



Twin Cities Area, Minnesota

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2020
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, 2020

A COMPONENT UNIT OF THE STATE OF MINNESOTA

Prepared by the Finance Unit

Issued June 2021



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 40.88 million bus and rail passengers in 2020 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, 2020**

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, 2020**

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

Notes to the Financial Statements

Notes to the Financial Statements Index.....	29
Notes to the Financial Statements	31

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

Major Funds	
General Fund	68
Metro Mobility Special Revenue Fund	69

Pension Schedules

Schedule of the Council's Proportionate Share of the Net Pension Liability	
Minnesota State Retirement System - General Employees Fund (MSRS-GEF).....	70
Public Employees Retirement Association of Minnesota - Public Employees Police and Fire Plan.....	71
Schedule of Council's Contributions	
Minnesota State Retirement System - General Employees Fund (MSRS-GEF).....	72
Public Employees Retirement Association of Minnesota - Public Employees Police and Fire Plan.....	73

Other Postemployment Benefits Plan

Schedule of Changes in the Metropolitan Council's Total OPEB Liability and Related Ratios.....	74
---	----

Notes to the Required Supplementary Information	75
--	-----------

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE METROPOLITAN COUNCIL
A COMPONENT UNIT OF THE STATE OF MINNESOTA
FOR THE YEAR ENDING DECEMBER 31, 2020**

TABLE OF CONTENTS

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Description of Nonmajor Governmental Funds	80
Combining Balance Sheet	
Nonmajor Governmental Funds	82
Nonmajor Governmental Funds - Special Revenue	83
Nonmajor Governmental Funds - Capital Projects	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental Funds	85
Nonmajor Governmental Funds - Special Revenue	86
Nonmajor Governmental Funds - Capital Projects	87
Budgetary Comparison Schedules	
Nonmajor Funds	
Livable Communities Special Revenue Fund	88
Transportation Planning Special Revenue Fund.....	89
Suburban Transit Providers Special Revenue Fund.....	90
Contracted Transit Service Special Revenue Fund	91
Other Special Revenue Fund	92
General Fund by Division.....	93
Bonds/Loans/Notes Outstanding	94
Schedule of Expenditures of Federal Awards	95
Notes to the Schedule of Expenditures of Federal Awards	97

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE METROPOLITAN COUNCIL
A COMPONENT UNIT OF THE STATE OF MINNESOTA
FOR THE YEAR ENDING DECEMBER 31, 2020**

TABLE OF CONTENTS

STATISTICAL SECTION

Statistical Section Index	101
Financial Trends:	
Net Position by Component.....	102
Changes in Net Position.....	103
Fund Balances of Governmental Funds.....	104
Changes in Fund Balances of Governmental Funds.....	105
Revenue Capacity:	
General Governmental Revenues and Other Financing Sources by Source.....	106
Market Value and Net Tax Capacity Value of Taxable Property.....	107
Property Tax Rates and Levies - Direct and Overlapping Governments.....	108
Principal Property Taxpayers.....	109
Property Tax Levies and Collections.....	110
Debt Capacity:	
Ratios of General Bonded Debt Outstanding.....	111
Ratios of Outstanding Debt by Type.....	112
Compilation of Overlapping Debt.....	114
Legal Debt Margin Information.....	119
Pledged Revenue Coverage.....	120
Demographic and Economic Information:	
Demographic and Economic Statistics.....	121
Principal Employers.....	122
Operating Information:	
Employees by Function/Program.....	123
Operating Indicators by Function/Program.....	124
Capital Asset Statistics by Function/Program.....	125

INTRODUCTORY SECTION





Metropolitan Council
2020 Comprehensive Annual Financial Report
Transmittal Letter from the Acting Chief Financial Officer/ Deputy Chief Financial
Officer

June 22, 2021

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, 2020. 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.

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, 2020. 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 2021.

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 3.64 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.

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

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. The fifteen-county Minneapolis-St. Paul metropolitan statistical area (MSA) experienced rapid and far-reaching business closures, including a loss of 258,000 jobs from payrolls during March, April and May 2020, a 12.7 percent decline. Some of this loss has been regained, but total employment in December 2020 remained 162,000 below employment one year ago. Prior to the COVID-19 recession, the Twin Cities economy had been facing different challenges, including workforce and housing supply shortages limiting the metro area's competitiveness in attracting and retaining new residents.

Gross domestic product (GDP) for Minnesota was \$374.35 billion in 2020. State GDP contracted by (2.50) percent, or (3.70) percent in real, inflation-adjusted terms. The losses were concentrated in amusement, recreation, tourism, hotels and restaurants, and other services. The state GDP loss was similar to the national average, (3.50) percent (U.S. Bureau of Economic Analysis).

Total nonfarm employment in the Minneapolis-St. Paul metropolitan statistical area declined 7.90 percent for the year ending December 2020. Prior to the pandemic, the Twin Cities economy had been facing different challenges, including workforce shortages, limiting business attraction and expansion (U.S. Bureau of Labor Statistics, Current Employment Statistics, December 2020).

Monthly unemployment rates in the seven-county metro area have been recovering in recent months. The unemployment rate declined from its 10.10 percent peak in May 2020 to 4.40 percent in December 2020. However, the official unemployment number (4.40 percent or 74,000 unemployed workers) does not include 63,000 additional discouraged workers who retired or exited the job market during the year 2020 (U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics).

Employers reported the job vacancy rate in the Minneapolis-St. Paul metropolitan area slightly down in the 4th quarter of 2020 compared to the 4th quarter of 2019. The total number of vacancies was 127,314, down just 236 vacancies from the fourth quarter of 2019, but up 15,561 openings compared to the 2nd quarter in 2020. Statewide, there were 1.1 unemployed workers for each vacancy, indicating a return to a very tight labor market in Minnesota. This is up from one year ago when there were 0.7 unemployed persons for each vacancy, but down from 2.7 job seekers per vacancy in the second quarter of 2020, at the onset of the coronavirus pandemic recession. This quick bounce back reflects the challenges created as many workers have dropped out of the labor market over the past year, even while employers have increased the number of vacancies.

Market conditions are now improving substantially for many industries. Overall consumer spending is returning to pre-pandemic levels because of the pent-up demand and the savings amassed by consumers in the upper economic levels. Economic rebuilding and reorganizing are occurring in 2021, but recovery challenges and uncertainties remain. Many businesses are still adjusting to the ‘new normal.’ For example, 32 percent of small businesses are still experiencing either supplier delays, production delays, or delivery-to-customers delays. This is now the most common obstacle cited in the Census Bureau’s Small Business Pulse Survey (Census Bureau, Small Business Pulse Survey, Feb. 2021). Second, in the “k-shaped recovery”, certain industries remain more impacted. Consumer spending for entertainment and recreation, transportation, hotels, and restaurants generally remains at half of the normal spending levels (Opportunity Insights statistics for Dec. 2020). Many businesses in these industries are operating at less-than-optimal scale; the alternatives may include total closure. Third, workers displaced from the most-affected industries may need to seek reemployment in new, different fields of work; and they may need education and training to succeed in transition.

Housing prices continue to rise in the Twin Cities metro area, 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 8.90 percent in 2020 to \$305,000. The number of new listings remained unchanged at 76,000, which is considered by MAAR to be a low level of turnover and availability (MAAR, 2020 Annual Housing Market Report). The housing shortage is particularly pronounced for those seeking low or moderately priced houses.

Housing construction has been a bright spot in the Twin Cities seven-county area. New housing construction rose from 14,900 permitted housing units in 2018 to 19,500 units in 2019; then settled at 17,700 units in 2020 (U.S. Census Bureau, Building Permits Survey, preliminary estimate). Note: U.S. Census Bureau’s permitted housing statistics are often lower than Metropolitan Council’s statistics; the 2019 and 2020 housing production numbers were the first and second highest annual totals over the past decade. The apartment building boom has noticeably bolstered supply, leading to stabilized rent levels (CoStar/Apartments.com).

Delivering High-Performance Regional Services

Transit – Due to the COVID-19 outbreak in March 2020, Metro Transit experienced unprecedented sudden loss of 60.00 to 70.00 percent of ridership while incurring extensive maintenance cleaning expenses for all vehicles, customer facilities and support facilities. In late 2020, operations were slowly rebuilding as the region emerged from the impacts of the pandemic.

Metro Transit is one of the country's largest transit systems, providing nearly 85.00 percent of the 40.88 million regional bus and train trips taken annually in the Twin Cities in 2020. Each weekday, customers board Metro Transit regional buses and trains an average of nearly 112,000 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 2020, the METRO Blue Line carried 4.2 million passengers with an average weekday ridership of 12,170.

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 2020 the METRO Green Line carried 6.10 million passengers and experienced average weekday ridership of 18,271.

The NorthStar Commuter Rail provides service between Big Lake in Sherburne County and downtown Minneapolis. The service currently offers two morning and two afternoon trips on weekdays with no weekend service. 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 2020, the NorthStar Commuter Rail carried 152,456 passengers, with an average weekday ridership of 582.

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.

The Metro Mobility program is the metropolitan area's designated Americans with Disabilities Act (ADA) complementary paratransit service. In 2020, Metro Mobility provided over 1.45 million rides. Transit Link is a region-wide dial-a-ride program that assists people outside areas served by fixed-route transit and provided 113,804 rides in 2020. 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 2020, these routes carried over 1.0 million passengers. Suburban Transit Authority Providers are comprised of 12 communities selecting to manage their own transit service and provided over 1.40 million rides in 2020.

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 243 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 2019. The awards were given in 2020 and include: Hastings (29 years), St. Croix Valley (28 years), Blue Lake (14 years), Eagles Point (14 years), Empire (12 years), and Metro (8 years). These compliance records are among the highest in the nation.

The 2020 annual budget for Environmental Services operations was funded primarily from the metropolitan wastewater charge allocated to municipalities (\$235.6 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 billion (replacement cost) in infrastructure.

Sewer Availability Charge (SAC) units continue to remain strong. The 22,116 SAC units in 2020 were 12.6 percent lower than a record-high 2019 and 232.4 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 2020, program expenses were \$1.10 million, and expenses are budgeted at \$1.38 million in 2021.

Approximately \$103.84 million was spent on capital projects in 2020 to support the regional goals of maintaining infrastructure, accommodating growth, and protecting the environment. Approximately \$71.80 million (69%) was spent on improvements to the regional interceptor system and \$32.04 million (31%) 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 2020, 14% of capital expenses were categorized as improvements, 21% as expansion, and 65% as preservation.

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, 55 trails and 8 special recreation areas had 63.3 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. 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 6,800 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 300 households through other state and federally funded rent assistance programs serving households with specialized needs such as disabled, homeless, or working toward self-sufficiency.

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. In 2020, 97 metropolitan area communities are participating in the voluntary Livable Communities Act Local Housing Incentives program.

Financial Information

The 2020 unified budget was adopted by the Council on December 11, 2019. The original adopted budget for operations, pass-through expenditures and debt service was \$1.154 billion, representing a 4.06 percent increase from the budget adopted in 2019. During the year, the budget was revised to \$1.195 billion, primarily to recognize carry forward of budgeted expenses for projects initiated in the prior year but that are expected to be completed during 2020 and to recognize additional pass-through expenditures in 2020.

The Council budget relies on several funding sources. In the 2020 amended budget, \$296.66 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 \$676.82 million and \$88.74 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 2020, MVST revenues were projected at \$236.63 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.

