The Metropolitan Council's total outstanding long-term debt increased by \$3.77 million. The Council issued \$150.20 million in bonds and notes while paying down \$146.43 million during the current fiscal year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Metropolitan Council's basic financial statements. The Council's basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Metropolitan Council's financial operations, in a manner similar to a private-sector business. Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. They are prepared using the economic resources measurement focus and the full accrual basis of accounting.

The Statement of Net Position presents financial information on all of the Council's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Metropolitan Council is improving or deteriorating.

The Statement of Activities presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes, accounts receivable and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Metropolitan Council that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Metropolitan Council include general government, housing, transportation, environment, economic development, and culture and recreation. The business-type activities of the Metropolitan Council include wastewater treatment, public transportation, housing and redevelopment, and internal service fund.

The government-wide financial statements can be found on pages 20-21 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Metropolitan Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Metropolitan Council can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions as reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing the Council's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Metropolitan Council maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Metro Mobility Special Revenue Fund, and Debt Retirement Fund, which are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The Metropolitan Council adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary funds

The Metropolitan Council maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Metropolitan Council uses enterprise funds to account for its wastewater treatment, bus transportation, light rail transportation, commuter rail transportation and housing operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Metropolitan Council's various functions. The Metropolitan Council uses internal service funds to account for its self-insurance. Because this service predominantly benefits business-type functions rather than governmental functions, it has been included within business-type activities in the government-wide financial statements, with a small portion allocated to governmental funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary funds utilize accrual basis accounting which is the same method used by private-sector businesses. The proprietary fund financial statements provide separate information for wastewater treatment, bus transportation, light rail transportation, commuter rail transportation and housing operations, all five funds are considered to be major funds of the Metropolitan Council.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Metropolitan Council's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Metropolitan Council maintains one fiduciary fund. This agency fund reports resources held by the Metropolitan Council in a custodial capacity for individuals.

The fiduciary fund financial statement can be found on page 29 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-68 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Metropolitan Council funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 69-79 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements, bonds/loans/notes outstanding statement, and schedules can be found on pages 81-102 of this report.

Additionally, the statistical section, which provides mostly trend data and non-financial information useful in assessing the Metropolitan Council’s financial condition, can be found on pages 103-129 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial position. In the case of the Metropolitan Council, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.67 billion, at the end of 2019.

**Metropolitan Council Net Position
December 31, 2019 and 2018
(In Thousands)**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 600,476	\$ 465,196	\$ 995,763	\$ 995,178	\$ 1,596,239	\$ 1,460,374
Capital assets	161,598	170,865	4,672,226	4,418,030	4,833,824	4,588,895
Total assets	762,074	636,061	5,667,989	5,413,208	6,430,063	6,049,269
Deferred outflows of resources:						
Outflows - derivative	-	-	726	2,297	726	2,297
Outflows - pension	22,078	42,902	191,572	364,544	213,650	407,446
Outflows - OPEB	1,559	151	53,268	8,225	54,827	8,376
Total deferred outflows of resources	23,637	43,053	245,566	375,066	269,203	418,119
Long-term liabilities outstanding	319,329	231,351	1,872,403	1,878,360	2,191,732	2,109,711
Other liabilities	49,216	43,363	306,239	296,387	355,455	339,750
Total liabilities	368,545	274,714	2,178,642	2,174,747	2,547,187	2,449,461
Deferred inflows of resources:						
Inflows - pension	49,045	69,094	413,456	580,711	462,501	649,805
Inflows - OPEB	360	456	18,221	24,749	18,581	25,205
Total deferred inflows of resources	49,405	69,550	431,677	605,460	481,082	675,010
Net position:						
Net investment in capital assets	98,575	103,150	3,292,273	3,012,182	3,390,848	3,115,332
Restricted	457,845	346,016	106,812	108,634	564,657	454,650
Unrestricted	(188,659)	(114,316)	(95,849)	(112,749)	(284,508)	(227,065)
Total net position	\$ 367,761	\$ 334,850	\$ 3,303,236	\$ 3,008,067	\$ 3,670,997	\$ 3,342,917

By far, the largest portion of the Metropolitan Council's net position, \$3.39 billion or 92.37 percent reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The Metropolitan Council uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the Metropolitan Council’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

METROPOLITAN COUNCIL

An additional portion of the Metropolitan Council's net position, \$564.66 million or 15.38 percent reflects resources that are subject to external restrictions on how they may be used. Net position restrictions are primarily due to State legislation and bond covenants. These components of net position consist of debt service, capital projects, highway right-of-way, economic revitalization, environment development, housing, and regional land use. The increase in the restricted net position, \$110.01 million, came primarily from capital project activities.

The remaining balance of negative \$284.51 million is unrestricted net position. Negative unrestricted net position results from debt obligations being reported in governmental activities, while related capital assets are recognized in the business-type activities.

At the end of the current fiscal year, the Metropolitan Council is able to report positive balances in two of the three categories of net position. Governmental activities and business-type activities both had positive balances in two of the three categories. The Metropolitan Council's combined net position for governmental and business-type activities increased by \$328.08 million, or 9.81 percent from the prior year's net position. The reasons for this overall increase are discussed in the following sections for the governmental activities and business-type activities.

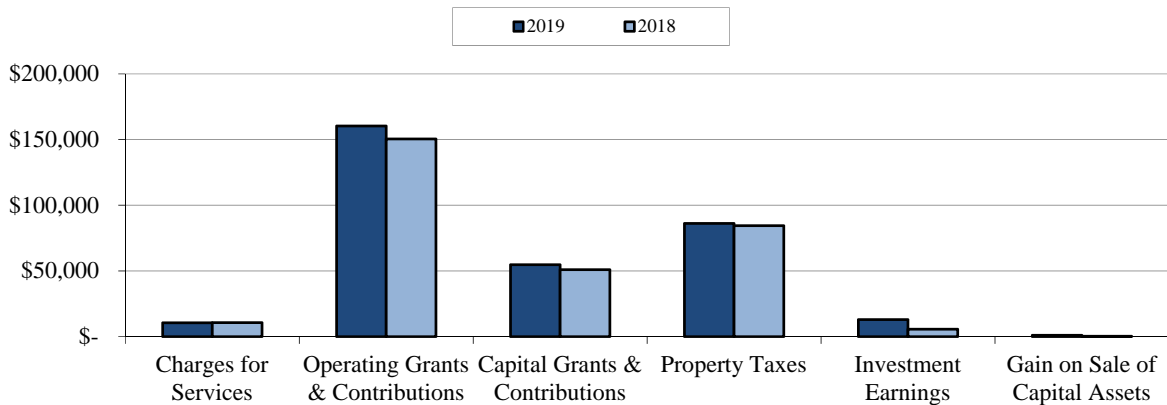
Changes in Net Position Fiscal Years Ended December 31, 2019 and 2018 (In Thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 10,604	\$ 10,727	\$ 393,734	\$ 392,664	\$ 404,338	\$ 403,391
Operating grants and contributions	160,287	150,442	411,574	413,859	571,861	564,301
Capital grants and contributions	54,714	50,969	347,007	277,340	401,721	328,309
General revenues:						
Property taxes	86,228	84,416	-	-	86,228	84,416
Investment earnings	13,009	5,642	63,059	431	76,068	6,073
Gain on sale of capital assets	1,050	369	172	124	1,222	493
Total revenues	<u>325,892</u>	<u>302,565</u>	<u>1,215,546</u>	<u>1,084,418</u>	<u>1,541,438</u>	<u>1,386,983</u>
Expenses:						
General government	14,289	(3,225)	-	-	14,289	(3,225)
Transportation	176,640	167,991	-	-	176,640	167,991
Culture and recreation	56,383	34,830	-	-	56,383	34,830
Economic revitalization	16,835	7,807	-	-	16,835	7,807
Environment development	6,216	4,926	-	-	6,216	4,926
Housing	3,607	2,234	-	-	3,607	2,234
Interest and other charges	6,999	5,037	-	-	6,999	5,037
Environmental services	-	-	263,824	219,380	263,824	219,380
Transit bus	-	-	411,291	291,133	411,291	291,133
Transit light rail	-	-	151,400	127,480	151,400	127,480
Transit commuter rail	-	-	26,458	25,233	26,458	25,233
Housing	-	-	79,416	74,817	79,416	74,817
Total expenses	<u>280,969</u>	<u>219,600</u>	<u>932,389</u>	<u>738,043</u>	<u>1,213,358</u>	<u>957,643</u>
Increase (decrease) in net position before transfers	44,923	82,965	283,157	346,375	328,080	429,340
Transfers	(12,012)	(18,242)	12,012	18,242	-	-
Increase (decrease) in net position	32,911	64,723	295,169	364,617	328,080	429,340
Net position, beginning	334,850	270,127	3,008,067	2,643,450	3,342,917	2,913,577
Net position, ending	<u>\$ 367,761</u>	<u>\$ 334,850</u>	<u>\$ 3,303,236</u>	<u>\$ 3,008,067</u>	<u>\$ 3,670,997</u>	<u>\$ 3,342,917</u>

METROPOLITAN COUNCIL

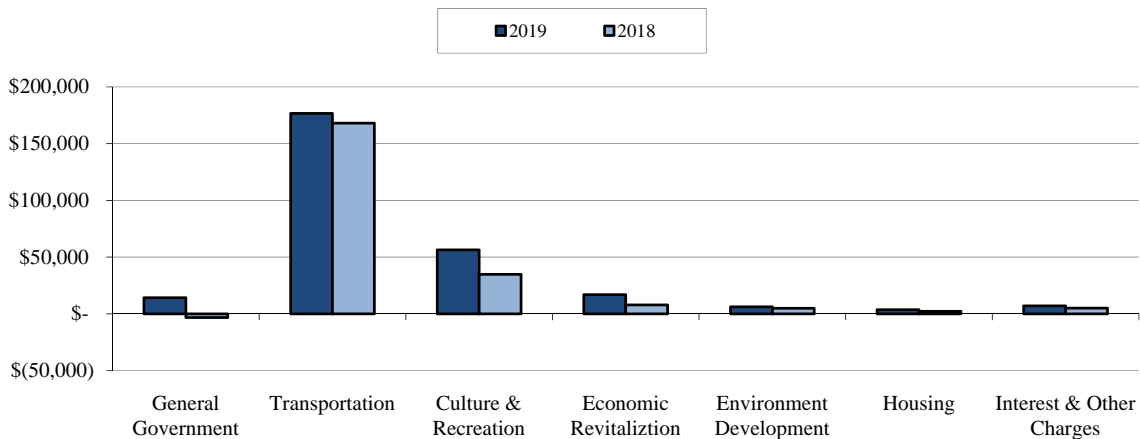
Governmental Activities. During the current fiscal year, net position for governmental activities increased \$32.91 million or 9.83 percent of the difference from the prior fiscal year for an ending balance of \$367.76 million.

Governmental Activities Revenues
Fiscal Years Ended December 31, 2019 and 2018
(In Thousands)



Governmental activities are supported by charges for services, operating grants, and capital grants and contributions. Additionally, general revenues cover any expenses after program specific revenues are applied. In 2019, the Council relied primarily on property taxes for funding governmental activities beyond program revenues. Specifically, property taxes supported the Council's General Fund activity and parks debt service activity. Some revenues for the Council's governmental activities are derived directly from the program itself (referred to as charges for services), parties outside the government, taxpayers or citizenry. As a whole, these revenues reduce the net cost of the function to be financed from the government's general revenue. Governmental activities program revenues totaled \$225.61 million, an increase of \$13.47 million, or 6.35 percent, compared to 2018. An increase in operating grant revenues of \$9.85 million, an increase in capital grant revenues of \$3.74 million, and a decrease in charges for services revenues of \$0.12 million account for this change. The change in capital grant revenue was primarily due to parks projects. Total governmental activities general revenues were \$100.29 million, an increase of \$9.86 million or 10.90 percent over the prior year. This is mainly due to an increase in investment earnings, reflecting higher market yields. Property taxes supporting general fund activity and parks debt service activity increased slightly, by \$1.81 million.

Governmental Activities Program Expenses
Fiscal Years Ended December 31, 2019 and 2018
(In Thousands)



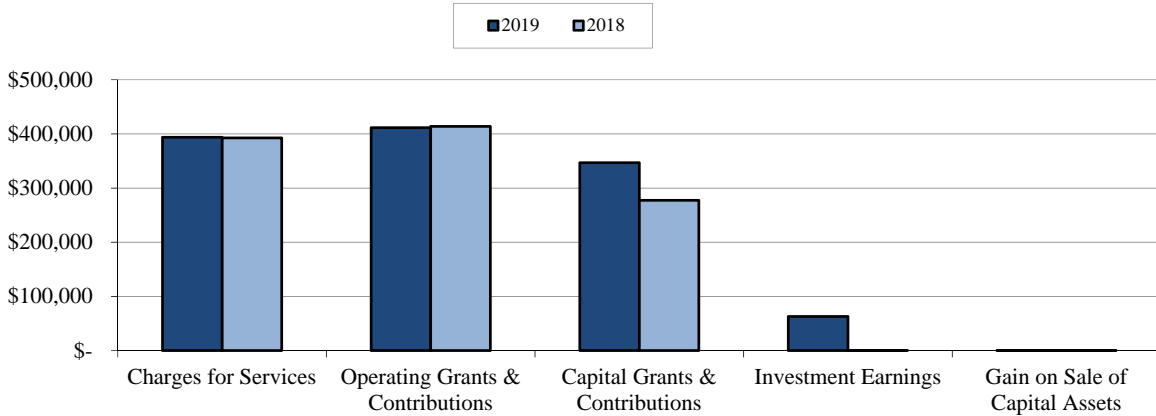
In 2019, expenses for governmental activities increased by \$61.37 million, 27.95 percent, to \$280.97 million. General government expenses increased by \$17.51 million due to higher actuarial pension expenses, culture and recreation expenses increased by \$21.55 million due to timing of parks projects, and transportation increased by \$8.65 million. In addition, interest expense increased by \$1.96 million, and the Council's livable communities programs for housing, economic revitalization, and environment development increased by \$11.69 million. The unexpended balances of all livable community grants programs are reported as restricted net position.

Depreciation for the year was \$25.78 million, an increase of \$2.47 million from 2018. Net transfers to business-type activities decreased by \$6.23 million to \$12.01 million. Transfers were primarily capital expense reimbursements, with Metro Transit Bus the primary recipient. Net salaries and benefits increased \$1.06 million mainly due to increased medical insurance and other employee benefit expenses. Payments to outside transit providers increased by \$5.38 million due to an increase in the cost of metro mobility and fixed route service.

METROPOLITAN COUNCIL

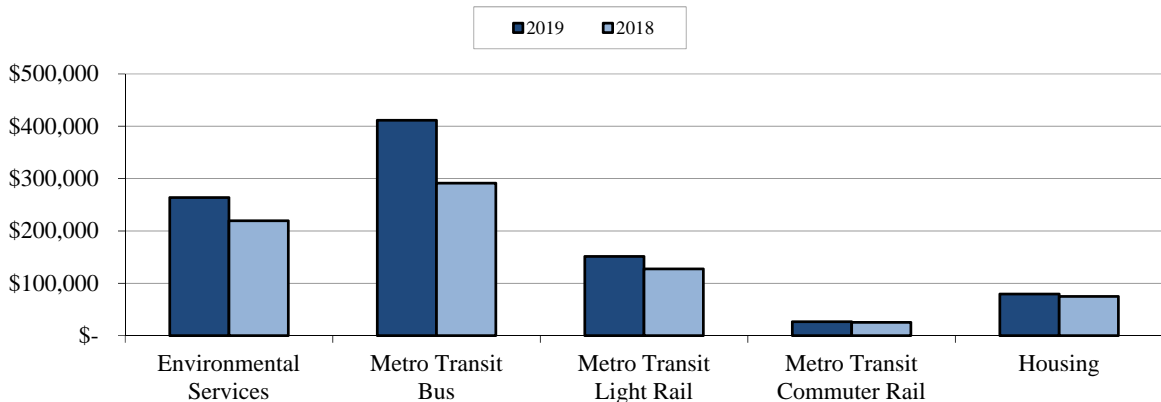
Business-type Activities. For the Metropolitan Council’s business-type activities, the results for the current fiscal year increased the overall net position to reach an ending balance of \$3.30 billion. The total increase in net position for business-type activities (Environmental services, Transit bus, Transit light rail, Transit commuter rail, and Housing) was \$295.17 million or 9.81 percent from the prior fiscal year’s net position.

Business-type Activities Revenues
Fiscal Years Ended December 31, 2019 and 2018
(In Thousands)



Program revenues for the Council’s business-type activities totaled \$1.15 billion, or 123.59 percent of related expenses for fiscal year 2019 compared to \$1.08 billion, 146.86 percent of related expenses, in the prior year. Capital grants increased by \$69.67 million, primarily due to increased activity on the Green Line and Blue Line extensions, and charges for services revenues increased by \$1.07 million, mainly due to an increase in wastewater rates. Operating grants revenue decreased by \$2.29 million mainly due to decreased grant funding for Metro Transit Bus service. Investment earnings increased by \$62.63 million, reflecting higher market yields.

Business-type Activities Expenses
Fiscal Year Ended December 31, 2019 and 2018
(In Thousands)



Business-type activities in 2019 incurred expenses of \$932.39 million, an increase of \$194.35 million, or 26.33 percent, from the prior year. Higher actuarial pension expenses account for most of the increase. Environmental Services program expenses increased by \$44.44 million, Metro Transit Bus expenses increased by \$120.16 million, Metro Transit Light Rail expenses increased by \$23.92 million, Metro Transit Commuter Rail expenses increased by \$1.23 million and Housing increased by \$4.60 million.

Overall salaries and benefit related expenses increased by \$186.05 million to \$435.10 million due to higher actuarial pension expense. Contracted services increased by \$4.54 million and insurance expenses increased by \$2.37 million. These increases were offset by decreases in insurance claims (\$3.02 million) and depreciation expense (\$4.01 million). Depreciation expense decreased to \$198.62 million from \$202.63 million in 2018. General inflationary factors account for increases to other operating expense categories.

Financial Analysis of the Governmental Funds

As noted earlier, the Metropolitan Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Metropolitan Council’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Metropolitan Council’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose at the end of the fiscal year.

At December 31, 2019, the Metropolitan Council’s governmental funds had combined fund balances of \$552.77 million, an increase of \$131.55 million in comparison with the prior year. Approximately \$21.07 million of this amount is available for spending at the Council’s discretion as unassigned fund balance in the General Fund. Negative unassigned fund balance, \$35.53 million, in Nonmajor Governmental Funds represents Parks and Open Space Grants and is deemed unassigned because the restricted amounts for future grant payments are to be funded by future bonding and State reimbursements. The remainder of the fund balance is either restricted, committed or assigned to indicate that it is: restricted for particular purposes, \$457.85 million; committed for particular purposes, \$102.18 million; or assigned for particular purposes, \$7.21 million.

Revenues from all governmental funds for the current year were \$325.00 million, an increase of \$22.41 million, 7.41 percent, from the previous year. Governmental funds share of state appropriation revenue increased by \$9.41 million to support metro mobility transit operations. Intergovernmental revenues increased by \$14.93 million for parks capital projects and decreased by \$12.89 million for transit capital projects, due to the timing of project expenses. Taxes increased by \$1.58 million and investment earnings increased by \$7.37 million.

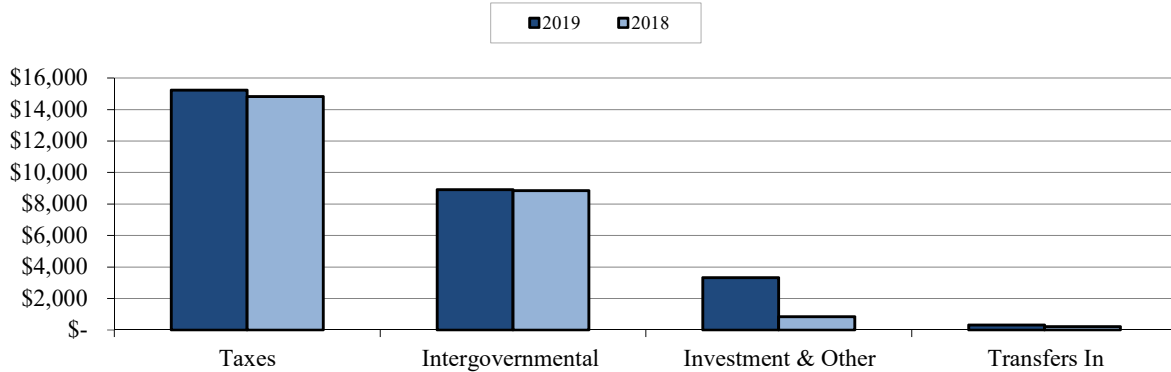
Expenditures for all governmental funds in the current year were \$311.07 million, an increase of \$12.50 million from the previous year. Culture and recreational program expenditures increased by \$21.55 million primarily due to the timing of regional parks activity. The Council’s livable communities programs (housing, economic revitalization, and environment development) spending increased by \$11.69 million, reflecting environment and economic development projects in an execution phase during the year. Transportation expenditures increased by \$6.20 million to \$152.63 million. Debt service principal and interest payments increased by \$0.25 million, for a total of \$47.30 million. Capital outlay decreased by \$26.91 million to \$16.67 million due to the small bus fleet replacement schedule.

The General Fund is the main operating fund of the Metropolitan Council. At the end of 2019, \$7.15 million was committed for specific purposes and \$6.62 million was assigned for existing obligations, leaving \$21.07 million unassigned. The General Fund increased by \$5.29 million to \$34.84 million, or 17.90 percent over the prior year. Approximately \$3.70 million of the increase is due to incomplete projects carried over to 2020, with the difference due to decreased consulting costs.

**General Fund
Revenues by Source and Other Financing Sources
Fiscal Years Ended December 31, 2019 and 2018
(In Thousands)**

	2019		2018		Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	
Revenues by Source					
Taxes	\$15,232	55%	\$14,818	60%	\$ 414
Intergovernmental Revenues	8,921	32%	8,842	36%	79
Investment Income and Other	3,326	12%	842	3%	2,484
Transfers In	319	1%	213	1%	106
Total Revenue and Other Financing Sources	\$27,798	100%	\$24,715	100%	\$ 3,083

**General Fund
Revenues by Source and Other Financing Sources
Fiscal Years Ended 2019 and 2018
(In Thousands)**

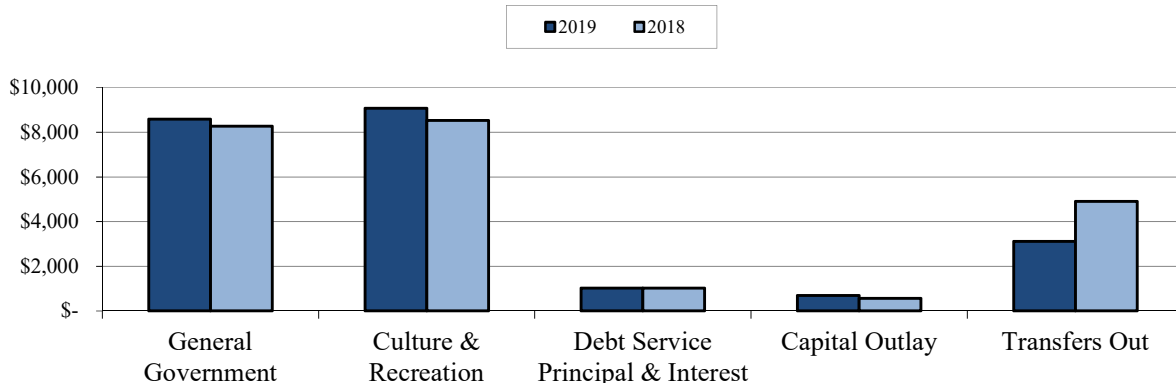


General Fund revenues increased by \$3.08 million over the previous year. Investment and other income increased by \$2.48 million primarily due to market yields. Tax revenue increased by \$0.41 million and intergovernmental revenue increased by \$0.08 million. General Fund operating transfers-in, used primarily for water supply planning in 2019, increased by \$0.11 million to \$0.32 million.

**General Fund
Expenditures by Function and Other Financing Uses
Fiscal Years Ended December 31, 2019 and 2018
(In Thousands)**

	2019		2018		Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	
Expenditures by Function					
General Government	\$ 8,595	38%	\$ 8,278	35%	\$ 317
Culture and Recreation	9,077	40%	8,540	37%	537
Debt Service (Principal Only)	875	4%	850	4%	25
Debt Service (Interest Only)	148	1%	175	1%	(27)
Capital Outlay	695	3%	563	2%	132
Total Expenditures	\$ 19,390	86%	\$ 18,406	79%	\$ 984
Transfers Out	3,118	14%	4,914	21%	(1,796)
Total Expenditures and Other Financing Uses	\$ 22,508	100%	\$ 23,320	100%	\$ (812)

**General Fund
Expenditures by Function and Other Financing Uses
Fiscal Years Ended December 31, 2019 and 2018
(In Thousands)**



METROPOLITAN COUNCIL

General Fund expenditures (net of allocations) during the current year were \$19.39 million, an increase of \$0.98 million over the previous year. Other financing uses-transfers out decreased by \$1.80 million. The General Fund budgeted and transferred out \$1.00 million for livable communities as required by State statute. Transfers out for business-type activities included \$0.87 million to Environmental Services for reimbursement of water supply program expenditures and \$1.25 million to HRA for the housing choice voucher program. Actual expenditures for general government expenses were under budget due to lower than anticipated spending on contracted services and capital outlays. These projects will carry-forward into 2020 through the budget process.

In 2019, the Metro Mobility Fund balance increased by \$9.81 million to \$69.75 million. Metro Mobility's total revenues increased by \$9.62 million to \$89.25 million. State revenues increased by \$9.41 million due to a change in state legislation. The number of passenger trips and passenger miles increased by 1.72 percent and 3.79 percent respectively, however fare revenues decreased slightly (1.21 percent) to \$7.89 million due to a change from monthly billings to smart cards for agency service. Total Metro Mobility expenditures were \$79.44 million for the year, an increase of \$3.14 million compared to 2018. The increase was due to increased demand for service and general inflationary factors.

The Debt Retirement Fund balance increased by \$7.44 million to \$122.11 million as anticipated for debt repayments. Property tax related revenues increased \$0.84 million over the prior year to \$54.19 million. Investment earnings increased by \$1.31 million. Total debt service payments were \$46.28 million, an increase of \$0.25 million from the prior year.

Financial Analysis of Proprietary Funds

The Metropolitan Council's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Proprietary Funds

The Council has five enterprise funds: Environmental Services, Metro Transit Bus, Metro Transit Light Rail, Metro Transit Commuter Rail, and Metropolitan Housing and Redevelopment Authority. Additionally, the Council has one Internal Service fund. Each enterprise fund is reported as a major fund. The Internal Service fund accounts for self-insured medical and dental insurance related to Regional Administration, Metro Transit, and Environmental Services. The Regional Administration related portion of the Internal Service fund is allocated to the governmental activities, which is accounted for in the governmental funds to governmental activities reconciliation.

Overall, the enterprise funds had a total net position of \$3.26 billion at December 31, 2019. The total net position for all enterprise funds increased by \$286.40 million during 2019 compared to the prior year's net position. Capital grant revenues account for this increase.

Proprietary Funds
Key Balance Sheet Account Balances and Revenue and Expense Activities
Fiscal Years Ended December 31, 2019 and 2018
(In Thousands)

	Enterprise Funds							
	Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total 2019	Total 2018	Internal Service
		Bus	Light Rail	Commuter Rail				
Assets	\$ 2,468,677	\$979,991	\$ 1,966,039	\$ 184,367	\$ 21,157	\$ 5,620,231	\$ 5,373,523	\$ 47,572
Deferred outflows of resources	50,829	163,583	26,730	2,417	2,007	245,566	375,066	-
Liabilities	1,658,651	393,172	109,545	7,078	3,454	2,171,900	2,167,308	6,742
Deferred inflows of resources	73,799	293,669	54,682	5,068	4,459	431,677	605,460	-
Operating Income (Loss)	21,511	(343,599)	(122,541)	(23,853)	(78,536)	(547,018)	(354,960)	8,235
Changes in Net Position	56,324	46,886	185,864	(3,735)	1,060	286,399	360,791	9,155
Net Position	787,056	456,733	1,828,542	174,638	15,251	3,262,220	2,975,821	40,830

The Environmental Services Fund accounts for the operations, maintenance, and design of the regional wastewater (sanitary sewer) system. Normal operations were positive, mainly due to increased charges for services and operating grants. Net capital assets increased by \$33.19 million.

Metro Transit Bus is the region's largest direct provider of bus transit service. For December 31, 2019, net investment in capital assets was \$544.41 million, an increase of \$41.73 million. This increase was due to investment in buildings and buses and the planning of the new bus rapid transit lines.

METROPOLITAN COUNCIL

The Metro Transit Light Rail Fund provides the region's light rail transit service. For December 31, 2019, the net investment in capital assets was \$1.81 billion, an increase of \$177.82 million. This increase was due to planning and construction in progress for Light Rail extensions.

The Metro Transit Commuter Rail Fund provides the region's commuter rail transit service. For December 31, 2019, the net investment in capital assets was \$167.75 million, a decrease of \$5.75 million mostly from accumulated depreciation.

The Metropolitan Housing and Redevelopment Authority provides affordable housing under the Federal Section 8 housing choice voucher program and other housing programs. The net position balance for the year ended December 31, 2019, was \$15.25 million, of which \$8.30 million was net investment in capital assets.

General Fund Budgetary Highlights

The original expenditure budget was increased by \$2.58 million to arrive at the final budget of \$24.09 million. The increase came from:

- \$1.90 million in additional budget carryovers from 2018 for community development projects.
- \$250.00 thousand in additional budget carryovers from 2018 for equity grant programs.
- \$431.20 thousand in additional budget carryovers from 2018 for council wide technology capital outlays.

During the year, however, actual operating expenditures were \$4.70 million lower than the final budget. This amount includes \$3.70 million in carryovers to 2020, the balance was mainly a result of lower consulting costs and capital outlay.

Capital Asset and Debt Administration

Capital Assets

The Metropolitan Council's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$4.83 billion, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, water treatment plants, machinery, equipment, and vehicles. The total increase in capital assets for the current fiscal year was approximately 5.34 percent.

**Metropolitan Council Capital Assets
(Net of Accumulated Depreciation)
Fiscal Years Ended December 31, 2019 and 2018
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 6,958	\$ 6,958	\$ 256,508	\$ 256,405	\$ 263,466	\$ 263,363
Buildings and infrastructure	32,642	33,531	2,846,933	2,854,460	2,879,575	2,887,991
Vehicles and other equipment	121,998	130,376	473,083	498,902	595,081	629,278
Construction in progress	-	-	1,095,702	808,263	1,095,702	808,263
Total	\$ 161,598	\$ 170,865	\$ 4,672,226	\$ 4,418,030	\$ 4,833,824	\$ 4,588,895

Major capital asset events during the current fiscal year included the following:

The Metropolitan Council's net capital assets for governmental activities decreased by \$9.27 million for the year.

The business-type activities had an increase of \$254.20 million. Increases of \$182.40 million in Metro Transit Light Rail, \$44.71 million in Metro Transit Bus and \$33.19 million in Environmental Services were offset by decreases of \$5.03 million in Metro Commuter Rail and \$1.07 million in Metropolitan Housing and Redevelopment Authority.