The Council also adopted its 2020 capital program as part of the unified budget adopted in December 2019. 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 2020 capital program totaled \$ 8.08 billion, including \$ 3.59 billion in projects in the authorized capital program and \$4.48 billion in planned projects in the capital improvement plan. The adopted 2020 capital program included an annual capital budget of \$2.88 billion.

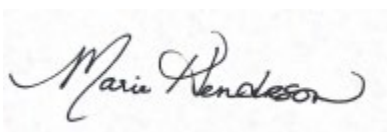
Awards and Acknowledgements

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 for the fiscal year ended December 31, 2019. This was the thirty-seventh 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 comprehensive annual financial report. 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,

A handwritten signature in cursive script that reads "Marie Henderson". The signature is written in dark ink on a light-colored background.

Marie Henderson
Deputy Chief Financial Officer / Acting Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
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Presented to

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

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

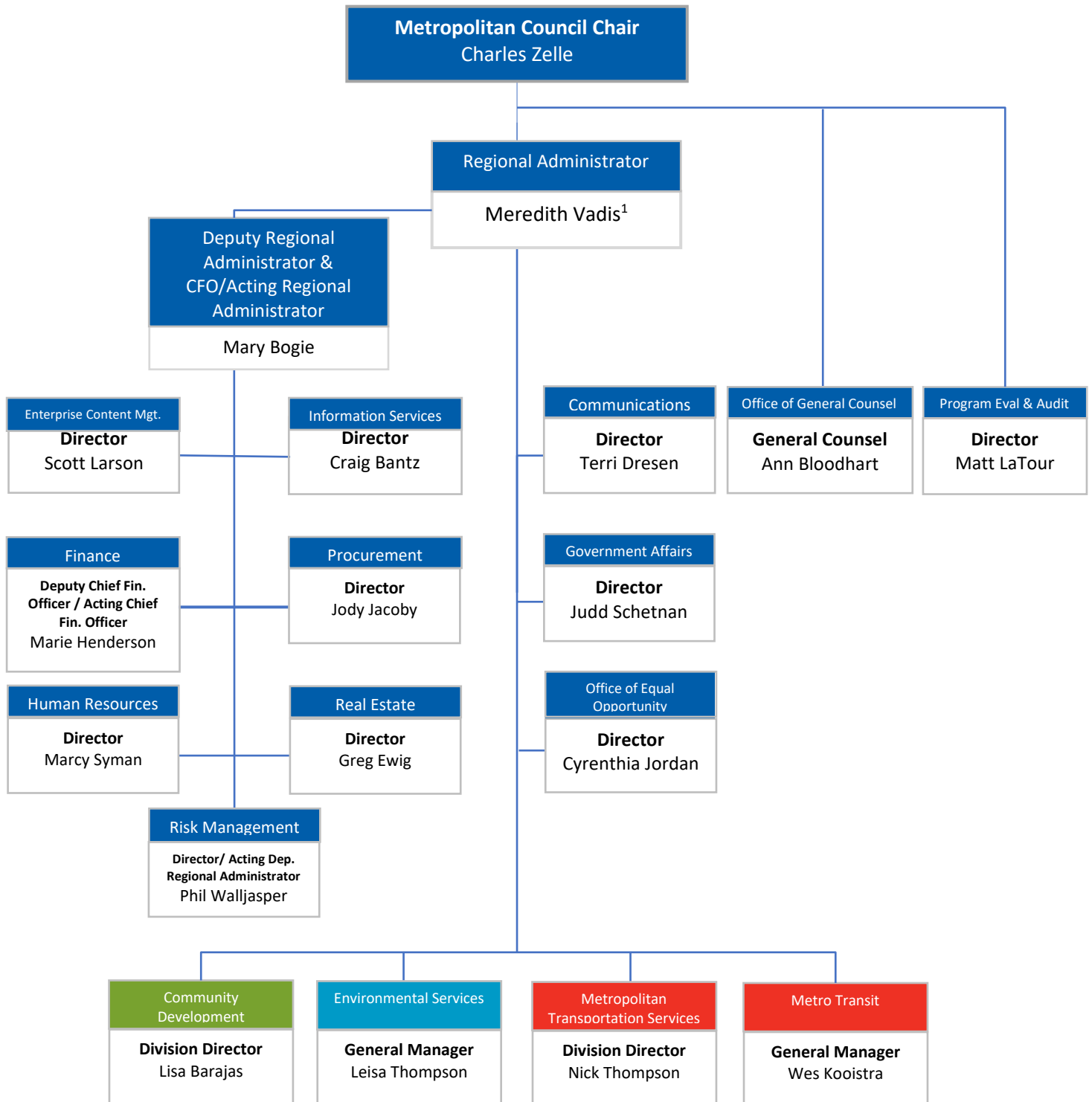
December 31, 2019

Christopher P. Morill

Executive Director/CEO

Metropolitan Council Organizational Chart

December 2020



¹ As of July 11, 2020 staff was reassigned within the Metropolitan Council due to Meredith Vadis assisting outside the organization. This is noted above by the "Acting" titles.

		Term of Office	
<i>COUNCIL MEMBERS</i>		First Appointed	End of Term
Chair:	Charles Zelle	January 6, 2020	January 2, 2023
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	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

OFFICERS

Chair	Charles Zelle
Vice-Chair	Molly Cummings
Acting Treasurer	Marie Henderson, Acting Deputy Chief Financial Officer
Secretary	Elizabeth Sund

FINANCIAL ADMINISTRATIVE OFFICIALS

Acting Regional Administrator	Mary Bogie
Acting Chief Financial Officer	Marie Henderson



FINANCIAL SECTION







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, 2020, 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 of the Twin Cities Area, as of December 31, 2020, 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 – Change in Accounting Principle

As discussed in Note I.C. to the financial statements, in 2020, the Metropolitan Council adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

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 GASB, 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 as listed in the table of contents 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, the 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 22, 2021, 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



DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

June 22, 2021



2020 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, 2020. 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 \$4.26 billion. Of this amount, \$3.62 billion or 84.96 percent represents net investment in capital assets.
- The Metropolitan Council's total net position increased by \$593.82 million, or 16.18 percent compared to the prior year's net position. Net position from business-type activities increased by \$592.60 million, mainly due to increased activity on the Metro Transit Bus and Metro Transit Light Rail lines. Governmental activities net position increased slightly, by \$1.22 million, mainly due to operating grant activity related to the COVID-19 pandemic and aid from the federal CARES Act.
- At the close of the current fiscal year, the Metropolitan Council's governmental funds reported combined fund balances of \$576.02 million, an increase of \$23.25 million, or 4.21 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 \$38.83 million, an increase of \$3.99 million or 11.44 percent compared to the previous year's fund balance. Approximately \$27.29 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 \$135.77 million. The Council issued \$297.80 million in bonds and notes while paying down \$162.03 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 two categories: governmental funds and proprietary 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.

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 31-65 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 67-78 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 79-97 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 99-125 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 \$4.26 billion, at the end of 2020.

Metropolitan Council Net Position December 31, 2020 and 2019 (In Thousands)

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 635,591	\$ 600,476	\$ 1,409,777	\$ 995,763	\$ 2,045,368	\$1,596,239
Capital assets	122,574	161,598	5,124,876	4,672,226	5,247,450	4,833,824
Total assets	758,165	762,074	6,534,653	5,667,989	7,292,818	6,430,063
Deferred outflows of resources:						
Outflows - derivative	-	-	1,495	726	1,495	726
Outflows - pension	1,899	22,078	24,341	191,572	26,240	213,650
Outflows - OPEB	1,705	1,559	60,777	53,268	62,482	54,827
Total deferred outflows of resources	3,604	23,637	86,613	245,566	90,217	269,203
Long-term liabilities outstanding	302,537	319,329	2,069,077	1,872,403	2,321,614	2,191,732
Other liabilities	58,905	49,216	383,254	306,239	442,159	355,455
Total liabilities	361,442	368,545	2,452,331	2,178,642	2,813,773	2,547,187
Deferred inflows of resources:						
Inflows - pension	31,080	49,045	260,572	413,456	291,652	462,501
Inflows - OPEB	264	360	12,531	18,221	12,795	18,581
Total deferred inflows of resources	31,344	49,405	273,103	431,677	304,447	481,082
Net position:						
Net investment in capital assets	75,276	98,575	3,548,318	3,292,273	3,623,594	3,390,848
Restricted	355,823	457,845	287,424	106,812	643,247	564,657
Unrestricted	(62,116)	(188,659)	60,090	(95,849)	(2,026)	(284,508)
Total net position	\$ 368,983	\$ 367,761	\$ 3,895,832	\$ 3,303,236	\$ 4,264,815	\$ 3,670,997

By far, the largest portion of the Metropolitan Council's net position, \$3.62 billion or 84.96 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.

An additional portion of the Metropolitan Council's net position, \$643.25 million or 15.08 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, \$78.59 million, came primarily from debt service and capital project activities.

The remaining balance of negative \$2.03 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.

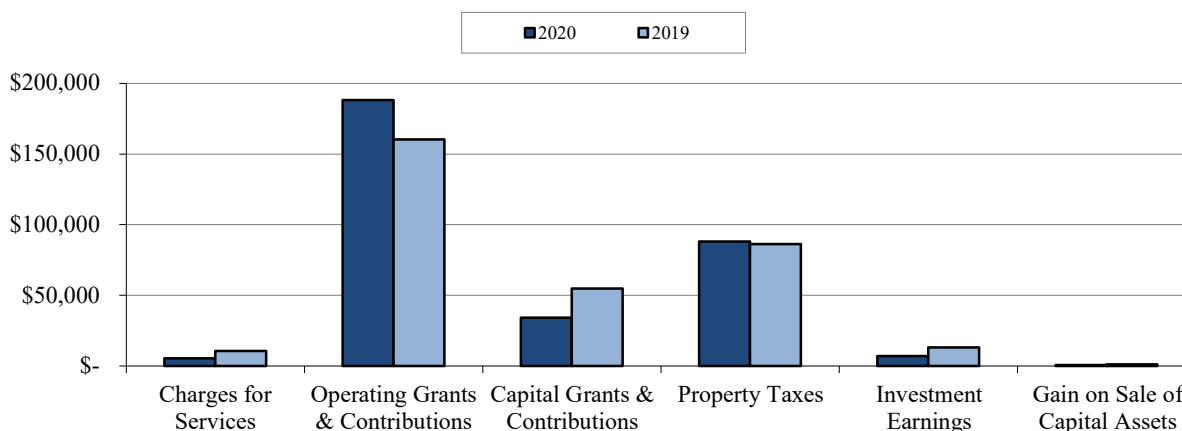
At the end of the current fiscal year, the Metropolitan Council is able to report positive balances in two of the three categories of net position. Governmental activities and business-type activities both had positive balances in two of the three categories. The Metropolitan Council's combined net position for governmental and business-type activities increased by \$593.82 million, or 16.18 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, 2020 and 2019
(In Thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,440	\$ 10,604	\$ 345,128	\$ 393,734	\$ 350,568	\$ 404,338
Operating grants and contributions	188,276	160,287	581,316	411,574	769,592	571,861
Capital grants and contributions	34,096	54,714	517,959	347,007	552,055	401,721
General revenues:						
Property taxes	88,027	86,228	-	-	88,027	86,228
Investment earnings	6,951	13,009	44,227	63,059	51,178	76,068
Gain on sale of capital assets	639	1,050	-	172	639	1,222
Total revenues	<u>323,429</u>	<u>325,892</u>	<u>1,488,630</u>	<u>1,215,546</u>	<u>1,812,059</u>	<u>1,541,438</u>
Expenses:						
General government	15,655	14,289	-	-	15,655	14,289
Transportation	194,598	176,640	-	-	194,598	176,640
Culture and recreation	43,375	56,383	-	-	43,375	56,383
Economic revitalization	12,464	16,835	-	-	12,464	16,835
Environment development	5,363	6,216	-	-	5,363	6,216
Housing	1,358	3,607	-	-	1,358	3,607
Interest and other charges	7,290	6,999	-	-	7,290	6,999
Environmental services	-	-	270,791	263,824	270,791	263,824
Transit bus	-	-	410,907	411,291	410,907	411,291
Transit light rail	-	-	148,492	151,400	148,492	151,400
Transit commuter rail	-	-	23,208	26,458	23,208	26,458
Housing	-	-	84,740	79,416	84,740	79,416
Total expenses	<u>280,103</u>	<u>280,969</u>	<u>938,138</u>	<u>932,389</u>	<u>1,218,241</u>	<u>1,213,358</u>
Increase (decrease) in net position before transfers	43,326	44,923	550,492	283,157	593,818	328,080
Transfers	(42,104)	(12,012)	42,104	12,012	-	-
Increase (decrease) in net position	1,222	32,911	592,596	295,169	593,818	328,080
Net position, beginning	367,761	334,850	3,303,236	3,008,067	3,670,997	3,342,917
Net position, ending	<u>\$ 368,983</u>	<u>\$ 367,761</u>	<u>\$ 3,895,832</u>	<u>\$ 3,303,236</u>	<u>\$ 4,264,815</u>	<u>\$ 3,670,997</u>