Additional information on the Metropolitan Council's capital assets can be found in Note IV.E on pages 48-49 of this report.

Debt Administration

At the end of the fiscal year, the Metropolitan Council had total bonds and loans outstanding of \$1.55 billion. Of this amount, \$1.01 billion was for general obligation bonds and notes issued by the Metropolitan Council, \$540.97 million was for loans from the State of Minnesota Public Facilities Authority, and \$2.40 million was for loans from Hennepin County. General obligation bonds and loans are backed by the full faith and credit of the Metropolitan Council.

**Metropolitan Council Outstanding Debt
General Obligation Bonds and Loans
December 31, 2019 and 2018
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds and notes	\$ 262,910	\$ 184,565	\$ 746,580	\$ 805,135	\$ 1,009,490	\$ 989,700
State of Minnesota loans	375	775	540,595	554,642	540,970	555,417
Hennepin County Notes Payable	-	-	2,395	3,971	2,395	3,971
Total of general obligation bonds and loans	\$ 263,285	\$ 185,340	\$ 1,289,570	\$ 1,363,748	\$ 1,552,855	\$ 1,549,088

The Metropolitan Council's total debt increased by \$3.77 million, or 0.24 percent, during the year. General obligation bonds and notes increased by \$19.79 million, the State of Minnesota Public Facilities Authority loans decreased by \$14.45 million and notes payable with Hennepin County decreased by \$1.58 million. The Council issued \$117.00 million of new bonds, while retiring \$97.21 million of bonds and loans. Also during 2019 the Metropolitan Council drew down \$31.98 million in State of Minnesota loans and repaid \$46.42 million on existing State of Minnesota loans.

The Metropolitan Council maintains an “AAA” rating from Standard and Poor's and Fitch Ratings and an “Aaa” rating from Moody's Investors service for general obligation debt.

Minnesota statutes does not limit the amount of general obligation debt on wastewater bonds. The state statutes limit the amount of general obligation debt the Metropolitan Council may issue for regional recreation open space at \$40.00 million. The current unused authority is \$38.80 million. Transit debt is subject to limited amounts as authorized by statute. At the end of the year, the Metropolitan Council had unissued authority of \$113.82 million of transit general obligation bonds.

Additional information on the Metropolitan Council's long-term debt can be found in Note IV.H on pages 51-54 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the Metropolitan Council and were considered in developing the 2020 fiscal year budget.

- The Council’s operating budget relies on several funding sources. For 2020, total state revenues (state general fund appropriations and motor vehicle sales taxes) are expected to represent 38.32 percent of total operating revenue, an increase of 2.47 percent from 2019.
- The Council uses the state November forecast to establish budget parameters for motor vehicle sales taxes. The state February forecast projects motor vehicle sales taxes will be 1.00 percent higher than forecasted in November. Receipts in excess of budget fall to reserve balances and are considered in the next budget cycle.
- User fees from wastewater treatment and transit services represent 35.63 percent of total operating revenues for 2020, an increase of 2.52 percent from the 2019 operating budget. This increase reflects a wastewater rate increase planned for 2020.
- The certified property tax levy approved by the Council for amounts payable in 2020 represents a 2.00 percent increase over the previous year’s levy. The general purposes levy is 100.00 percent of its statutory levy limit. Property tax revenue collections have historically been in line with budgeted original estimates.

Requests for Information

This financial report is designed to provide a general overview of the Metropolitan Council's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Metropolitan Council, 390 Robert Street North, St. Paul, Minnesota 55101-1805.



BASIC FINANCIAL STATEMENTS



**STATEMENT OF NET POSITION
DECEMBER 31, 2019
IN THOUSANDS**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 485,281	\$ 531,069	1,016,350
Receivables, net	5,537	22,796	28,333
Internal balances	(186)	186	-
Due from other governmental units	66,039	51,202	117,241
Inventory	-	39,719	39,719
Prepays and other	-	1,375	1,375
Loans and advances	43,805	868	44,673
Restricted assets:			
Cash and cash equivalents	-	303,645	303,645
Receivables, net	-	6,428	6,428
Due from other governmental units	-	38,313	38,313
Loans receivable	-	162	162
Capital assets not being depreciated			
Land	6,958	256,508	263,466
Construction in progress	-	1,095,702	1,095,702
Capital assets (net of accumulated depreciated)			
Buildings and infrastructure	32,642	2,846,933	2,879,575
Vehicles	119,832	421,630	541,462
Equipment	2,166	51,453	53,619
Total assets	<u>762,074</u>	<u>5,667,989</u>	<u>6,430,063</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows derivative	-	726	726
Deferred outflows pension	22,078	191,572	213,650
Deferred outflows OPEB	1,559	53,268	54,827
Total deferred outflows of resources	<u>23,637</u>	<u>245,566</u>	<u>269,203</u>
LIABILITIES			
Accounts payable and other current liabilities	44,294	46,675	90,969
Accrued interest payable	4,622	-	4,622
Unearned revenue	300	25,435	25,735
Restricted liabilities:			
Liabilities payable from restricted assets	-	73,982	73,982
Unearned revenue	-	160,147	160,147
Noncurrent liabilities:			
Due within one year	45,681	155,746	201,427
Due in more than one year	252,627	1,257,271	1,509,898
OPEB liability due in more than one year	6,559	329,730	336,289
Net pension liability due in more than one year	14,462	129,656	144,118
Total liabilities	<u>368,545</u>	<u>2,178,642</u>	<u>2,547,187</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows pension	49,045	413,456	462,501
Deferred inflows OPEB	360	18,221	18,581
Total deferred inflows of resources	<u>49,405</u>	<u>431,677</u>	<u>481,082</u>
NET POSITION			
Net investment in capital assets	98,575	3,292,273	3,390,848
Restricted for:			
Debt service	122,105	21,336	143,441
Capital projects	210,086	85,144	295,230
Highway right-of-way	57,725	-	57,725
Economic revitalization	48,424	-	48,424
Environment development	15,556	-	15,556
Housing	3,095	332	3,427
Regional land use	854	-	854
Unrestricted	(188,659)	(95,849)	(284,508)
Total net position	<u>\$ 367,761</u>	<u>\$ 3,303,236</u>	<u>\$ 3,670,997</u>

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

METROPOLITAN COUNCIL

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS

Function/program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 14,289	\$ 125	\$ -	\$ 2,076	\$ (12,088)	\$ -	\$ (12,088)
Transportation	176,640	10,479	151,427	14,096	(638)	-	(638)
Culture and recreation	56,383	-	8,860	38,542	(8,981)	-	(8,981)
Economic revitalization	16,835	-	-	-	(16,835)	-	(16,835)
Environment development	6,216	-	-	-	(6,216)	-	(6,216)
Housing	3,607	-	-	-	(3,607)	-	(3,607)
Interest and other charges	6,999	-	-	-	(6,999)	-	(6,999)
Total governmental activities	280,969	10,604	160,287	54,714	(55,364)	-	(55,364)
Business-type activities:							
Environmental services	263,824	288,390	11,530	-	-	36,096	36,096
Transit bus	411,291	72,990	249,294	98,637	-	9,630	9,630
Transit light rail	151,400	28,869	56,683	245,680	-	179,832	179,832
Transit commuter rail	26,458	2,605	16,011	2,690	-	(5,152)	(5,152)
Housing	79,416	880	78,056	-	-	(480)	(480)
Total business-type activities	932,389	393,734	411,574	347,007	-	219,926	219,926
Total governmental and business-type activities	\$ 1,213,358	\$ 404,338	\$ 571,861	\$ 401,721	(55,364)	219,926	164,562
General revenues:							
Property taxes					86,228	-	86,228
Investment earnings					13,009	63,059	76,068
Gain on sale of capital assets					1,050	172	1,222
Transfers					(12,012)	12,012	-
Total general revenues and transfers					88,275	75,243	163,518
Change in net position					32,911	295,169	328,080
Net position, beginning					334,850	3,008,067	3,342,917
Net position, ending					\$ 367,761	\$ 3,303,236	\$ 3,670,997

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019
IN THOUSANDS**

	General	Metro Mobility Special Revenue	Debt Retirement	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 39,025	\$ 42,057	\$ 121,202	\$ 282,997	\$ 485,281
Receivables, net	6	-	-	9	15
Delinquent taxes receivable	785	-	2,929	616	4,330
Interest receivable	172	95	278	647	1,192
Due from other governmental units	122	40,951	-	24,966	66,039
Loans and advances	118	-	-	43,687	43,805
Total assets	<u>\$ 40,228</u>	<u>\$ 83,103</u>	<u>\$ 124,409</u>	<u>\$ 352,922</u>	<u>\$ 600,662</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts/contracts/subgrantees payable	\$ 2,484	\$ 13,352	\$ 1	\$ 26,127	\$ 41,964
Salaries payable	2,330	-	-	-	2,330
Unearned revenue	11	-	-	289	300
Total liabilities	<u>4,825</u>	<u>13,352</u>	<u>1</u>	<u>26,416</u>	<u>44,594</u>
Deferred inflows of resources:					
Unavailable revenue - taxes	<u>559</u>	<u>-</u>	<u>2,303</u>	<u>439</u>	<u>3,301</u>
Fund balances:					
Restricted	-	-	122,105	335,740	457,845
Committed	7,152	69,751	-	25,275	102,178
Assigned	6,622	-	-	586	7,208
Unassigned	21,070	-	-	(35,534)	(14,464)
Total fund balances	<u>34,844</u>	<u>69,751</u>	<u>122,105</u>	<u>326,067</u>	<u>552,767</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,228</u>	<u>\$ 83,103</u>	<u>\$ 124,409</u>	<u>\$ 352,922</u>	<u>\$ 600,662</u>

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

**RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019
IN THOUSANDS**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances-total governmental funds (page 22)	\$	552,767
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		161,598
An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in business-type activities in the Statement of Net Position; a portion of the internal service fund is attributable to governmental funds.		(186)
Long-term liabilities, including bonds and interest payable, are not due and payable in the current period and therefore are not reported in governmental funds.		(323,951)
Deferred inflows resulting from taxes are not available to pay for current period expenditures, and therefore, are not reported as revenue in governmental funds.		3,301
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in governmental funds.		
Deferred outflows related to pensions		22,078
Deferred inflows related to pensions		(49,045)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to OPEB that are not recognized in governmental funds.		
Deferred outflows related to OPEB		1,559
Deferred inflows related to OPEB		(360)
Net position of governmental activities (page 20)	<u>\$</u>	<u>367,761</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	General	Metro Mobility Special Revenue	Debt Retirement	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 15,232	\$ -	\$ 54,193	\$ 16,956	\$ 86,381
Intergovernmental revenue:					
Federal	-	-	-	18,322	18,322
Build America bonds interest subsidy	-	-	703	-	703
State	8,860	80,336	-	106,719	195,915
Local	61	-	-	125	186
Investment income	2,921	1,020	2,784	6,284	13,009
Other	405	7,890	-	2,184	10,479
Total revenues	<u>27,479</u>	<u>89,246</u>	<u>57,680</u>	<u>150,590</u>	<u>324,995</u>
EXPENDITURES					
Current:					
General government	8,595	-	19	2,825	11,439
Transportation	-	79,435	-	32,569	112,004
Intergovernmental:					
Transportation	-	-	-	40,621	40,621
Culture and recreation	9,077	-	-	47,306	56,383
Economic revitalization	-	-	-	16,835	16,835
Environment development	-	-	-	6,216	6,216
Housing	-	-	-	3,607	3,607
Debt service:					
Principal	875	-	39,055	-	39,930
Interest and other charges	148	-	7,220	-	7,368
Capital outlay	695	-	-	15,974	16,669
Total expenditures	<u>19,390</u>	<u>79,435</u>	<u>46,294</u>	<u>165,953</u>	<u>311,072</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,089</u>	<u>9,811</u>	<u>11,386</u>	<u>(15,363)</u>	<u>13,923</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	319	-	-	4,948	5,267
Transfers out	(3,118)	-	(3,948)	(10,213)	(17,279)
Bonds issued	-	-	-	117,000	117,000
Premium on bonds and capital related debt	-	-	-	11,588	11,588
Sale of capital assets	-	-	-	1,050	1,050
Total other financing sources (uses)	<u>(2,799)</u>	<u>-</u>	<u>(3,948)</u>	<u>124,373</u>	<u>117,626</u>
Net change in fund balances	5,290	9,811	7,438	109,010	131,549
Fund balances, beginning	<u>29,554</u>	<u>59,940</u>	<u>114,667</u>	<u>217,057</u>	<u>421,218</u>
Fund balances, ending	<u>\$ 34,844</u>	<u>\$ 69,751</u>	<u>\$ 122,105</u>	<u>\$ 326,067</u>	<u>\$ 552,767</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds (page 24)	\$	131,549
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(9,114)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, transfers, and donations) is to increase net position.		(153)
An internal service fund is used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service fund activities reported with governmental activities.		385
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(153)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(88,289)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,314)
Change in net position of governmental activities (page 21)	<u>\$</u>	<u>32,911</u>

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

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2019
 IN THOUSANDS

	Business-type Activities						
	Enterprise Funds						
	Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total	Internal Service Fund
		Bus	Light Rail	Commuter Rail			
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 131,379	\$ 322,047	\$ 11,373	\$ 9,008	\$ 9,690	\$ 483,497	\$ 47,572
Receivables, net	12,724	8,503	506	22	1,041	22,796	-
Due from other governmental units	3,435	31,093	12,754	3,573	347	51,202	-
Inventory	9,490	14,503	13,989	1,737	-	39,719	-
Prepays and other	-	491	220	664	-	1,375	-
Restricted assets:							
Cash and cash equivalents	214,148	36,320	52,565	298	314	303,645	-
Receivables, net	6,219	83	125	1	-	6,428	-
Due from other governmental units	-	10,114	26,750	556	63	37,483	-
Loans receivable	162	-	-	-	-	162	-
Total current assets	<u>377,557</u>	<u>423,154</u>	<u>118,282</u>	<u>15,859</u>	<u>11,455</u>	<u>946,307</u>	<u>47,572</u>
Noncurrent assets:							
Capital assets:							
Land	23,134	52,238	75,170	99,560	6,406	256,508	-
Buildings and infrastructure	3,194,787	436,656	1,216,146	74,140	21,367	4,943,096	-
Vehicles	10,754	477,692	308,000	56,834	-	853,280	-
Equipment	29,869	110,769	82,331	15,349	100	238,418	-
Construction in progress	169,685	95,292	826,595	4,130	-	1,095,702	-
Less accumulated depreciation	(1,338,130)	(616,487)	(660,485)	(81,505)	(18,171)	(2,714,778)	-
Net capital assets	2,090,099	556,160	1,847,757	168,508	9,702	4,672,226	-
Due from other governments-restricted	830	-	-	-	-	830	-
Advances and loans	191	677	-	-	-	868	-
Total noncurrent assets	<u>2,091,120</u>	<u>556,837</u>	<u>1,847,757</u>	<u>168,508</u>	<u>9,702</u>	<u>4,673,924</u>	<u>-</u>
Total assets	<u>2,468,677</u>	<u>979,991</u>	<u>1,966,039</u>	<u>184,367</u>	<u>21,157</u>	<u>5,620,231</u>	<u>47,572</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows derivative	-	726	-	-	-	726	-
Deferred outflows pension	37,484	123,293	26,371	2,417	2,007	191,572	-
Deferred outflows OPEB	13,345	39,564	359	-	-	53,268	-
Total deferred outflows of resources	<u>50,829</u>	<u>163,583</u>	<u>26,730</u>	<u>2,417</u>	<u>2,007</u>	<u>245,566</u>	<u>-</u>
LIABILITIES							
Current liabilities:							
Accounts payable	9,065	7,792	3,347	840	234	21,278	-
Salaries payable	3,325	16,509	242	16	190	20,282	-
Compensated absences payable	3,872	17,558	2,521	189	160	24,300	-
Due to other governmental units	-	1,586	2,086	593	-	4,265	-
Unearned revenue	11,760	13,670	-	-	-	25,430	5
Accrued claims	256	5,037	71	177	-	5,541	6,737
Other	9	841	-	-	-	850	-
Restricted liabilities:							
Payables from restricted assets	14,212	11,753	34,480	763	-	61,208	-
Accrued interest payable from restricted assets	12,774	-	-	-	-	12,774	-
Bonds/loans payable from restricted assets	116,773	-	2,395	-	-	119,168	-
Unearned revenue from restricted assets	110,251	4,052	45,765	79	-	160,147	-
Total current liabilities	<u>282,297</u>	<u>78,798</u>	<u>90,907</u>	<u>2,657</u>	<u>584</u>	<u>455,243</u>	<u>6,742</u>
Noncurrent liabilities:							
Compensated absences payable	3,943	1,436	-	-	107	5,486	-
Accrued claims	468	12,718	1,500	3,000	43	17,729	-
Bonds/loans payable after one year (net of unamortized discounts and deferred amount on refunding)	1,232,651	-	-	-	1,405	1,234,056	-
Pension liability	53,423	57,565	15,932	1,421	1,315	129,656	-
OPEB liability	85,869	242,655	1,206	-	-	329,730	-
Total noncurrent liabilities	<u>1,376,354</u>	<u>314,374</u>	<u>18,638</u>	<u>4,421</u>	<u>2,870</u>	<u>1,716,657</u>	<u>-</u>
Total liabilities	<u>1,658,651</u>	<u>393,172</u>	<u>109,545</u>	<u>7,078</u>	<u>3,454</u>	<u>2,171,900</u>	<u>6,742</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows pension	70,351	278,932	54,646	5,068	4,459	413,456	-
Deferred inflows OPEB	3,448	14,737	36	-	-	18,221	-
Total deferred inflows of resources	<u>73,799</u>	<u>293,669</u>	<u>54,682</u>	<u>5,068</u>	<u>4,459</u>	<u>431,677</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	760,942	544,407	1,810,881	167,746	8,297	3,292,273	-
Restricted for:							
Debt service	21,336	-	-	-	-	21,336	-
Capital projects	7,580	42,465	34,324	775	-	85,144	-
Housing operations	-	-	-	-	332	332	-
Unrestricted	(2,802)	(130,139)	(16,663)	6,117	6,622	(136,865)	40,830
Total net position	<u>\$ 787,056</u>	<u>\$ 456,733</u>	<u>\$ 1,828,542</u>	<u>\$ 174,638</u>	<u>\$ 15,251</u>	<u>\$ 3,262,220</u>	<u>\$ 40,830</u>

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time

Net position of business-type activities (page 20)

41,016

\$ 3,303,236

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 IN THOUSANDS**

	Business-type Activities							
	Enterprise Funds							
	Environmental Services	Metro Transit			Commuter Rail	Metropolitan Housing and Redevelopment Authority	Total	Internal Service Fund
		Bus	Light Rail					
Operating revenues:								
Charges for services:								
Wastewater and industrial strength charges	\$ 244,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,468	\$ -
Transit fares	-	68,975	27,241	2,605	-	-	98,821	-
Tenant rent	-	-	-	-	824	-	824	-
Advertising and auxiliary	-	3,017	1,628	-	-	-	4,645	-
Insurance premiums	-	-	-	-	-	-	-	82,670
Miscellaneous	-	-	-	-	56	-	56	1,210
Total operating revenues	<u>244,468</u>	<u>71,992</u>	<u>28,869</u>	<u>2,605</u>	<u>880</u>	<u>880</u>	<u>348,814</u>	<u>83,880</u>
Operating expenses:								
Salaries and employee benefits	80,393	280,790	62,503	6,234	5,180	-	435,100	-
Contracted services	25,727	19,093	4,507	6,712	2,132	-	58,171	1,081
Materials and supplies	12,908	46,506	12,760	2,387	31	-	74,592	-
Insurance	1,740	3,083	189	1,632	87	-	6,731	-
Utilities	17,490	3,324	5,650	538	144	-	27,146	-
Advertising	-	1,228	18	-	-	-	1,246	-
Housing related expenses	-	-	-	-	70,208	-	70,208	-
Claims	-	-	-	-	-	-	-	72,187
Other	18,206	3,715	1,083	449	565	-	24,018	2,377
Depreciation	66,493	57,852	64,700	8,506	1,069	-	198,620	-
Total operating expenses	<u>222,957</u>	<u>415,591</u>	<u>151,410</u>	<u>26,458</u>	<u>79,416</u>	<u>79,416</u>	<u>895,832</u>	<u>75,645</u>
Operating income (loss)	<u>21,511</u>	<u>(343,599)</u>	<u>(122,541)</u>	<u>(23,853)</u>	<u>(78,536)</u>	<u>(78,536)</u>	<u>(547,018)</u>	<u>8,235</u>
Nonoperating revenues (expenses):								
Intergovernmental	11,530	249,294	56,683	16,011	78,056	-	411,574	-
Pass-through grants	(9,688)	(2,418)	-	-	-	-	(12,106)	-
Sewer availability charges	41,774	-	-	-	-	-	41,774	-
Investment income	22,992	40,050	640	253	140	-	64,075	920
Interest and fiscal charges	(31,335)	-	-	-	-	-	(31,335)	-
Gain/(loss) on sale of capital assets	(258)	(169)	172	-	-	-	(255)	-
Capital projects	(4,173)	-	-	-	-	-	(4,173)	-
Other	3,422	1,412	10	-	-	-	4,844	-
Total nonoperating revenues (expenses)	<u>34,264</u>	<u>288,169</u>	<u>57,505</u>	<u>16,264</u>	<u>78,196</u>	<u>78,196</u>	<u>474,398</u>	<u>920</u>
Income (loss) before contributions and transfers	<u>55,775</u>	<u>(55,430)</u>	<u>(65,036)</u>	<u>(7,589)</u>	<u>(340)</u>	<u>(340)</u>	<u>(72,620)</u>	<u>9,155</u>
Capital contributions	-	98,637	245,680	2,690	-	-	347,007	-
Transfers in	868	6,506	5,220	1,164	1,400	-	15,158	-
Transfers out	(319)	(2,827)	-	-	-	-	(3,146)	-
Total contributions and transfers	<u>549</u>	<u>102,316</u>	<u>250,900</u>	<u>3,854</u>	<u>1,400</u>	<u>1,400</u>	<u>359,019</u>	<u>-</u>
Change in net position	<u>56,324</u>	<u>46,886</u>	<u>185,864</u>	<u>(3,735)</u>	<u>1,060</u>	<u>1,060</u>	<u>286,399</u>	<u>9,155</u>
Total net position, beginning	<u>730,732</u>	<u>409,847</u>	<u>1,642,678</u>	<u>178,373</u>	<u>14,191</u>	<u>14,191</u>	<u>-</u>	<u>31,675</u>
Total net position, ending	<u>\$ 787,056</u>	<u>\$ 456,733</u>	<u>\$ 1,828,542</u>	<u>\$ 174,638</u>	<u>\$ 15,251</u>	<u>\$ 15,251</u>	<u>\$ -</u>	<u>\$ 40,830</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.							<u>8,770</u>	
Changes in net position of business-type activities (page 21)							<u>\$ 295,169</u>	

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	Business-type Activities						Internal Service Fund
	Enterprise Funds						
	Environmental Services	Metro Transit		Commuter Rail	Metropolitan Housing and Redevelopment Authority	Total	
	Bus	Light Rail					
Cash flows from operating activities							
Receipts from customers and users	\$ 237,010	\$ 73,938	\$ 27,388	\$ 2,604	\$ 888	\$ 341,828	\$ -
Receipts from interfund services	-	-	-	-	-	-	82,876
Payments to suppliers	(75,558)	(79,124)	(26,413)	(12,009)	(73,165)	(266,269)	(76,345)
Payments to employees	(71,941)	(268,392)	(61,161)	(5,949)	(5,031)	(412,474)	-
Receipts from others	-	3,017	1,628	-	-	4,645	-
Other non-operating expenses	(4,173)	-	-	-	-	(4,173)	-
Other non-operating revenues	12,222	244,606	50,093	-	7,680	314,601	1,211
Net cash provided (used) by operating activities	97,560	(25,955)	(8,465)	(15,354)	(69,628)	(21,842)	7,742
Cash flows from non-capital financing activities							
Intergovernmental receipts	-	12,566	6,786	15,828	71,793	106,973	-
Pass-through grant payments	(9,688)	(2,418)	-	-	-	(12,106)	-
Net cash provided by non-capital financing activities	(9,688)	10,148	6,786	15,828	71,793	94,867	-
Cash flows from capital and related financing activities							
Transfers in (out) - for capital purposes	-	3,679	5,220	1,164	-	10,063	-
Capital contributions	-	100,229	246,269	2,142	-	348,640	-
Proceeds from capital debt	31,975	-	1,224	-	-	33,199	-
Proceeds from sewer availability charges	60,354	-	-	-	-	60,354	-
Proceeds from sale of capital assets	258	(169)	172	-	-	261	-
Purchase of capital assets	(103,011)	(99,584)	(240,928)	(2,752)	-	(446,275)	-
Principal paid on capital debt	(104,577)	-	(2,800)	-	-	(107,377)	-
Interest paid on capital debt	(41,662)	-	-	-	-	(41,662)	-
Net cash provided by (used in) capital and related financing activities	(156,663)	4,155	9,157	554	-	(142,797)	-
Cash flows from investing activities							
Interest received (paid)	8,446	6,895	41	195	82	15,659	920
Increase (Decrease) in Fair Value of Investments	16,919	33,158	601	58	56	50,792	-
Net cash provided by (used in) investing activities	25,365	40,053	642	253	138	66,451	920
Net increase (decrease) in cash and cash equivalents	(43,426)	28,401	8,120	1,281	2,303	(3,321)	8,662
Balances, beginning	388,953	329,966	55,818	8,025	7,701	790,463	38,910
Balances, ending	\$ 345,527	\$ 358,367	\$ 63,938	\$ 9,306	\$ 10,004	\$ 787,142	\$ 47,572
Reconciliation of operating income (loss) to net cash provided (used) by operating activities							
Operating income (loss)	\$ 21,511	\$ (343,599)	\$ (122,541)	\$ (23,853)	\$ (78,536)	\$ (547,018)	\$ 8,235
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	66,493	57,852	64,700	8,506	1,069	198,620	-
Change in assets and liabilities:							
Accounts receivable	(8,475)	(4)	147	(1)	(1)	(8,334)	205
Due from employees	30	-	-	-	-	30	-
Due to other governments	-	(345)	-	-	-	(345)	-
Materials and supplies (inventory)	(313)	(1,093)	(2,216)	(169)	-	(3,791)	-
Prepaid expenses and other current assets	-	(77)	(106)	(57)	-	(240)	-
Accounts payable	823	(741)	116	(65)	12	145	(700)
Accrued payroll liabilities	331	5,715	374	218	61	6,699	-
Pension liability	(87)	2,120	406	(36)	17	2,420	-
OPEB liability	13,681	45,201	450	-	-	59,332	-
Deferred outflows of pension	36,167	110,560	22,242	2,111	1,893	172,973	-
Deferred outflows of OPEB	(10,774)	(33,931)	(338)	-	-	(45,043)	-
Deferred inflows of pension	(28,892)	(112,788)	(21,747)	(2,008)	(1,823)	(167,258)	-
Deferred inflows of OPEB	(2,004)	(4,479)	(45)	-	-	(6,528)	-
Unearned revenues	1,018	4,967	-	-	-	5,985	2
Other liabilities	2	81	-	-	-	83	-
Other non-operating expenses	(4,173)	-	-	-	-	(4,173)	-
Other non-operating revenues	12,222	244,606	50,093	-	7,680	314,601	-
Net cash provided (used) by operating activities	\$ 97,560	\$ (25,955)	\$ (8,465)	\$ (15,354)	\$ (69,628)	\$ (21,842)	\$ 7,742
Non-cash investing, capital and related financing activities:							
Transferred/donated assets	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ 10	\$ -
Loss on disposition of capital assets	(393)	-	-	-	-	(393)	-

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

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2019
IN THOUSANDS**

	Agency Fund
ASSETS	
Cash and cash equivalents	<u>\$ 6,397</u>
LIABILITIES	
Due to participants	<u>\$ 6,397</u>

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



NOTES TO THE FINANCIAL STATEMENTS

I. Summary of significant accounting policies	
A. Reporting entity.....	33
B. Government-wide and fund financial statements.....	33
C. Measurement focus, basis of accounting, and financial statement presentation.....	33
D. Assets, liabilities, deferred outflows/inflows of resources and net position or equity	
1. Cash and investments	
a. Cash and cash equivalents.....	35
b. Investments.....	35
2. Receivables and payables.....	36
3. Due from other governmental units.....	36
4. Inventories and prepaid items.....	36
5. Restricted assets.....	37
6. Capital assets.....	37
7. Loans/advances receivable.....	37
8. Deferred outflows/inflows of resources.....	37
9. Compensated absences.....	38
10. Long-term obligations.....	38
11. Fund equity.....	38
12. Net position.....	39
13. Estimates.....	39
II. Reconciliation of government-wide and fund financial statements	
A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.....	39
B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.....	41
III. Stewardship, compliance, and accountability	
A. Budgetary information.....	42
B. Excess of expenditures over appropriations.....	43
IV. Detailed notes on all funds	
A. Cash and investments	
1. Deposits.....	43
2. Investments.....	43
B. Energy forward pricing mechanisms.....	46
C. Receivables.....	47
D. Property taxes.....	47
E. Capital assets.....	48
F. Inter-fund receivables, payables, and transfers.....	49
G. Leases	
1. Operating leases.....	50
2. Capital leases.....	50
H. Long-term obligations	
1. General obligation debt.....	51
2. Loans payable.....	53
3. Changes in long-term liabilities.....	54
4. Pollution remediation obligation.....	54
I. Compensated absences.....	55
J. Fund balance.....	55

METROPOLITAN COUNCIL

V. Other information

- A. Risk management
 - 1. Liability..... 56
 - 2. Automobile..... 56
 - 3. Errors and omissions..... 57
 - 4. Property and crime..... 57
 - 5. Workers’ compensation..... 57
 - 6. Internal service fund..... 58
- B. Pension obligations
 - 1. Defined benefit pension plans
 - a. Minnesota State Retirement System-General Employees Fund (MSRS-GEF)
General information..... 58
 - 1. Pension liabilities, pension expense, and deferred outflows of resources and
deferred inflows of resources related to pensions..... 59
 - b. Public Employees Retirement Association of Minnesota-
Public Employees Police and Fire Fund (PERA-PEPFF) General information..... 61
 - 1. Pension liabilities, pension expense, and deferred outflows of resources and
deferred inflows of resources related to pensions..... 62
 - c. Summary of defined benefit plans..... 64
 - 2. Defined contribution pension plan
 - a. Minnesota State Retirement System-
Unclassified Employees Retirement Fund (MSRS-UER) General information..... 64
- C. Other postemployment benefits (OPEB) obligations..... 64
- D. Sub-grantee programs..... 68
- E. Commitments and contingencies..... 68
- F. Subsequent events..... 68

I. Summary of significant accounting policies

The accounting policies of the Metropolitan Council of the Twin Cities Area (Council) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

A. Reporting entity

The Council was established under Minnesota Laws 1967, Chapter 896, and began operations on August 8, 1967. The Council currently operates under Minnesota Statutes, Sections 473.121, et. seq. The Council is governed by 17 Council members, appointed by the Governor, from the Twin Cities Metropolitan Area, which includes the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington.

Since its creation, the Council has been responsible for coordinating the planning and development of the Metropolitan area. In 1994, state legislation broadened the Council's responsibilities to include operating the public transit system and the regional wastewater collection and treatment system.

The Council is a component unit of the State of Minnesota. The Council members serve at the pleasure of the Governor.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect costs including salaries, contracted services, rent, utilities, postage, printing and other overhead costs are included in the program expense reported for the individual functions and activities on the statement of activities. *Program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items, that are properly not included among program revenues, are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*, as are the proprietary funds. Fiduciary fund financial statements are reported using the accrual basis of accounting, although they do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Council.

Governmental Fund Types – These funds account for the acquisition, use and balances of expendable financial resources and the related current liabilities. The fund types included in the category are the general fund, special revenue funds, capital project funds and debt service fund. The Council reports the following major governmental funds:

- General Fund is the Council’s primary operation fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- Metro Mobility special revenue fund accounts for activities of Metro Mobility. Metro Mobility oversees the Americans with Disabilities Act transit services for the region. The main source of revenue for Metro Mobility special revenue fund is state general fund appropriation.
- Debt Retirement fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Proprietary Fund Types – These funds focus on determining net income, changes in net position, financial position, and cash flows. Accounting principles generally accepted in the United States, similar to those used by private sector businesses, are followed in accounting for these funds. The Council reports the following major proprietary funds:

- Environmental Services fund accounts for the activities of the regional wastewater collection and treatment system.
- Metro Transit Bus fund accounts for the activities of the regional bus transit system.
- Metro Transit Light Rail fund accounts for the activities of the regional light rail transit system.
- Metro Transit Commuter Rail fund accounts for the activities of the regional commuter rail transit system.
- Metropolitan Housing and Redevelopment Authority fund accounts for the activities of the Council’s housing programs.

Additionally, the Council reports the following internal service fund:

- Internal Service fund accounts for the financing of services provided to other funds on a cost reimbursement or other basis. The activities reported as an internal service fund include the Council’s self-insurance plans for health and dental care.

The Council also reports an Agency fund. Agency funds are used to account for the assets held by the Council as an agent for individuals, private organizations, and/or other governments. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Environmental Services (MCES) enterprise fund are charges to customers for municipal wastewater services. MCES also recognizes revenues intended to recover the cost of adding new customers to the system. The principal operating revenues of the Metro Transit Bus enterprise fund are fares charged to customers for bus transportation. The principal operating revenues of the Metro Transit Light Rail and Metro Transit Commuter Rail enterprise funds are fares charged to customers for rail transportation. For the Metropolitan Housing and Redevelopment Authority (HRA) enterprise fund housing rental is the principal operating revenue.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, interest, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Council’s policy to use restricted resources first, then unrestricted resources as they are needed.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services, such as administrative and financial services provided and used, are not eliminated in the process of consolidation.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Minnesota State Retirement System-General Employees Fund (MSRS-GEF) and Public Employees Retirement Association of Minnesota - Public Employees Police and Fire Fund (PERA-PEPFF) and additions to/deductions from both these funds' (GEF, PEPFF) fiduciary net positions have been determined on the same basis as they are reported by MSRS and PERA. For this purpose, plan contributions are recognized as of the employer payroll dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The pension liability is liquidated by each fund that has personal services.

D. Assets, liabilities, deferred outflows/inflows of resources and net position or equity

1. Cash and investments

a. Cash and cash equivalents

The Council has defined cash and cash equivalents as cash and pooled investments. This amount includes cash on hand and demand deposits. Additionally, each fund's equity in the Council's investment pool is considered to be a cash equivalent since the fund can deposit or effectively withdraw cash at any time without prior notice or penalty. Cash with fiscal agent and cash with trustee are not considered cash and cash equivalents because they are neither cash on hand nor demand deposits. A portion of Council bank deposits, at December 31, 2019, are backed by a combination of FDIC insurance and collateral in the form of statutorily qualified securities. The hedging margin account cash is not collateralized.

b. Investments

The Council may invest idle funds as authorized by Minnesota Statute, Section 118A, and the Council's internal investment policy.

- Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as high risk by Minnesota Statute, Section 118A.04 subd.6;
- Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- General obligations of the State of Minnesota and its municipalities; and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- Bankers' acceptances of United States banks;
- Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Pursuant to Minnesota Statute (MS) 471.6175, the Council may establish a trust account to pay other post-employment benefits (OPEB). The trust account administrator may, subject to additional conditions, be any combination of the following three entities: the Minnesota Public Employees Retirement Association (PERA); a bank; an insurance company. If the Council places OPEB money with a bank or insurance company, investments are limited to those listed in MS 356A.06 and further provisioned by either subdivision 6 or subdivision 7.

The majority of the Council's OPEB investments are held in a revocable trust currently administered by PERA and invested by the Minnesota State Board of Investment (SBI). The SBI offers four investment choices for the Council's OPEB plan: an S&P500 equivalent; Barclays aggregate (fixed income); U.S. Treasury securities; and a cash equivalent. Typically, less than 2.00 percent of the investments to meet the OPEB liability are held outside of the trust in the Council's internal investment pool which is invested in accordance with MS 118A and further limited by Council policy as represented above.

Pooled investment earnings for the year ending December 31, 2019 was \$76,068,000.

Investments for the Council are stated at fair value. A market approach is used to value all investments other than money market funds, which are measured at the net asset value.

2. Receivables and payables

Outstanding balances between funds at the end of the fiscal year are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

The Environmental Services (MCES) enterprise fund has two receivables that are based upon estimates. Industrial strength receivables are based on estimates made at year-end. The estimates are adjusted to actual amounts when the billings are sent out the following year. Sewer Availability Charge (SAC) receivables are based on SAC reports from communities in January detailing the preceding December’s activity.

Where appropriate, accounts receivables are reported net of allowance for doubtful accounts. As of December 31, 2019, the allowances for doubtful accounts were (dollars in thousands):

<u>Enterprise Fund</u>	<u>Balance</u>
Environmental Services	\$ 20
Metro Transit Bus	296
Total	<u>\$ 316</u>

Property tax levies are set by the Council in December each year and are certified to the seven counties for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The counties spread all levies over assessable property. Such taxes become a lien on January 1 and are recorded as receivables by the Council at that date. Revenues are accrued in the year collectible, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments, on May 15 and October 15. The counties provide tax settlements to regional agencies and other local governments two times a year, in July and December.

For governmental fund financial statements, taxes that are unpaid at December 31 are classified as delinquent taxes receivable. Delinquent taxes not collected after the first 60 days of the following year are offset by an equal amount in deferred inflows of resources. For government-wide and proprietary fund financial statements there is no offset to deferred inflows of resources. There is no allowance for uncollectible taxes in either type of fund because such amounts are not expected to be material.

3. Due from other governmental units

Amounts due from other governmental units include receivables on grants from the federal and state government for planning and grant program administration.

4. Inventories and prepaid items

Inventories in the enterprise funds are valued at cost using the weighted average costing method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. When appropriate, an associated allowance for obsolete inventory has been established. As of December 31, 2019, the allowances for obsolete inventory accounts were (dollars in thousands):

<u>Enterprise Fund</u>	<u>Balance</u>
Environmental Services	\$ 50
Metro Transit Bus	738
Total	<u>\$ 788</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Restricted assets

Restricted assets include:

- Sewer Availability Charge (SAC) assets – which are restricted to fund reserve capacity cost of capital projects;
- Construction and capital acquisition assets are proceeds from the sale of general obligation bonds, Public Facilities Authority (PFA) loans, Minnesota Housing Finance Authority loans, Hennepin County Housing and Redevelopment Authority loan, and other governmental grants/advances, where the use is limited to either the acquisition and betterment of interceptors and treatment works, affordable housing, or transit fleet replacement, facilities or capital equipment; and
- Debt service assets – which are restricted for the payment of principal and interest on long-term liabilities.

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements and proprietary fund types in the fund financial statements. Capital assets are defined by the Council as assets with an initial individual cost of more than \$5,000 and a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated assets are recorded at acquisition value (entry price) on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by Environmental Services during the current fiscal year was \$31,335,000. Additionally, \$3,957,000 was included as part of the cost of capital assets under construction with the wastewater treatment facilities construction projects.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life</u>
Treatment plants and interceptors	15 to 80 years
Buildings	25 to 45 years
Vehicles	5 to 30 years
Equipment	3 to 15 years

7. Loans/advances receivable

The Council lends funds to local units of government for the acquisition of property within proposed rights-of-way of highways designated as a part of the metropolitan highway system plan. The loans, which bear no interest, are to be repaid upon the acquisition of the property by the State of Minnesota.

The Council lends funds to local units of government for housing assistance and land use planning. The land use planning loans are repaid in installments ranging from three to five years.

8. Deferred outflows/inflows of resources

In addition to assets, the statements of financial position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Council has three types of deferred outflows. The first item is the derivative used in energy forward pricing mechanism. The second deferred outflow is related to pension obligations. A portion of this deferred outflow are pension contributions subsequent to the pension plan’s measurement date. The remaining deferred outflows related to pension are deferred and the length of the expense recognition period is equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period. The third deferred outflow is related to OPEB obligations. The deferred outflows related to OPEB are deferred and the length of the expense recognition period is equal to the average of the expected remaining service lives of all the employees in the OPEB plan.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents resources for a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the Council has three types of deferred inflows. The first item for the Council is deferred inflows related to pension obligations. The differences between projected and actual earnings on pension plan investments are recognized over a five-year period. The other deferred inflows related to pension are deferred and the length of the expense recognition period is equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period. The second item is deferred inflows related to OPEB obligations. The deferred inflows related to OPEB are deferred and the length of expense recognition period is equal to the average of the expected remaining service lives of all the employees in the OPEB plan. The third item is the governmental funds report unavailable revenues from delinquent taxes receivable, for amounts that are not considered to be available to liquidate liabilities of the current period. These amounts are deferred and recognized as revenue in the period that the amounts become available.

9. Compensated absences

The Council accrues vacation and compensatory overtime when earned, in the government-wide and proprietary fund financial statements. In addition, certain employees qualify for a sick leave severance benefit paid at termination. This benefit, which is determined by the length of service, is accrued when the employee qualifies. For all compensated absences, the liability is valued using pay rates in effect at the end of the year and the employer's share of social security contributions.

Governmental activities and proprietary funds' severance benefit payable not expected to be liquidated until sometime in the future is recorded as a noncurrent liability. Compensated absences are reported in governmental funds only if they matured.

10. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Fund equity

In the fund financial statements, governmental funds report balances that are nonspendable and spendable. Nonspendable balances contain amounts not in spendable form and legal restraints that by nature cannot be spent by the government. Spendable balances are further classified by the relative strength of the constraints that control how amounts can be spent. Those classifications are: restricted, committed, assigned and unassigned.

The restricted fund balance classification should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the Council's highest level of decision-making authority. Also, such constraints can only be removed or changed by the same form of formal action. The assigned fund balance classification reflects amounts that are constrained by the government's intent to be used for specific purposes but meet neither the restricted nor committed forms of constraint. The unassigned fund balance classification is the residual classification for the general fund only. It is also where *negative residual amounts* for all other governmental funds would be reported.

12. Net position

A portion of the debt carried in the governmental activities columns is related to the capital assets carried in the business-type activities column for the Environmental Services, Metro Transit Bus, Light Rail and Commuter Rail enterprise funds. The recognition of the debt in the government-wide statement of net position contributes to the negative unrestricted net position balance in the governmental activities column.

Net position in the government-wide and business type financial statements are classified in the following categories:

Net investment in capital assets: The amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position: The amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position: The amount of net position that does not meet the definition of restricted or net investment in capital assets.

13. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position.

One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.” The details of this \$161,598,000 difference are as follows:

	<u><i>In thousands</i></u>
Land	\$ 6,958
Building – net of accumulated depreciation	32,642
Vehicles – net of accumulated depreciation	119,832
Equipment – net of accumulated depreciation	2,166
Net adjustment to increase <i>fund balances – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 161,598</u>

Another element of that reconciliation explains that “An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in business-type activities in the Statement of Net Position, a portion of the internal service fund is attributable to governmental funds.” The detail of this \$(186,000) difference is as follows:

	<u><i>In thousands</i></u>
Net position of the internal service fund	\$ 40,830
Less: Internal payable representing charges in the excess of cost to Business-type activities – prior years	(32,246)
Less: Internal payable representing charges in the excess of cost to Business-type activities – current year	(8,770)
Net adjustment to reduce <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (186)</u>

METROPOLITAN COUNCIL

Another element of that reconciliation explains that “Long-term liabilities, including bonds and interest payable, are not due and payable in the current period and therefore are not reported in governmental funds.” The details of the \$(323,951,000) difference are as follows:

	<u><i>In thousands</i></u>
General obligation bonds payable	\$ (263,285)
Net issuance premiums (to be amortized as interest expense)	(25,620)
Accrued interest	(4,622)
Compensated absences	(4,868)
Capital lease payable	(4,535)
OPEB liability	(6,559)
Net pension liability	<u>(14,462)</u>
Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ (323,951)</u>

Another element of that reconciliation explains that “Deferred inflows resulting from taxes are not available to pay for current period expenditures and therefore, are not reported as revenue in governmental funds.” The details of this \$3,301,000 difference are as follows:

	<u><i>In thousands</i></u>
Unavailable revenue – property taxes	<u>\$ 3,301</u>
Net adjustment to increase <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 3,301</u>

Another element of that reconciliation explains that “Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.” The details of the \$22,078,000 deferred outflows and the \$(49,045,000) deferred inflows differences are as follows:

	<u><i>In thousands</i></u>
Deferred outflows – pension obligations	<u>\$ 22,078</u>
Net adjustment to increase <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 22,078</u>
	<u><i>In thousands</i></u>
Deferred inflows – pension obligations	<u>\$ (49,045)</u>
Net adjustment to reduce <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (49,045)</u>

The final element of that reconciliation explains that “Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to OPEB that are not recognized in the governmental funds.” The details of the \$1,559,000 deferred outflows and the \$(360,000) deferred inflows differences are as follows:

	<u><i>In thousands</i></u>
Deferred outflows – OPEB obligations	<u>\$ 1,559</u>
Net adjustment to increase <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 1,559</u>
	<u><i>In thousands</i></u>
Deferred inflows – OPEB obligations	<u>\$ (360)</u>
Net adjustment to reduce <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (360)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.” The details of this \$(9,114,000) difference are as follows:

	<u><i>In thousands</i></u>
Capital outlay	\$ 16,669
Depreciation expense	<u>(25,783)</u>
Net adjustment to decrease <i>net changes in fund balances- total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ (9,114)</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, transfers, and donations) is to decrease net position.” The details of this \$(153,000) difference are as follows:

	<u><i>In thousands</i></u>
The statement of activities reports <i>gains</i> or <i>losses</i> arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or (loss) on a trade-in of capital assets.	\$ (153)
Net adjustment to decrease <i>net changes in fund balances- total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ (153)</u>

Another element of that reconciliation explains that “An internal service fund is used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of internal service fund activities reported with governmental activities.” The detail of this \$385,000 difference is as follows:

	<u><i>In thousands</i></u>
Change in net position of the internal service fund	\$ 9,155
Less: excess from charges to business-type activities	<u>(8,770)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>\$ 385</u>

Another element of that reconciliation explains that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.” The detail of this \$(153,000) difference is as follows:

	<u><i>In thousands</i></u>
Change in deferred inflows of resources – unavailable property tax revenue	\$ (153)
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>\$ (153)</u>

METROPOLITAN COUNCIL

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$(88,289,000) difference are as follows:

	<i>In thousands</i>
Issuance of general obligation bonds	\$ (117,000)
Less: discount/(premium on bonds)	(11,588)
Bond (discount)/premium amortization	2,723
Change in accrued interest	(2,354)
Principal payments of general obligation bonds/loans	39,055
Capital lease payment	875
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ (88,289)</u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$ (1,314,000) difference are as follows:

	<i>In thousands</i>
Change in compensated absences for year	\$ (187)
Change in Pension liability and related deferred inflows and outflows	(962)
Change in OPEB liability and related deferred inflows and outflows	(165)
Net adjustment to decrease <i>net changes in fund balances- total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ (1,314)</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets, as required by state statutes, are adopted on a basis consistent with generally accepted accounting principles for the General fund, all budgeted special revenue funds, and the Metro Transit Light Rail, Metro Transit Bus, Metro Transit Commuter Rail, and Metropolitan Housing and Redevelopment Authority enterprise funds. The Highway Right-of-Way Acquisition Loan special revenue fund (a nonmajor fund) does not have a legally adopted annual budget. Budgets for the Environmental Services enterprise fund are prepared in conformity with the “cost allocation” system described in Minnesota Statute 473.517. Under this system, annual revenues are budgeted to equal annual expenses. Variances in revenues are accumulated for working capital and are limited to five percent of the operating expenses. Variances in expenses are accumulated for contingency reserves. All annual appropriations lapse at year-end.

Division staff, starting in February, prepares budgets. These budgets are reviewed by division management and are then submitted to the Regional Administrator’s office for review. Budget discussions begin with the Council in June and the budget is adopted in December. The budget is prepared by division, program, and fund. The legal level of control is division within fund. The only fund that has more than one division is the General fund. The divisions of the General fund are Regional Administration and Community Development. Transfers between funds require approval of the Council. The Council approved several supplemental appropriations during the year, the effects of which were not material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during subsequent years. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of items that were authorized and initiated in the 2019 budget but not completely expended in 2019 were \$3,701,000. This total is all from the General Fund.

B. Excess of expenditures over appropriations

The following nonmajor governmental funds had expenditures in excess of their budget for the year ended December 31, 2019 (dollars in thousands):

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Suburban Transit Providers	\$ 35,769	\$ 35,869	\$ 36,397	\$ 528

The Suburban Transit Providers special revenue fund’s excess expenditures were funded by actual motor vehicle sales tax receipts in excess of budget that statutorily pass-through to transit providers.

IV. Detailed notes on all funds

A. Cash and investments

1. Deposits

Minnesota statutes require that all Council deposits be protected by insurance, surety bonds or collateral pledged to the Council. Collateral pledged shall be at least ten percent more than the amount of excess deposits. The Council’s policy for cash and investments follows Minnesota statute requirements. \$33,000 of petty cash and mutilated coin was not deposited at a bank. The amount of cash in Council’s bank accounts was \$7,679,000 (at US Bank and Wells Fargo Bank), of which \$466,000 was covered by the Federal Depository Insurance Corporation (FDIC), and \$7,213,000 was collateralized at least 110.00 percent with securities held by Bank of New York Mellon.

2. Investments

The Council’s investment policy addresses certain risks to which it is currently exposed as follows:

Interest rate risk: Although the Council does not have a formal specific duration investment risk policy, it does have a formal investment policy by which the Council manages its exposure to declines in fair value. To meet short-term cash flow needs, the Council’s investment portfolio will remain sufficiently liquid to enable the Council to meet anticipated cash requirements without the occurrence of significant investment losses. To meet long-term needs, the average duration of the investment portfolio should match the average duration of liabilities, subject to regulatory requirements.

Credit risk: Minnesota Statute 118A limits investment instruments purchased by the Council. It is the Council’s policy not to invest in reverse repurchase agreements. The Council did not participate in any Securities Lending Programs in 2019.

Concentration of credit risk: The Council’s investment policy does not specifically limit investments in any one issuer but does require a diversified investment portfolio to avoid the risk of losses resulting from an over- concentration of assets in a specific maturity, issuer, or class of securities.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the Council’s deposits may not be returned to it. Refer to Note IV.A.1 for details regarding this risk.

Custodial credit risk – investment: For an investment, there is a risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. According to Council policy, with the exception of securities in its futures margin account for hedging diesel fuel consumption, all securities purchased by the Council are held by a third party safekeeping agent appointed as custodian. The Council has a custodial credit risk exposure of \$1,948,000 because the related hedging margin account securities are held by a custodial agent in the broker’s name.

The Council has no foreign currency risk exposure.

METROPOLITAN COUNCIL

Following is a summary of the fair values of securities at December 31, 2019:

Metropolitan Council	Credit Risk	Custodial Credit Risk	Dollars in thousands			Portfolio
			Par	Fair Value	Book Value	
U.S. Agency Securities:						
Federal Home Loan Bank	Aaa	Custody (a)	\$ 89,000	\$ 88,905	\$ 89,000	6.7%
Federal National Mortgage Association	Aaa	Custody (a)	37,000	36,947	36,996	2.8%
Federal Farm Credit Bank	Aaa	Custody (a)	174,000	174,096	173,978	13.1%
Federal Home Loan Mortgage Corporation	Aaa	Custody (a)	60,000	59,953	60,000	4.5%
Mortgage Backed Securities:						
Federal National Mortgage Association	Aaa	Custody (a)	437	459	464	0.0%
Federal Home Loan Mortgage Corporation	Aaa	Custody (a)	679	684	691	0.1%
Certificates of Participation (U.S. GSA)	N.R. (c)	Custody (a)	335	335	335	0.0%
Federal Discount Notes (each <5%)	Aaa	Custody (a)	340,000	338,649	338,617	25.5%
US Treasury Bills	Aaa	Broker Held (b)	2,050	1,948	2,032	0.2%
US Treasury Bills	Aaa	Custody (a)	100,000	99,792	99,756	7.5%
Municipal Bonds (each <5%)	Aaa (d)	Custody (a)	45,610	47,785	45,632	3.6%
MN State Pool (OPEB Pool, Equities, etc.)	N.R. (c)	Custody (e)	172,781	291,693	172,781	22.0%
Money Market Funds	Aaa	n.a.	172,250	172,250	172,250	13.0%
Cash for Fuel Hedging Margin Acct	n.a.	Broker Held (f)	11,641	11,641	11,641	0.9%
Cash for Operations (g)	n.a.	Collateralized (h)	1,222	1,222	1,222	0.1%
Petty Cash/Coin & Mutilated Coins	n.a.	Council Held	33	33	33	0.0%
Total Cash and Investments			\$ 1,207,038	\$ 1,326,392	\$ 1,205,428	100%

- a) Securities held in custody/escrow are in the Council's name.
- b) Securities held by Harris Bank, Chicago are in the broker's name.
- c) N.R. = Not Rated.
- d) Municipal bond ratings range from Aaa/AAA to A2/A, average rating is Aa3/AA-.
- e) Pool investments held by custodian and include stocks (S&P 500), US Treasuries, Federal Farms Credit, and cash equivalents.
- f) Held by the broker in the Council's name.
- g) Cash in bank accounts, less outstanding checks.
- h) Individual balances less than or equal to \$250,000 are FDIC insured. Individual balances greater than \$250,000 are collateralized with securities held by Bank of New York Mellon in the Council's name.

The Council has adopted a simulation model of reporting its investments and their sensitivity to fluctuation in interest rates to comply with Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures." As presented, assumptions are made of interest rate changes of 50, 100, 150, & 200 basis points; it also assumes that interest rate changes occur on December 31, 2019. Excluding the OPEB equity portfolio, cash and escrow accounts, the remaining investment portfolio has an average market yield of 1.67 percent, weighted average maturity of 1.36 years, effective duration of 0.78 years and convexity of (0.49).

METROPOLITAN COUNCIL

Dollars in thousands

Metropolitan Council	Estimated Fair Value, Parallel Shift of Yield Curve			
	+50 Basis Points	+100 Basis Points	+150 Basis Points	+200 Basis Points
U.S. Agency Securities:				
Federal Home Loan Bank	\$ 87,970	\$ 86,790	\$ 85,475	\$ 83,804
Federal National Mortgage Association	36,700	36,442	36,166	35,802
Federal Farm Credit Bank	172,919	171,323	169,589	167,798
Federal Home Loan Mortgage Corporation	59,290	58,495	57,626	56,730
Mortgage Backed Securities:				
Federal National Mortgage Association	476	470	464	459
Federal Home Loan Mortgage Corporation	679	669	657	645
Certificates of Participation (U.S. GSA)	337	336	336	335
Federal Discount Notes (each <5%)	338,649	338,649	338,649	338,649
US Treasury Bills Fuel Hedging Program	1,932	1,928	1,925	1,921
US Treasury Bills	99,792	99,792	99,792	99,792
Municipal Bonds (each<5%)	47,106	46,347	45,531	44,690
MN State Pool (OPEB Pool, Equities, etc.)	292,060	291,993	290,862	290,275
Money Market Funds	172,250	172,250	172,250	172,250
Cash for Fuel Hedging Margin Acct	11,641	11,641	11,641	11,641
Cash for Operations (g)	1,222	1,222	1,222	1,222
Petty Cash/Coin & Mutilated Coins	33	33	33	33
Total Cash and Investments	\$ 1,323,056	\$ 1,318,380	\$ 1,312,218	\$ 1,306,046

The Council categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Federal discount notes and U.S. Treasury Bills classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt, commercial and residential mortgage-back securities in Level 2 of the fair value hierarchy are valued using a market approach pricing technique, more specifically matrix pricing was used for commercial paper. Because investing is a key part of the Council's activities, the Council shows greater disaggregation in its disclosures than otherwise required. Assets valued at net asset value held by the Council consist of money market funds. These funds are highly liquid assets that the Council has in addition to their cash to ensure adequate cash flow for operating activities.

The following is a summary of Investment Instruments Measured at Fair Value at December 31, 2019 (*dollars in thousands*):

	Fair Value Measurements Using:			
	12/31/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury securities (OPEB)	\$ 66,635	\$ -	\$ 66,635	\$ -
Federal Home Loan Bank	88,905	-	88,905	-
Federal National Mortgage Association	36,947	-	36,947	-
Federal Farm Credit Bank	174,096	-	174,096	-
Federal Home Loan Mortgage Corporation	59,953	-	59,953	-
Mortgage-Backed securities	1,143	-	1,143	-
Municipal Bonds	47,785	-	47,785	-
Certificate of Participation	335	-	335	-
Federal Discount Notes	338,649	338,649	-	-
U.S. Treasury Bills	101,740	101,740	-	-
Total Investments by fair value level	\$ 916,188	\$ 440,389	\$ 475,799	\$ -
Investment measured at the net asset value (NAV)				
Goldman Sachs Government Fund	40,032			
Morgan Stanley Government Institutional Fund	117,161			
US Bank Trust Account	6,397			
Wells Fargo Custody Money Market Fund	8,660			
Total investments measured at the NAV	\$ 172,250			
Total investments measured at fair value and at the NAV	\$ 1,088,438			

The Council also holds \$207,950,000 in the Internal Equity Pool and \$17,108,000 in a cash fund with the State Board of Investment (SBI), an external investment pool. The fair value of the investment is the fair value per share of the underlying portfolio. Pursuant to Minnesota Statute (MS) 471.6175, the Council may establish a trust account to pay other post-employment benefits (OPEB).

The Council's assets are invested by SBI pursuant to Minnesota Statute 11A.14. Minnesota Statutes section 11A.14, subdivision 1 provides for the establishment of investment vehicles for assets of the participating public retirement plans and nonretirement funds.

SBI requests a 72-hour notification prior to any withdrawal greater than \$1,000,000.

The Council invests in this pool due to the increased investment authority, historically high rate of return on investments, and to fund the post-employment benefit liability recorded in its financial statements.

B. Energy forward pricing mechanisms

Pursuant to Minnesota Statute 473.1293, the Council may enter into Energy Forward Pricing Mechanisms (EFPs) as a budget risk reduction strategy. Such EFPs are solely commodity-based and are comprised of futures, options, contracts, and similar serving derivative instruments. Since inception of the EFP program in 2004, the Council has utilized only futures contracts. However, the Council has no statutory limitation on using other hedging instruments.

Statutorily, the Council may not hedge more than 100.00 percent of the projected consumption of any of its commodities. Anticipating unplanned reductions in actual consumption relative to amounts budgeted, the Council has reduced the hedge ceiling to 90.00 percent of projected diesel-related fuel consumption and 80.00 percent of natural gas consumption. The Council can hedge its projected consumption up to 23 months into the future. The hedging transactions are completely separate from the physical fuel purchase transactions. The Council does not take delivery of fuel via its EFPs. The initial cash value of each contract is zero; thereafter, the change in the value of each contract is directly correlated with the simultaneous and offsetting increase/decrease in the cost of the fuel in the marketplace and at the time of delivery. At the end of 2019, these values are reported in the "Deferred Outflows of Resources" and offset in "Accounts Payable and Other Current Liabilities."

Since 2004, the Council has hedged most of its annual 8 million gallons of diesel fuel consumed by the Metro Transit Bus fund, a business-type unit.

In 2009, the Council adopted GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This Statement addresses the recognition, measurement and disclosure of information regarding derivative instruments. GASB Statement No. 53 requires an evaluation of effectiveness of the hedge at the end of each reporting period. A hedge is considered effective if the changes in fair value of the hedged item and hedging derivative offset each other to a significant extent. For 2019, the Council performed a retrospective statistical analysis test and determined that the liquidated hedges were essentially effective.

As of December 31, 2019, the Council had 288 New York Mercantile Exchange (NYMEX) heating oil futures contracts (12.10 million gallons) with acquisition (effective) dates ranging from 04/03/2018 through 12/19/2019. Termination dates range from 01/31/2020 to 10/29/2021. As of December 31, 2019, the heating oil futures contracts had a fair value of \$23,413,000. The Council can hedge its projected consumption (up to 90.00 percent in diesel) up to 23 months into the future.

The following risks are generally associated with futures contracts:

Credit risk. To reduce the potential impact of credit risk, the exchanges require both parties of a futures transaction to post margin amounts in their respective accounts and to daily maintain equity sufficient to cover unrealized losses. As of December 31, 2019, the Council's futures accounts at R.J.O'Brien contained a cash balance in the amount of \$11,641,000 and a U.S. agency security with a fair value of \$1,948,000.

Basis risk. The Council is using NYMEX heating oil futures contracts to hedge its diesel consumption. If prices between the two products significantly deviate from each other, the Council will be exposed to basis risk. Historically, there has been a strong correlation between the two products, resulting in minimal basis risk.

Termination risk. For the Council, futures contracts represent the most cost effective method of managing energy price risk. These futures contracts are accessible, flexible, and liquid. Actual commodities are purchased through a separate purchasing process. The Council does not actually take delivery of the hedged commodities in these futures contracts. Futures contracts are closed out on a net settle basis before expiration, thereby mitigating termination risk.

C. Receivables

Receivables for both current and restricted assets, as of the year-end for the Council’s individual major funds and nonmajor funds in aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables - current	<i>Dollars in thousands</i>				
	Accounts	Allowance for Uncollectable	Delinquent Taxes	Interest	Total Receivable
Governmental funds:					
General Fund	\$ 6	\$ -	\$ 785	\$ 172	\$ 963
Metro Mobility	-	-	-	95	95
Debt Retirement	-	-	2,929	278	3,207
Nonmajor Governmental	9	-	616	647	1,272
Total Governmental funds	\$ 15	\$ -	\$ 4,330	\$ 1,192	\$ 5,537
Enterprise funds:					
Environmental Services	\$ 12,408	\$ (20)	\$ -	\$ 336	\$ 12,724
Metro Transit Bus	8,161	(296)	-	638	8,503
Metro Transit Light Rail	479	-	-	27	506
Metro Transit Commuter Rail	1	-	-	21	22
Metropolitan Housing and Redevelopment Authority	1,018	-	-	23	1,041
Total Enterprise funds	\$ 22,067	\$ (316)	\$ -	\$ 1,045	\$ 22,796
Receivables – restricted					
Enterprise funds:					
Environmental Services	\$ 5,788	\$ -	\$ -	\$ 431	\$ 6,219
Metro Transit Bus	-	-	-	83	83
Metro Transit Light Rail	4	-	-	121	125
Metro Transit Commuter Rail	-	-	-	1	1
Total Enterprise funds	\$ 5,792	\$ -	\$ -	\$ 636	\$ 6,428

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows (dollars in thousands):

	Unavailable
Delinquent property taxes receivable (General fund)	\$ 559
Delinquent property taxes receivable (Debt retirement fund)	2,303
Delinquent property taxes receivable (Nonmajor governmental funds)	439
Total deferred inflows of resources for governmental funds	\$ 3,301

D. Property taxes

Minnesota State Law requires the State of Minnesota Commissioner of Revenue to determine property tax levy limits. The levy limit generally represents the prior year’s levy limit multiplied by the percentage increase in total market value of taxable property. There are no property tax levy limits for the debt service levy, or for the transit Tax Anticipation Certificate levy.