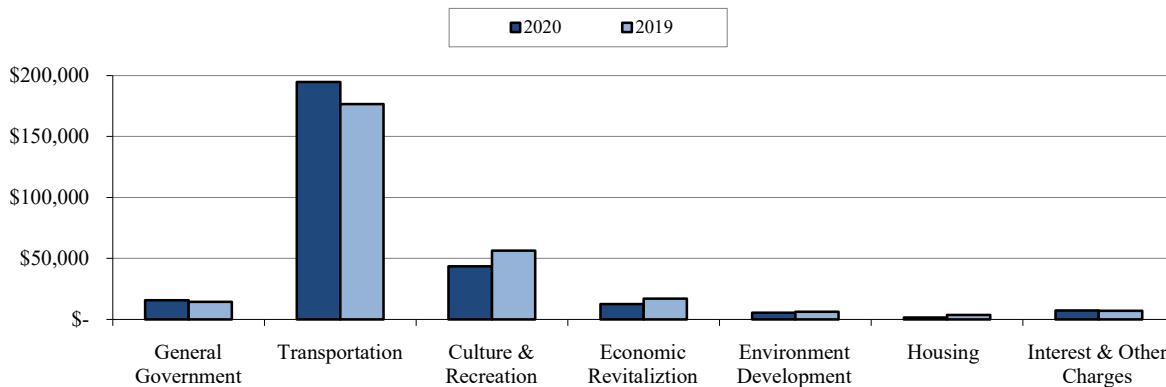
Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1.22 million or 0.33 percent of the difference from the prior fiscal year for an ending balance of \$368.98 million.

Governmental Activities Revenues
Fiscal Years Ended December 31, 2020 and 2019
(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 2020, 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 \$227.81 million, an increase of \$2.21 million, or 0.98 percent, compared to 2019. An increase in operating grant revenues of \$27.99 million, a decrease in charges for services revenues of \$5.16 million, and a decrease in capital grant revenues of \$20.62 million account for this change. The changes in operating grant revenues and charges for services revenues were due to the Covid-19 pandemic and reflect receipt of federal CARES Act grant revenue and loss of fare revenue. The change in capital grant revenue was due to a decrease in both parks and transit projects. Total governmental activities general revenues were \$95.62 million, a decrease of \$4.67 million or 4.66 percent under the prior year. This is mainly due to a decrease in investment earnings, reflecting lower market yields. Property taxes supporting general fund activity and parks debt service activity increased slightly, by \$1.80 million.

Governmental Activities Program Expenses
Fiscal Years Ended December 31, 2020 and 2019
(In Thousands)

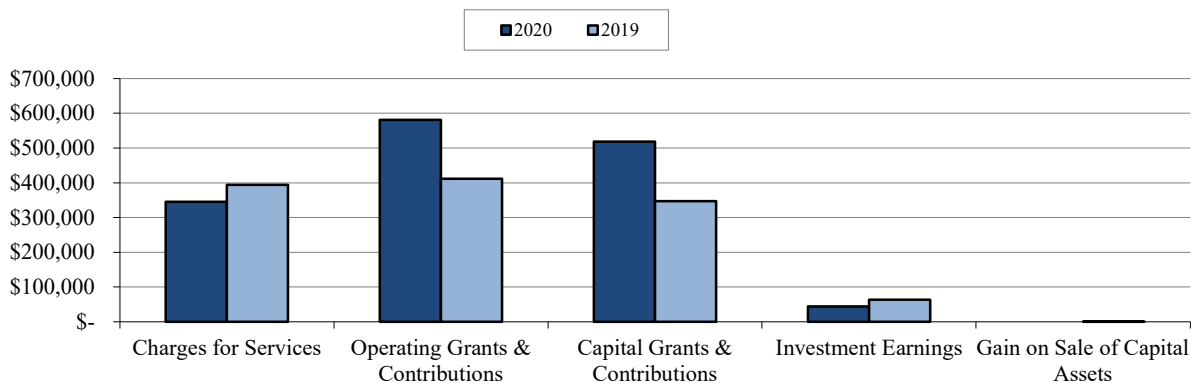


In 2020, expenses for governmental activities decreased by \$0.87 million, 0.31 percent, to \$280.10 million. General government expenses increased by \$1.37 million primarily due to increased compensated absences. Transportation expenses increased by \$17.96 million due to the transfer of Redline facilities to the Metro Transit enterprise fund, and culture and recreation expenses decreased by \$13.01 million due to timing of parks projects. In addition, interest expense increased by \$0.29 million, and the Council’s livable communities programs for housing, economic revitalization, and environment development decreased by \$7.47 million. The unexpended balances of all livable community grants programs are reported as restricted net position.

Depreciation for the year was \$25.05 million, a decrease of \$0.74 million from 2019. Net transfers to business-type activities increased by \$30.09 million to \$42.10 million. Transfers were primarily capital expense reimbursements, with Metro Transit Bus the primary recipient. Net salaries and benefits decreased \$0.48 million and payments to outside transit providers increased by \$12.50 million due to passing federal grant dollars through to Suburban Transit Providers in response to the Covid-19 pandemic.

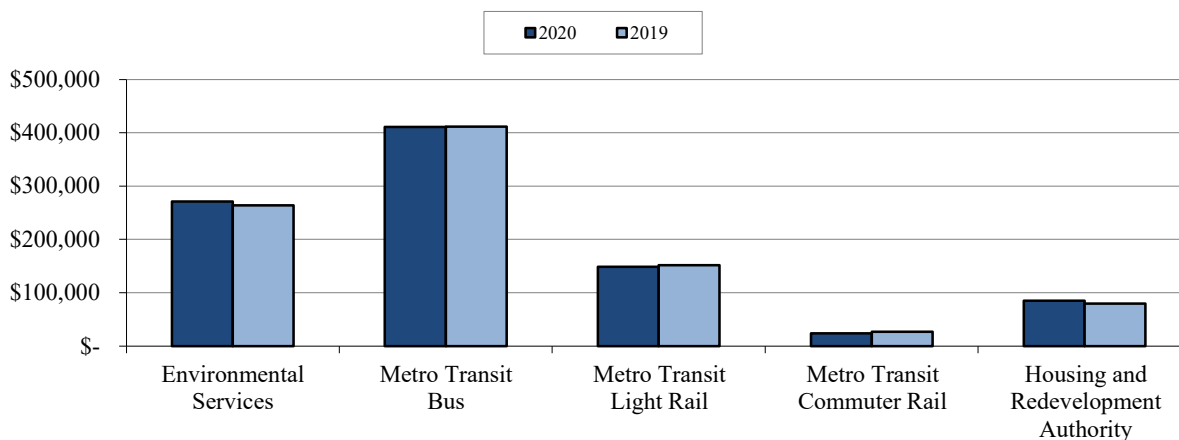
Business-type Activities. For the Metropolitan Council’s business-type activities, the results for the current fiscal year increased the overall net position to reach an ending balance of \$3.90 billion. The total increase in net position for business-type activities (Environmental services, Transit bus, Transit light rail, Transit commuter rail, and Housing) was \$592.60 million or 17.94 percent from the prior fiscal year’s net position.

Business-type Activities Revenues
Fiscal Years Ended December 31, 2020 and 2019
(In Thousands)



Program revenues for the Council’s business-type activities totaled \$1.44 billion, or 153.96 percent of related expenses for fiscal year 2020 compared to \$1.15 billion, 123.59 percent of related expenses, in the prior year. Capital grants increased by \$170.96 million, primarily due to increased activity on the Green Line extension. Operating grants revenue increased by \$169.74 million, and charges for services revenues decreased by \$48.61 million, due to the Covid-19 pandemic. The changes reflect receipt of federal CARES Act grant revenue and loss of fare revenue, respectively. Investment earnings decreased by \$18.83 million, reflecting lower market yields.

Business-type Activities Expenses
Fiscal Year Ended December 31, 2020 and 2019
(In Thousands)



Business-type activities in 2020 incurred expenses of \$938.14 million, an increase of \$5.75 million, or 0.62 percent, from the prior year. Covid-19 pandemic impacts, in addition to higher actuarial pension expenses, account for the increase. Environmental services program expenses increased by \$6.97 million, and Housing and Redevelopment Authority expenses increased by \$5.32 million primarily due to increased rent payments as tenants lost employment due to the pandemic. These increases were offset by the transit service reductions made in response to the Covid-19 pandemic. Metro Transit Bus expenses decreased by \$0.38 million, Metro Transit Light Rail expenses decreased by \$2.91 million, Metro Transit Commuter Rail expenses decreased by \$3.25 million.

Overall salaries and benefit related expenses increased by \$6.39 million to \$441.49 million due to higher actuarial pension expenses in all programs as well as several new positions in the Environmental Services program. The Covid-19 pandemic was also primarily responsible for a \$5.18 million increase in housing payments and a \$5.02 million increase in materials and supplies expenses. These increases were offset by decreases in contracted services (\$4.90 million), depreciation expense (\$4.23 million), insurance and advertising. Depreciation expense decreased to \$194.40 million from \$198.62 million in 2019. 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, 2020, the Metropolitan Council's governmental funds had combined fund balances of \$576.02 million, an increase of \$23.25 million in comparison with the prior year. Approximately \$27.29 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, \$54.11 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, \$474.14 million; committed for particular purposes, \$123.91 million; or assigned for particular purposes, \$4.79 million.

Revenues from all governmental funds for the current year were \$322.57 million, a decrease of \$2.43 million, 0.75 percent, from the previous year. Governmental funds share of state appropriation revenue, used to support metro mobility transit operations, decreased by \$10.17 million. Operating grant revenues increased by \$40.20 million due to federal CARES Act funds received to support transit operations during the Covid-19 pandemic. Capital grant revenues decreased by \$9.00 million for parks capital projects and decreased by \$11.45 million for transit capital projects, due to the timing of project expenses. Taxes increased by \$1.42 million and investment earnings decreased by \$6.06 million.