In 2019, the Council levied \$15,329,000 for the General Operating levy, \$12,032,000 for the Livable Communities Demonstration Account levy, \$1,323,000 for Parks Debt Retirement, and \$53,315,000 in Transit Debt Retirement levies upon all taxable property within the Twin Cities Metropolitan Area. The Council also levied \$5,000,000 for Livable Communities Tax Base Revitalization upon taxable property included in the Metropolitan Fiscal Disparities contribution tax pool.

The following is a summary of the Council’s property tax levy limits and levies (dollars in thousands):

	Levy Limit	Council Levy
Operating Levy	\$ 15,329	\$ 15,329
Tax Base Revitalization	5,000	5,000
Livable Communities	12,032	12,032
Parks Debt Retirement	1,323	1,323
Transit Debt Retirement	53,315	53,315
Total	\$ 86,999	\$ 86,999

E. Capital assets

Capital assets for the year ended December 31, 2019, was as follows:

	<i>Dollars in thousands</i>			
Governmental Activities:	Beginning Balance	Additions	Deductions/ Adjustments	Ending Balance
Capital assets, not being depreciated				
Land	\$ 6,958	\$ -	\$ -	\$ 6,958
Capital assets, being depreciated				
Building and infrastructure	39,492	-	-	39,492
Vehicles	245,230	15,950	(15,977)	245,203
Equipment	15,384	719	(25)	16,078
Total capital assets being depreciated	300,106	16,669	(16,002)	300,773
Less accumulated depreciation for:				
Buildings and infrastructure	5,961	889	-	6,850
Vehicles	118,357	22,838	(15,824)	125,371
Equipment	11,881	2,056	(25)	13,912
Total accumulated depreciation	136,199	25,783	(15,849)	146,133
Total capital assets, being depreciated, net	163,907	(9,114)	(153)	154,640
Governmental activities capital assets, net	\$ 170,865	\$ (9,114)	\$ (153)	\$ 161,598

During the year, fully depreciated capital assets were transferred from a nonmajor governmental fund to the Metro Transit Bus enterprise fund. In addition, the Governmental activities deductions included a net book value of \$(153,000) in asset retirements. The transferred amounts in vehicles and accumulated depreciation and the asset retirements are reflected in the above capital asset deductions/adjustments.

	<i>Dollars in thousands</i>			
Business-type Activities:	Beginning Balance	Additions	Deductions/ Adjustments	Ending Balance
Capital assets, not being depreciated				
Land	\$ 256,405	\$ 105	\$ (2)	\$ 256,508
Construction in progress	808,263	391,683	(104,244)	1,095,702
Total capital assets, not being depreciated	1,064,668	391,788	(104,246)	1,352,210
Capital assets, being depreciated				
Building and infrastructure	4,827,019	130,490	(14,413)	4,943,096
Vehicles	836,958	25,022	(8,700)	853,280
Equipment	230,272	11,144	(2,998)	238,418
Total capital assets being depreciated	5,894,249	166,656	(26,111)	6,034,794
Less accumulated depreciation for:				
Buildings and infrastructure	1,972,559	137,567	(13,963)	2,096,163
Vehicles	391,472	47,893	(7,715)	431,650
Equipment	176,856	13,160	(3,051)	186,965
Total accumulated depreciation	2,540,887	198,620	(24,729)	2,714,778
Total capital assets, being depreciated, net	3,353,362	(31,964)	(1,382)	3,320,016
Business-type activities capital assets, net	\$ 4,418,030	\$ 359,824	\$ (105,628)	\$ 4,672,226

METROPOLITAN COUNCIL

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental activities:</u>	<i>Dollars in thousands</i>
General government	\$ 1,768
Transportation	<u>24,015</u>
Total depreciation expense-governmental activities	<u>\$ 25,783</u>
<u>Business-type activities:</u>	
Environmental Services	\$ 66,493
Metro Transit Bus	57,852
Metro Transit Light Rail	64,700
Metro Transit Commuter Rail	8,506
Metropolitan Housing and Redevelopment Authority	<u>1,069</u>
Total depreciation expense-business-type activities	<u>\$ 198,620</u>

F. Inter-fund receivables, payables, and transfers

During normal operations, the Council processes routine transactions between funds, including loans, expenditures, and transfers of resources for administrative and program services and compliance with legal mandates. In the fund financial statements, these transactions are generally recorded as transfers in/transfers out and due from other funds/due to other funds. The outstanding balances between funds mainly result from the time lag between the dates that interfund reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. As of December 31, 2019, there were no outstanding balances in the interfund.

Transfers generally represent legally authorized transfers between funds authorized to receive revenue and funds authorized to make expenditures.

Dollars in thousands

Transfers in	Transfers out					Total
	General Fund	Debt Retirement	Nonmajor Governmental	Environmental Services	Metro Transit Bus	
General Fund	\$ -	\$ -	\$ -	\$ 319	\$ -	\$ 319
Nonmajor Governmental	1,000	3,948	-	-	-	4,948
Environmental Services	868	-	-	-	-	868
Metro Transit Bus	-	-	6,506	-	-	6,506
Metro Transit Light Rail	-	-	2,842	-	2,378	5,220
Metro Transit Commuter	-	-	865	-	299	1,164
Metropolitan Housing and Redevelopment Authority	1,250	-	-	-	150	1,400
Total	<u>\$ 3,118</u>	<u>\$ 3,948</u>	<u>\$ 10,213</u>	<u>\$ 319</u>	<u>\$ 2,827</u>	<u>\$ 20,425</u>

G. Leases

1. Operating leases

The Council leases building and office facilities, storage facilities, and other operating equipment under non-cancelable operating leases. Total operating lease costs in fiscal year 2019 were \$651,000 for Metro Transit Bus enterprise fund, \$1,369,000 for Metro Transit Light Rail enterprise fund, \$26,000 for Metro Transit Commuter Rail enterprise fund, and \$255,000 for Environmental Services enterprise fund. Commitments under operating lease agreements provide for minimum annual rental payments as follows:

Year	<i>Dollars in thousands</i>				Total
	Environmental Services	Bus	Light Rail	Commuter Rail	
2020	\$ 81	\$ 450	\$ 980	\$ 30	\$ 1,541
2021	-	433	908	15	1,356
2022	-	362	690	8	1,060
2023	-	328	690	8	1,026
2024	-	317	10	8	335
2025-2029	-	279	48	-	327
2030-2034	-	218	48	-	266
2035-2039	-	42	48	-	90
2040-2044	-	-	48	-	48
2045-2049	-	-	15	-	15
Total	\$ 81	\$ 2,429	\$ 3,485	\$ 69	\$ 6,064

2. Capital Leases

On December 1, 2004, the Council entered into an annual appropriation lease purchase agreement for land and facilities to be renovated thereon. The Council granted a leasehold interest in the land and facilities to a trustee and proceeds from the issuance and sale of Certificates of Participation in the lease purchase agreement provided a portion of the funds to renovate, improve and equip the facilities for use as the Council’s administrative headquarters. In 2006, the facilities were completed, and the Council’s administrative headquarters were relocated. On March 20, 2014, the Council paid the principal and interest payment due on the Council’s Certificates of Participation, Series 2004G and redeemed the June 1, 2015 through June 1, 2025 maturities of the Series 2004G Certificates. New refunding certificates of participation, Series 2014E were issued on March 20, 2014. The Certificates of Participation are not an obligation of the Council and the lease is subject to non-appropriation by the Council in which event the lease is terminated and there is no obligation of the Council for future lease payments. The Council intends to continue the lease through its entire term.

Capital Leases

Dollars in thousands

Year Ending	Governmental Fund
2020	\$ 1,023
2021	1,025
2022	1,022
2023	1,028
2024	771
Total minimum lease payments	\$ 4,869
Less amount representing interest	(334)
Present value of minimum lease payments	\$ 4,535

H. Long-term obligations

1. General obligation debt

The Council issues general obligation bonds for parks, wastewater, and transit. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the Council's full faith and credit and taxing powers.

Parks bonds are issued to acquire and develop regional park land. Bonds are issued, subject to a limitation of \$40 million of outstanding debt, as a 40.00 percent match to state appropriations. Parks bonds are generally issued as 5-year serial bonds and are secured by taxes levied upon all taxable property in the region. Transit bonds are issued for the acquisition of transit vehicles, equipment and facilities and transit system improvements. Transit bonds are generally issued as 20-year serial bonds and are secured by tax levies. Wastewater bonds are issued for acquisition and improvement of the wastewater disposal system. The bonds are generally issued as 20-year serial bonds. The bonds are secured by municipal wastewater charges together with the full faith, credit, and unlimited taxing powers of the Council.

The liability for parks and transit bonds is recognized in the government-wide statement of net position. Bonds issued for wastewater purposes are recognized both in the enterprise funds and in the government-wide statements.

The original amount of general obligation bonds issued in prior years was \$1,422,860,000.

During the year, \$117,000,000 of general obligation transit bonds were issued.

General obligation bonds currently outstanding on December 31, 2019, are as follows:

Purpose	Interest Rates	<i>Dollars in Thousands</i>
Governmental activities	0.60-5.50%	\$ 246,510
Governmental activities refunding	2.00-5.00%	16,400
Business-type activities *	1.10-5.25%	528,395
Business-type activities refunding	0.25-5.50%	218,185
Total general obligation bonds		<u>\$ 1,009,490</u>
*Contains taxable bonds		

In addition to general obligation bonds, the Council has general obligation backed loan agreements with the Minnesota Public Facilities Authority (PFA). The loans are drawn down on a reimbursement basis and fund the same purposes as general obligation bonds. The original amount of Minnesota Public Facilities Authority (PFA) loans drawn down in prior years was \$834,050,000. During the year, \$31,975,000 of Minnesota PFA loans were drawn down, entirely by business-type activities. The remaining available balance for the Council to drawdown on the Minnesota PFA loan is \$50,000,000.

Public Facilities Authority general obligation backed loans currently outstanding on December 31, 2019, are as follows:

Purpose	Interest Rates	<i>Dollars in Thousands</i>
Governmental activities	2.71%	\$ 375
Business-type activities	1.00-3.18%	540,595
Total Public Facilities Authority Loans		<u>\$ 540,970</u>

METROPOLITAN COUNCIL

In 2015, the Council entered into a loan agreement with the Counties Transit Improvement Board (CTIB). CTIB was dissolved effective September 30, 2017. An Assignment and Assumption agreement was signed for this loan agreement effective October 1, 2017 with Hennepin County. The loan is drawn down on a reimbursement basis and will fund the purchase of five light rail vehicles. The loan is interest free and backed by a security agreement. During the year, \$1,224,000 of the Hennepin County loan was drawn down, entirely by business-type activities.

The following is a summary of general obligation bond, Hennepin County and PFA loan transactions of the Council for the year ended December 31, 2019:

	<i>Dollars in thousands</i>	
	Governmental Activities	Business-type Activities
Balance, January 1, 2019	\$ 202,095	\$ 1,431,474
PFA drawdown	-	31,975
Hennepin County drawdown	-	1,224
Bond issued, net of discount/premium	128,588	-
Amortization of discount/premium	(2,723)	(5,477)
Less principal payment	(39,055)	(107,377)
Balance, December 31, 2019	<u>\$ 288,905</u>	<u>\$ 1,351,819</u>

As of December 31, 2019, the annual debt service requirements to amortize all general obligation bonds, Hennepin County notes payable, and PFA loans outstanding, including interest of \$55,363,000 on the governmental activities debt and \$263,634,000 on the business-type activities debt was as follows:

Year Ending December 31	<i>Dollars in thousands</i>					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 41,860	\$ 11,472	\$ 53,332	\$ 119,168	\$ 38,792	\$ 157,960
2021	30,485	8,759	39,244	120,233	35,163	155,396
2022	27,025	7,454	34,479	118,513	31,335	149,848
2023	22,730	6,315	29,045	112,581	27,454	140,035
2024	22,700	5,227	27,927	105,625	23,705	129,330
2025-2029	88,830	12,505	101,335	391,296	74,083	465,379
2030-2034	18,405	2,793	21,198	237,034	28,991	266,025
2035-2039	11,250	838	12,088	85,120	4,111	89,231
Subtotal	\$ 263,285	\$ 55,363	\$ 318,648	\$ 1,289,570	\$ 263,634	\$ 1,553,204
Net unamortized: Discounts/premium	25,620	-	25,620	62,249	-	62,249
Total payments	<u>\$ 288,905</u>	<u>\$ 55,363</u>	<u>\$ 344,268</u>	<u>\$ 1,351,819</u>	<u>\$ 263,634</u>	<u>\$ 1,615,453</u>

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), the Council issued \$43,000,000 (2009A) and \$69,000,000 (2010E) of General Obligation Transit bonds, and \$65,000,000 (2010F) of General Obligation Wastewater bonds.

The bonds are direct pay tax credit Build America Bonds (BAB), in which the Council receives a 35.00 percent credit on bond interest paid. The Council has complied with all requirements of ARRA to be eligible for the BAB interest credit. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 the refundable credit has been reduced by 6.20 percent from sequestration through September 30, 2019 and 5.90 percent for the remainder of the year.

METROPOLITAN COUNCIL

Taking into consideration the above BAB interest credit, as of December 31, 2019, the Council's net annual debt service requirements to amortize all general obligation bonds and loans outstanding, including interest of \$52,828,000 on the governmental activities debt and \$257,593,000 on the business-type activities debt, was as follows:

Dollars in thousands

Governmental Activities: Year Ending December 31	Principal	Interest	Federal Subsidy	Net Interest	Net Payment
2020	\$ 41,860	\$ 11,472	\$ (445)	\$ 11,027	\$ 52,887
2021	30,485	8,759	(375)	8,384	38,869
2022	27,025	7,454	(324)	7,130	34,155
2023	22,730	6,315	(294)	6,021	28,751
2024	22,700	5,227	(264)	4,963	27,663
2025-2029	88,830	12,505	(776)	11,729	100,559
2030-2034	18,405	2,793	(57)	2,736	21,141
2035-2039	11,250	838	0	838	12,088
Subtotal	\$ 263,285	\$ 55,363	\$ (2,535)	\$ 52,828	\$ 316,113
Net unamortized: Discounts/premiums	25,620	-	-	-	25,620
Total payments	\$ 288,905	\$ 55,363	\$ (2,535)	\$ 52,828	\$ 341,733

Business-type Activities: Year Ending December 31

2020	\$ 119,168	\$ 38,792	\$ (1,000)	\$ 37,792	\$ 156,960
2021	120,233	35,163	(903)	34,260	154,493
2022	118,513	31,335	(837)	30,498	149,011
2023	112,581	27,454	(760)	26,694	139,275
2024	105,625	23,705	(666)	23,039	128,664
2025-2029	391,296	74,083	(1,796)	72,287	463,583
2030-2034	237,034	28,991	(79)	28,912	265,946
2035-2039	85,120	4,111	-	4,111	89,231
Subtotal	\$ 1,289,570	\$ 263,634	\$ (6,041)	\$ 257,593	\$1,547,163
Net unamortized Discounts/premiums	62,249	-	-	-	62,249
Total payments	\$ 1,351,819	\$ 263,634	\$ (6,041)	\$ 257,593	\$1,609,412

2. Loans payable

In 2002, the Minnesota Housing Finance Authority issued a loan to the Council in the amount of \$400,000. In 2004, the Minnesota Housing Finance Authority issued an additional loan of \$730,000 and Hennepin County Housing and Redevelopment Authority issued a \$275,000 loan for a total of \$1,405,000. The terms of the loan agreements are 30 years, although they may be extended indefinitely if all the terms of the loan agreement are met.

3. Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

<i>Dollars in thousands</i>					
Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds/loans payable:					
General obligation debt	\$ 185,340	\$ 117,000	\$ (39,055)	\$ 263,285	\$ 41,860
Discounts/premiums	16,755	11,588	(2,723)	25,620	-
Total general obligation debt	202,095	128,588	(41,778)	288,905	41,860
Capital lease	5,410	-	(875)	4,535	900
Compensated absences	4,681	4,055	(3,868)	4,868	2,921
Governmental long-term liabilities	\$ 212,186	\$ 132,643	\$ (46,521)	\$ 298,308	\$ 45,681

<i>Dollars in thousands</i>					
Business Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds/loans/notes payable:					
General obligation debt	\$ 1,359,777	\$ 31,975	\$ (104,577)	\$ 1,287,175	\$ 116,773
Hennepin County note	3,971	1,224	(2,800)	2,395	2,395
Loans payable	1,405	-	-	1,405	-
Discounts/premiums	67,726	-	(5,477)	62,249	-
Total bonds/loans payable	1,432,879	33,199	(112,854)	1,353,224	119,168
Compensated absences	27,464	39,895	(37,573)	29,786	24,300
Accrued claims	27,820	84,014	(81,827)	30,007	12,278
Business-type long-term liabilities	\$ 1,488,163	\$ 157,108	\$ (232,254)	\$ 1,413,017	\$ 155,746

Capital leases in the Governmental Activities have been liquidated by funding from the General Fund in 2019 and prior years. The majority of Metro Transit Bus, Metro Transit Light Rail, and Metro Transit Commuter Rail employees earn vacation in one year that must be used within the following year. Actual payments of compensated absences are made directly from the same Governmental funds that incurred the salary expenditures. Prior years compensated absences were paid from the General Fund, Special Revenue funds, non-major governmental funds, and Enterprise funds.

Accrued claims include \$43,000 for the Family Self Sufficiency program escrow accounts in the Metropolitan Housing and Redevelopment fund.

4. Pollution Remediation Obligation

The Metropolitan Council is financially responsible to remediate certain known pollution present on Council owned land. The Council voluntarily assumed responsibility for the Snelling Garage site, which includes the assessment and clean-up activities.

Pollution remediation obligation liability as of December 31, 2019 was \$1,586,000. The pollution remediation amounts are estimated through an analysis of the existing polluted site. The liability is measured at current value, and is subject to change due to inflation, technology, improvements, or changes to applicable laws and regulations. Funding for this pollution remediation will come from Property Taxes.

I. Compensated absences

In 2019, the General fund liability for compensated absences earned but not taken increased from \$4,681,000 to \$4,868,000. This liability is reported in the government-wide statement of net position. The following summary of changes during 2019 includes \$346,000 in payroll taxes:

	<i>Dollars in thousands</i>
Balance, January 1, 2019	\$ 4,681
Transferred to/from Enterprise Funds	(117)
Leave Earned	4,007
Leave Taken or Paid Off	<u>(3,703)</u>
Balance, December 31, 2019	\$ 4,868

J. Fund balance

Fund balance is divided into five classifications based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Fund balance classifications are as follows:

Nonspendable. Fund balances classified as *nonspendable* include assets that will never convert to cash, such as prepaid items and inventories of supplies; assets that will not convert to cash soon enough to affect the current period, and resources that must be maintained intact pursuant to legal or contractual requirements, such as the principal of an endowment or the capital of a revolving loan fund. Normally, the long-term portion of the Council’s loans receivable would be included as part of *nonspendable* fund balance. However, since the amounts eventually collected are subject to an externally enforceable restriction on how they can be spent, they are reported instead as a part of restricted fund balance.

Spendable. All fund balances that are not classified as *nonspendable* are deemed *spendable*. The classifications within the *spendable* category are based upon the relative strength of the constraints that control how specific amounts can be spent. Those classifications are as follows:

Restricted. Net fund resources that are subject to externally enforceable legal restrictions are deemed to be *restricted*. These restrictions are either 1) externally imposed by creditors (via bond or loan covenants), grantors, contributors or laws and regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. The Council recognizes the entire fund balance of the Debt Retirement fund, the Highway Right-of-Way Acquisition Loan, Livable Communities special revenue funds, and the North Mississippi Park capital projects funds; the remaining balances of the Other Special Revenue special revenue funds, Parks and Open Space Grants, and Transit capital projects funds (all non-major funds) as *restricted* due to the legal restrictions imposed.

Committed. Net fund balances that represent resources that can be used only for the specific purposes determined by formal action of the Council are deemed to be *committed*. The Council’s formal actions, or resolutions, are the highest decision-making level and remain binding unless removed in the same manner. Additionally, any Council action, either binding or unbinding, needs be taken prior to the end of the calendar year. The entire fund balances of the Metro Mobility, Contracted Transit Service, and Transportation Planning special revenue funds and a portion of the fund balance of the Transit Capital projects fund are considered *committed*. Additionally, within the General fund, the Council has identified amounts for self-insurance, OPEB, and regional water supply to be *committed*.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. In the Other Special Revenue fund, assigned amounts are intended to be used for planning assistance. In the General fund, amounts intended to be used for capital maintenance and compensated absences are assigned. The amount recognized as capital maintenance is approved by the Council in the carry forward budget amendment. Pursuant to Council resolution, the Chief Financial Officer is authorized to establish assignment of fund balance.

Unassigned. The residual classification of the Council’s General fund not contained in the other classifications is deemed to be *unassigned*. The negative *unassigned* amount for the Parks and Open Space Grants capital projects fund (a nonmajor fund) is deemed *unassigned* because the *restricted* amounts for future grant payments are to be funded by future bonding and State reimbursements.

It is the policy of the Council to spend fund balances for each fund in the following order: *restricted*, then *committed* and then *assigned*; unless the specific item has been identified in another classification.

METROPOLITAN COUNCIL

The summary of fund balance classifications is as follows:

	<i>Dollars in thousands</i>				
	Major Funds			Nonmajor Governmental Funds	Total
	General Fund	Metro Mobility Special Revenue	Debt Retirement		
Fund Balances:					
Spendable:					
Restricted for:					
Debt Retirement Reserve	\$ -	\$ -	\$ 122,105	\$ -	\$ 122,105
Highway Right-of-Way Program	-	-	-	57,725	57,725
Economic Revitalization	-	-	-	15,556	15,556
Environment Development	-	-	-	48,424	48,424
Incentive Housing	-	-	-	3,095	3,095
Regional Land Use	-	-	-	854	854
North Mississippi Park Improvements	-	-	-	1,594	1,594
Regional Parks Capital Improvements	-	-	-	76,589	76,589
Transit Capital Improvements	-	-	-	131,903	131,903
Committed for:					
Self Insurance	1,500	-	-	-	1,500
Other Post Employment Benefits	5,359	-	-	-	5,359
Regional Water Supply Program	293	-	-	-	293
Regional ADA Transit Service	-	69,751	-	-	69,751
Regional Transit Provider Services	-	-	-	25,275	25,275
Assigned for:					
Capital Maintenance	3,701	-	-	-	3,701
Compensated Absences	2,921	-	-	-	2,921
Planning Assistance	-	-	-	586	586
Unassigned	21,070	-	-	(35,534)	(14,464)
Total fund balances	<u>\$ 34,844</u>	<u>\$ 69,751</u>	<u>\$ 122,105</u>	<u>\$ 326,067</u>	<u>\$ 552,767</u>

V. Other information

A. Risk management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; work related injuries to its employees; and natural disasters. The Council purchases both commercial insurance and self-insures for these risks of loss as discussed below. Within the past three fiscal years, no settled claims have exceeded commercial coverage. There have been no significant reductions in insurance coverage from the prior year by major categories of risk.

1. Liability

The Council either purchases general liability insurance or self-insures to protect against various liability risks in all divisions of the Council. Metro Transit Bus recognizes a current liability for incurred, reported claims and long-term liability for claims incurred but not reported. Claims liabilities are calculated considering recent claim settlement trends including frequency and amount of payouts. Minnesota Statutes, Section 466.04 generally limits the Council's tort exposure to \$500,000 per claim and \$1,500,000 per occurrence for a claim arising on or after July 1, 2009. For claims arising prior to that date, the limits are \$400,000 per claim and up to \$1,200,000 per occurrence. In addition, an amount equal to twice these limits applies if the claim arises out of the release or threatened release of a hazardous substance.

2. Automobile

The Council purchases auto property insurance for the Metro Transit Bus enterprise fund to cover buses and vehicles for damage other than collision, upset or overturn. The Council administers a self-funded program for other risks associated with automobile liability and physical damage.

3. Errors and omissions

The Council self-insures for errors and omissions risk. There were no claims for 2018 or 2019.

4. Property and crime

The Council purchases property and crime insurance to cover all owned property and identified crime exposures.

5. Workers' compensation

Metro Transit Bus has been self-insured for workers' compensation since 1982, Environmental Services since 1993, and the rest of the Council since 1995. Prior to July 1, 1996, Environmental Services used a third-party administrator; since that time, the Council has self-administered workers' compensation claims for all divisions. Liabilities are recognized when there is information available that suggests there has been an occurrence in which a probable loss has occurred. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a discount rate of 2.31 percent.

The self-insurance retention limit for workers' compensation is \$5,000,000 per single loss. For claims above the retention limit, the Workers' Compensation Reinsurance Association reimburses the Council.

Changes in the balance of workers' compensation liabilities during 2018 and 2019 are as follows:

	<i>Dollars in thousands</i>				
	Metro Transit				
	Bus	Light Rail	Commuter Rail	Environmental Services	Total
2018 Balance:					
Beginning Balance	\$ 13,313	\$ 2,144	\$ 3,000	\$ 635	\$ 19,092
Current year claims and changes in estimates	8,035	(168)	39	815	8,721
Payments on claims	(6,391)	(424)	(39)	(632)	(7,486)
Ending balance	<u>\$ 14,957</u>	<u>\$ 1,552</u>	<u>\$ 3,000</u>	<u>\$ 818</u>	<u>\$ 20,327</u>
2019 Balance:					
Beginning Balance	\$ 14,957	\$ 1,552	\$ 3,000	\$ 818	\$ 20,327
Current year claims and changes in estimates	10,057	1,236	226	287	11,806
Payments on claims	(7,259)	(1,217)	(49)	(381)	(8,906)
Ending balance	<u>\$ 17,755</u>	<u>\$ 1,571</u>	<u>\$ 3,177</u>	<u>\$ 724</u>	<u>\$ 23,227</u>

6. Internal service fund

The Metropolitan Council has an internal service fund for its self-insurance plans for health and dental care. The Council assumes all liability for medical and dental claims. The self-funded programs within the fund establish claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not paid, and of claims that have been incurred, but not reported. These estimates are agreed to by the insurance carriers and the Metropolitan Council and are reviewed for accuracy and reasonableness. The estimates are based on claim experience and claim lag timetables provided by the carriers and do not include additional estimates for subrogation, salvage, or unallocated claim adjustments. Changes in the balance for the self-funded programs are as follows:

Dollars in thousands

2018 Balance:	Internal Service Fund
Beginning Balance	\$ 5,895
Incurred claims	75,208
Payments on claims	(73,667)
Ending Balance	<u>\$ 7,436</u>
2019 Balance:	
Beginning Balance	\$ 7,436
Incurred claims	72,187
Payments on claims	(72,886)
Ending Balance	<u>\$ 6,737</u>

B. Pension obligations

Metropolitan Council has 4,084 employees that are covered by a retirement plan administered by Minnesota State Retirement System (MSRS) under the General Employees Fund (GEF). The Metropolitan Council metro transit police has 174 employees that are covered by a plan administered by Public Employees Retirement Association of Minnesota (PERA) under the Public Employees Police and Fire Fund (PEPFF). The Metropolitan Council also has 18 people under an Unclassified Employees Retirement Fund (UER) administered by MSRS. Investments at these pension plans are reported at fair value.

1. Defined benefit pension plans

**a. Minnesota State Retirement System - General Employees Fund (MSRS-GEF)
General information**

Plan Description: The majority of the employees of the Metropolitan Council are covered by the General Employees Fund (GEF), a cost sharing multiple-employer defined benefit pension plan administered by the Minnesota State Retirement System. Chapter 352 of the Minnesota Statutes grants the authority to establish and amend the benefit terms to MSRS. MSRS’s defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code. MSRS issues a publicly available financial report that can be obtained at www.msrs.state.mn.us/financial-information; by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103-3000; or by calling (651) 296-2761 or 1-800-657-5757.

Benefits provided: MSRS-GEF provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member’s age, years of credit, and the highest average salary for any sixty successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January and are related to the funded ratio of the plan. Annuitants received benefit increases of 1.00 percent for 2019.

Retirement benefits can be computed using one of two methods: the Step formula and the Level formula. Members hired before July 1, 1989, may use the Step or Level formula, whichever is greater. Members hired on or after July 1, 1989, must use the Level formula. Each formula converts years and months of service to a certain percentage. Under the Step formula, members receive 1.20 percent of the high-five average salary for each of the first 10 years of covered service, then 1.70 percent for each subsequent year. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). In contrast, the Level formula does not include the Rule of 90. Under the Level formula, members receive 1.70 percent of the high-five average salary of all years of covered service, and full benefits are available at normal retirement age.

Disability benefits are determined; 1) at least three years of allowable service and meeting the definition of disability or 2) at least five years of service if hired on or after June 30, 2010 and meeting the definition of disability. Totally and permanently disabled is defined as the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that has existed or is expected to continue for a period of at least one year. Disability benefits are calculated following the same formulas as a regular retirement benefit.

Death benefits are calculated; if a member dies while still an active employee, the spouse is eligible for 100.00 percent survivor annuity or a refund if 1) the member was hired prior to July 1, 2010, and had at least three years of service at death, or 2) the member was hired after June 30, 2010, and had at least five years of service at death. Dependent children are eligible for the monthly benefit until age 20 if there is no surviving spouse.

Contributions: Minnesota Statutes Chapter 352 sets the rates for employer and employee contributions. Eligible General Plan members were required to contribute 5.75 percent of their annual covered salary. Participating employers were required to contribute 5.875 percent of their annual covered salary. Starting July 1, 2019, the eligible General Plan members were required to contribute 6.00 percent of their annual covered salary. Employer contributions increased to 6.25 percent also on July 1, 2019. The Metropolitan Council's contribution to the General Plan for the fiscal year ending December 31, 2019 was \$18,729,000. These contributions were equal to the contractually required contributions for each year as set by state statute.

1. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.

At December 31, 2019, the Metropolitan Council reported a liability of \$131,471,000 for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Metropolitan Council's proportion of the net pension liability was based on the contributions received by MSRS during the measurement period July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2019, the Metropolitan Council's proportion was 9.345 percent, which was a decrease of 0.018 percent from its proportion measured as of June 30, 2018.

There were no changes in benefits provisions that affected the measurement of the total pension liability since the prior measurement date.

There were no changes in assumptions that affected the measurement of the total pension liability since the prior measurement date.

For the year ended December 31, 2019, the Metropolitan Council recognized a pension expense of \$29,673,000 for its proportionate share of the MSRS-GEF pension expense. At December 31, 2019, the Metropolitan Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<i>(Dollars in thousands)</i>	
Differences between expected and actual experience	\$ 3,986	\$ 456
Changes of assumptions	185,242	411,921
Net difference between projected and actual earnings on investments	-	32,109
Changes in proportion and differences between actual contributions and proportionate share of contributions	2,092	1,377
Contributions paid to MSRS subsequent to the measurement date	9,388	-
Total	<u>\$ 200,708</u>	<u>\$ 445,863</u>

Amounts reported as deferred outflows of resources related to pensions resulting from Metropolitan Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense <i>(Dollars in thousands)</i>
2020	\$ 16,853
2021	(187,593)
2022	(84,670)
2023	867
	<u>\$ (254,543)</u>

Actuarial Assumptions: The Metropolitan Council’s net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent per year
Active Member Payroll Growth	3.25 percent per year
Investment Rate of Return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 generational mortality tables for males or females, as appropriate, with adjustments to match fund experience. Benefit increases for retirees were 1.00 percent for January 1, 2019.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the period July 1, 2008, through June 30, 2014.

The long-term expected rate of return on pension plan investments is 7.50 percent. During MSRS’s fiscal year 2016, the State Board of Investment (SBI) hired an outside consultant to perform a thorough asset and liability study. Based on the study, the SBI staff proposed an update to the asset allocation, which yields a lower nominal expected return. As a result of this study and keeping in mind the national trends towards lower investment rate assumptions, the MSRS Board of Directors approved the use of a 7.50 percent long term expected rate of return assumption beginning with the fiscal year 2017 actuarial assumptions.

The SBI, which manages the investments of MSRS, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best estimates of future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimate, and target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio. Results are summarized in the following table:

Asset Class	Target Allocation	SBI’s Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	36.00%	5.10%
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
International Equity	17.00	5.30
Cash	2.00	0.00
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability as of June 30, 2019, was 7.50 percent. The single discount rate was based on an expected rate of return on pension plan investments of 7.50 percent and a municipal bond rate of 3.13 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current statutory contribution rates. Based on that assumption, the pension plan’s fiduciary net position at June 30, 2019, was projected to be available to make all projected future benefit payments of current active and inactive employees through the year ending June 30, 2119. Therefore, the long-term expected rate of return on pension plan investments was applied to project benefit payments through the year ending June 30, 2119, to determine the total pension liability.

Sensitivity of the Council’s proportionate share of the net pension liability to changes in the discount rate: The following presents the Metropolitan Council’s proportionate share of the net pension liability, calculated using the discount rate of 7.50 percent, as well as what the Metropolitan Council’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.50 percent) or 1.00 percentage point higher (8.50 percent) than the current rate (dollars in thousands):

	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
Council’s proportionate share of the Net pension liability (MSRS)	\$ 306,206	\$ 131,471	\$ (13,579)

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the MSRS’s Comprehensive Annual Financial Report, available on the MSRS website (www.msrs.state.mn.us/financial-information); by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103-3000; or by calling (651) 296-2761 or 1-800-657-5757.

**b. Public Employees Retirement Association of Minnesota - Public Employees Police and Fire Fund (PERA-PEPFF)
General information**

Plan Description: The Public Employees Police and Fire Fund (PEPFF), originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer asset administration to Public Employees Retirement Association (PERA).

Metro Transit Police Officers who qualify for membership by statute, are covered by the Public Employees Police and Fire Fund, a cost sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota. Chapter 353 of the Minnesota Statutes grants the authority to establish and amend the benefit terms to PERA. PERA’s defined pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code. PERA issues a publicly available financial report that can be obtained at; www.mnpera.org; by writing to PERA at 60 Empire Drive, #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Benefits provided: Benefits for plan members hired prior to July 1, 2010, vest after three years of credited service. For members first hired after June 30, 2010 but before July 1, 2014, benefits vest on a prorated basis from 50.00 percent after five years up to 100.00 percent after ten years of credited service. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50.00 percent after ten years up to 100.00 percent after twenty years of credited service.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.00 percent post-retirement benefit increase.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

Retirement benefits are determined for employees as 3.00 percent of average salary for each of their years of service. A full unreduced retirement annuity is earned when members meet the following conditions: age 55 and vested or age plus years of service equal at least 90 if first hired prior to July 1, 1989. A reduced retirement annuity is available to members between the ages of 50 and 55. Under legislation enacted in the 2013 session of the Legislature, the reduction for Police and Fire plan early retirement began increasing incrementally in July 2014.

Disability benefits are determined if the employee is unable to work because of a physical or mental disability. Disability is defined by statute, and PERA may require periodic medical examinations of those receiving these benefits. For these employees, there is a minimum benefit of 60.00 percent of salary if disabled while engaged in hazardous activities related to the occupation. Disability under any other circumstances results in a minimum of 45.00 percent of salary.

Survivor benefits are calculated if a member dies while still an active employee, they are based on either 50.00 percent of the member's average salary during the six months prior to death or a formula using the member's total years of service, high-five salary, age at death and age of the spouse. Dependent children of active or disabled employees are eligible for benefits until age 18, or age 23 if full-time student. In this case, the maximum family benefit is 70.00 percent of the member's average monthly salary.

Contributions: Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions and may be amended by Minnesota Legislature. Employees are required to contribute 11.30 percent of their annual covered salary in 2019. The Metropolitan Council required contribution rate is 16.95 percent of annual covered salary in 2019. Contributions to the pension plan from the Council were \$2,334,000 for the year ending December 31, 2019.

1. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the Metropolitan Council reported a liability of \$12,647,000 for its proportionate share of PERA's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Metropolitan Council's proportion of the net pension liability was based on the contributions received by PERA during the measurement period July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the Metropolitan Council's proportion was 1.1879 percent, which was an increase of 0.0868 percent from its proportion measured as of June 30, 2018.

There were no changes in benefits provisions that affected the measurement of the total pension liability since the prior measurement date.

There was one change in assumptions that affected the measurement of the total pension liability since the prior measurement date. The mortality projection scale was changed from MP-2017 to MP-2018.

For the year ended December 31, 2019, the Metropolitan Council recognized pension expense of \$2,683,000 for its proportionate share of the PEPFF's pension expense. At December 31, 2019, the Metropolitan Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<i>Dollars in thousands</i>	
Differences between expected and actual experience	\$ 500	\$ 1,616
Changes of assumptions	8,852	12,587
Net difference between projected and actual earnings on investments	-	2,435
Changes in proportion and differences between actual contributions and proportionate share of contributions	2,441	-
Contributions paid to PERA subsequent to the measurement date	1,149	-
Total	<u>\$ 12,942</u>	<u>\$ 16,638</u>

Amounts reported as deferred outflows of resources related to pensions resulting from Metropolitan Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense</u> <i>Dollars in thousands</i>
2020	\$ (202)
2021	(1,166)
2022	(3,881)
2023	261
2024	143
	<u>\$ (4,845)</u>

Actuarial Assumptions: The Metropolitan Council’s net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent per year
Active Member Payroll Growth	3.25 percent per year
Investment Rate of Return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 generational mortality tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1.00 percent.

Actuarial assumptions used in the June 30, 2019 valuation are reviewed annually. The most recent 5-year experience study for the PEPFF was completed August 30, 2016. The economic assumptions are based on a review of inflation and investment return assumptions dated June 27, 2019.

The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment (SBI), which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>SBI’s Long-Term Expected Real Rate of Return (Geometric Mean)</u>
Domestic Stocks	36.00%	5.10%
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
International Stocks	17.00	5.30
Unallocated Cash	2.00	0.00
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability as of June 30, 2019, was 7.50 percent. This single discount rate was based on the expected rate of return on pension plan investments of 7.50 percent and the municipal bond rate of 3.13 percent. The projection of cash flows used to determine this single discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on these assumptions, the pension plan’s fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Council’s proportionate share of the net pension liability to changes in the discount rate: The following presents the Metropolitan Council’s proportionate share of the net pension liability, calculated using the discount rate of 7.50 percent, as well as what the Metropolitan Council’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.50 percent) or 1.00 percentage point higher (8.50 percent) than the current rate (dollars in thousands):

	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
Council’s proportionate share of the Net pension liability (PERA)	\$ 27,643	\$ 12,647	\$ 245

Pension plan fiduciary net position: Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report is available on the PERA’s website (www.mnpera.org); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

- c. **Summary of defined benefit plans:** For the year ended December 31, 2019, the Metropolitan Council recognized a pension expense of \$32,356,000 for its proportionate share of the MSRS-GEF pension expense and its proportionate share of the PEPFF’s pension expense. Actual payments of pension liability are made directly from the same Governmental funds that incurred the salary expenditures. Pension liability is paid from the General Fund, Special Revenue funds, non-major governmental funds, and Enterprise funds.

2. Defined contribution pension plan

- a. **Minnesota State Retirement System – Unclassified Employees Retirement Fund (MSRS-UER) General information**

The Unclassified Employees Retirement Fund is a tax deferred, defined contribution fund entirely composed of a single, multiple-employer defined contribution plan. Participation is limited to certain specified employees. Minnesota statutes, section 352D.01 authorized creation of this plan.

It is considered a money purchase plan, i.e. participants vest only to the extent of the value of their accounts (employee contributions plus employer contributions plus/minus investment gains/losses, less administrative expenses), but functions as a hybrid between a defined contribution plan and a defined benefit plan.

Retirement and disability benefits are available to some participants through conversion, at the participant’s option, to the General Plan provided the employee has at least 10 years of allowable service in the Unclassified and/or the General Plan if hired prior to July 1, 2010 or has more than seven years of service if hired after June 30, 2010.

Minnesota Statutes, section 352D.04, subdivision 2, requires a contribution rate of 5.75 percent of salary from participating employees. Effective July 1, 2019 the required contribution rate increased to 6.00 percent. The employer contribution rate was 6.00 percent of salary. Effective July 1, 2019, the employer contribution rate increased to 6.25 percent.

For the year ending December 31, 2019 employer contributions were \$179,000. The plan did not have any forfeitures in the current period.

C. Other postemployment benefits (OPEB) obligations

Plan description: The Metropolitan Council administers an Other Postemployment Benefit Plan (the OPEB plan), a single-employer defined benefit health care and life insurance plan to eligible retirees, their spouses, and dependents.

Funding Policy: As of December 31, 2019, the Metropolitan Council had separately invested assets in a revocable trust account with a fair market value of \$291,693,000. The trust account is administered by the Public Employees Retirement Association (PERA) under MS 471.6175 (Trust for Postemployment Benefits) and is invested by the SBI pursuant to Minnesota Statutes section 11A.14, which provides for the establishment of investment vehicles for assets of the participating public retirement plans and nonretirement funds.

Minnesota Statute 471.6175, subdivision 5 specifies that the Metropolitan Council may provide investment direction to PERA as the trust administrator, and PERA must certify (and decertify) Metropolitan Council’s assets to the SBI for investment under section 11A.14, subject to the policies and procedures established by the SBI.

METROPOLITAN COUNCIL

The Metropolitan Council's internal funding policy includes funding and investing the revocable trust account to meet the current and future explicit retiree premium costs for current retirees and all eligible active employees. Funding status for the trust account is based on actuarial valuation assuming a 7.00 percent discount rate and is considered sufficient to meet projected future explicit benefits.

This funding arrangement does not meet the requirements of GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"; accordingly, the revocable trust account assets are not included in disclosures of the OPEB plan assets. The Metropolitan Council does not issue a separate financial report for its OPEB plan. Activity for the plan is reported for the Government-wide financial statements and in enterprise funds for Metro Transit Bus, Metro Transit Light Rail, and Environmental Services.

Benefits Provided: The Metropolitan Council provides a health care and life insurance plan to eligible retirees, their spouses, and dependents. The benefit provisions are established and amended through negotiations between the Metropolitan Council and the respective unions representing its employees. This is a closed plan. Only employees hired prior to OPEB benefit sunset dates established within those union agreements are entitled to receive employer paid OPEB benefits. Employee's percentage of OPEB benefit participation is further dependent upon meeting certain hire date, length of service, retirement age and other criteria established within their collective bargaining agreements. Additionally, under Minnesota Statute 471.61 Subd. 2b, retirees can stay on the plan after retirement which creates an implicit rate subsidy. The amount paid by the employer for OPEB as the benefits came due during the reporting period was \$12,412,000.

Employees covered by benefit terms: At the actuarial valuation date of January 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,781
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	3,729
	<u>5,510</u>

Total OPEB Liability: The Metropolitan Council's total OPEB liability of \$336,289,000 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019. The total OPEB liability was rolled-forward from the valuation date to fiscal year ended December 31, 2019 using generally accepted actuarial principles.

Actuarial assumptions and other inputs: The total OPEB liability in the December 31, 2019 actuarial valuation were determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Payroll Growth	3.00 percent
Discount Rate	2.74 percent
Healthcare cost trend rates	Rates were developed using a combination of trend surveys, short-term expectations specific to the region, and the SOA-Getzen model and have a grade down period consistent with industry expectations. The ultimate trend of 3.80 percent is reached after a grade down period in 2076.
Employer share of benefit-related costs	The employer subsidy is assumed to shift from the current premium levels to 90.00 percent of the full premium for single coverage and 80.00 percent for family coverage.

Mortality rates were based on the RP-2010 scale with adjustments for mortality improvements based on the MP-2018 scale.

The assumptions prescribed in the actuarial valuation are based on the last experience study prepared for the Minnesota State Retirement System that covered the four-year period from July 1, 2014 through June 30, 2018, dated June 27, 2019.

METROPOLITAN COUNCIL

Discount Rate: The discount rate was based on the index rate for 20-year tax-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher as of the measurement date. The Metropolitan Council determined the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate as of December 31, 2019 was 2.74 percent.

Changes in the Total OPEB Liability (Dollars in Thousands):

	Total OPEB Liability
Balance at December 31, 2018	<u>\$ 275,287</u>
Changes for the year:	
Service cost	2,993
Interest	11,110
Changes of benefit terms	-
Differences between expected and actual experience	22,845
Changes in assumptions or other inputs	38,782
Benefit payments	<u>(14,728)</u>
Net changes	<u>61,002</u>
Balance at December 31, 2019	<u>\$ 336,289</u>

No changes in benefit provisions affected the measurement of the total OPEB liability since the prior measurement date.

The following changes in assumptions affected the measurement of the total OPEB liability since the prior measurement date. The discount rate which is based on the index rate for 20-year-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher changed from 4.10 percent to 2.74 percent. The inflation rate was changed from 2.50 percent to 2.25 percent. The mortality assumption was updated to use the assumptions from the Minnesota State Retirement System (MSRS) General Plan Experience Study with the exception of using the Pub-2010 General Headcount-Weighted Mortality Table instead of the Pub-2010 General Amount-Weighted Mortality Table. The withdrawal and retirement assumption were updated to use the assumptions from the Minnesota State Retirement System (MSRS) General Plan Experience Study, after adjustment from benefit-weighting to headcount-weighting. The salary increase assumption was updated to use the assumption from the Minnesota State Retirement System (MSRS) General Plan Experience Study. The annual medical claims costs and premiums were updated based on recent experience. The payroll growth rate decreased from 3.50 percent to 3.00 percent. The medical plan participation assumption for ATU Plan B changed from Open Access: 75.00 percent and Distinctions: 25.00 percent to Open Access: 80.00 percent and Distinctions: 20.00 percent. The annual medical trend was updated based on recent trend surveys, short-term expectations, and the current version of the SOA-Getzen trend model.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Metropolitan Council, as well as what the Metropolitan Council's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (1.74 percent) or 1.00 percentage point higher (3.74 percent) than the current discount rate (dollars in thousands):

	1.00% Decrease (1.74%)	Current Discount Rate (2.74%)	1.00% Increase (3.74%)
Total OPEB Liability	\$ 383,898	\$ 336,289	\$ 297,049

METROPOLITAN COUNCIL

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Metropolitan Council, as well as what the Metropolitan Council's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00 percentage point lower (5.00 percent decreasing to 2.80 percent) or 1.00 percentage point higher (7.00 percent decreasing to 4.80 percent) than the current healthcare cost trend rates (dollars in thousands):

	1.00% Decrease (5.00% decreasing to 2.80%)	Healthcare Cost Trend Rates (6.00% decreasing to 3.80%)	1.00% Increase (7.00% decreasing to 4.80%)
Total OPEB Liability	\$ 295,358	\$ 336,289	\$ 386,377

For the year ended December 31, 2019, the Metropolitan Council recognized OPEB expense of \$22,655,000. At December 31, 2019, the Metropolitan Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Dollars in thousands)	
Differences between expected and actual experience	\$ 18,970	\$ 1,811
Changes of assumptions	<u>35,857</u>	<u>16,770</u>
Total	<u>\$ 54,827</u>	<u>\$ 18,581</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	OPEB Expense
	<i>Dollars in thousands</i>
2020	<u>\$ 8,301</u>
2021	8,100
2022	8,338
2023	7,100
2024	<u>4,407</u>
	<u>\$ 36,246</u>

D. Sub-grantee programs

During the year ended December 31, 2019, the Council was involved with the following sub-grantee programs:

General Fund:

Parks (Maintenance and Operation Grants)

Nonmajor Governmental Funds:

Federal Highway Administration (Pass-Through and Study Grants)
Federal Transit Administration (Capital and Operating Assistance Grant Programs)
Federal Transit Administration (Pass-Through and Study Grants)
Livable Communities (Metropolitan Development)
Parks (Capital Improvement)

Enterprise Funds:

Federal Transit Administration (Capital and Operating Assistance Grant Programs)
Housing and Redevelopment Authority (HUD Housing Choice Voucher Program)
Housing and Redevelopment Authority (HUD Shelter Plus Care Program)
Minnesota Housing Finance Agency (Subsidy Grants)
Miscellaneous Other Housing Programs (Subsidy Grants)

These programs received revenue from federal, state and private grantor agencies for grant expenditures. Expenditures are made from these funds for grants to public and private metropolitan area organizations and individuals as well as for planning, administration and capital improvements.

E. Commitments and contingencies

As part of its operations, the Council enters into contracts for various purposes including construction projects and transit services, among others. The majority of the Council's contracts are renegotiated annually with terms generally coinciding with the calendar year. However, some of the contracts span several years. Unpaid commitments for bus transit services totaled approximately \$387,227,000 as of December 31, 2019. These commitments will be paid from the Metro Transit Bus enterprise fund. Future commitments for Metro Transit Light Rail enterprise fund contracts of approximately \$375,960,000 will be paid from the Metro Transit Light Rail fund. Future commitments for commuter rail transit services of approximately \$7,144,000 as of December 31, 2019, will be paid from the Metro Transit Commuter Rail fund. Future commitments for regional transit services are approximately \$19,510,000 as of December 31, 2019. These commitments will be paid from Contracted Transit Service special revenue nonmajor fund. Future commitments for Environmental Services enterprise fund construction contracts totaled approximately \$61,123,000 as of December 31, 2019. These commitments will be paid from the Environmental Services enterprise fund. At year end the amount of items that were authorized and initiated in the 2019 budget but not completely expended in 2019 were \$3,701,000. This total is all from the General Fund. Management fully expects that it will be able to fulfill its contractual obligations for these commitments.

The Council is involved in various litigation, claims and judgments. The Council is of the opinion the ultimate settlement of these matters will not materially affect the financial statements.

F. Subsequent events

On January 6, 2020 the Governor appointed Charles Zelle as chair of the Council. The appointment for the chair ends January 2, 2023.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) to be a pandemic. In addition, the State of Minnesota declared its first of several peacetime state of emergencies for COVID-19 on March 13, 2020. Revenues have been impacted and changes to the operating environments may increase operating costs. Some impacts have included: reduced transit services, reduced rent from tenants, special services provided (health care worker transportation, food shelf /grocery deliveries) and moving staff to telework locations. It is anticipated that impacts will continue for some time. The Council is reviewing the Federal CARES Act, FEMA and HUD assistance. Other financial impacts that could occur are unknown. At the current time, we are unable to quantify the potential effects of this pandemic on our future financial statements.

On May 20, 2020, Metropolitan Council issued the following notes and bonds: \$8,800,000 General Obligation Parks Bonds, Series 2020A and \$80,000,000 General Obligation Wasterwater Bonds, Series 2020B.

On May 26, 2020 the Twin Cities metro area and surrounding counties started to experience civil unrest. The transportation division of the Metropolitan Council suspended all services starting May 28, 2020. Metropolitan Council buildings were also closed across the region. Most buildings were reopened June 2, 2020 and transportation bus service was restarted June 3, 2020 with routes and schedules being adjusted to accommodate detours. Assessments are being conducted of the conditions of bus stops and shelters. Transportation light rail service was restarted June 4, 2020 and assessments are being conducted of the conditions of vehicles, rails, wires, substations, signals, rail arms and other infrastructure. At the current time, we are unable to quantify the financial impacts due to this civil unrest on our future financial statements.

REQUIRED SUPPLEMENTARY INFORMATION



**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 15,329	\$ 15,329	\$ 15,232	\$ (97)
Intergovernmental revenue:				
State	8,540	8,840	8,860	20
Local	-	-	61	61
Investment income	550	550	2,921	2,371
Other	308	308	405	97
	<u>24,727</u>	<u>25,027</u>	<u>27,479</u>	<u>2,452</u>
Total revenues				
EXPENDITURES				
Current:				
General government	8,759	10,359	8,595	(1,764)
Intergovernmental:				
Culture and recreation	8,540	8,840	9,077	237
Debt service:				
Principal	825	825	875	50
Interest and other charges	200	200	148	(52)
Capital outlay	3,184	3,865	695	(3,170)
	<u>21,508</u>	<u>24,089</u>	<u>19,390</u>	<u>(4,699)</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>3,219</u>	<u>938</u>	<u>8,089</u>	<u>7,151</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	169	319	150
Transfers out	(4,950)	(4,950)	(3,118)	1,832
	<u>(4,950)</u>	<u>(4,781)</u>	<u>(2,799)</u>	<u>1,982</u>
Total other financing sources (uses)				
Net change in fund balance	(1,731)	(3,843)	5,290	9,133
Fund balance, beginning	29,554	29,554	29,554	-
Fund balance, ending	<u>\$ 27,823</u>	<u>\$ 25,711</u>	<u>\$ 34,844</u>	<u>\$ 9,133</u>

The notes to the required supplementary information are an integral part of this schedule.

**BUDGETARY COMPARISON SCHEDULE
METRO MOBILITY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	Budgeted Amounts		Actual	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Intergovernmental revenue:				
State	\$ 64,717	\$ 82,264	\$ 80,336	\$ (1,928)
Investment income	-	-	1,020	1,020
Other	8,770	8,770	7,890	(880)
Total revenues	<u>73,487</u>	<u>91,034</u>	<u>89,246</u>	<u>(1,788)</u>
EXPENDITURES				
Current:				
Transportation	82,319	82,319	79,435	(2,884)
Net change in fund balance	(8,832)	8,715	9,811	1,096
Fund balance, beginning	59,940	59,940	59,940	-
Fund balance, ending	<u>\$ 51,108</u>	<u>\$ 68,655</u>	<u>\$ 69,751</u>	<u>\$ 1,096</u>

The notes to the required supplementary information are an integral part of this schedule.

**SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY¹
MINNESOTA STATE RETIREMENT SYSTEM - GENERAL EMPLOYEES FUND
LAST TEN YEARS²
IN THOUSANDS (EXCEPT PERCENTAGES)**

Fiscal Year³	Council's proportion of the net pension liability (asset)	Council's proportionate share of the net pension liability (asset)	Council's covered payroll	Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	9.023%	\$ 146,314	\$ 230,978	63.35%	87.64%
2015	9.119%	\$ 140,378	\$ 242,551	57.88%	88.32%
2016	9.394%	\$ 1,164,751	\$ 258,161	451.17%	47.51%
2017	9.353%	\$ 693,797	\$ 269,046	257.87%	62.73%
2018	9.363%	\$ 129,774	\$ 279,617	46.41%	90.56%
2019	9.345%	\$ 131,471	\$ 290,938	45.19%	90.73%

¹ Refer to Notes to the Required Supplementary Information, Note C for details

² This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

³ The amounts presented for each fiscal year were determined as of June 30.

**SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY¹
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF MINNESOTA - PUBLIC EMPLOYEES POLICE AND FIRE PLAN
LAST TEN YEARS²
IN THOUSANDS (EXCEPT PERCENTAGES)**

Fiscal Year ³	Council's proportion of the net pension liability (asset)	Council's proportionate share of the net pension liability (asset)	Council's covered payroll	Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.8890%	\$ 9,602	\$ 7,686	124.92%	87.07%
2015	0.9800%	\$ 11,135	\$ 8,986	123.91%	86.61%
2016	1.0020%	\$ 40,212	\$ 9,655	416.49%	63.88%
2017	1.0500%	\$ 14,177	\$ 10,783	131.48%	85.43%
2018	1.1011%	\$ 11,737	\$ 11,604	101.15%	88.84%
2019	1.1879%	\$ 12,647	\$ 12,497	101.20%	89.26%

¹ Refer to Notes to the Required Supplementary Information, Note C for details

² This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

³ The amounts presented for each fiscal year were determined as of June 30.

SCHEDULE OF COUNCIL'S CONTRIBUTIONS¹
MINNESOTA STATE RETIREMENT SYSTEM - GENERAL EMPLOYEES FUND
LAST TEN YEARS²
IN THOUSANDS (EXCEPT PERCENTAGES)

Fiscal Year³	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Council's covered payroll	Contributions as a percentage of covered payroll
2014	\$ 12,423	\$ 12,423	\$ -	\$ 237,074	5.240%
2015	\$ 13,040	\$ 13,040	\$ -	\$ 237,093	5.500%
2016	\$ 15,024	\$ 15,024	\$ -	\$ 273,171	5.500%
2017	\$ 14,922	\$ 14,922	\$ -	\$ 271,306	5.500%
2018	\$ 16,223	\$ 16,223	\$ -	\$ 285,971	5.673%
2019	\$ 18,729	\$ 18,729	\$ -	\$ 309,195	6.057%

¹ Refer to Notes to the Required Supplementary Information, Note C for details

² This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

³ The amounts presented for each fiscal year were determined as of December 31.

SCHEDULE OF COUNCIL'S CONTRIBUTIONS¹
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF MINNESOTA - PUBLIC EMPLOYEES POLICE AND FIRE PLAN
LAST TEN YEARS²
IN THOUSANDS (EXCEPT PERCENTAGES)

Fiscal Year³	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Council's covered payroll	Contributions as a percentage of covered payroll
2014	\$ 1,339	\$ 1,339	\$ -	\$ 8,753	15.30%
2015	\$ 1,459	\$ 1,459	\$ -	\$ 9,005	16.20%
2016	\$ 1,637	\$ 1,637	\$ -	\$ 10,104	16.20%
2017	\$ 1,762	\$ 1,762	\$ -	\$ 10,877	16.20%
2018	\$ 1,921	\$ 1,921	\$ -	\$ 11,859	16.20%
2019	\$ 2,334	\$ 2,334	\$ -	\$ 13,768	16.95%

¹ Refer to Notes to the Required Supplementary Information, Note C for details

² This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

³ The amounts presented for each fiscal year were determined as of December 31.

**SCHEDULE OF CHANGES IN THE METROPOLITAN COUNCIL'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS ENDED DECEMBER 31 ¹
IN THOUSANDS (EXCEPT PERCENTAGES)**

Fiscal Year	2019	2018	2017
Total OPEB liability ²			
Service cost	\$ 2,993	\$ 4,083	\$ 3,602
Interest	11,110	10,360	10,897
Differences between expected and actual experience	22,845	(410)	(1,374)
Changes of assumptions or other inputs	38,782	(28,758)	12,447
Benefit payments	(14,728)	(14,416)	(12,893)
Net change in total OPEB liability	<u>61,002</u>	<u>(29,141)</u>	<u>12,679</u>
Total OPEB liability - beginning	<u>275,287</u>	<u>304,428</u>	<u>291,749</u>
Total OPEB liability - ending	<u>\$ 336,289</u>	<u>\$ 275,287</u>	<u>\$304,428</u>
Covered-employee payroll	\$ 426,582	\$ 408,702	388,152
Total OPEB liability as a percentage of covered-employee payroll	78.83%	67.36%	78.43%

Notes:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

Refer to Notes to the Required Supplementary Information, Note D for details.

The following are the discount rates used in each period:

2017 3.44%

2018 4.10%

2019 2.74%

¹This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

²The assets are not accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets, as required by state statutes, are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for the General fund, and all budgeted special revenue funds. All annual appropriations lapse at year-end.

Division staff, starting in February, prepares budgets. These budgets are reviewed by division management and are then submitted to the Regional Administrator’s office for review. Budget discussions begin with the Council in June and the budget is adopted in December. The budget is prepared by division, program, and fund. The legal level of control is division within fund. The only fund that has more than one division is the General Fund. The divisions of the General Fund are Regional Administration and Community Development. Transfers between funds require approval of the Council. The Council approved several supplemental appropriations during the year, the effects of which were not material.

B. General Fund - Budget to Actual Comparison by Division

Below are the results of operations at the legal level of control, division budget within the fund.

	Dollars in thousands			Variance with Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
Regional Administration	\$ 3,729	\$ 4,410	\$ (164)	\$ (4,246)
Community Development	17,779	19,679	19,226	(453)
Total General Fund	<u>\$ 21,508</u>	<u>\$ 24,089</u>	<u>\$ 19,390</u>	<u>\$ (4,699)</u>

C. Pension obligations

Minnesota State Retirement System – General Employees Fund:

The amounts reported in 2019 reflect the following changes to the benefit terms.

- There have been no changes in plan provisions since the previous valuation.

The amounts reported in 2019 reflect the following changes to the actuarial assumptions.

- There have been no changes in assumptions since the prior valuation

The amounts reported in 2018 reflect the following changes to the benefit terms.

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Employee contributions were changed from 5.50 percent to 5.75 percent of their annual covered salary, effective July 1, 2018 and 6.00 percent of their annual covered salary effective July 1, 2019.
- Employer contributions were changed from 5.50 percent to 5.875 percent of annual covered salary, effective July 1, 2018 and 6.25 percent of annual covered salary effective July 1, 2019.
- Interest credited on member contributions will decrease from 4.00 percent to 3.00 percent, effective July 1, 2018.
- Deferred augmentation was changed to 0.00 percent for future accruing benefits, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 2.00 percent per year, increasing to 2.50 percent per year upon achieving a 90.00 percent funding ratio to a fixed rate of 1.00 percent for five years (beginning January 1, 2019) and 1.50 percent per year thereafter.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age.

The amounts reported in 2018 reflect the following changes to the actuarial assumptions.

- The single discount rate was changed from 5.42 percent to 7.50 percent per annum.

METROPOLITAN COUNCIL

The amounts reported in 2017 reflect the following changes to the benefit terms.

- The actuarial equivalent factors were updated to reflect current mortality and interest assumptions, effective January 1, 2017.

The amounts reported in 2017 reflect the following changes to the actuarial assumptions.

- The combined service annuity (CSA) loads were 1.20 percent for active member liability and 40.00 percent for vested and non-vested deferred member liability in the prior year. The revised CSA loads are now 0.00 percent for active member liability, 4.00 percent for vested deferred member liability and 5.00 percent for non-vested deferred member liability.
- The single discount rate was changed from 4.17 percent to 5.42 percent.

The amounts reported in 2016 reflect the following changes to the actuarial assumptions.