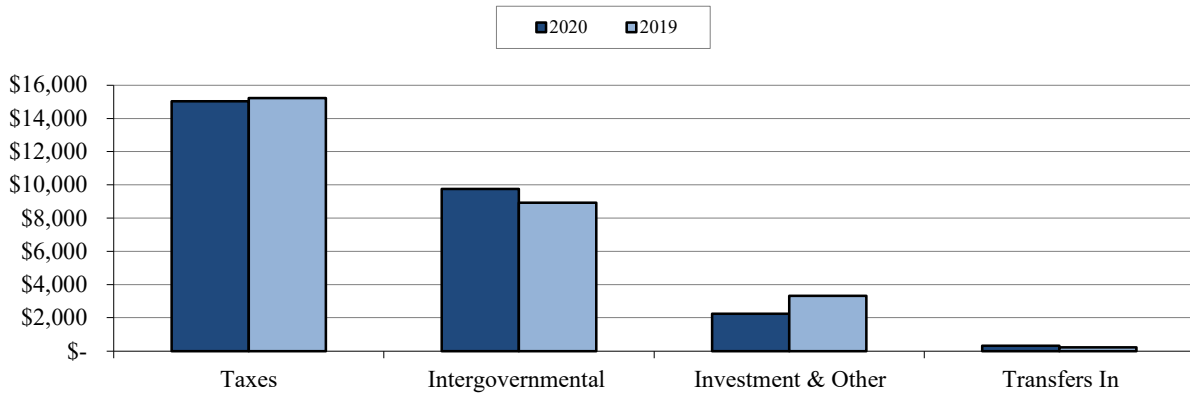
Expenditures for all governmental funds in the current year were \$305.43 million, a decrease of \$5.64 million from the previous year. Culture and recreational program expenditures decreased by \$13.01 million primarily due to the timing of regional parks activity. The Council's livable communities programs (housing, economic revitalization, and environment development) spending decreased by \$7.47 million, reflecting environment and economic development projects in a planning phase during the year. Transportation expenditures increased by \$12.31 million to \$164.93 million, due to passing through federal CARES Act grant dollars to Suburban Transit Providers. Debt service principal and interest payments increased by \$7.09 million, for a total of \$54.39 million. Capital outlay decreased by \$5.16 million to \$11.51 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 2020, \$7.28 million was committed for specific purposes and \$4.25 million was assigned for existing obligations, leaving \$27.29 million unassigned. The General Fund increased by \$3.99 million to \$38.83 million, or 11.44 percent over the prior year. Approximately \$1.12 million of the increase is due to incomplete projects carried over to 2021, with the difference due to decreased consulting costs.

**General Fund
Revenues by Source and Other Financing Sources
Fiscal Years Ended December 31, 2020 and 2019
(In Thousands)**

	2020		2019		Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	
<u>Revenues by Source</u>					
Taxes	\$15,033	55%	\$15,232	55%	\$ (199)
Intergovernmental Revenues	9,745	36%	8,921	32%	824
Investment Income and Other	2,242	8%	3,326	12%	(1,084)
Transfers In	314	1%	319	1%	(5)
Total Revenue and Other Financing Sources	\$27,334	100%	\$27,798	100%	\$ (464)

**General Fund
Revenues by Source and Other Financing Sources
Fiscal Years Ended 2020 and 2019
(In Thousands)**

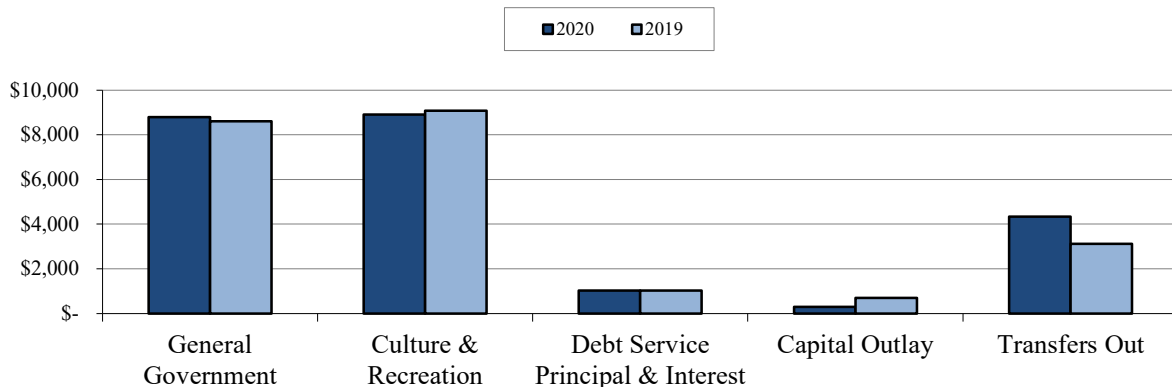


General Fund revenues decreased by \$0.46 million over the previous year. Investment and other income decreased by \$1.08 million primarily due to market yields. Tax revenue decreased by \$0.20 million and intergovernmental revenue increased by \$0.82 million. General Fund operating transfers-in, used primarily for water supply planning in 2020, decreased by \$0.05 million to \$0.31 million.

**General Fund
Expenditures by Function and Other Financing Uses
Fiscal Years Ended December 31, 2020 and 2019
(In Thousands)**

	2020		2019		Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	
Expenditures by Function					
General Government	\$ 8,790	38%	\$ 8,595	38%	\$ 195
Culture and Recreation	8,903	38%	9,077	40%	(174)
Debt Service (Principal Only)	900	4%	875	4%	25
Debt Service (Interest Only)	123	1%	148	1%	(25)
Capital Outlay	296	1%	695	3%	(399)
Total Expenditures	\$ 19,012	82%	\$ 19,390	86%	\$ (378)
Transfers Out	4,336	18%	3,118	14%	1,218
Total Expenditures and Other Financing Uses	\$ 23,348	100%	\$ 22,508	100%	\$ 840

**General Fund
Expenditures by Function and Other Financing Uses
Fiscal Years Ended December 31, 2020 and 2019
(In Thousands)**



METROPOLITAN COUNCIL

General Fund expenditures (net of allocations) during the current year were \$19.01 million, a decrease of \$0.38 million under the previous year. Other financing uses-transfers out increased by \$1.22 million. The General Fund budgeted and transferred out \$1.00 million for livable communities as required by State statute, \$1.5 million to further support affordable housing initiatives, and \$0.70 million for a Metro Mobility pilot project. Transfers out for business-type activities included \$0.14 million to Environmental Services for reimbursement of water supply program expenditures, \$0.50 million to Metro Transit Bus for a transportation safety initiative, and \$0.50 million to HRA for the family affordable housing 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 2021 through the budget process.

In 2020, the Metro Mobility Fund balance increased by \$4.47 million to \$74.22 million. Metro Mobility's total revenues decreased by \$3.37 million to \$85.88 million. State revenues decreased by \$10.17 million due to a change in state legislation. Federal revenues increased \$11.19 million due to CARES Act operating grant dollars used to support the Metro Mobility program during the Covid-19 pandemic. The number of passenger trips and passenger miles decreased by 39.47% and 26.60% respectively, and fare revenues decreased 49.54% to \$3.98 million due to the pandemic. Total Metro Mobility expenditures were \$82.11 million for the year, an increase of \$2.67 million compared to 2019. The increase was primarily due to increased costs related to providing transit service safely during the Covid-19 pandemic.

The Debt Retirement Fund balance increased by \$22.50 million to \$144.61 million as anticipated for debt repayments. Property tax related revenues increased \$1.16 million over the prior year to \$55.36 million. Investment earnings decreased by \$1.48 million. Total debt service payments were \$53.37 million, an increase of \$7.09 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 \$3.85 billion at December 31, 2020. The total net position for all enterprise funds increased by \$586.08 million during 2020 compared to the prior year's net position. Capital grant revenues account for most of this increase.

Proprietary Funds
Key Balance Sheet Account Balances and Revenue and Expense Activities
Fiscal Years Ended December 31, 2020 and 2019
(In Thousands)

	Enterprise Funds							
	Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total 2020	Total 2019	Internal Service
		Bus	Light Rail	Commuter Rail				
Assets	\$ 2,577,836	\$ 1,199,241	\$ 2,506,071	\$ 173,520	\$ 26,159	\$ 6,482,827	\$ 5,620,231	\$ 55,185
Deferred outflows of resources	15,774	65,025	5,314	334	166	86,613	245,566	-
Liabilities	1,716,165	436,236	284,869	7,112	3,653	2,448,035	2,171,900	6,954
Deferred inflows of resources	45,548	187,325	34,255	3,152	2,823	273,103	431,677	-
Operating Income (Loss)	18,633	(381,397)	(136,520)	(22,702)	(83,884)	(605,870)	(547,018)	6,911
Changes in Net Position	44,841	183,972	363,719	(11,048)	4,598	586,082	286,399	7,401
Net Position	831,897	640,705	2,192,261	163,590	19,849	3,848,302	3,262,220	48,231

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 \$28.18 million.

Metro Transit Bus is the region's largest direct provider of bus transit service. For December 31, 2020, net investment in capital assets was \$596.77 million, an increase of \$52.36 million. This increase was due to investment in buildings and buses and the planning of the new bus rapid transit lines, as well as the transfer in of Redline facilities from a nonmajor governmental fund.

METROPOLITAN COUNCIL

The Metro Transit Light Rail Fund provides the region's light rail transit service. For December 31, 2020, the net investment in capital assets was \$2.01 billion, an increase of \$197.58 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, 2020, the net investment in capital assets was \$157.81 million, a decrease of \$9.94 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, 2020, was \$19.85 million, of which \$7.23 million was net investment in capital assets.

General Fund Budgetary Highlights

The original expenditure budget was increased by \$3.97 million to arrive at the final budget of \$26.72 million. The increase came from:

- \$25.00 thousand in additional budget carryovers from 2019 for community development projects.
- \$1.90 million in additional budget carryovers from 2019 for ADA compliance.
- \$276.00 thousand in additional budget carryovers from 2019 for building access and customer relations projects.
- \$937.79 thousand in additional budget carryovers from 2019 for council wide technology capital outlays.
- \$600.00 thousand in additional parks operating and maintenance expenses.
- \$229.74 thousand for two technology support positions transferred from Metro Transit Bus enterprise fund.

During the year, however, actual operating expenditures were \$7.71 million lower than the final budget. This amount includes \$1.12 million in carryovers to 2021, the balance was mainly a result of lower consulting costs and capital outlays.

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, 2020, amounts to \$5.25 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 8.56 percent.

Metropolitan Council Capital Assets
(Net of Accumulated Depreciation)
Fiscal Years Ended December 31, 2020 and 2019
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 215	\$ 6,958	\$ 256,838	\$ 256,508	\$ 257,053	\$ 263,466
Buildings and infrastructure	10,419	32,642	2,870,738	2,846,933	2,881,157	2,879,575
Vehicles and other equipment	111,940	121,998	423,395	473,083	535,335	595,081
Construction in progress	-	-	1,573,905	1,095,702	1,573,905	1,095,702
Total	<u>\$ 122,574</u>	<u>\$ 161,598</u>	<u>\$ 5,124,876</u>	<u>\$ 4,672,226</u>	<u>\$ 5,247,450</u>	<u>\$ 4,833,824</u>

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

The Metropolitan Council's net capital assets for governmental activities decreased by \$39.02 million for the year.