- The long-term expected rate of return on pension plan investments changed from 7.90 percent to 7.50 percent.
- The inflation assumption was changed from 2.75 percent to 2.50 percent.
- The payroll growth assumption changed from 3.50 percent to 3.25 percent.
- The single discount rate changed from 7.90 percent to 4.17 percent.
- The assumed post-retirement benefit increase rate was changed from 2.00 percent per year through 2043 and 2.50 percent per year thereafter to 2.00 percent per year for all future years.
- Assumed salary increase rates average 0.20 percent greater than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer unreduced retirements and fewer Rule of 90 retirements.
- Distinct rates for reduced (early) retirements were adopted for members hired prior to July 1, 1989, and members hired after June 30, 1989.
- Assumed rates of termination were changed, generally resulting in greater rates for three to nine years of service, and lower for fifteen or more years of service.
- Assumed rates of disability for females were reduced to 75.00 percent of previous rates.
- Rates for male members were lowered by utilizing the same disability rates as for females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2000 fully generational table to the RP-2014 fully generational table, white collar adjustments, with age adjustments.
- The mortality improvement scale was changed from Scale AA to Scale MP-2015.
- The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table, with age adjustments.
- The percent married assumption was changed from 85.00 percent to 80.00 percent of active male members and from 70.00 percent to 65.00 percent of active female members.
- The assumed number of married male new retirees electing the 75.00 percent Joint & Survivor option changed from 10.00 percent to 15.00 percent.
- The assumed number of married female new retirees electing the 75.00 percent and 100.00 percent Joint & Survivor options changed from 0.00 percent to 10.00 percent and from 25.00 percent to 30.00 percent, respectively.
- The corresponding number of married new retirees electing the Life Annuity option was adjusted accordingly.

The amounts reported in 2015 reflect the following changes to the benefit terms.

- The post-retirement benefit increase rate changed from 2.00 percent per year through 2015 and 2.50 percent thereafter to 2.00 percent per year through 2043 and 2.50 percent thereafter.
- The amounts reflect a provision added, effective July 1, 2015, so that if the 2.50 percent post-retirement benefit increase is triggered and the funding ratio (determined on a market value of asset basis) subsequently drops below 80.00 percent or less for the most recent valuation year or 85.00 percent or less for two consecutive years, the post-retirement benefit increase will change to 2.00 percent until the plan again reaches a 90.00 percent funding ratio for two consecutive years.
- Contributions changed effective July 1, 2014. The rates went from 5.00 percent for both employee and employer to 5.50 percent for both employee and employer.

Public Employees Retirement Association of Minnesota – Public Employees Police and Fire Fund:

The amounts reported in 2019 reflect the following changes to the benefit terms.

- There have been no changes in plan provisions since the previous valuation.

The amounts reported in 2019 reflect the following changes to the actuarial assumptions.

- The mortality projection scale was changed from MP-2017 to MP-2018.

The amounts reported in 2018 reflect the following changes to the benefit terms.

- Post-retirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.00 million state contribution.
- New annual state aid will equal \$4.50 million in fiscal years 2019 and 2020, and \$9.00 million thereafter until the plan reaches 100.0 percent funding, or July 1, 2048, if earlier.
- Employee contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on employee contributions decreased from 4.0 percent to 3.0 percent beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred employees will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

METROPOLITAN COUNCIL

The amounts reported in 2018 reflect the following changes to the actuarial assumptions.

- The mortality projection scale was changed from MP-2015 to MP-2017.

The amounts reported in 2017 reflect the following changes to the actuarial assumptions.

- The assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested deferred members. The CSA has been changed to 33.0 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table, with a base year of 2006, with male rates adjusted by a factor of 0.96.
- The mortality improvement scale was changed from Scale AA to Scale MP-2016.
- The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- The assumed age difference was changed from separate assumptions for male members, wives assumed to be three years younger, and female members, husbands assumed to be four years older, to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate changed from 5.60 percent per annum to 7.50 percent per annum.

The amounts reported in 2016 reflect the following changes to the actuarial assumptions.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, and payroll growth were decreased by .25 percent to 3.25 percent.
- The assumed inflation rate decreased .25 percent to 2.50 percent.

The amounts reported in 2015 reflect the following changes to the benefit terms.

- The post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent thereafter to 1.00 percent per year through 2037 and 2.50 percent thereafter.
- A provision was added so post-retirement benefit increases to be paid after attainment of the 90.00 percent threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.
- Contributions changed effective January 1, 2015. The rates went from 10.20 percent for employee and 15.30 percent for employer to 10.80 percent for employee and 16.20 percent for employer.

D. Other postemployment benefits (OPEB) obligations

The amounts reported in 2019 reflect the following changes to the actuarial assumptions.

- The discount rate was changed from 4.10 percent to 2.74 percent.
- The inflation rate was changed from 2.50 percent to 2.25 percent.
- The mortality assumption was updated to use the assumptions from the Minnesota State Retirement System (MSRS) General Plan Experience Study with the exception of using the Pub-2010 General Headcount-Weighted Mortality Table instead of the Pub-2010 General Amount-Weighted Mortality Table.
- The withdrawal and retirement assumption were updated to use the assumptions from the Minnesota State Retirement System General Plan Experience Study, after adjustment from benefit-weighting to headcount-weighting.
- The salary increase assumption was updated to use the assumption from the Minnesota State Retirement System General Plan Experience Study.
- The annual medical claims costs and premiums were updated based on recent experience.
- The payroll growth rate decreased from 3.50 percent to 3.00 percent.
- The medical plan participation assumption for ATU Plan B changed from Open Access: 75.00 percent and Distinctions: 25.00 percent to Open Access: 80.00 percent and Distinctions: 20.00 percent.
- The annual medical trend was updated based on recent trend surveys, short-term expectations, and the current version of the SOA-Getzen trend model.

The amounts reported in 2018 reflect the following changes to the actuarial assumptions.

- The inflation rate was changed from 2.75 percent to 2.50 percent.
- The mortality improvement scale was changed from MP-2015 to MP-2017.



**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**





Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for specific revenues that are legally or administratively restricted to expenditures for particular purposes.

Highway Right-of-Way Acquisition Loan fund accounts for taxes and related homestead credits for the loans to governmental units to acquire state highway rights-of-way to avert the conversion of property to uses which would jeopardize later construction.

Livable Communities fund accounts for taxes, related market value credits, and solid waste bond proceeds received for the clean-up of polluted sites, revitalization of neighborhoods, and the creation of affordable and life-cycle housing.

Transportation Planning fund accounts for state appropriations, federal grants, and local revenues defined and legally restricted to conducting and coordinating the region's transportation planning.

Suburban Transit Providers and Contracted Transit Service funds account for state taxes, state appropriations, and federal grants used in defined and legally restricted regional transportation programs within the Metropolitan Council's boundaries.

Other Special Revenue fund accounts for specific revenues that are restricted to expenditures for specifically defined and legally restricted land use planning assistance and sustainable communities programs.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of capital facilities, equipment, and vehicles other than those financed by proprietary funds.

North Mississippi Park fund accounts for the acquisition and betterment of North Mississippi Regional Park land.

Parks and Open Space Grants fund accounts for the funds received from state appropriations and bond sales for the acquisition and development of regional recreation open space.

Transit fund accounts for funds from bonds, state appropriations, and federal grants to finance the acquisition of transit vehicles, equipment and facilities.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019
IN THOUSANDS**

	Total Special Revenue	Total Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 109,964	\$ 173,033	\$ 282,997
Accounts receivable	9	-	9
Delinquent taxes receivable	616	-	616
Interest receivable	255	392	647
Due from other governmental units	7,665	17,301	24,966
Loans and advances	43,687	-	43,687
Total assets	<u>\$ 162,196</u>	<u>\$ 190,726</u>	<u>\$ 352,922</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts/contracts/subgrantees payable	\$ 12,829	\$ 13,298	\$ 26,127
Unearned revenue	-	289	289
Total liabilities	<u>12,829</u>	<u>13,587</u>	<u>26,416</u>
Deferred inflows of resources:			
Unavailable revenue - taxes	439	-	439
Fund balances:			
Restricted	125,654	210,086	335,740
Committed	22,688	2,587	25,275
Assigned	586	-	586
Unassigned	-	(35,534)	(35,534)
Total fund balances	<u>148,928</u>	<u>177,139</u>	<u>326,067</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 162,196</u>	<u>\$ 190,726</u>	<u>\$ 352,922</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
DECEMBER 31, 2019
IN THOUSANDS**

	Highway Right-of-Way Acquisition Loan	Livable Communities	Transportation Planning	Suburban Transit Providers	Contracted Transit Service	Other Special Revenue	Total Special Revenue
ASSETS							
Cash and cash equivalents	\$ 15,003	\$ 72,140	\$ 6,033	\$ 100	\$ 15,235	\$ 1,453	\$ 109,964
Accounts receivable	-	-	1	-	8	-	9
Delinquent taxes receivable	-	616	-	-	-	-	616
Interest receivable	35	166	14	-	37	3	255
Due from other governmental units	-	-	1,978	2,854	2,833	-	7,665
Loans and advances	42,687	1,000	-	-	-	-	43,687
Total assets	<u>\$ 57,725</u>	<u>\$ 73,922</u>	<u>\$ 8,026</u>	<u>\$ 2,954</u>	<u>\$ 18,113</u>	<u>\$ 1,456</u>	<u>\$ 162,196</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts/contracts/subgrantees payable	\$ -	\$ 6,408	\$ 367	\$ 2,954	\$ 3,084	\$ 16	\$ 12,829
Deferred inflows of resources:							
Unavailable revenue - taxes	-	439	-	-	-	-	439
Fund balances:							
Restricted	57,725	67,075	-	-	-	854	125,654
Committed	-	-	7,659	-	15,029	-	22,688
Assigned	-	-	-	-	-	586	586
Total fund balances	<u>57,725</u>	<u>67,075</u>	<u>7,659</u>	<u>-</u>	<u>15,029</u>	<u>1,440</u>	<u>148,928</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 57,725</u>	<u>\$ 73,922</u>	<u>\$ 8,026</u>	<u>\$ 2,954</u>	<u>\$ 18,113</u>	<u>\$ 1,456</u>	<u>\$ 162,196</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS
DECEMBER 31, 2019
IN THOUSANDS**

	North Mississippi Park	Parks and Open Space Grants	Transit	Total Capital Projects
ASSETS				
Cash and cash equivalents	\$ 1,590	\$ 38,741	\$ 132,702	\$ 173,033
Interest receivable	4	89	299	392
Due from other governmental units	-	14,284	3,017	17,301
Total assets	<u>\$ 1,594</u>	<u>\$ 53,114</u>	<u>\$ 136,018</u>	<u>\$ 190,726</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts/contracts/subgrantees payable	\$ -	\$ 12,059	\$ 1,239	\$ 13,298
Unearned revenue	-	-	289	289
Total liabilities	<u>-</u>	<u>12,059</u>	<u>1,528</u>	<u>13,587</u>
Fund balances:				
Restricted	1,594	76,589	131,903	210,086
Committed	-	-	2,587	2,587
Unassigned	-	(35,534)	-	(35,534)
Total fund balances	<u>1,594</u>	<u>41,055</u>	<u>134,490</u>	<u>177,139</u>
Total liabilities and fund balances	<u>\$ 1,594</u>	<u>\$ 53,114</u>	<u>\$ 136,018</u>	<u>\$ 190,726</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	Total Special Revenue	Total Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 16,956	\$ -	\$ 16,956
Intergovernmental revenue:			
Federal	7,948	10,374	18,322
State	66,101	40,618	106,719
Local	125	-	125
Investment income	3,074	3,210	6,284
Other	2,184	-	2,184
Total revenues	96,388	54,202	150,590
EXPENDITURES			
Current:			
General government	2,825	-	2,825
Transportation	31,688	881	32,569
Intergovernmental:			
Transportation	37,065	3,556	40,621
Culture and recreation	-	47,306	47,306
Economic revitalization	16,835	-	16,835
Environment development	6,216	-	6,216
Housing	3,607	-	3,607
Capital outlay	-	15,974	15,974
Total expenditures	98,236	67,717	165,953
Excess (deficiency) of revenues over (under) expenditures	(1,848)	(13,515)	(15,363)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,000	3,948	4,948
Transfers out	-	(10,213)	(10,213)
Bonds issued	-	117,000	117,000
Premium on bonds and capital related debt	-	11,588	11,588
Sale of capital assets	-	1,050	1,050
Total other financing sources (uses)	1,000	123,373	124,373
Net change in fund balances	(848)	109,858	109,010
Fund balances, beginning	149,776	67,281	217,057
Fund balances, ending	\$ 148,928	\$ 177,139	\$ 326,067

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	Highway Right-of-Way Acquisition Loan	Livable Communities	Transportation Planning	Suburban Transit Providers	Contracted Transit Service	Other Special Revenue	Total Special Revenue
REVENUES							
Taxes	\$ -	\$ 16,956	\$ -	\$ -	\$ -	\$ -	\$ 16,956
Intergovernmental revenue:							
Federal	-	-	4,929	-	3,019	-	7,948
State	-	-	4,396	36,397	25,308	-	66,101
Local	-	-	125	-	-	-	125
Investment income	412	2,038	135	-	448	41	3,074
Other	-	-	-	-	2,184	-	2,184
Total revenues	<u>412</u>	<u>18,994</u>	<u>9,585</u>	<u>36,397</u>	<u>30,959</u>	<u>41</u>	<u>96,388</u>
EXPENDITURES							
Current:							
General government	-	-	1,920	-	847	58	2,825
Transportation	-	-	5,343	-	26,345	-	31,688
Intergovernmental:							
Transportation	-	-	215	36,397	453	-	37,065
Economic revitalization	-	16,835	-	-	-	-	16,835
Environment development	-	6,216	-	-	-	-	6,216
Housing	-	3,607	-	-	-	-	3,607
Total expenditures	<u>-</u>	<u>26,658</u>	<u>7,478</u>	<u>36,397</u>	<u>27,645</u>	<u>58</u>	<u>98,236</u>
Excess (deficiency) of revenues over (under) expenditures	412	(7,664)	2,107	-	3,314	(17)	(1,848)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	1,000	-	-	-	-	1,000
Net change in fund balances	412	(6,664)	2,107	-	3,314	(17)	(848)
Fund balances, beginning	57,313	73,739	5,552	-	11,715	1,457	149,776
Fund balances, ending	<u>\$ 57,725</u>	<u>\$ 67,075</u>	<u>\$ 7,659</u>	<u>\$ -</u>	<u>\$ 15,029</u>	<u>\$ 1,440</u>	<u>\$ 148,928</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	North Mississippi Park	Parks and Open Space Grants	Transit	Total Capital Projects
REVENUES				
Intergovernmental revenue:				
Federal	\$ -	\$ -	\$ 10,374	\$ 10,374
State	-	38,542	2,076	40,618
Investment income	44	1,124	2,042	3,210
Total revenues	<u>44</u>	<u>39,666</u>	<u>14,492</u>	<u>54,202</u>
EXPENDITURES				
Current:				
Transportation	-	-	881	881
Intergovernmental:				
Transportation	-	-	3,556	3,556
Culture and recreation	-	47,306	-	47,306
Capital outlay	-	-	15,974	15,974
Total expenditures	<u>-</u>	<u>47,306</u>	<u>20,411</u>	<u>67,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>44</u>	<u>(7,640)</u>	<u>(5,919)</u>	<u>(13,515)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,948	-	3,948
Transfers out	-	-	(10,213)	(10,213)
Bonds issued	-	-	117,000	117,000
Premium on bonds and capital related debt	-	-	11,588	11,588
Sale of capital assets	-	-	1,050	1,050
Total other financing sources (uses)	<u>-</u>	<u>3,948</u>	<u>119,425</u>	<u>123,373</u>
Net change in fund balances	44	(3,692)	113,506	109,858
Fund balances, beginning	<u>1,550</u>	<u>44,747</u>	<u>20,984</u>	<u>67,281</u>
Fund balances, ending	<u>\$ 1,594</u>	<u>\$ 41,055</u>	<u>\$ 134,490</u>	<u>\$ 177,139</u>

**BUDGETARY COMPARISON SCHEDULE
LIVABLE COMMUNITIES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget- Over (Under)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 17,032	\$ 17,032	\$ 16,956	\$ (76)
Investment income	760	760	2,038	1,278
Total revenues	<u>17,792</u>	<u>17,792</u>	<u>18,994</u>	<u>1,202</u>
EXPENDITURES				
Intergovernmental:				
Economic revitalization	12,032	16,835	16,835	-
Environment development	5,200	6,216	6,216	-
Housing	1,560	3,607	3,607	-
Total expenditures	<u>18,792</u>	<u>26,658</u>	<u>26,658</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(1,000)	(8,866)	(7,664)	1,202
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	1,000	1,000	-
Net change in fund balance	-	(7,866)	(6,664)	1,202
Fund balance, beginning	73,739	73,739	73,739	-
Fund balance, ending	<u>\$ 73,739</u>	<u>\$ 65,873</u>	<u>\$ 67,075</u>	<u>\$ 1,202</u>

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION PLANNING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue:				
Federal	\$ 6,050	\$ 6,050	\$ 4,929	\$ (1,121)
State	4,041	4,041	4,396	355
Local	109	109	125	16
Investment income	-	-	135	135
Total revenues	<u>10,200</u>	<u>10,200</u>	<u>9,585</u>	<u>(615)</u>
EXPENDITURES				
Current:				
General government	1,726	1,726	1,920	194
Transportation	8,368	8,368	5,343	(3,025)
Intergovernmental:				
Transportation	106	106	215	109
Total expenditures	<u>10,200</u>	<u>10,200</u>	<u>7,478</u>	<u>(2,722)</u>
Net change in fund balance	-	-	2,107	2,107
Fund balance, beginning	<u>5,552</u>	<u>5,552</u>	<u>5,552</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,552</u>	<u>\$ 5,552</u>	<u>\$ 7,659</u>	<u>\$ 2,107</u>

**BUDGETARY COMPARISON SCHEDULE
SUBURBAN TRANSIT PROVIDERS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue:				
Federal	\$ 220	\$ 220	\$ -	\$ (220)
State	35,549	35,649	36,397	748
Total revenues	<u>35,769</u>	<u>35,869</u>	<u>36,397</u>	<u>528</u>
EXPENDITURES				
Intergovernmental:				
Transportation	<u>35,769</u>	<u>35,869</u>	<u>36,397</u>	<u>528</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BUDGETARY COMPARISON SCHEDULE
 CONTRACTED TRANSIT SERVICE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019
 IN THOUSANDS**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget- Over (Under)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue:				
Federal	\$ 1,354	\$ 3,430	\$ 3,019	\$ (411)
State	25,019	22,943	25,308	2,365
Investment income	-	-	448	448
Other	2,477	2,477	2,184	(293)
Total revenues	<u>28,850</u>	<u>28,850</u>	<u>30,959</u>	<u>2,109</u>
EXPENDITURES				
Current:				
General government	706	706	847	141
Transportation	27,934	27,934	26,345	(1,589)
Intergovernmental:				
Transportation	210	210	453	243
Total expenditures	<u>28,850</u>	<u>28,850</u>	<u>27,645</u>	<u>(1,205)</u>
Net change in fund balance	-	-	3,314	3,314
Fund balance, beginning	11,715	11,715	11,715	-
Fund balance, ending	<u>\$ 11,715</u>	<u>\$ 11,715</u>	<u>\$ 15,029</u>	<u>\$ 3,314</u>

**BUDGETARY COMPARISON SCHEDULE
OTHER SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 15	\$ 15	\$ 41	\$ 26
EXPENDITURES				
Current:				
General government	300	300	58	(242)
Net change in fund balance	(285)	(285)	(17)	268
Fund balance, beginning	1,457	1,457	1,457	-
Fund balance, ending	<u>\$ 1,172</u>	<u>\$ 1,172</u>	<u>\$ 1,440</u>	<u>\$ 268</u>

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND BY DIVISION
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	<u>Regional Administration</u>			<u>Community Development</u>			<u>Total</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES									
Taxes	\$ 2,571	\$ 2,555	\$ (16)	\$12,758	\$12,677	\$ (81)	\$15,329	\$ 15,232	\$ (97)
Intergovernmental revenue:									
State	-	20	20	8,840	8,840	-	8,840	8,860	20
Local	-	61	61	-	-	-	-	61	61
Investment income	550	2,921	2,371	-	-	-	550	2,921	2,371
Other	308	405	97	-	-	-	308	405	97
Total revenues	<u>3,429</u>	<u>5,962</u>	<u>2,533</u>	<u>21,598</u>	<u>21,517</u>	<u>(81)</u>	<u>25,027</u>	<u>27,479</u>	<u>2,452</u>
EXPENDITURES									
Current:									
General government	(480)	(1,791)	(1,311)	10,839	10,386	(453)	10,359	8,595	(1,764)
Intergovernmental:									
Culture and recreation	-	237	237	8,840	8,840	-	8,840	9,077	237
Debt service:									
Principal	825	875	50	-	-	-	825	875	50
Interest and other charges	200	148	(52)	-	-	-	200	148	(52)
Capital outlay	3,865	695	(3,170)	-	-	-	3,865	695	(3,170)
Total expenditures	<u>4,410</u>	<u>164</u>	<u>(4,246)</u>	<u>19,679</u>	<u>19,226</u>	<u>(453)</u>	<u>24,089</u>	<u>19,390</u>	<u>(4,699)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(981)</u>	<u>5,798</u>	<u>6,779</u>	<u>1,919</u>	<u>2,291</u>	<u>372</u>	<u>938</u>	<u>8,089</u>	<u>7,151</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	319	319	169	-	(169)	169	319	150
Transfers out	(700)	(868)	(168)	(4,250)	(2,250)	2,000	(4,950)	(3,118)	1,832
Total other financing sources (uses)	<u>(700)</u>	<u>(549)</u>	<u>151</u>	<u>(4,081)</u>	<u>(2,250)</u>	<u>1,831</u>	<u>(4,781)</u>	<u>(2,799)</u>	<u>1,982</u>
Net change in fund balance	<u>\$ (1,681)</u>	<u>\$ 5,249</u>	<u>\$ 6,930</u>	<u>\$ (2,162)</u>	<u>\$ 41</u>	<u>\$ 2,203</u>	<u>\$ (3,843)</u>	<u>\$ 5,290</u>	<u>\$ 9,133</u>

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 5,196	\$ 1,201	\$ -	\$ 6,397
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Due to participants	\$ 5,196	\$ 1,201	\$ -	\$ 6,397
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

METROPOLITAN COUNCIL

BONDS/LOANS/NOTES OUTSTANDING AS OF DECEMBER 31, 2019 IN THOUSANDS

Issues	Date	Final Maturity Date	Original Issue	Payments Prior Years	Payments Year Ended 12/31/19	Bonds/Loans/Notes Issued/Drawn Down in 2019	Bonds/Loans/Notes Outstanding 12/31/2019	Maturing in 2020	Future Maturities
GENERAL OBLIGATION BONDS/LOANS/NOTES PAYABLE:									
GOVERNMENTAL ACTIVITIES:									
G.O. Park Bonds:									
2015B	6-Aug-15	1-Mar-20	6,000	3,650	1,150	-	1,200	1,200	-
2016B	23-Jun-16	1-Mar-19	4,700	4,100	600	-	-	-	-
Subtotal: G.O. Park Bonds			<u>10,700</u>	<u>7,750</u>	<u>1,750</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
G.O. Transit Bonds:									
2007E, Refunding	15-Mar-07	1-Feb-22	10,110	7,530	680	-	1,900	675	1,225
2009A	1-Sep-09	1-Mar-29	43,000	34,000	2,865	-	6,135	510	5,625
2010E	22-Dec-10	1-Feb-31	69,000	42,400	4,165	-	22,435	4,265	18,170
2012C	8-Jun-12	1-Mar-32	52,000	27,155	3,035	-	21,810	3,125	18,685
2012C, Refunding	8-Jun-12	1-Mar-23	5,105	2,105	610	-	2,390	625	1,765
2012H, Refunding	29-Oct-12	1-Feb-28	24,620	14,095	1,250	-	9,275	1,285	7,990
2015A	6-Aug-15	1-Mar-25	45,000	23,850	4,200	-	16,950	2,475	14,475
2016A	23-Jun-16	1-Mar-26	30,000	14,850	2,150	-	13,000	2,250	10,750
2016A, Refunding	23-Jun-16	1-Mar-25	6,025	2,110	1,080	-	2,835	1,080	1,755
2017B	18-May-17	1-Mar-27	40,000	12,830	3,365	-	23,805	3,540	20,265
2018D	23-May-18	1-Mar-28	37,680	-	13,505	-	24,175	2,205	21,970
2019A	19-Jun-19	1-Mar-29	72,300	-	-	72,300	72,300	16,300	56,000
2019B	19-Jun-19	1-Mar-39	44,700	-	-	44,700	44,700	1,950	42,750
Subtotal: G.O. Transit Bonds			<u>479,540</u>	<u>180,925</u>	<u>36,905</u>	<u>117,000</u>	<u>261,710</u>	<u>40,285</u>	<u>221,425</u>
Minnesota Public Facilities Authority Loans--Transit (Backed by General Obligation Notes):	12-Mar-99	15-Feb-20	21,025	20,250	400	-	375	375	-
Subtotal: Minnesota Public Facility Authority Loans--Transit			<u>21,025</u>	<u>20,250</u>	<u>400</u>	<u>-</u>	<u>375</u>	<u>375</u>	<u>-</u>
Total Governmental Activities G.O. Bonds/Loans Payable			<u>511,265</u>	<u>208,925</u>	<u>39,055</u>	<u>117,000</u>	<u>263,285</u>	<u>41,860</u>	<u>221,425</u>
BUSINESS-TYPE ACTIVITIES:									
Hennepin County Loans:									
Hennepin County Loans Payable	25-Sep-15	30-Jun-20 (a)	13,595	8,400	2,800	1,224	2,395	2,395	-
Subtotal: Hennepin County Loans Payable:			<u>13,595</u>	<u>8,400</u>	<u>2,800</u>	<u>1,224</u>	<u>2,395</u>	<u>2,395</u>	<u>-</u>
G.O.Sewer Bonds:									
2010F	22-Dec-10	1-Dec-30	65,000	19,275	3,460	-	42,265	4,125	38,140
2012B	8-Jun-12	1-Sep-32	55,110	10,000	2,950	-	42,160	3,055	39,105
2012E, Refunding	8-Jun-12	1-Sep-25	82,590	26,260	5,880	-	50,450	6,170	44,280
2012F, Refunding	29-Jun-12	1-Sep-22	214,035	138,810	23,425	-	51,800	21,860	29,940
2012I, Refunding	29-Oct-12	1-Mar-28	127,235	21,960	9,755	-	95,520	9,220	86,300
2014D	6-Feb-14	1-Sep-34	60,000	7,325	1,000	-	51,675	2,370	49,305
2015C	6-Aug-15	1-Mar-35	100,000	10,000	1,500	-	88,500	4,500	84,000
2016C	23-Jun-16	1-Mar-36	100,000	8,500	3,000	-	88,500	3,000	85,500
2016C, Refunding	23-Jun-16	1-Mar-30	23,355	1,355	1,585	-	20,415	1,485	18,930
2017C	18-May-17	1-Sep-37	105,000	1,000	3,840	-	100,160	3,955	96,205
2018B	23-May-18	1-Mar-28	12,295	-	1,160	-	11,135	1,105	10,030
2018C	23-May-18	1-Mar-38	105,000	-	1,000	-	104,000	2,570	101,430
Subtotal: G.O. Sewer Bonds			<u>1,049,620</u>	<u>244,485</u>	<u>58,555</u>	<u>-</u>	<u>746,580</u>	<u>63,415</u>	<u>683,165</u>
Minnesota Public Facilities Authority Loans--Sewer: (Backed by General Obligation Notes)	26-Nov-03	20-Aug-23	100,000	66,000	8,000	-	26,000	8,000	18,000
	20-Oct-04	20-Feb-25	50,000	30,600	2,500	-	16,900	2,600	14,300
	10-Nov-05	20-Feb-25	40,000	19,150	2,825	-	18,025	2,425	15,600
	30-Aug-06	20-Aug-26	50,000	18,700	2,250	-	29,050	2,680	26,370
	11-Oct-07	20-Aug-27	80,000	28,350	8,000	-	43,650	7,000	36,650
	10-Sep-09	20-Aug-29	49,411	16,216	4,325	-	28,870	4,015	24,855
	28-Oct-09	20-Aug-29	30,589	10,034	2,675	-	17,880	2,485	15,395
	12-Jan-11	20-Aug-30	70,000	23,797	3,491	-	42,712	3,552	39,160
	15-Feb-12	20-Aug-31	60,000	12,336	2,956	-	44,708	3,601	41,107
	23-May-13	20-Aug-32	40,000	8,500	700	-	30,800	2,400	28,400
	30-Dec-13	20-Aug-33	60,000	11,000	1,000	-	48,000	3,000	45,000
	10-Dec-14	20-Aug-34	60,000	8,500	2,000	-	49,500	3,000	46,500
	6-Nov-15	20-Aug-35	70,000	3,500	3,500	-	63,000	5,500	57,500
	18-Jan-17	20-Aug-36	40,000	1,700	1,000	-	37,300	800	36,500
	1-Aug-18	20-Aug-38	45,000	-	800	31,975	44,200	2,300	41,900
Subtotal: Minnesota Public Facility Authority Loans--Sewer			<u>845,000</u>	<u>258,383</u>	<u>46,022</u>	<u>31,975</u>	<u>540,595</u>	<u>53,358</u>	<u>487,237</u>
Total G.O.Sewer Bonds/Loans Payable			<u>1,894,620</u>	<u>502,868</u>	<u>104,577</u>	<u>31,975</u>	<u>1,287,175</u>	<u>116,773</u>	<u>1,170,402</u>
Total Business-type Activities G.O. Bonds/Loans/Notes Payable			<u>1,908,215</u>	<u>511,268</u>	<u>107,377</u>	<u>33,199</u>	<u>1,289,570</u>	<u>119,168</u>	<u>1,170,402</u>
Total General Obligation Bonds/Loans/Notes Payable			<u>\$ 2,419,480</u>	<u>\$ 720,193</u>	<u>\$ 146,432</u>	<u>\$ 150,199</u>	<u>\$ 1,552,855</u>	<u>\$ 161,028</u>	<u>\$ 1,391,827</u>

(a) Of the \$14 million note executed in 2015, only the amount shown was drawn down as of 12/31/19

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS

Federal Grantor/ Pass-Through Agency/ Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct				
Shelter Plus Care	14.238	MN0068L5K031710	\$ 67	\$ -
Shelter Plus Care	14.238	MN0068L5K031811	125	-
Shelter Plus Care	14.238	MN0046L5K011710	184	-
Shelter Plus Care	14.238	MN0046L5K011811	357	-
Shelter Plus Care	14.238	MN0010L5K001710	785	-
Shelter Plus Care	14.238	MN0010L5K001811	1,055	-
Total CFDA #14.238			2,573	-
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	MN163VO/MN163AF	72,913	-
Mainstream Vouchers	14.879	MN163DV/MN163F	571	-
Passed through City of Minneapolis, Minnesota				
Housing Opportunities for Persons with Aids	14.241	C-01208	321	-
Housing Opportunities for Persons with Aids	14.241	C-44395	235	-
Total CFDA #14.241			556	-
Total U. S. Department of Housing and Urban Development			76,613	-
U.S. Department of Labor				
Passed Through Minnesota Department of Employment and Economic Development				
H-1B Job Training Grants	17.268	METRO02018MAI #144526	585	-
U.S. Department of Transportation				
Direct				
Federal Transit Administration				
Federal Transit Cluster				
Federal Transit Capital Investment Grants				
2000 Section 5309	20.500	MN-03-0101	386	-
2006 Section 5309	20.500	MN-03-0200	127	-
2011 Section 5309	20.500	MN-04-0040	62	-
2013 Section 5309	20.500	MN-04-0049	28	-
2007-2008 Section 5309	20.500	MN-05-0019	351	-
2011 Section 5309	20.500	MN-05-0020	54	-
2014-2016 Section 5309	20.500	MN-2016-008-04	285	285
2014-2016 Section 5309	20.500	MN-2016-008-06	13	-
2015-2016 Section 5309	20.500	MN-2017-003-05	279	-
2015-2016 TOD Section 20005(b)	20.500	MN-2017-003-06	425	425
2018 Section 5309	20.500	MN-2019-001-00	18,690	-
Total CFDA #20.500			20,700	710
Federal Transit Formula Grants				
2003-2005 Section 5307	20.507	MN-90-X226	17	-
2007-2008 Section 5307	20.507	MN-90-X260	64	-
2012 Section 5307	20.507	MN-90-X297	32	-
2012-2013 Section 5307	20.507	MN-90-X300	42	-