The business-type activities had an increase of \$452.65 million. Increases of \$363.78 million in Metro Transit Light Rail, \$72.11 million in Metro Transit Bus and \$28.18 million in Environmental Services were offset by decreases of \$10.35 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 page 45 of this report.

Debt Administration

At the end of the fiscal year, the Metropolitan Council had total bonds and loans outstanding of \$1.69 billion. Of this amount, \$1.16 billion was for general obligation bonds and notes issued by the Metropolitan Council and \$524.13 million was for loans from the State of Minnesota Public Facilities Authority. 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, 2020 and 2019
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General obligation bonds and notes	\$ 245,380	\$ 262,910	\$ 919,115	\$ 746,580	\$ 1,164,495	\$ 1,009,490
State of Minnesota loans	-	375	524,131	540,595	524,131	540,970
Hennepin County Notes Payable	-	-	-	2,395	-	2,395
Total of general obligation bonds and loans	<u>\$ 245,380</u>	<u>\$ 263,285</u>	<u>\$1,443,246</u>	<u>\$1,289,570</u>	<u>\$ 1,688,626</u>	<u>\$ 1,552,855</u>

The Metropolitan Council's total debt increased by \$135.77 million, or 8.74 percent, during the year. General obligation bonds and notes increased by \$155.01 million, the State of Minnesota Public Facilities Authority loans decreased by \$16.84 million and notes payable with Hennepin County decreased by \$2.40 million. The Council issued \$213.96 million of new bonds, while retiring \$104.90 million of bonds and loans. Also, during 2020 the Metropolitan Council drew down \$37.89 million in State of Minnesota loans and repaid \$54.73 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 \$31.20 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 47-50 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 2021 fiscal year budget.

- The Council's operating budget relies on several funding sources. For 2021, total state revenues (state general fund appropriations and motor vehicle sales taxes) are expected to represent 37.56 percent of total revenues and other sources, a decrease of 1.99 percent from 2020.
- A major factor that has helped the economic outlook affecting the Council's operating budget for the Transit funds, is the reliance on the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARP).
- 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 0.20 percent lower than forecasted in November. Receipts in excess of budget fall to reserve balances and are considered in the next budget cycle.
- User fees represent 30.97 percent of total revenues and other sources for 2021, a decrease of 13.07 percent from the 2020 adopted budget. Transit service fees decreased 58.68% due to low ridership and reduced transit service levels caused by the Covid-19 pandemic. Wastewater treatment fees increased 5.17%, which is more than inflation mainly due to using sewer availability charge reserves to fund capital projects.
- The certified property tax levy approved by the Council for amounts payable in 2021 represents a 0.00 percent increase over the previous year's levy. This zero increase was due to the pandemic economic impact and prudent to our tax payers. 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, 2020
IN THOUSANDS

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 494,049	\$ 539,064	1,033,113
Receivables, net	6,092	12,718	18,810
Internal balances	701	(701)	-
Due from other governmental units	90,945	183,289	274,234
Inventory	-	43,312	43,312
Prepays and other	-	1,676	1,676
Loans and advances	43,804	780	44,584
Restricted assets:			
Cash and cash equivalents	-	525,350	525,350
Receivables, net	-	6,753	6,753
Due from other governmental units	-	97,420	97,420
Loans receivable	-	116	116
Capital assets not being depreciated			
Land	215	256,838	257,053
Construction in progress	-	1,573,905	1,573,905
Capital assets (net of accumulated depreciated)			
Buildings and infrastructure	10,419	2,870,738	2,881,157
Vehicles	108,758	375,670	484,428
Equipment	3,182	47,725	50,907
Total assets	<u>758,165</u>	<u>6,534,653</u>	<u>7,292,818</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows derivative	-	1,495	1,495
Deferred outflows pension	1,899	24,341	26,240
Deferred outflows OPEB	1,705	60,777	62,482
Total deferred outflows of resources	<u>3,604</u>	<u>86,613</u>	<u>90,217</u>
LIABILITIES			
Accounts payable and other current liabilities	54,959	37,204	92,163
Accrued interest payable	3,560	-	3,560
Unearned revenue	386	24,898	25,284
Restricted liabilities:			
Liabilities payable from restricted assets	-	136,000	136,000
Unearned revenue	-	185,152	185,152
Noncurrent liabilities:			
Due within one year	62,839	284,545	347,384
Due in more than one year	218,869	1,303,153	1,522,022
OPEB liability due in more than one year	7,066	354,393	361,459
Net pension liability due in more than one year	13,763	126,986	140,749
Total liabilities	<u>361,442</u>	<u>2,452,331</u>	<u>2,813,773</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows pension	31,080	260,572	291,652
Deferred inflows OPEB	264	12,531	12,795
Total deferred inflows of resources	<u>31,344</u>	<u>273,103</u>	<u>304,447</u>
NET POSITION			
Net investment in capital assets	75,276	3,548,318	3,623,594
Restricted for:			
Debt service	129,451	21,293	150,744
Capital projects	99,385	264,215	363,600
Highway right-of-way	57,905	-	57,905
Economic revitalization	48,450	-	48,450
Environment development	15,385	-	15,385
Housing	4,810	1,916	6,726
Regional land use	437	-	437
Unrestricted	(62,116)	60,090	(2,026)
Total net position	<u>\$ 368,983</u>	<u>\$ 3,895,832</u>	<u>\$ 4,264,815</u>

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
IN THOUSANDS**

Function/program	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for	Operating	Capital	Governmental Activities	Business-type Activities	Total
		Services	Grants and Contributions	Grants and Contributions			
Governmental activities:							
General government	\$ 15,655	\$ 364	\$ 361	\$ 1,902	\$ (13,028)	\$ -	\$ (13,028)
Transportation	194,598	5,076	178,735	2,649	(8,138)	-	(8,138)
Culture and recreation	43,375	-	9,180	29,545	(4,650)	-	(4,650)
Economic revitalization	12,464	-	-	-	(12,464)	-	(12,464)
Environment development	5,363	-	-	-	(5,363)	-	(5,363)
Housing	1,358	-	-	-	(1,358)	-	(1,358)
Interest and other charges	7,290	-	-	-	(7,290)	-	(7,290)
Total governmental activities	<u>280,103</u>	<u>5,440</u>	<u>188,276</u>	<u>34,096</u>	<u>(52,291)</u>	<u>-</u>	<u>(52,291)</u>
Business-type activities:							
Environmental services	270,791	299,236	2,272	-	-	30,717	30,717
Transit bus	410,907	32,236	405,036	100,752	-	127,117	127,117
Transit light rail	148,492	12,293	71,316	417,071	-	352,188	352,188
Transit commuter rail	23,208	507	14,822	136	-	(7,743)	(7,743)
Housing	84,740	856	87,870	-	-	3,986	3,986
Total business-type activities	<u>938,138</u>	<u>345,128</u>	<u>581,316</u>	<u>517,959</u>	<u>-</u>	<u>506,265</u>	<u>506,265</u>
Total governmental and business-type activities	<u>\$ 1,218,241</u>	<u>\$ 350,568</u>	<u>\$ 769,592</u>	<u>\$ 552,055</u>	<u>(52,291)</u>	<u>506,265</u>	<u>453,974</u>
General revenues:							
Property taxes					88,027	-	88,027
Investment earnings					6,951	44,227	51,178
Gain on sale of capital assets					639	-	639
Transfers					(42,104)	42,104	-
Total general revenues and transfers					<u>53,513</u>	<u>86,331</u>	<u>139,844</u>
Change in net position					1,222	592,596	593,818
Net position, beginning					367,761	3,303,236	3,670,997
Net position, ending					<u>\$ 368,983</u>	<u>\$ 3,895,832</u>	<u>\$ 4,264,815</u>

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020
IN THOUSANDS**

	General	Metro Mobility Special Revenue	Debt Retirement	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 43,242	\$ 45,728	\$ 143,510	\$ 261,569	\$ 494,049
Receivables, net	423	-	-	8	431
Delinquent taxes receivable	702	-	3,696	559	4,957
Interest receivable	122	59	188	335	704
Due from other funds	-	-	-	5,421	5,421
Due from other governmental units	137	46,605	-	44,203	90,945
Loans and advances	117	-	-	43,687	43,804
Total assets	<u>\$ 44,743</u>	<u>\$ 92,392</u>	<u>\$ 147,394</u>	<u>\$ 355,782</u>	<u>\$ 640,311</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts/contracts/subgrantees payable	\$ 2,329	\$ 18,172	\$ -	\$ 31,321	\$ 51,822
Salaries payable	3,137	-	-	-	3,137
Due to other funds	-	-	-	5,421	5,421
Unearned revenue	32	-	-	354	386
Total liabilities	<u>5,498</u>	<u>18,172</u>	<u>-</u>	<u>37,096</u>	<u>60,766</u>
Deferred inflows of resources:					
Unavailable revenue - taxes	415	-	2,788	322	3,525
Fund balances:					
Restricted	-	-	144,606	329,535	474,141
Committed	7,283	74,220	-	42,409	123,912
Assigned	4,254	-	-	533	4,787
Unassigned	27,293	-	-	(54,113)	(26,820)
Total fund balances	<u>38,830</u>	<u>74,220</u>	<u>144,606</u>	<u>318,364</u>	<u>576,020</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 44,743</u>	<u>\$ 92,392</u>	<u>\$ 147,394</u>	<u>\$ 355,782</u>	<u>\$ 640,311</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, 2020
IN THOUSANDS**

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

Fund balances-total governmental funds (page 22)	\$	576,020
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		122,574
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.		701
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.		(306,097)
Deferred inflows resulting from taxes are not available to pay for current period expenditures, and therefore, are not reported as revenue in governmental funds.		3,525
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		1,899
Deferred inflows related to pensions		(31,080)
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		1,705
Deferred inflows related to OPEB		(264)
		368,983
Net position of governmental activities (page 20)	\$	368,983

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, 2020
IN THOUSANDS**

	General	Metro Mobility Special Revenue	Debt Retirement	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 15,033	\$ -	\$ 55,355	\$ 17,415	\$ 87,803
Intergovernmental revenue:					
Federal	361	11,188	-	36,164	47,713
Build America bonds interest subsidy	-	-	421	-	421
State	9,180	70,166	-	94,688	174,034
Local	204	-	-	110	314
Investment income	1,988	542	1,302	3,119	6,951
Other	254	3,981	-	1,095	5,330
Total revenues	<u>27,020</u>	<u>85,877</u>	<u>57,078</u>	<u>152,591</u>	<u>322,566</u>
EXPENDITURES					
Current:					
General government	8,790	-	34	3,220	12,044
Transportation	-	82,108	-	30,252	112,360
Intergovernmental:					
Transportation	-	-	-	52,573	52,573
Culture and recreation	8,903	-	-	34,472	43,375
Economic revitalization	-	-	-	12,464	12,464
Environment development	-	-	-	5,363	5,363
Housing	-	-	-	1,358	1,358
Debt service:					
Principal	900	-	41,860	-	42,760
Interest and other charges	123	-	11,505	-	11,628
Capital outlay	296	-	-	11,212	11,508
Total expenditures	<u>19,012</u>	<u>82,108</u>	<u>53,399</u>	<u>150,914</u>	<u>305,433</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,008</u>	<u>3,769</u>	<u>3,679</u>	<u>1,677</u>	<u>17,133</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	314	700	2	2,970	3,986
Transfers out	(4,336)	-	(470)	(21,789)	(26,595)
Bonds issued	-	-	-	8,800	8,800
Premium on bonds and capital related debt	-	-	295	-	295
Refunding bonds issued	-	-	15,155	-	15,155
Premium on refunding bonds	-	-	3,840	-	3,840
Sale of capital assets	-	-	-	639	639
Total other financing sources (uses)	<u>(4,022)</u>	<u>700</u>	<u>18,822</u>	<u>(9,380)</u>	<u>6,120</u>
Net change in fund balances	3,986	4,469	22,501	(7,703)	23,253
Fund balances, beginning	34,844	69,751	122,105	326,067	552,767
Fund balances, ending	<u>\$ 38,830</u>	<u>\$ 74,220</u>	<u>\$ 144,606</u>	<u>\$ 318,364</u>	<u>\$ 576,020</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, 2020
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)	\$	23,253
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.		(13,537)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, transfers, and donations) is to decrease net position.		(25,487)
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.		887
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		224
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.		19,008
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.		<u>(3,126)</u>
Change in net position of governmental activities (page 21)	\$	<u><u>1,222</u></u>

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020
IN THOUSANDS**

	Business-type Activities						Internal Service Fund
	Enterprise Funds					Total	
	Environmental Services	Metro Transit Bus	Light Rail	Commuter Rail	Metropolitan Housing and Redevelopment Authority		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 142,506	\$ 317,260	\$ 3,864	\$ 7,072	\$ 13,177	\$ 483,879	\$ 55,185
Receivables, net	6,529	4,781	247	10	1,142	12,709	-
Delinquent Taxes Receivable	-	-	-	-	9	9	-
Due from other funds	-	2,658	-	-	-	2,658	-
Due from other governmental units	594	157,644	19,610	4,643	798	183,289	-
Inventory	10,218	16,308	14,699	2,087	-	43,312	-
Prepays and other	-	331	249	1,096	-	1,676	-
Restricted assets:							
Cash and cash equivalents	292,114	49,638	181,211	151	2,236	525,350	-
Receivables, net	6,460	52	241	-	-	6,753	-
Due from other governmental units	-	21,694	74,417	298	164	96,573	-
Loans receivable	116	-	-	-	-	116	-
Total current assets	458,537	570,366	294,538	15,357	17,526	1,356,324	55,185
Noncurrent assets:							
Capital assets:							
Land	23,134	52,568	75,170	99,560	6,406	256,838	-
Buildings and infrastructure	3,293,690	480,263	1,224,244	72,623	21,367	5,092,187	-
Vehicles	9,987	458,608	307,948	56,834	-	833,377	-
Equipment	28,030	116,971	82,908	15,355	100	243,364	-
Construction in progress	153,363	175,926	1,244,423	193	-	1,573,905	-
Less accumulated depreciation	(1,389,923)	(656,070)	(723,160)	(86,402)	(19,240)	(2,874,795)	-
Net capital assets	2,118,281	628,266	2,211,533	158,163	8,633	5,124,876	-
Due from other governments-restricted	847	-	-	-	-	847	-
Advances and loans	171	609	-	-	-	780	-
Total noncurrent assets	2,119,299	628,875	2,211,533	158,163	8,633	5,126,503	-
Total assets	2,577,836	1,199,241	2,506,071	173,520	26,159	6,482,827	55,185
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows derivative	-	1,495	-	-	-	1,495	-
Deferred outflows pension	2,037	16,919	4,885	334	166	24,341	-
Deferred outflows OPEB	13,737	46,611	429	-	-	60,777	-
Total deferred outflows of resources	15,774	65,025	5,314	334	166	86,613	-
LIABILITIES							
Current liabilities:							
Accounts payable	5,155	6,402	1,491	1,029	204	14,281	-
Salaries payable	3,707	16,331	330	23	151	20,542	-
Compensated absences payable	4,554	19,387	2,877	190	210	27,218	-
Due to other funds	-	-	2,658	-	-	2,658	-
Due to other governmental units	-	-	-	840	-	840	-
Unearned revenue	11,271	13,619	-	-	-	24,890	8
Accrued claims	403	3,556	121	208	-	4,288	6,946
Other	9	1,532	-	-	-	1,541	-
Restricted liabilities:							
Payables from restricted assets	16,838	31,496	73,920	356	-	122,610	-
Accrued interest payable from restricted assets	13,273	-	117	-	-	13,390	-
Bonds/loans payable from restricted assets	161,093	-	85,000	-	-	246,093	-
Unearned revenue from restricted assets	118,860	10,967	54,944	79	302	185,152	-
Total current liabilities	335,163	103,290	221,458	2,725	867	663,503	6,954
Noncurrent liabilities:							
Compensated absences payable	4,414	1,419	-	-	140	5,973	-
Accrued claims	665	12,956	1,500	3,000	-	18,121	-
Bonds/loans payable after one year (net of unamortized discounts and deferred amount on refunding)	1,233,616	-	44,038	-	1,405	1,279,059	-
Pension liability	52,311	55,678	16,369	1,387	1,241	126,986	-
OPEB liability	89,996	262,893	1,504	-	-	354,393	-
Total noncurrent liabilities	1,381,002	332,946	63,411	4,387	2,786	1,784,532	-
Total liabilities	1,716,165	436,236	284,869	7,112	3,653	2,448,035	6,954
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows pension	44,104	176,310	34,183	3,152	2,823	260,572	-
Deferred inflows OPEB	1,444	11,015	72	-	-	12,531	-
Total deferred inflows of resources	45,548	187,325	34,255	3,152	2,823	273,103	-
NET POSITION							
Net investment in capital assets	778,055	596,771	2,008,456	157,808	7,228	3,548,318	-
Restricted for:							
Debt service	21,293	-	-	-	-	21,293	-
Capital projects	936	60,417	202,492	370	-	264,215	-
Housing operations	-	-	-	-	1,916	1,916	-
Unrestricted	31,613	(16,483)	(18,687)	5,412	10,705	12,560	48,231
Total net position	\$ 831,897	\$ 640,705	\$ 2,192,261	\$ 163,590	\$ 19,849	\$ 3,848,302	\$ 48,231
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						47,530	
Net position of business-type activities (page 20)						\$ 3,895,832	

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, 2020
IN THOUSANDS**

	Business-type Activities						
	Enterprise Funds						Internal Service Fund
	Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total	
	Bus	Light Rail	Commuter Rail				
Operating revenues:							
Charges for services:							
Wastewater and industrial strength charges	\$ 251,775	\$ -	\$ -	\$ -	\$ -	\$ 251,775	\$ -
Transit fares	-	29,212	11,511	507	-	41,230	-
Tenant rent	-	-	-	-	820	820	-
Advertising and auxiliary	-	2,213	782	-	-	2,995	-
Insurance premiums	-	-	-	-	-	-	81,769
Miscellaneous	-	-	-	-	36	36	988
Total operating revenues	<u>251,775</u>	<u>31,425</u>	<u>12,293</u>	<u>507</u>	<u>856</u>	<u>296,856</u>	<u>82,757</u>
Operating expenses:							
Salaries and employee benefits	90,117	276,226	63,974	5,952	5,217	441,486	-
Contracted services	23,240	16,734	4,960	5,996	2,087	53,017	1,336
Materials and supplies	11,809	53,283	12,702	1,785	29	79,608	-
Insurance	2,182	905	26	1,701	102	4,916	-
Utilities	17,652	3,396	5,546	544	142	27,280	-
Advertising	-	226	-	-	-	226	-
Housing related expenses	-	-	-	-	75,386	75,386	-
Claims	-	-	-	-	-	-	72,579
Other	20,246	4,344	850	264	708	26,412	1,931
Depreciation	67,896	57,708	60,755	6,967	1,069	194,395	-
Total operating expenses	<u>233,142</u>	<u>412,822</u>	<u>148,813</u>	<u>23,209</u>	<u>84,740</u>	<u>902,726</u>	<u>75,846</u>
Operating income (loss)	<u>18,633</u>	<u>(381,397)</u>	<u>(136,520)</u>	<u>(22,702)</u>	<u>(83,884)</u>	<u>(605,870)</u>	<u>6,911</u>
Nonoperating revenues (expenses):							
Taxes	-	-	-	-	781	781	-
Intergovernmental	2,272	405,036	71,316	14,822	87,089	580,535	-
Pass-through grants	(596)	(1,716)	-	-	-	(2,312)	-
Sewer availability charges	46,260	-	-	-	-	46,260	-
Investment income	16,405	28,558	(417)	103	112	44,761	490
Interest and fiscal charges	(29,795)	-	(151)	-	-	(29,946)	-
Gain/(loss) on sale of capital assets	(3,935)	(1,829)	-	-	-	(5,764)	-
Capital projects	(7,672)	-	-	-	-	(7,672)	-
Other	3,447	1,326	472	1	-	5,246	-
Total nonoperating revenues (expenses)	<u>26,386</u>	<u>431,375</u>	<u>71,220</u>	<u>14,926</u>	<u>87,982</u>	<u>631,889</u>	<u>490</u>
Income (loss) before contributions and transfers	<u>45,019</u>	<u>49,978</u>	<u>(65,300)</u>	<u>(7,776)</u>	<u>4,098</u>	<u>26,019</u>	<u>7,401</u>
Capital contributions	-	100,752	417,071	136	-	517,959	-
Transfers in	136	41,325	11,950	1,137	500	55,048	-
Transfers out	(314)	(8,083)	(2)	(4,545)	-	(12,944)	-
Total contributions and transfers	<u>(178)</u>	<u>133,994</u>	<u>429,019</u>	<u>(3,272)</u>	<u>500</u>	<u>560,063</u>	<u>-</u>
Change in net position	<u>44,841</u>	<u>183,972</u>	<u>363,719</u>	<u>(11,048)</u>	<u>4,598</u>	<u>586,082</u>	<u>7,401</u>
Total net position, beginning	<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>
Total net position, ending	<u>\$ 831,897</u>	<u>\$ 640,705</u>	<u>\$ 2,192,261</u>	<u>\$ 163,590</u>	<u>\$ 19,849</u>	<u>\$ 3,848,302</u>	<u>\$ 48,231</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.						<u>6,514</u>	
Changes in net position of business-type activities (page 21)						<u>\$ 592,596</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, 2020
 IN THOUSANDS