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS

Federal Grantor/ Pass-Through Agency/ Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Direct				
Federal Transit Administration				
Federal Transit Cluster				
Federal Transit Formula Grants (Continued)				
2013 Section 5307	20.507	MN-90-X305	171	-
2013 Section 5307	20.507	MN-90-X307	216	-
2013 Section 5307	20.507	MN-90-X312	346	-
2013 Section 5307	20.507	MN-90-X315	17	-
2013 Section 5307	20.507	MN-90-X328	127	-
2015 Section 5307	20.507	MN-90-X331	40	-
2015 Section 5307	20.507	MN-90-X332	90	-
2014 Section 5307	20.507	MN-90-X333	85	-
2015 Section 5307	20.507	MN-90-X337	285	-
2014 Section 5307	20.507	MN-90-X340	28	-
2012 CMAQ	20.507	MN-95-X028	166	-
2013 Section 5307	20.507	MN-95-X038	57	-
2014 CMAQ	20.507	MN-95-X040	40	-
2014 CMAQ	20.507	MN-95-X041	794	-
2015 CMAQ	20.507	MN-95-X042	12	12
2015 CMAQ	20.507	MN-95-X044	2,501	75
2016 CMAQ	20.507	MN-2016-004-02&04	3,375	124
2016 CMAQ	20.507	MN-2016-004-05	316	188
2015-2016 Section 5307	20.507	MN-2016-008-05	790	-
2015-2016 Section 5307	20.507	MN-2016-008-08	14	-
2016 Section 5307	20.507	MN-2017-003-01,02,04	135	-
2016-2017 Section 5307	20.507	MN-2017-006-01&02	5,097	-
2017 CMAQ	20.507	MN-2017-013-01,02,03	10,227	-
2017 CMAQ	20.507	MN-2017-013-04	1,739	648
2016-2017 Section 5307	20.507	MN-2017-016-09	2,502	-
2016-2017 Section 5307	20.507	MN-2017-016-02,03	3,283	-
2017 Section 5307	20.507	MN-2017-016-01,08,10,16	5,930	-
2017 Section 5307	20.507	MN-2018-003-01,04	35	-
2018 CMAQ	20.507	MN-2018-012-01,02,03	2,618	1,360
2017-2018 Section 5307	20.507	MN-2018-015-07,09,10,11	2,211	-
2017-2018 Section 5307	20.507	MN-2018-015-12	6,870	-
2018 Section 5307	20.507	MN2019-002-02	26	-
2019 Section 5307	20.507	MN2019-007-02	5	-
2019 Section 5307	20.507	MN2019-016-15	10,000	-
Total CFDA #20.507			60,303	2,407
Federal Transit Cluster				
State of Good Repair Grants Program				
Rail Assoc Capital Maint	20.525	MN-54-0002	26	-
LRT and Facility Upgrades	20.525	MN-54-0005	15	-
2015 Rail Projects	20.525	MN-54-0006	699	-
2015-2016 Section 5337	20.525	MN-2016-008-03	490	-
2016 Section 5337	20.525	MN-2017-003-01	151	-
2015 Section 5337	20.525	MN-2017-003-03	464	-
2015-2016 Section 5337	20.525	MN-2017-003-07	50	-
2016 Section 5337	20.525	MN-2017-005-01	105	-
2016 Section 5337	20.525	MN-2017-005-02	532	-
2016-2017 Section 5337	20.525	MN-2017-016-05,07,08,12,14	1,725	-
2016-2017 Section 5337	20.525	MN-2017-016-06	24	-
2016-2017 Section 5337	20.525	MN-2017-016-13,15	1,285	-

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

Federal Grantor/ Pass-Through Agency/ Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
2016 Section 5337	20.525	MN-2017-005-01	105	-
2016 Section 5337	20.525	MN-2017-005-02	532	-
2016-2017 Section 5337	20.525	MN-2017-016-05,07,08,12,14	1,725	-
2016-2017 Section 5337	20.525	MN-2017-016-06	24	-
2016-2017 Section 5337	20.525	MN-2017-016-13,15	1,285	-
U.S. Department of Transportation				
Direct				
Federal Transit Administration				
Federal Transit Cluster				
State of Good Repair Grants Program (Continued)				
2017 Section 5337	20.525	MN-2018-003-03	155	-
2017 Section 5337	20.525	MN-2018-003-05	240	-
2017 Section 5337	20.525	MN-2018-015-04,05	8,715	-
2017-2018 Section 5337	20.525	MN-2019-002-01	241	-
2019 Section 5337	20.525	MN-2019-016-03	5	-
Total CFDA #20.525			14,922	-
Federal Transit Cluster				
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs				
2015-2017 Section 5339	20.526	MN-2017-016-11	4,626	-
2017 Section 5339	20.526	MN-2018-003-02	455	-
2017-2018 Section 5339	20.526	MN-2018-015-06,08	489	-
2018 Section 5339	20.526	MN-2019-002-04	73	-
Total CFDA #20.526			5,643	-
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction				
2019 Unified Planning Work Program (UPWP)	20.205	1031849	4,180	212
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
Travel Behavior Inventory/Household Survey	20.505	1029618	782	-
2018 Unified Planning Work Program (UPWP)	20.505	1029748	(33)	-
Total CFDA #20.505			749	-
Formula Grants for Rural Areas and Tribal Transit Program				
2019 Section 5311	20.509	1032785	671	-
Passed Through Operation Lifesaver, Inc.				
Public Transportation Research	20.514	VA-2019-004-00	15	-
Total U.S. Department of Transportation			107,183	3,329
U.S. Environmental Protection Agency				
Passed Through Minnesota Public Facilities Authority				
Clean Water State Revolving Fund Cluster				

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS

Federal Grantor/ Pass-Through Agency/ Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Direct				
Rail and Transit Security Grant Program	97.075	EMW-2016-RA00020	110	-
Rail and Transit Security Grant Program	97.075	EMW-2017-RA00007	152	-
Rail and Transit Security Grant Program	97.075	EMW-2018-RA00013	118	-
Total CFDA #97.075			380	-
Passed Through Minnesota Department of Public Safety				
Homeland Security Grant Program				
2018 State Homeland Security Program	97.067	A-SHSP-2018-METCOUNC-015	100	-
Total U.S. Department of Homeland Security			480	-
Total Federal Awards			\$ 216,836	\$ 3,329
Totals by Cluster				
Total expenditures for Housing Voucher Cluster			\$ 73,484	
Total expenditures for Federal Transit Cluster			101,568	
Total expenditures for Highway Planning and Construction Cluster			4,180	
Total expenditures for Clean Water State Revolving Fund Cluster			31,975	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Metropolitan Council. The Council's reporting entity is defined in Note I.A. to the financial statements.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Metropolitan Council under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Metropolitan Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Metropolitan Council.

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of the Metropolitan Council. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

2. De Minimis Cost Rate

The Metropolitan Council has elected not to use the 10.00 percent de minimis indirect cost rate allowed under the Uniform Guidance.

STATISTICAL SECTION





STATISTICAL SECTION

This part of the Metropolitan Council's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Metropolitan Council's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	106-109
Revenue Capacity These schedules contain information to help the reader assess the Council's most significant local revenue source, the property tax.	110-114
Debt Capacity These schedules present information to help the reader assess the affordability of the Council's current levels of outstanding debt and the Council's ability to issue additional debt in the future.	115-124
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Council's financial activities take place.	125-126
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Council's financial report relates to the services the Council provides and the activities it performs.	127-129

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

METROPOLITAN COUNCIL

**NET POSITION BY COMPONENT
LAST TEN YEARS ENDED DECEMBER 31
IN THOUSANDS
(accrual basis of accounting)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012¹</u>	<u>2011</u>	<u>2010</u>
Governmental activities										
Net investment in capital assets	\$ 98,575	\$ 103,150	\$ 88,398	\$ 81,285	\$ 77,789	\$ 58,521	\$ 58,498	\$ 50,807	\$ 34,482	\$ 55,868
Restricted	457,845	346,016	335,559	284,575	309,633	315,137	230,051	273,620	211,377	246,986
Unrestricted	(188,659)	(114,316)	(153,830)	(126,124)	(159,310)	(179,688)	(75,745)	(146,295)	(88,722)	(165,010)
Total governmental activities net position	<u>\$ 367,761</u>	<u>\$ 334,850</u>	<u>\$ 270,127</u>	<u>\$ 239,736</u>	<u>\$ 228,112</u>	<u>\$ 193,970</u>	<u>\$ 212,804</u>	<u>\$ 178,132</u>	<u>\$ 157,137</u>	<u>\$ 137,844</u>
Business-type activities										
Net investment in capital assets	\$ 3,292,273	\$ 3,012,182	\$2,856,278	\$ 2,840,890	\$ 2,786,866	\$ 2,560,539	\$ 2,660,971	\$ 2,426,834	\$ 2,119,631	\$ 1,695,361
Restricted	106,812	108,634	90,725	45,132	108,188	443,824	295,447	271,959	8,039	28,180
Unrestricted	(95,849)	(112,749)	(303,553)	(119,454)	(62,933)	(289,409)	(106,789)	(72,722)	157,392	127,979
Total business-type activities net position	<u>\$ 3,303,236</u>	<u>\$ 3,008,067</u>	<u>\$2,643,450</u>	<u>\$ 2,766,568</u>	<u>\$ 2,832,121</u>	<u>\$ 2,714,954</u>	<u>\$ 2,849,629</u>	<u>\$ 2,626,071</u>	<u>\$ 2,285,062</u>	<u>\$ 1,851,520</u>
Total										
Net investment in capital assets	\$ 3,390,848	\$ 3,115,332	\$2,944,676	\$ 2,922,175	\$ 2,864,655	\$ 2,619,060	\$ 2,719,469	\$ 2,477,641	\$ 2,154,113	\$ 1,751,229
Restricted	564,657	454,650	426,284	329,707	417,821	758,961	525,498	545,579	219,416	275,166
Unrestricted	(284,508)	(227,065)	(457,383)	(245,578)	(222,243)	(469,097)	(182,534)	(219,017)	68,670	(37,031)
Total governmental and business-type activities net position	<u>\$ 3,670,997</u>	<u>\$ 3,342,917</u>	<u>\$2,913,577</u>	<u>\$ 3,006,304</u>	<u>\$ 3,060,233</u>	<u>\$ 2,908,924</u>	<u>\$ 3,062,433</u>	<u>\$ 2,804,203</u>	<u>\$ 2,442,199</u>	<u>\$ 1,989,364</u>

Unaudited

Notes:

¹Table restated for 2012.

METROPOLITAN COUNCIL

CHANGES IN NET POSITION LAST TEN YEARS ENDED DECEMBER 31 IN THOUSANDS (accrual basis of accounting)

	2019	2018	2017 ²	2016	2015	2014 ¹	2013	2012	2011	2010
Expenses										
Governmental activities:										
General government	\$ 14,289	\$ (3,225)	\$ 28,128	\$ 29,151	\$ 6,159	\$ 12,544	\$ 11,903	\$ 11,310	\$ 10,601	\$ 8,961
Transportation	176,640	167,991	146,429	146,214	143,681	138,525	126,384	116,818	107,251	107,087
Culture and recreation	56,383	34,830	33,277	48,704	27,984	30,657	37,337	46,358	30,659	31,860
Economic revitalization	16,835	7,807	8,812	10,756	12,250	8,153	12,733	9,446	4,684	6,767
Environment development	6,216	4,926	5,347	6,413	7,268	5,918	5,946	8,476	3,973	2,216
Housing	3,607	2,234	1,859	732	1,404	1,847	1,759	1,348	1,393	2,380
Interest and other charges	6,999	5,037	5,979	6,496	2,297	6,622	9,445	7,391	5,953	7,413
Total governmental activities expenses	280,969	219,600	229,831	248,466	201,043	204,266	205,507	201,147	164,514	166,684
Business-type activities:										
Environmental services	263,824	219,380	245,869	274,544	207,812	233,979	253,333	200,342	198,406	190,406
Transit bus	411,291	291,133	431,815	475,809	334,213	314,305	316,005	310,737	302,758	301,905
Transit light rail	151,400	127,480	172,079	166,464	141,209	142,929	66,082	69,975	66,183	58,334
Transit commuter rail	26,458	25,233	26,738	27,936	24,478	23,541	22,944	24,716	21,860	19,576
Housing	79,416	74,817	75,434	69,417	64,869	62,697	58,911	58,406	57,682	56,574
Total business-type activities expenses	932,389	738,043	951,935	1,014,170	772,581	777,451	717,275	664,176	646,889	626,795
Total expenses	\$ 1,213,358	\$ 957,643	\$ 1,181,766	\$ 1,262,636	\$ 973,624	\$ 981,717	\$ 922,782	\$ 865,323	\$ 811,403	\$ 793,479
Program Revenues										
Governmental activities:										
Charges for services										
Transit fares	\$ 10,074	\$ 10,261	\$ 7,885	\$ 7,895	\$ 10,015	\$ 9,214	\$ 8,825	\$ 7,661	\$ 8,108	\$ 7,514
Insurance reimbursements	125	95	89	586	140	208	196	124	285	180
Other activities	405	371	395	8,375	290	262	74	203	69	29
Operating grants and contributions	160,287	150,442	135,895	124,564	117,803	109,086	90,856	56,503	56,884	50,720
Capital grants and contributions	54,714	50,969	46,970	64,569	54,921	40,498	52,380	62,693	34,963	38,315
Total governmental activities program revenues	225,605	212,138	191,234	205,989	183,169	159,268	152,331	127,184	100,309	96,758
Business-type activities:										
Charges for services										
Wastewater	288,390	281,990	265,497	254,223	243,035	233,468	221,381	207,900	205,847	209,960
Transit fares	104,464	109,799	103,017	104,120	103,270	101,638	98,644	98,451	95,806	92,537
Other activities	880	875	819	1,116	1,112	1,013	994	902	779	789
Operating grants and contributions	411,574	413,859	416,209	373,874	323,292	369,833	262,658	276,255	246,436	226,647
Capital grants and contributions	347,007	277,340	174,810	156,981	181,712	177,690	288,045	380,174	494,132	181,429
Total business-type activities program revenues	1,152,315	1,083,863	960,352	890,314	852,421	883,642	871,722	963,682	1,043,000	711,362
Total program revenues	\$ 1,377,920	\$ 1,296,001	\$ 1,151,586	\$ 1,096,303	\$ 1,035,590	\$ 1,042,910	\$ 1,024,053	\$ 1,090,866	\$ 1,143,309	\$ 808,120
Net (Expense) Revenue										
Governmental activities	\$ (55,364)	\$ (7,462)	\$ (38,597)	\$ (42,477)	\$ (17,874)	\$ (44,998)	\$ (53,176)	\$ (73,963)	\$ (64,205)	\$ (69,926)
Business-type activities	219,926	345,820	8,417	(123,856)	79,840	106,191	154,447	299,506	396,111	84,567
Total net (expenses) revenues	\$ 164,562	\$ 338,358	\$ (30,180)	\$ (166,333)	\$ 61,966	\$ 61,193	\$ 101,271	\$ 225,543	\$ 331,906	\$ 14,641
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property tax	\$ 86,228	\$ 84,416	\$ 83,620	\$ 81,859	\$ 77,435	\$ 76,785	\$ 77,533	\$ 75,043	\$ 73,798	\$ 73,140
Market value and other credits	-	-	-	-	-	-	-	-	2,381	2,278
Motor vehicle sales tax	-	-	-	-	-	-	49,094	36,799	29,109	33,061
Investment earnings	13,009	5,642	5,360	2,891	3,371	12,035	(4,146)	4,419	7,675	6,027
Gain on sale of capital assets	1,050	369	473	813	310	275	378	350	-	-
Transfers	(12,012)	(18,242)	(19,263)	(31,462)	(29,100)	(24,628)	(35,011)	(21,653)	(29,465)	(14,035)
Total governmental activities	88,275	72,185	70,190	54,101	52,016	64,467	87,848	94,958	83,498	100,471
Business-type activities:										
Taxes										
Property tax	-	-	-	-	2,000	3,379	-	-	-	-
Investment earnings	63,059	431	47,482	26,841	6,227	37,611	33,878	19,850	7,966	15,581
Gain on sale of capital assets	172	124	20	-	-	261	222	-	-	-
Transfers	12,012	18,242	19,263	31,462	29,100	24,628	35,011	21,653	29,465	14,035
Total business-type activities	75,243	18,797	66,765	58,303	37,327	65,879	69,111	41,503	37,431	29,616
Total general revenues and other changes in net position	\$ 163,518	\$ 90,982	\$ 136,955	\$ 112,404	\$ 89,343	\$ 130,346	\$ 156,959	\$ 136,461	\$ 120,929	\$ 130,087
Changes in Net Position										
Governmental activities	\$ 32,911	\$ 64,723	\$ 31,593	\$ 11,624	\$ 34,142	\$ 19,469	\$ 34,672	\$ 20,995	\$ 19,293	\$ 30,545
Business-type activities	295,169	364,617	75,182	(65,553)	117,167	172,070	223,558	341,009	433,542	114,183
Total changes in net position	\$ 328,080	\$ 429,340	\$ 106,775	\$ (53,929)	\$ 151,309	\$ 191,539	\$ 258,230	\$ 362,004	\$ 452,835	\$ 144,728

Unaudited

Notes:

¹ 2014 beginning net position was restated due to a change in accounting principle for pensions and a prior period adjustment for business-type capital assets.

² 2017 beginning net position was restated due to a change in accounting principle for OPEB.

METROPOLITAN COUNCIL

FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN YEARS ENDED DECEMBER 31
 IN THOUSANDS
 (modified accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Committed	\$ 7,152	\$ 7,146	\$ 7,339	\$ 6,145	\$ 6,153	\$ 6,338	\$ 6,363	\$ 6,008	\$ 5,297	\$ 4,537
Assigned	6,622	5,090	3,387	3,608	5,832	4,176	4,242	4,218	5,662	4,796
Unassigned	21,070	17,318	17,433	15,634	13,514	11,926	12,283	13,751	12,225	13,585
Total general fund	<u>\$ 34,844</u>	<u>\$ 29,554</u>	<u>\$ 28,159</u>	<u>\$ 25,387</u>	<u>\$ 25,499</u>	<u>\$ 22,440</u>	<u>\$ 22,888</u>	<u>\$ 23,977</u>	<u>\$ 23,184</u>	<u>\$ 22,918</u>
All Other Governmental Funds										
Restricted	\$ 457,845	\$ 346,016	\$ 335,559	\$ 284,575	\$ 309,633	\$ 315,137	\$ 287,965	\$ 340,670	\$ 306,905	\$ 319,238
Committed	95,026	79,137	70,844	59,788	53,204	57,526	63,338	30,236	30,164	32,140
Assigned	586	545	592	598	-	-	-	-	-	-
Unassigned	(35,534)	(34,034)	(38,202)	(6,557)	(20,074)	(26,014)	(22,261)	(23,675)	(44,489)	(35,143)
Total all other governmental funds	<u>\$ 517,923</u>	<u>\$ 391,664</u>	<u>\$ 368,793</u>	<u>\$ 338,404</u>	<u>\$ 342,763</u>	<u>\$ 346,649</u>	<u>\$ 329,042</u>	<u>\$ 347,231</u>	<u>\$ 292,580</u>	<u>\$ 316,235</u>
Total all governmental funds	<u>\$ 552,767</u>	<u>\$ 421,218</u>	<u>\$ 396,952</u>	<u>\$ 363,791</u>	<u>\$ 368,262</u>	<u>\$ 369,089</u>	<u>\$ 351,930</u>	<u>\$ 371,208</u>	<u>\$ 315,764</u>	<u>\$ 339,153</u>

Unaudited

METROPOLITAN COUNCIL

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN YEARS ENDED DECEMBER 31
 IN THOUSANDS
 (modified accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
REVENUES										
Taxes	\$ 86,381	\$ 84,803	\$ 83,048	\$ 81,487	\$ 77,766	\$ 75,327	\$ 77,920	\$ 76,382	\$ 72,658	\$ 72,752
Intergovernmental revenue:										
Federal	18,322	30,716	24,159	22,840	36,677	20,950	22,629	38,933	18,460	20,107
Build America bonds interest subsidy	703	389	664	738	800	859	937	1,037	825	423
State	195,915	170,029	153,153	163,701	133,488	125,895	165,201	115,087	103,371	103,583
Local/other	186	372	4,978	10,815	2,189	2,350	3,653	1,062	1,493	1,108
Investment income	13,009	5,642	5,360	2,891	3,371	12,035	(4,146)	4,419	7,675	6,027
Other	10,479	10,632	8,280	7,895	10,015	9,214	9,005	7,864	7,650	6,876
Total revenues	324,995	302,583	279,642	290,367	264,306	246,630	275,199	244,784	212,132	210,876
EXPENDITURES										
Current:										
General government	11,439	11,722	13,337	10,568	8,913	12,496	11,232	10,914	8,861	7,638
Transportation	112,004	105,262	94,357	87,148	85,187	83,119	75,611	70,028	67,418	63,424
Economic development	-	-	-	-	-	49	275	866	-	-
Intergovernmental:										
Transportation	40,621	41,165	32,460	39,262	40,705	39,682	36,289	31,616	26,144	30,474
Culture and recreation	56,383	34,830	33,277	48,704	27,984	30,657	37,337	46,358	30,659	31,860
Economic revitalization	16,835	7,807	8,812	10,756	12,250	8,104	12,458	8,580	4,684	6,767
Environment development	6,216	4,926	5,347	6,413	7,268	5,918	5,946	8,476	3,973	2,216
Housing	3,607	2,234	1,859	732	1,404	1,847	1,759	1,348	1,393	2,380
Debt service:										
Principal	39,930	39,295	42,350	59,905	66,450	41,065	40,140	46,880	43,465	53,475
Interest and other charges	7,368	7,752	7,775	8,561	7,696	9,107	9,659	7,482	8,143	8,552
Capital outlay	16,669	43,582	31,940	37,276	39,109	21,399	29,292	32,376	11,480	10,945
Total expenditures	311,072	298,575	271,514	309,325	296,966	253,443	259,998	264,924	206,220	217,731
Excess (deficiency) of revenues over (under) expenditures	13,923	4,008	8,128	(18,958)	(32,660)	(6,813)	15,201	(20,140)	5,912	(6,855)
OTHER FINANCING SOURCES (USES)										
Transfers in	5,267	1,213	2,902	5,138	4,018	1,478	2,316	1,802	1,693	1,150
Transfers out	(17,279)	(21,465)	(22,165)	(36,600)	(28,646)	(22,199)	(37,327)	(23,704)	(31,158)	(15,185)
Bonds issued	117,000	37,680	40,000	34,700	51,000	42,077	-	59,000	-	77,600
Refunding bonds issued	-	-	-	6,025	-	-	-	29,725	-	-
Premium on bonds and capital related debt	11,588	2,461	3,823	3,903	5,119	2,362	-	5,388	-	296
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Premium on refunding bonds	-	-	-	797	-	-	-	2,829	-	-
Sale of capital assets	1,050	369	473	524	342	254	532	544	164	146
Total other financing sources (uses)	117,626	20,258	25,033	14,487	31,833	23,972	(34,479)	75,584	(29,301)	64,007
Net change in fund balances	\$ 131,549	\$ 24,266	\$ 33,161	\$ (4,471)	\$ (827)	\$ 17,159	\$ (19,278)	\$ 55,444	\$ (23,389)	\$ 57,152
Debt service as a percentage of noncapital expenditures	16.1%	18.5%	20.9%	25.2%	28.8%	21.6%	21.6%	23.4%	26.5%	30.0%

Unaudited

**GENERAL GOVERNMENTAL REVENUES AND
OTHER FINANCING SOURCES BY SOURCE
LAST TEN YEARS ENDED DECEMBER 31 ¹
IN THOUSANDS**

Year	Taxes			Intergovernmental Revenue				Investment Income			Other Revenue and Financing Sources	Total Revenue and Other Financing Sources
	General	Special Revenue	Debt Service	Federal	Build America Bonds Interest Subsidy	State	Local/Other	General and Special Revenue Funds	Debt Service Funds			
2010	\$ 12,621	\$ 16,287	\$ 43,844	\$ 20,107	\$ 423	\$ 79,129	\$ 1,108	\$ 3,620	\$ 1,648	\$ 7,897	\$ 186,684	
2011	9,023	16,321	47,314	18,460	825	81,785	1,493	4,228	1,649	8,728	189,826	
2012	12,879	16,703	46,800	38,933	1,037	87,228	1,062	2,281	814	41,988	249,725	
2013	10,602	18,983	48,335	22,629	937	133,559	1,666	(1,033)	(1,884)	11,026	244,820	
2014	10,458	15,885	48,984	8,568	859	101,210	1,984	6,866	3,214	21,681	219,709	
2015	11,852	16,505	49,409	7,379	800	110,197	1,829	2,083	752	16,242	217,048	
2016	14,371	16,277	50,839	10,364	738	118,523	2,370	1,985	447	23,227	239,141	
2017	14,387	16,294	52,367	6,708	664	127,652	1,919	3,579	1,055	14,385	239,010	
2018	14,818	16,635	53,350	5,760	389	146,041	372	3,050	1,479	11,845	253,739	
2019	15,232	16,956	54,193	7,948	703	155,297	186	7,015	2,784	11,798	272,112	

Unaudited

Notes: ¹ Includes general, special revenue, and debt service funds.

**MARKET VALUE AND NET TAX CAPACITY
VALUE OF TAXABLE PROPERTY
LAST TEN YEARS ENDED DECEMBER 31
IN THOUSANDS (EXCEPT PERCENTAGES)**

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>		<u>Ratio of Net Tax Capacity Value to Market Value</u>	<u>Total Direct Tax Rate</u>
	<u>Market Value</u>	<u>Market Value</u>	<u>Market Value</u>	<u>Net Tax Capacity Value</u>		
2010	\$ 291,973,299	\$ 2,900,339	\$ 294,873,638	\$ 3,510,991	1.2%	0.01
2011	282,206,820	2,960,869	285,167,689	3,260,224	1.1%	0.02
2012	268,503,058	3,126,112	271,629,170	3,111,683	1.1%	0.02
2013	271,603,265	3,175,512	274,778,777	3,150,328	1.1%	0.03
2014	295,616,567	3,319,277	298,935,844	3,426,187	1.1%	0.01
2015	312,067,619	3,522,198	315,589,817	3,634,111	1.2%	0.01
2016	329,058,583	3,822,316	332,880,899	3,858,157	1.2%	0.01
2017	353,529,775	3,982,992	357,512,767	4,157,954	1.2%	0.01
2018	379,223,301	4,365,281	383,588,582	4,476,940	1.2%	0.01
2019	405,583,930	4,474,361	410,058,291	4,789,628	1.2%	0.01

Unaudited

Source: State of Minnesota, Department of Revenue.

Note: Net tax capacity is determined by reducing the property market value by various percentages as legislated.

METROPOLITAN COUNCIL

PROPERTY TAX RATES AND LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN YEARS ENDED DECEMBER 31
 IN THOUSANDS

Year	General Fund	Highway Right-of-Way Fund	Special Revenue and Transit Funds	Debt Service Funds	Total Direct Tax Rate	School Districts	Counties	Cities and Townships	Other
2010	0.00	0.00	0.00	0.01	0.01	0.37	0.35	0.33	0.40
2011	0.00	0.00	0.00	0.02	0.02	0.40	0.37	0.36	0.45
2012	0.00	0.00	0.00	0.02	0.02	0.42	0.39	0.38	0.47
2013	0.00	0.00	0.01	0.02	0.03	0.43	0.39	0.38	0.46
2014	0.00	0.00	0.00	0.01	0.01	0.40	0.36	0.35	0.44
2015	0.00	0.00	0.00	0.01	0.01	0.39	0.34	0.34	0.41
2016	0.00	0.00	0.00	0.01	0.01	0.40	0.34	0.34	0.39
2017	0.00	0.00	0.00	0.01	0.01	0.37	0.33	0.33	0.37
2018	0.00	0.00	0.00	0.01	0.01	0.38	0.31	0.33	0.35
2019	0.00	0.00	0.00	0.01	0.01	0.38	0.31	0.33	0.26

Unaudited

Source: State of Minnesota, Department of Revenue.

Note: The Council's basic tax limit is set by state legislation except for debt service. Rates for debt service are set based upon each year's requirements.

METROPOLITAN COUNCIL

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
IN THOUSANDS**

Largest taxpayers in Hennepin and Ramsey counties

Taxpayer	2019			2010		
	Net Tax Capacity	Rank	Percentage of Total Tax Capacity^{1,3}	2010 Tax Capacity	Rank	Percentage of Total Tax Capacity^{2,3}
Xcel Energy / Northern States Power Co	\$ 19,950	1	0.42%	\$ 5,618	2	0.16%
MOA Mall Holdings LLC	16,799	2	0.35%	10,953	1	0.31%
BRI 1855 IDS Center LLC	5,912	3	0.12%	-	-	-
NWC Limited Partnership	5,351	4	0.11%	3,775	6	0.11%
SRI Eleven Mpls 225 LLC	5,243	5	0.11%	4,167	5	0.12%
City Center 33 So Prop LLC	4,771	6	0.10%	-	-	-
Wells REIT - 800 Nicollett	4,055	9	0.08%	3,139	8	0.09%
3M Company	3,910	7	0.08%	4,681	3	0.13%
US Bank Corp	3,819	8	0.08%	3,191	7	0.09%
BNSF Railway Co	3,556	10	0.07%	-	-	-
MB Minneapolis 8th St. LLC	-	-	-	4,185	4	0.12%
Best Buy Co. Inc	-	-	-	2,758	9	0.08%
Flanagan-AMEX	-	-	-	2,657	10	0.08%
Total	\$ 73,366		1.52%	\$ 45,124		1.29%

Unaudited

Source: Hennepin County abstract of property taxes
Ramsey County abstract of property taxes

- Notes
- ¹ Net tax capacity value for 2019 = \$4,789,628
 - ² Net tax capacity value for 2010 = \$3,510,991
 - ³ Net tax capacity value is determined by multiplying taxable market value by class rates for different types of property set by Minnesota state law.