	Business-type Activities						Internal Service Fund
	Enterprise Funds						
	Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total	
	Bus	Light Rail	Commuter Rail				
Cash flows from operating activities							
Receipts from customers and users	\$ 257,387	\$ 32,739	\$ 11,747	\$ 508	\$ 847	\$ 303,228	\$ -
Receipts from interfund services	-	-	-	-	-	-	81,771
Payments to suppliers	(79,767)	(83,587)	(26,679)	(10,883)	(78,632)	(279,548)	(75,636)
Payments to employees	(78,396)	(264,433)	(61,756)	(5,780)	(5,042)	(415,407)	-
Receipts from others	-	2,213	782	-	-	2,995	-
Other non-operating expenses	(7,672)	-	-	-	-	(7,672)	-
Other non-operating revenues	8,409	262,022	60,546	-	8,019	338,996	988
Net cash provided (used) by operating activities	99,961	(51,046)	(15,360)	(16,155)	(74,808)	(57,408)	7,123
Cash flows from non-capital financing activities							
Short-term loan from other funds	-	-	2,658	-	-	2,658	-
Short-term loan to other funds	-	(2,658)	-	-	-	(2,658)	-
Intergovernmental receipts	-	17,789	2,300	13,999	80,101	114,189	-
Pass-through grant payments	(596)	(1,716)	-	-	-	(2,312)	-
Net cash provided by non-capital financing activities	(596)	13,415	4,958	13,999	80,101	111,877	-
Cash flows from capital and related financing activities							
Transfers in (out) - for capital purposes	-	13,748	11,948	1,137	-	26,833	-
Capital contributions	-	96,339	375,693	394	-	472,426	-
Proceeds from capital debt	168,851	-	129,038	-	-	297,889	-
Proceeds from sewer availability charges	54,567	-	-	-	-	54,567	-
Proceeds from sale of capital assets	705	2,050	-	1	-	2,756	-
Purchase of capital assets	(94,309)	(90,577)	(382,317)	(1,573)	-	(568,776)	-
Principal paid on capital debt	(117,773)	-	(2,395)	-	-	(120,168)	-
Interest paid on capital debt	(39,678)	-	(34)	-	-	(39,712)	-
Net cash provided by (used in) capital and related financing activities	(27,637)	21,560	131,933	(41)	-	125,815	-
Cash flows from investing activities							
Interest received (paid)	5,398	5,039	(1,042)	102	72	9,569	490
Increase (Decrease) in Fair Value of Investments	11,967	23,663	648	12	44	36,334	-
Net cash provided by (used in) investing activities	17,365	28,702	(394)	114	116	45,903	490
Net increase (decrease) in cash and cash equivalents	89,093	12,631	121,137	(2,083)	5,409	226,187	7,613
Balances, beginning	345,527	358,367	63,938	9,306	10,004	787,142	47,572
Balances, ending	\$ 434,620	\$ 370,998	\$ 185,075	\$ 7,223	\$ 15,413	\$ 1,013,329	\$ 55,185
Reconciliation of operating income (loss) to net cash provided (used) by operating activities							
Operating income (loss)	\$ 18,633	\$ (381,397)	\$ (136,520)	\$ (22,702)	\$ (83,884)	\$ (605,870)	\$ 6,911
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	67,896	57,708	60,755	6,967	1,069	194,395	-
Change in assets and liabilities:							
Accounts receivable	6,102	3,578	236	1	(106)	9,811	-
Due from employees	20	-	-	-	-	20	-
Due to other governments	-	(1,586)	-	-	-	(1,586)	-
Materials and supplies (inventory)	(729)	(1,805)	(710)	(350)	-	(3,594)	-
Prepaid expenses and other current assets	-	160	(29)	(432)	(9)	(310)	-
Accounts payable	(3,910)	(1,390)	(1,856)	189	(73)	(7,040)	209
Accrued payroll liabilities	1,880	459	494	39	44	2,916	-
Pension liability	(1,111)	(1,887)	437	(34)	(74)	(2,669)	-
OPEB liability	4,128	20,238	298	-	-	24,664	-
Deferred outflows of pension	35,447	106,374	21,486	2,083	1,841	167,231	-
Deferred outflows of OPEB	(392)	(7,047)	(70)	-	-	(7,509)	-
Deferred inflows of pension	(26,247)	(102,622)	(20,463)	(1,916)	(1,635)	(152,883)	-
Deferred inflows of OPEB	(2,004)	(3,722)	36	-	-	(5,690)	-
Unearned revenues	(489)	(51)	-	-	-	(540)	3
Other liabilities	-	(78)	-	-	-	(78)	-
Other non-operating expenses	(7,672)	-	-	-	-	(7,672)	-
Other non-operating revenues	8,409	262,022	60,546	-	8,019	338,996	-
Net cash provided (used) by operating activities	\$ 99,961	\$ (51,046)	\$ (15,360)	\$ (16,155)	\$ (74,808)	\$ (57,408)	\$ 7,123
Non-cash investing, capital and related financing activities:							
Transferred/donated assets	\$ -	\$ 95	\$ 2,774	\$ -	\$ -	\$ 2,869	\$ -
Loss on disposition of capital assets	(4,095)	-	-	-	-	(4,095)	-
Contribution to governmental activities capital assets	-	-	-	-	-	-	-
Vehicles	-	19,495	-	-	-	19,495	-

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of significant accounting policies	
A. Reporting entity.....	31
B. Government-wide and fund financial statements.....	31
C. Measurement focus, basis of accounting, and financial statement presentation.....	31
D. Assets, liabilities, deferred outflows/inflows of resources and net position or equity	
1. Cash and investments	
a. Cash and cash equivalents.....	33
b. Investments.....	33
2. Receivables and payables.....	33
3. Due from other governmental units.....	34
4. Inventories and prepaid items.....	34
5. Restricted assets.....	34
6. Capital assets.....	34
7. Loans/advances receivable.....	35
8. Deferred outflows/inflows of resources.....	35
9. Compensated absences.....	35
10. Long-term obligations.....	36
11. Fund equity.....	36
12. Net position.....	36
13. Estimates.....	36
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.....	37
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.....	38
III. Stewardship, compliance, and accountability	
A. Budgetary information.....	39
IV. Detailed notes on all funds	
A. Cash and investments	
1. Deposits.....	40
2. Investments.....	40
B. Energy forward pricing mechanisms.....	43
C. Receivables.....	44
D. Property taxes.....	44
E. Capital assets.....	45
F. Inter-fund receivables, payables, and transfers.....	46
G. Leases	
1. Operating leases.....	46
2. Capital leases.....	47
H. Long-term obligations	
1. General obligation debt.....	47
2. Loans payable.....	51
3. Refunded Bonds.....	51
4. Changes in long-term liabilities.....	51
I. Compensated absences.....	52
J. Fund balance.....	52

V. Other information	
A. Risk management	
1. Liability.....	53
2. Automobile.....	53
3. Errors and omissions.....	53
4. Property and crime.....	54
5. Workers' compensation.....	54
6. Cyber Insurance.....	54
7. Internal service fund.....	54
B. Pension obligations	
1. Defined benefit pension plans	
a. Minnesota State Retirement System-General Employees Fund (MSRS-GEF)	
General information.....	55
1. Pension liabilities, pension expense, and deferred outflows of resources and	
deferred inflows of resources related to pensions.....	56
b. Public Employees Retirement Association of Minnesota-	
Public Employees Police and Fire Fund (PERA-PEPFF) General information.....	58
1. Pension liabilities, pension expense, and deferred outflows of resources and	
deferred inflows of resources related to pensions.....	59
c. Summary of defined benefit plans.....	61
2. Defined contribution pension plan	
a. Minnesota State Retirement System-	
Unclassified Employees Retirement Fund (MSRS-UER) General information.....	61
C. Other postemployment benefits (OPEB) obligations.....	61
D. Sub-grantee programs.....	64
E. Commitments and contingencies.....	64
F. Subsequent events.....	65

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 and proprietary funds. 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. 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.

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, except that MSRS and PERA’s fiscal year-end is June 30. 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.

During the year ended December 31, 2020, the Metropolitan Council adopted GASB Statement No. 84 “Fiduciary Activities”. This statement addresses accounting and financial reporting purposes for fiduciary activity and how those activities should be reported. The requirement of this statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activity. The Council does not have fiduciary activities that fall within GASB Statement No. 84.

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, 2020, 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: a 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, 2020 was \$51,178,000.

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, 2020, the allowances for doubtful accounts were (dollars in thousands):

<u>Enterprise Fund</u>	<u>Balance</u>
Environmental Services	\$ 20
Metro Transit Bus	328
Total	<u>\$ 348</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, 2020, the allowances for obsolete inventory accounts were (dollars in thousands):

<u>Enterprise Fund</u>	<u>Balance</u>
Environmental Services	\$ 50
Metro Transit Bus	839
Total	<u>\$ 889</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 \$29,795,000. Additionally, \$3,784,000 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:

Assets	Useful Life
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 differences between projected and actual earnings on pension plan investments are recognized over a five-year period. 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 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 the 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 \$122,574,000 difference are as follows:

	<i>In thousands</i>
Land	\$ 215
Building – net of accumulated depreciation	10,419
Vehicles – net of accumulated depreciation	108,758
Equipment – net of accumulated depreciation	3,182
Net adjustment to increase <i>fund balances – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 122,574</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 \$701,000 difference is as follows:

	<i>In thousands</i>
Net position of the internal service fund	\$ 48,231
Less: Internal payable representing charges in the excess of cost to Business-type activities – prior years	(41,016)
Less: Internal payable representing charges in the excess of cost to Business-type activities – current year	<u>(6,514)</u>
Net adjustment to increase <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 701</u>

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 \$(306,097,000) difference are as follows:

	<i>In thousands</i>
General obligation bonds payable	\$ (245,380)
Net issuance premiums (to be amortized as interest expense)	(26,479)
Accrued interest	(3,560)
Compensated absences	(6,214)
Capital lease payable	(3,635)
OPEB liability	(7,066)
Net pension liability	<u>(13,763)</u>
Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ (306,097)</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 \$3,525,000 difference are as follows:

	<i>In thousands</i>
Unavailable revenue – property taxes	\$ 3,525
Net adjustment to increase <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 3,525</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 \$1,899,000 deferred outflows and the \$(31,080,000) deferred inflows differences are as follows:

	<i>In thousands</i>
Deferred outflows – pension obligations	\$ 1,899
Net adjustment to increase <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 1,899</u>
	<i>In thousands</i>
Deferred inflows – pension obligations	\$ (31,080)
Net adjustment to reduce <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (31,080)</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 \$1,705,000 deferred outflows and the \$(264,000) deferred inflows differences are as follows:

	<i>In thousands</i>
Deferred outflows – OPEB obligations	\$ 1,705
Net adjustment to increase <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 1,705</u>
	<i>In thousands</i>
Deferred inflows – OPEB obligations	\$ (264)
Net adjustment to reduce <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (264)</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 \$(13,537,000) difference are as follows:

	<i>In thousands</i>
Capital outlay	\$ 11,508
Depreciation expense	<u>(25,045)</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>\$ (13,537)</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 \$(25,487,000) difference are as follows:

	<i>In thousands</i>
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.	\$ (25,487)
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>\$ (25,487)</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 \$887,000 difference is as follows:

	<i>In thousands</i>
Change in net position of the internal service fund	\$ 7,401
Less: excess from charges to business-type activities	<u>(6,514)</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>\$ 887</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 \$224,000 difference is as follows:

	<i>In thousands</i>
Change in deferred inflows of resources – unavailable property tax revenue	\$ 224
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>\$ 224</u>

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 \$19,008,000 difference are as follows:

	<i>In thousands</i>
Issuance of general obligation bonds	\$ (8,800)
Less: discount/(premium on bonds)	(295)
Issuance of refunding bonds	(15,155)
Less: discount/(premium on bonds)	(3,840)
Bond (discount)/premium amortization	3,276
Change in accrued interest	1,062
Principal payments of general obligation bonds/loans	41,860
Capital lease payment	<u>900</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 19,008</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 \$ (3,126,000) difference are as follows:

	<i>In thousands</i>
Change in compensated absences for year	\$ (1,346)
Change in Pension liability and related deferred inflows and outflows	(1,515)
Change in OPEB liability and related deferred inflows and outflows	<u>(265)</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>\$ (3,126)</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 2020 budget but not completely expended in 2020 were \$525,000. This total is all from the General Fund.

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 deposits exceed FDIC insurance. The Council's policy for cash and investments follows Minnesota statute. \$45,000 of petty cash and mutilated coin was not deposited at a bank. The amount of cash in the Council's bank accounts was \$15,694,000 (at US Bank and Wells Fargo Bank), of which \$433,000 was covered by the Federal Depository Insurance Corporation (FDIC), and \$15,261,000 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 defines investment instruments that can be 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 2020.