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS ENDED DECEMBER 31
IN THOUSANDS (EXCEPT PERCENTAGES)**

Year	Total Tax Levy	State Levy Reduction ¹	Net Taxes Levied for the Year	Collected within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 75,394	\$ 2,252	\$ 73,142	\$ 71,815	98.19%	\$ 316	\$ 72,131	98.62%
2011	75,424	2,353	73,071	71,923	98.43%	314	72,237	98.86%
2012	76,934	-	76,934	75,989	98.77%	206	76,195	99.04%
2013	78,452	-	78,452	77,651	98.98%	207	77,858	99.24%
2014	80,041	-	80,041	78,624	98.23%	900	79,524	99.35%
2015	80,431	-	80,431	79,757	99.16%	57	79,814	99.23%
2016	82,039	-	82,039	81,453	99.29%	113	81,566	99.42%
2017	83,621	-	83,621	82,985	99.24%	23	83,008	99.27%
2018	85,293	-	85,293	84,690	99.29%	132	84,822	99.45%
2019	86,999	-	86,999	86,235	99.12%	-	86,235	99.12%

Unaudited

Notes: In 2012, State Levy Reduction (Market Value Credits) eliminated by the State of Minnesota due to budget reductions.

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS ENDED DECEMBER 31
IN THOUSANDS (EXCEPT PERCENTAGE AND PER CAPITA)⁴**

Fiscal Year	General Bonded Debt Outstanding					Total ³	Less:	
	General Obligation Bonds Transit ³	General Obligation Bonds Parks ³	General Obligation Bonds Wastewater ³	Amounts Available in Debt Service Fund ⁴	Percentage of Actual Taxable Value ¹ of Property		Per Capita ²	
2010	\$ 237,600	\$ 13,975	\$ 447,158	\$ 77,257	\$ 621,476	17.70%	\$ 185.20	
2011	197,811	11,219	421,662	79,200	551,492	16.92%	162.71	
2012	249,700	11,778	901,980	107,652	1,055,806	33.93%	308.49	
2013	215,848	7,647	834,764	102,860	955,399	30.33%	276.25	
2014	213,503	13,128	823,068	118,056	931,643	27.19%	266.81	
2015	200,370	13,379	754,130	100,944	866,935	23.86%	246.41	
2016	187,903	11,043	744,148	97,548	845,546	21.92%	238.11	
2017	195,627	5,021	806,832	105,480	902,000	21.69%	250.51	
2018	198,206	3,114	872,861	114,667	959,514	21.43%	265.49	
2019	287,309	1,221	808,829	122,105	975,254	20.36%	269.84	

Unaudited

Notes: Details regarding the Metropolitan Council's outstanding debt can be found in the notes to the financial statements.

Ratios are calculated using population from prior year.

¹See market value and net tax capacity value of taxable property schedule for property value data.

²See demographic and economic statistics schedule for population data.

³Presented net of original issuance discounts and premiums.

⁴This is the amount restricted for debt service principal payments.

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS ENDED DECEMBER 31
IN THOUSANDS (EXCEPT PERCENTAGE AND PER CAPITA)**

Governmental Activities

Fiscal Year	General Obligation Bonds- Transit ⁵	General Obligation Bonds- Parks ⁵	Revenue Bonds ²	PFA Transit Loan ¹	Capital Leases	Total Governmental Activities
2010	\$ 237,600	\$ 13,975	\$ 3,938	\$ 10,635	\$ 11,395	\$ 277,543
2011	197,811	11,219	2,700	9,460	10,820	232,010
2012	249,700	11,778	1,368	8,255	10,225	281,326
2013	215,848	7,647	-	7,030	9,610	240,135
2014	213,503	13,128	-	5,780	8,570	240,981
2015	200,370	13,379	-	4,495	7,875	226,119
2016	187,903	11,043	-	3,185	7,085	209,216
2017	195,627	5,021	-	1,880	6,260	208,788
2018	198,206	3,114	-	775	5,410	207,505
2019	287,309	1,221	-	375	4,535	293,440

Unaudited

Notes: Details regarding the Metropolitan Council's outstanding debt can be found in the notes to the financial statements.

¹PFA-Transit Loans are treated as general obligation debt. Loan repayments are similar to general obligation loan repayments.

²\$10,760,000 revenue bonds issued in behalf of the Metropolitan Radio Board (ceased operations on June 30, 2005), which were refunded in 2007 with \$7,265,000 revenue bonds.

³See the demographic and economic statistics schedule for personal income and population data.

All ratios are calculated using personal income and population from prior calendar year.

⁴Transit's grant anticipation notes are treated as general obligation debt. Loan repayments are similar to general obligation loan repayments. These notes are categorized under business activities since they are secured by grant receipts from the Federal Transit Administration.

⁵Presented net of original issuance discounts and premiums.

Business-Type Activities

General Obligation Grant Anticipation Transit Notes⁴	General Obligation Bonds Wastewater⁵	PFA Wastewater⁵	Hennepin County Loan	Loan Payable	Total Business- Type Activities	Total Primary Government	Percentage of Personal Income³	Per Capita³
\$ -	\$ 447,158	\$ 598,059	\$ -	\$ 1,405	\$ 1,046,622	\$ 1,324,165	0.87%	\$ 394.59
88,567	421,662	633,750	-	1,405	1,145,384	1,377,394	0.84%	406.38
165,558	901,980	448,039	-	1,405	1,516,982	1,798,308	1.03%	525.43
143,224	834,764	483,124	-	1,405	1,462,517	1,702,652	0.97%	492.31
188,573	823,068	535,984	-	1,405	1,549,030	1,790,011	0.96%	512.63
8,931	754,130	567,813	1,949	1,405	1,334,228	1,560,347	0.80%	443.50
-	744,148	571,683	1,597	1,405	1,318,833	1,528,049	0.76%	430.31
-	806,832	556,423	2,713	1,405	1,367,373	1,576,161	0.73%	437.75
-	872,861	554,642	3,971	1,405	1,432,879	1,640,384	0.72%	453.88
-	808,829	540,595	2,395	1,405	1,353,224	1,646,664	0.72%	455.61

**COMPILATION OF OVERLAPPING DEBT¹
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

<u>Jurisdiction</u>	<u>Net G.O. Debt Outstanding</u>	<u>Percent Applicable to Council</u>	<u>Overlapping Debt</u>
Counties:			
Anoka	\$ 73,895	100.0%	\$ 73,895
Carver	13,360	100.0%	13,360
Hennepin	1,334,420	99.9%	1,333,637
Ramsey	175,477	100.0%	175,477
Scott	113,540	98.0%	111,300
Washington	136,685	100.0%	136,685
Total counties	<u>1,847,377</u>		<u>1,844,354</u>
School districts:			
SSD #1 Minneapolis	573,010	100.0%	573,010
SSD #6 South St. Paul	36,370	100.0%	36,370
ISD #11 Anoka	175,390	100.0%	175,390
ISD #12 Centennial	95,507	100.0%	95,507
ISD #13 Columbia Heights	25,053	100.0%	25,053
ISD #14 Fridley	51,485	100.0%	51,485
ISD #15 St. Francis	91,770	92.7%	85,071
ISD #16 Spring Lake Park	119,100	100.0%	119,100
ISD #108 Norwood-Young America	8,515	96.8%	8,242
ISD #110 Waconia	119,550	100.0%	119,550
ISD #111 Watertown-Mayer	30,280	89.4%	27,074
ISD #112 Chaska	147,130	100.0%	147,130
ISD #191 Burnsville	138,355	100.0%	138,355
ISD #192 Farmington	181,225	100.0%	181,225
ISD #194 Lakeville	107,580	100.0%	107,580
ISD #195 Randolph	11,610	87.7%	10,180
ISD #196 Rosemount	134,115	100.0%	134,115
ISD #197 West St. Paul	122,050	100.0%	122,050
ISD #199 Inver Grove Heights	53,415	100.0%	53,415
ISD #200 Hastings	78,138	99.9%	78,057
ISD #252 Cannon Falls	22,070	4.8%	1,063
ISD #270 Hopkins-Golden Valley	167,740	100.0%	167,740
ISD #271 Bloomington	138,020	100.0%	138,020
ISD #272 Eden Prairie	101,395	100.0%	101,395
ISD #273 Edina	211,610	100.0%	211,610
ISD #276 Minnetonka	165,035	100.0%	165,035
ISD #277 Westonka	40,425	100.0%	40,425
ISD #278 Orono	66,400	100.0%	66,400
ISD #279 Osseo	174,725	100.0%	174,725
ISD #280 Richfield	145,055	100.0%	145,055
ISD #281 Robbinsdale	200,245	100.0%	200,245
ISD #282 St Anthony-New Brighton	30,205	100.0%	30,205
ISD #283 St. Louis Park	138,915	100.0%	138,915
ISD #284 Wayzata	223,335	100.0%	223,335
ISD #286 Brooklyn Center	49,605	100.0%	49,605
ISD #424 Lester Prairie	15,745	0.2%	26
ISD #621 Mounds View	235,390	100.0%	235,390
ISD #622 North St. Paul-Maplewood-Oakdale	385,025	100.0%	385,025
ISD #623 Roseville	175,710	100.0%	175,710
ISD #624 White Bear Lake	77,560	100.0%	77,560
ISD #625 St. Paul	469,320	100.0%	469,320
ISD #659 Northfield	62,250	16.8%	10,444
ISD #716 Belle Plaine	21,605	86.3%	18,640

**COMPILATION OF OVERLAPPING DEBT¹
FOR THE YEAR ENDED DECEMBER 31, 2019**

IN THOUSANDS

<u>Jurisdiction</u>	<u>Net G.O. Debt Outstanding</u>	<u>Percent Applicable to Council</u>	<u>Overlapping Debt</u>
School districts (continued):			
ISD #717 Jordan	55,845	100.0%	55,845
ISD #719 Prior Lake	206,749	100.0%	206,749
ISD #720 Shakopee	165,655	100.0%	165,655
ISD #721 New Prague	88,780	64.7%	57,435
ISD #728 Elk River	207,155	33.8%	70,018
ISD #831 Forest Lake	155,405	87.0%	135,187
ISD #832 Mahtomedi	45,805	100.0%	45,805
ISD #833 South Washington	301,210	100.0%	301,210
ISD #834 Stillwater	93,370	100.0%	93,370
ISD #877 Buffalo-Hanover-Montrose	62,605	16.2%	10,148
ISD #879 Delano	71,010	34.3%	24,383
ISD #883 Rockford	37,965	69.3%	26,297
ISD #916 Special Intermediate-Vo Tech	77,200	100.0%	77,200
ISD #2144 Chisago Lakes	68,960	4.0%	2,725
ISD #2397 LeSueur-Henderson	8,795	1.2%	103
ISD #2687 Howard Lake-Waverly-Winsted	40,015	0.5%	187
ISD #2859 Glencoe-Sliver Lake	23,415	0.2%	43
Total school districts	<u>7,326,972</u>		<u>6,786,207</u>
Cities:			
Afton	9,336	100.0%	9,336
Andover	42,260	100.0%	42,260
Anoka	10,985	100.0%	10,985
Apple Valley	24,055	100.0%	24,055
Arden Hills	2,415	100.0%	2,415
Bayport	1,705	100.0%	1,705
Belle Plaine	17,525	100.0%	17,525
Bethel	995	100.0%	995
Blaine	66,707	100.0%	66,707
Bloomington	83,285	100.0%	83,285
Brooklyn Center	63,113	100.0%	63,113
Brooklyn Park	38,310	100.0%	38,310
Burnsville	61,103	100.0%	61,103
Carver	25,243	100.0%	25,243
Centerville	4,212	100.0%	4,212
Champlin	3,455	100.0%	3,455
Chanhassen	28,650	100.0%	28,650
Chaska	91,855	100.0%	91,855
Circle Pines	18,140	100.0%	18,140
Cologne	14,547	100.0%	14,547
Columbia Heights	20,490	100.0%	20,490
Columbus	9,771	100.0%	9,771
Coon Rapids	62,995	100.0%	62,995
Corcoran	10,904	100.0%	10,904
Cottage Grove	42,440	100.0%	42,440
Crystal	15,560	100.0%	15,560
Dayton	22,176	100.0%	22,176
Dellwood	1,500	100.0%	1,500
Deephaven	1,600	100.0%	1,600
Eagan	45,220	100.0%	45,220
East Bethel	17,770	100.0%	17,770
Eden Prairie	36,715	100.0%	36,715
Edina	110,519	100.0%	110,519
Elko/New Market	14,218	100.0%	14,218
Excelsior	11,627	100.0%	11,627

**COMPILATION OF OVERLAPPING DEBT¹
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

(Page 3 of 5)

<u>Jurisdiction</u>	<u>Net G.O. Debt Outstanding</u>	<u>Percent Applicable to Council</u>	<u>Overlapping Debt</u>
Cities (continued):			
Falcon Heights	1,210	100.0%	1,210
Farmington	13,940	100.0%	13,940
Forest Lake	44,200	100.0%	44,200
Fridley	63,320	100.0%	63,320
Gem Lake	1,250	100.0%	1,250
Golden Valley	67,160	100.0%	67,160
Greenfield	815	100.0%	815
Hamburg	3,045	100.0%	3,045
Ham Lake	1,364	100.0%	1,364
Hampton	3,465	100.0%	3,465
Hastings	22,925	100.0%	22,925
Hopkins	76,375	100.0%	76,375
Hugo	2,045	100.0%	2,045
Independence	1,640	100.0%	1,640
Inver Grove Heights	47,345	100.0%	47,345
Jordan	19,785	100.0%	19,785
Lake Elmo	38,306	100.0%	38,306
Lakeland	985	100.0%	985
Lakeville	120,125	100.0%	120,125
Lauderdale	2,295	100.0%	2,295
Lexington	2,520	100.0%	2,520
Lilydale	2,265	100.0%	2,265
Lino Lakes	21,514	100.0%	21,514
Little Canada	3,655	100.0%	3,655
Long Lake	2,855	100.0%	2,855
Loretto	284	100.0%	284
Mahtomedi	20,735	100.0%	20,735
Maple Grove	77,335	100.0%	77,335
Maple Plain	9,076	100.0%	9,076
Maplewood	55,545	100.0%	55,545
Marine	970	100.0%	970
Mayer	4,635	100.0%	4,635
Medina	11,050	100.0%	11,050
Mendota Heights	23,125	100.0%	23,125
Minneapolis	827,375	100.0%	827,375
Minnetonka	32,105	100.0%	32,105
Minnetonka Beach	3,595	100.0%	3,595
Minnetrista	19,538	100.0%	19,538
Mound	46,050	100.0%	46,050
Mounds View	6,528	100.0%	6,528
New Brighton	32,255	100.0%	32,255
New Germany	7,685	100.0%	7,685
New Hope	53,850	100.0%	53,850
Newport	8,560	100.0%	8,560
North Oaks	230	100.0%	230
North St. Paul	27,945	100.0%	27,945
Northfield	51,978	100.0%	51,978
Norwood-Young America	14,948	100.0%	14,948
Nowthen	1,555	100.0%	1,555

**COMPILATION OF OVERLAPPING DEBT¹
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

(Page 4 of 5)

<u>Jurisdiction</u>	<u>Net G.O. Debt Outstanding</u>	<u>Percent Applicable to Council</u>	<u>Overlapping Debt</u>
Cities (continued):			
Oakdale	24,200	100.0%	24,200
Oak Grove	255	100.0%	255
Oak Park Heights	6,210	100.0%	6,210
Orono	6,995	100.0%	6,995
Osseo	11,155	100.0%	11,155
Plymouth	8,270	100.0%	8,270
Prior Lake	39,460	100.0%	39,460
Ramsey	23,890	100.0%	23,890
Richfield	65,640	100.0%	65,640
Robbinsdale	24,645	100.0%	24,645
Rogers & Hassan Combined	9,045	100.0%	9,045
Rosemount	9,805	100.0%	9,805
Roseville	20,270	100.0%	20,270
St. Anthony	22,930	100.0%	22,930
St. Bonifacius	2,280	100.0%	2,280
St. Francis	32,136	100.0%	32,136
St. Louis Park	88,560	100.0%	88,560
St. Paul	472,867	100.0%	472,867
St. Paul Park	6,896	100.0%	6,896
Savage	47,945	100.0%	47,945
Scandia	4,059	100.0%	4,059
Shakopee	34,660	100.0%	34,660
Shoreview	45,795	100.0%	45,795
Shorewood	4,995	100.0%	4,995
South St. Paul	27,848	100.0%	27,848
Spring Lake Park	4,470	100.0%	4,470
Spring Park	1,860	100.0%	1,860
Stillwater	34,630	100.0%	34,630
Tonka Bay	1,981	100.0%	1,981
Sunfish Lake	1,619	100.0%	1,619
Vadnais Heights	5,530	100.0%	5,530
Victoria	21,630	100.0%	21,630
Waconia	39,550	100.0%	39,550
Watertown	4,530	100.0%	4,530
Wayzata	19,080	100.0%	19,080
West St. Paul	57,215	100.0%	57,215
White Bear Lake	15,245	100.0%	15,245
Woodbury	55,915	100.0%	55,915
Total cities	4,236,823		4,236,823
Townships:			
Baytown	571	100.0%	571
Credit River	2,790	100.0%	2,790
Empire	2,730	100.0%	2,730
Helena	200	100.0%	200
Laketown	950	100.0%	950
Linwood	123	100.0%	123
New Market	1,800	100.0%	1,800
Randolph	77	100.0%	77
Sand Creek	280	100.0%	280
Spring Lake	1,394	100.0%	1,394
White Bear	2,170	100.0%	2,170
Total townships	13,085		13,085

**COMPILATION OF OVERLAPPING DEBT¹
FOR THE YEAR ENDED DECEMBER 31, 2019
IN THOUSANDS**

(Page 5 of 5)

<u>Jurisdiction</u>	<u>Net G.O. Debt Outstanding</u>	<u>Percent Applicable to Council</u>	<u>Overlapping Debt</u>
Miscellaneous:			
Anoka County HRA	22,375	100.0%	22,375
Blaine EDA/HRA	3,150	100.0%	3,150
Bloomington Port Authority	6,770	100.0%	6,770
Bloomington HRA	5,150	100.0%	5,150
Capital Region Watershed District	12,465	100.0%	12,465
Carver County CDA	26,815	100.0%	26,815
Cedar Lake Sewer Sanitary District	1,108	68.2%	756
Chaska EDA	27,105	100.0%	27,105
Dakota County CDA	255,001	100.0%	255,001
Edina HRA	5,945	100.0%	5,945
Hennepin City Park	61,035	100.0%	61,035
Hennepin Regional Railroad Authority	98,385	100.0%	98,385
HRA of St. Paul	70,012	100.0%	70,012
Metropolitan Airports Commission	1,588,525	100.0%	1,588,525
Minnesota Municipal Power Agency	262,163	61.6%	161,493
MN Valley Transit Auth	3,910	100.0%	3,910
Mound HRA	2,250	100.0%	2,250
Norwood-Young America EDA	5,095	100.0%	5,095
Prior Lake-Spring Lake Watershed District	350	100.0%	350
Plymouth HRA	9,745	100.0%	9,745
Ramsey-Washington Metro Watershed District	4,110	100.0%	4,110
Regional Railroad Authority-Anoka County	21,655	100.0%	21,655
Rice Creek Watershed	54	100.0%	54
Scott County CDA	51,420	100.0%	51,420
South Washington Watershed District	3,070	100.0%	3,070
St. Anthony HRA	6,240	100.0%	6,240
St. Paul Port Authority	118,153	100.0%	118,153
VB Watershed	1,945	100.0%	1,945
Victoria EDA	2,410	100.0%	2,410
Waconia HRA	9,298	100.0%	9,298
Washington County HRA	43,038	100.0%	43,038
Total miscellaneous	<u>2,728,747</u>		<u>2,627,725</u>
Subtotal, overlapping debt	<u>\$ 16,153,004</u>		<u>15,508,194</u>
Metropolitan Council direct debt			<u>293,440</u>
Total direct and overlapping debt			<u>\$ 15,801,634</u>

Unaudited

Source: County auditors report of outstanding indebtedness of the governmental units

Notes: ¹ Jurisdictions in two counties are included if the assessed property value is greater than 50 percent (home) in one of the seven metropolitan area counties and excluded if it (home) is not. Debt of jurisdiction included using this method is shown at 100 percent. The error resulting from using this method is significantly less than 1 percent. The debt of jurisdictions that include tax base both within and outside of the Metropolitan Council's jurisdiction is split in proportion to the taxable net tax capacity inside and outside the Metropolitan Council's jurisdiction. The debt of the Minnesota Municipal Power Agency and Cedar Lake Sewer Sanitary District are split in proportion to the population inside and outside the Metropolitan Council's jurisdiction.

METROPOLITAN COUNCIL

**LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS ENDED DECEMBER 31
IN THOUSANDS (EXCEPT PERCENTAGE)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt limit	\$ 415,905	\$ 360,910	\$ 397,655	\$ 307,390	\$ 353,595	\$ 413,505	\$ 367,025	\$ 365,515	\$ 334,245	\$ 338,265
Total net debt applicable to limit	<u>263,285</u>	<u>185,340</u>	<u>186,105</u>	<u>187,630</u>	<u>206,020</u>	<u>220,775</u>	<u>219,230</u>	<u>257,390</u>	<u>213,645</u>	<u>255,290</u>
Legal debt margin	<u>\$ 152,620</u>	<u>\$ 175,570</u>	<u>\$ 211,550</u>	<u>\$ 119,760</u>	<u>\$ 147,575</u>	<u>\$ 192,730</u>	<u>\$ 147,795</u>	<u>\$ 108,125</u>	<u>\$ 120,600</u>	<u>\$ 82,975</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>63.30%</u>	<u>51.35%</u>	<u>46.80%</u>	<u>61.04%</u>	<u>58.26%</u>	<u>53.39%</u>	<u>59.73%</u>	<u>70.42%</u>	<u>63.92%</u>	<u>75.47%</u>

Unaudited

Note: Total net debt applicable to limit is the net governmental general obligation debt excluding wastewater debt and refunded bonds and grant anticipation notes. Legal debt margin equals unissued bonding authority for transit, parks, and radio.

**PLEDGED-REVENUE COVERAGE
LAST TEN YEARS ENDED DECEMBER 31
IN THOUSANDS (EXCEPT COVERAGE)**

Radio Revenue Bonds

Year	Total Bond Outstanding¹	911 Fee Revenue²	Principal	Interest	Coverage
2010	\$ 3,915	\$ 1,452	\$ 1,185	\$ 199	1.05
2011	2,670	1,410	1,245	138	1.02
2012	1,365	1,410	1,305	81	1.02
2013 ³	-	705	1,365	27	0.51
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-

Unaudited

Notes:

¹ Bonds were originally issued in 1999 on behalf of the Metropolitan Radio Board (MRB), in the amount of \$14,280,000. The MRB ceased operations on June 30, 2005, at which time the Metropolitan Council assumed the remaining liability. Principal payment in 2005 was paid by MRB before ceasing operations. Original bond was refunded on March 15, 2007. Remaining original bond outstanding balance was repaid in 2007. Bond balance in 2008, and beyond, is for refund bond only.

² Revenues are generated from State of Minnesota 911 fees and are appropriated based upon required debt service payments for the subsequent year.

³ On February, 1, 2013, the Council paid the Metropolitan Radio Board Bond. Currently, there are no revenue bonds outstanding at this time.

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS ENDED DECEMBER 31**

Year	Population^{1,3}	Personal Income^{1,3} (In Millions)	Per Capita^{1,3} Income	Unemployment Rate²
2010	3,355,763	\$ 153,074	\$ 45,615	7.30%
2011	3,389,448	163,306	48,181	6.30%
2012	3,422,542	173,992	50,837	5.50%
2013	3,458,513	175,414	50,719	4.80%
2014	3,491,838	186,385	53,377	4.00%
2015	3,518,252	195,613	55,599	3.50%
2016	3,551,036	201,427	56,723	3.60%
2017	3,600,618	215,087	59,736	3.30%
2018	3,614,162	227,292	62,889	2.80%
2019	3,614,162	227,292	62,889	3.00%

Unaudited

Source: ¹ Internally updated information based on the U.S. Commerce Department and Bureau of Economic Analysis for the Minneapolis-St. Paul Metropolitan Statistical Area.

² State of Minnesota, Department of Employment and Economic Development (Seven-county area).

³ 2019 Data not available at time of report.

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
IN THOUSANDS (EXCEPT PERCENTAGE)**

Employers in Minnesota by number of Minnesota only employees

Employer	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
State of Minnesota	57	1	2.81%	54	1	3.12%
Mayo Clinic	43	2	2.12%	38	2	2.19%
United States Federal Government	35	3	1.72%	32	3	1.85%
Fairview Health Services	34	4	1.67%	21	7	1.21%
Allina Health System	29	5	1.43%	23	6	1.33%
Target Corporation	29	6	1.43%	28	4	1.62%
University of Minnesota	26	7	1.28%	25	5	1.44%
HealthPartners Inc.	25	8	1.23%	-	-	-
UnitedHealth Group, Inc.	19	9	0.94%	-	-	-
Wells Fargo Minnesota	18	10	0.89%	20	9	1.15%
Wal-Mart Stores Inc.	-	-	-	21	8	1.21%
3M Co.	-	-	-	14	10	0.81%
Total	315		15.52%	276		15.93%

Unaudited.

Source: Department of Employment and Economic Development, Minneapolis-St. Paul Business Journal, July 13, 2019 and Business Journal, Book of Lists, December 25, 2010.

Notes: Available list covers employment for entire State of Minnesota. Data for seven county area not available.
Walmart was not included because it declined to provide data for 2019.
State of Minnesota includes Minnesota State Colleges & Universities.

METROPOLITAN COUNCIL

EMPLOYEES BY FUNCTION/PROGRAM LAST TEN YEARS ENDED DECEMBER 31

	Full-time Equivalent Employees as of December 31									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Regional Administration</u>										
Human Resources	53	51	45	47	42	40	36	32	33	33
Information Services	111	112	111	110	107	98	90	81	79	75
Finance/Central Services	58	58	55	54	53	50	46	44	42	38
Other	105	109	107	116	108	95	89	84	79	75
Total Regional Administration	327	330	318	327	310	283	261	241	233	221
<u>Community Development</u>										
Metro HRA	39	40	41	40	40	40	38	37	34	33
Other	43	40	41	38	36	36	36	35	35	34
Total Community Development	82	80	82	78	76	76	74	72	69	67
<u>Environmental Services Division</u>										
Environmental Quality Assurance	93	93	100	101	101	102	100	95	98	103
Treatment Services	526	510	506	503	506	532	527	514	526	528
Other	35	34	32	29	27	25	24	22	20	20
Total Environmental Services Division	654	637	638	633	634	659	651	631	644	651
<u>Transportation Services Division</u>										
Metro Mobility	18	17	17	17	12	11	10	10	9	10
Transportation Planning	27	29	28	27	33	32	30	27	28	29
Other	1	1	1	1	-	-	-	-	-	-
Total Transportation Services	46	47	46	45	45	43	40	37	37	39
<u>Metro Transit Bus</u>										
Operations	1,621	1,638	1,654	1,640	1,617	1,600	1,566	1,512	1,502	1,500
Maintenance	493	487	477	466	432	428	424	422	429	470
Administration/Clerical	695	662	642	646	616	607	507	465	448	420
Total Metro Transit	2,809	2,787	2,773	2,752	2,665	2,635	2,497	2,399	2,379	2,390
<u>Metro Transit Commuter Rail</u>										
Maintenance	30	28	30	29	28	29	27	28	28	27
Administration/Clerical	4	4	4	4	4	7	7	8	9	10
Total Metro Transit	34	32	34	33	32	36	34	36	37	37
<u>Metro Transit Light Rail</u>										
Operations	66	65	67	64	62	85	76	56	57	57
Maintenance	155	155	146	141	138	92	72	80	81	80
Administration/Clerical	255	246	250	237	231	230	184	134	100	82
Total Metro Transit	476	466	463	442	431	407	332	270	238	219
Total	4,428	4,379	4,354	4,310	4,193	4,139	3,889	3,686	3,637	3,624

Unaudited

Source: Metropolitan Council Budget Department and Metro Transit

Notes: Metro Transit Commuter Rail operators are non-Metro Transit employees

METROPOLITAN COUNCIL

OPERATING INDICATORS BY FUNCTION/PROGRAM FOR THE LAST TEN YEARS ENDED DECEMBER 31

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Metro Mobility-passenger miles	27,091,870	26,103,531	25,160,614	24,264,290	22,168,347	20,570,713	17,918,147	16,562,355	15,503,454	15,534,246
Metro Mobility-passenger trips	2,337,293	2,297,680	2,176,760	2,133,727	2,020,700	1,905,563	1,747,911	1,628,051	1,516,901	1,410,369
Parks visits to Metro Parks System ¹	59,633,200	59,633,200	58,106,842	47,860,600	47,328,887	48,687,143	47,304,800	45,843,800	44,111,200	40,867,500
Business-type activities										
Wastewater										
Average daily sewage treatment (millions of gallons)	266	241	247	245	250	255	240	210	260	260
Transit-bus										
Total route miles	30,609,788	31,074,823	31,526,740	31,598,429	31,198,704	30,661,418	29,490,406	28,817,105	28,763,822	28,894,682
Passenger trips ²	51,860,027	54,910,461	57,322,632	58,949,824	62,106,089	67,814,305	70,418,593	69,854,994	69,782,602	66,882,361
Transit-commuter rail										
Total route miles	603,692	623,923	582,726	550,196	547,051	546,092	529,007	521,537	556,631	601,119
Passenger trips ²	767,768	787,327	793,798	711,167	722,637	721,214	787,241	700,276	703,427	710,426
Transit-light rail										
Total passenger car miles	5,351,758	5,461,162	5,492,301	5,325,645	5,202,174	4,081,921	2,370,943	2,103,215	2,101,289	2,056,261
Passenger trips ²	25,299,442	24,955,617	23,810,995	22,963,629	23,003,457	15,999,993	10,162,919	10,498,236	10,400,864	10,423,862
Housing										
Metro HRA unit months leased	87,745	86,065	87,638	87,096	86,076	81,425	82,612	82,264	82,247	81,455

Unaudited

Sources: Various Metropolitan Council Divisions

Notes:

¹ 2019 park visits to Metro Parks System data is not available at time of report.

² UPT - Unlinked Passenger Trips is the number of passengers who board public transportation vehicles

METROPOLITAN COUNCIL

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
FOR THE LAST TEN YEARS ENDED DECEMBER 31**

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Metro Mobility										
Total fleet size	679	642	571	519	485	442	407	399	340	314
Number of Parks/Trails	105	105	104	102	102	102	97	95	95	89
Acres of Regional Parks and Trails open to the public	55,755	59,354	56,022	54,613	54,488	54,307	54,581	54,842	54,631	54,633
Business-type activities										
Wastewater										
Treatment Plants	9	8	8	8	8	8	7	7	7	7
Miles of MCES Interceptors	637	634	634	634	634	634	634	634	626	625
Wastewater Treatment Plant Capacities (millions of gallons)	358	358	358	358	358	358	358	358	358	358
Transit-bus										
Total fleet size	904	907	909	902	907	905	912	888	876	888
Transit-commuter rail										
Total fleet size	6	6	6	6	6	6	6	6	6	6
Transit-light rail										
Total fleet size ¹	91	91	86	86	86	86	62	27	27	27
Housing										
Metro HRA unit months available	87,596	85,681	85,278	85,270	86,539	84,288	83,979	83,795	83,173	82,668
Family Affordable Housing Units	150	150	150	150	150	150	150	150	150	150

Unaudited

Source: Metropolitan Council external and internal reports.

Notes:

¹ Transit-light rail expansions due to additional line opening mid-2014.





390 North Robert Street
Saint Paul, MN 55101-1805

Phone (651) 602.1000
Fax (651) 605.1550
TTY (651) 291.0904

public.info@metc.state.mn.us

metro council.org