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 minimize the risk of losses resulting from an over-concentration of assets in a specific maturity, issuer, or class of securities.

Custodial credit risk – 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: This is the risk that in the event of the failure of a counterparty, the Council would 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 held by a broker for diesel fuel hedging futures margin account and collateralized Certificates of Deposit held by local community banks, 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 securities in the hedging margin account 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, 2020:

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)	\$ 95,530	\$ 95,717	\$ 95,522	6.1%
Federal National Mortgage Association	Aaa	Custody (a)	30,000	30,004	30,000	2.0%
Federal Farm Credit Bank	Aaa	Custody (a)	169,000	171,442	168,979	11.0%
Federal Home Loan Mortgage Corporation	Aaa	Custody (a)	75,000	75,137	75,000	4.8%
U.S. Treasury Notes	Aaa	Custody (a)	10,000	10,014	9,975	0.6%
Mortgage Backed Securities:						
Federal National Mortgage Association	Aaa	Custody (a)	320	347	340	0.0%
Federal Home Loan Mortgage Corporation	Aaa	Custody (a)	468	481	476	0.0%
U.S. Agency Discount Notes	Aaa	Custody (a)	205,000	204,985	204,985	13.2%
U.S. Treasury Bills	Aaa	Custody (a)	220,000	219,967	219,964	14.1%
U.S. Treasury Bills	Aaa	Broker Held (b)	2,050	1,948	2,049	0.2%
Municipal Bonds (each<5%)	Aaa (d)	Custody (a)	28,365	31,078	28,621	2.0%
Certificates of Deposit	N.R. (c)	Collateralized (h)	14,000	14,000	14,000	0.9%
OPEB Trust - State Board of Investments	N.R. (c)	Custody (e)	161,889	315,371	161,889	20.2%
Money Market Funds	Aaa	n.a.	376,260	376,260	376,260	24.1%
Cash for Fuel Hedging Margin Acct	n.a.	Broker Held (f)	2,402	2,402	2,402	0.2%
Cash for Operations (g)	n.a.	Collateralized (h)	9,265	9,265	9,265	0.6%
Petty Cash/Coin & Mutilated Coins	n.a.	Council Held	45	45	45	0.0%
Total Cash and Investments			\$ 1,399,594	\$ 1,558,463	\$ 1,399,772	100%

- a) Securities held in custody are in the Council's name.
- b) Securities are held by the Harris Bank - Chicago in the broker's name.
- c) N.R. = Not Rated.
- d) Municipals ratings ranges are Moody's Aaa-A2 and S&P AAA to A.
- e) OPEB revocable trust invested in an S&P 500 Index pool, U.S. Treasuries and Agencies, and cash equivalents. Managed by MN State Board of Investment and held by third party custodian.
- f) Held by the broker in the Council's name.
- g) Cash in bank accounts, less outstanding checks.
- h) Deposit balances less than or equal to \$250,000 are FDIC insured. Deposits exceeding FDIC insurance are secured by FHLB letter of credit or collateralized with securities held by a third party 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 100, 200, & 300 basis points; it also assumes that interest rate changes occur on December 31, 2020. Excluding the OPEB equity portfolio, cash and escrow accounts, the remaining investment holdings have an average market yield of .22 percent, weighted average maturity of 1.25 years, effective duration of 0.56 years and convexity of (0.46).

METROPOLITAN COUNCIL

Dollars in thousands

Metropolitan Council	Estimated Fair Value, Parallel Shift of Yield Curve		
	+100 Basis Points	+200 Basis Points	+300 Basis Points
U.S. Agency Securities:			
Federal Home Loan Bank	\$ 94,061	\$ 91,284	\$ 88,418
Federal National Mortgage Association	28,978	27,866	26,805
Federal Farm Credit Bank	170,018	165,172	160,370
Federal Home Loan Mortgage Corporation	73,894	72,134	70,292
U.S. Treasury Notes	9,551	9,099	8,671
Mortgage Backed Securities:			
Federal National Mortgage Association	369	361	353
Federal Home Loan Mortgage Corporation	483	469	453
U.S. Agency Discount Notes	204,760	204,552	204,339
U.S. Treasury Bills	219,477	219,025	218,562
U.S. Treasury Bills	1,940	1,933	1,926
Municipal Bonds (each<5%)	30,309	29,299	28,204
Certificates of Deposit	14,000	14,000	14,000
OPEB Trust - State Board of Investments	316,515	315,712	314,912
Money Market Funds	376,260	376,260	376,260
Cash for Fuel Hedging Margin Acct	2,402	2,402	2,402
Cash for Operations	9,265	9,265	9,265
Petty Cash/Coin & Mutilated Coins	45	45	45
Total Cash and Investments	<u>\$ 1,552,327</u>	<u>\$ 1,538,878</u>	<u>\$ 1,525,277</u>

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. U.S. Agency Discount Notes, U.S. Treasury 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 and commercial and residential mortgage-back securities in Level 2 of the fair value hierarchy are valued using a market approach pricing technique. 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 and Certificates of Deposits. The money market 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, 2020 (*dollars in thousands*):

	Fair Value Measurements Using:			
	12/31/2020	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)	\$ 55,902	\$ -	\$ 55,902	\$ -
Federal Home Loan Bank	95,717	-	95,717	-
Federal National Mortgage Association	30,004	-	30,004	-
Federal Farm Credit Bank	171,442	-	171,442	-
Federal Home Loan Mortgage Corporation	75,137	-	75,137	-
Mortgage-Backed securities	828	-	828	-
Municipal Bonds	31,078	-	31,078	-
U.S. Agency Discount Notes	204,985	204,985	-	-
U.S. Treasury Notes	10,014	10,014	-	-
U.S. Treasury Bills	221,915	221,915	-	-
Total Investments by fair value level	<u>\$ 897,022</u>	<u>\$ 436,914</u>	<u>\$ 460,108</u>	<u>\$ -</u>
Investment measured at the net asset value (NAV)				
Certificates of Deposit	14,000			
Goldman Sachs Government Fund	30,964			
Morgan Stanley Government Institutional Fund	330,345			
Wells Fargo Custody Money Market Fund	14,951			
Total investments measured at the NAV	<u>\$ 390,260</u>			
Total investments measured at fair value and at the NAV	<u>\$ 1,287,282</u>			

The Council also holds \$246,263,000 in the Non-Retirement Equity Fund and \$13,206,000 in the Non-Retirement Money Market Fund with the State Board of Investment (SBI), these are external investment pools. The fair value of these investments 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 postemployment 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 non-retirement funds.

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

The Council invests in the Non-Retirement Equity Fund with the goal of capturing the historically higher rate of return in the equity market, over the long-term, and thereby maximize funding of the other post-employment benefit liability as 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 2020, 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 2020, the Council performed a retrospective statistical analysis test and determined that the liquidated hedges were essentially effective.

As of December 31, 2020, the Council had 286 New York Mercantile Exchange (NYMEX) heating oil futures contracts (12.01 million gallons) with acquisition (effective) dates ranging from 04/02/2019 through 12/22/2020. Termination dates range from 01/29/2021 to 09/30/2022. As of December 31, 2020, the heating oil futures contracts had a fair value of \$18,165,000. 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, 2020, the Council's futures accounts at R.J.O'Brien contained a cash balance in the amount of \$2,402,000 and a U.S. agency security with a fair value of \$1,948,000.

Basis risk. The Council utilized 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:

Dollars in thousands

Receivables - current	Accounts	Allowance for Uncollectable	Delinquent Taxes	Interest	Total Receivable
Governmental funds:					
General Fund	\$ 423	\$ -	\$ 702	\$ 122	\$ 1,247
Metro Mobility	-	-	-	59	59
Debt Retirement	-	-	3,696	188	3,884
Nonmajor Governmental	8	-	559	335	902
Total Governmental funds	\$ 431	\$ -	\$ 4,957	\$ 704	\$ 6,092
Enterprise funds:					
Environmental Services	\$ 6,306	\$ (20)	\$ -	\$ 243	\$ 6,529
Metro Transit Bus	4,615	(328)	-	494	4,781
Metro Transit Light Rail	243	-	-	4	247
Metro Transit Commuter Rail	1	-	-	9	10
Metropolitan Housing and Redevelopment Authority	1,122	-	9	20	1,151
Total Enterprise funds	\$ 12,287	\$ (348)	\$ 9	\$ 770	\$ 12,718
Receivables – restricted					
Enterprise funds:					
Environmental Services	\$ 6,090	\$ -	\$ -	\$ 370	\$ 6,460
Metro Transit Bus	-	-	-	52	52
Metro Transit Light Rail	3	-	-	238	241
Total Enterprise funds	\$ 6,093	\$ -	\$ -	\$ 660	\$ 6,753

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):

	<u>Unavailable</u>
Delinquent property taxes receivable (General fund)	\$ 415
Delinquent property taxes receivable (Debt retirement fund)	2,788
Delinquent property taxes receivable (Nonmajor governmental funds)	322
Total deferred inflows of resources for governmental funds	<u>\$ 3,525</u>

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 2020, the Council levied \$15,672,000 for the General Operating levy, \$12,301,000 for the Livable Communities Demonstration Account levy, and \$55,766,000 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):

	<u>Levy Limit</u>	<u>Council Levy</u>
Operating Levy	\$ 15,672	\$ 15,672
Tax Base Revitalization	5,000	5,000
Livable Communities	12,301	12,301
Transit Debt Retirement	55,766	55,766
Total	<u>\$ 88,739</u>	<u>\$ 88,739</u>

E. Capital assets

Capital assets for the year ended December 31, 2020, was as follows:

Governmental Activities:	<i>Dollars in thousands</i>			
	Beginning Balance	Additions	Deductions/ Adjustments	Ending Balance
Capital assets, not being depreciated				
Land	\$ 6,958	\$ -	\$ (6,743)	\$ 215
Capital assets, being depreciated				
Building and infrastructure	39,492	-	(23,148)	16,344
Vehicles	245,203	8,616	(11,429)	242,390
Equipment	16,078	2,892	(570)	18,400
Total capital assets being depreciated	300,773	11,508	(35,147)	277,134
Less accumulated depreciation for:				
Buildings and infrastructure	6,850	808	(1,733)	5,925
Vehicles	125,371	22,371	(14,110)	133,632
Equipment	13,912	1,866	(560)	15,218
Total accumulated depreciation	146,133	25,045	(16,403)	154,775
Total capital assets, being depreciated, net	154,640	(13,537)	(18,744)	122,359
Governmental activities capital assets, net	<u>\$ 161,598</u>	<u>\$ (13,537)</u>	<u>\$ (25,487)</u>	<u>\$ 122,574</u>

During the year, capital assets with a net book value of \$(22,756,000) were transferred from governmental activities to the Metro Transit Bus enterprise fund and \$3,261,000 were transferred from Metro Transit Bus enterprise fund to governmental activities. The transfer was not recognized in the governmental fund statement of revenue, expenditures, and changes in fund balances because no current resources were provided.

The deductions/adjustments to vehicle assets column above includes (\$17,951,000) in retirements and \$6,522,000 transferred from the Metro Transit Bus fund. The deductions/adjustments to vehicle accumulated depreciation column above includes (\$17,371,000) in retirements and \$3,261,000 transferred from the Metro Transit Bus enterprise fund.

Business-type Activities:	<i>Dollars in thousands</i>			
	Beginning Balance	Additions	Deductions/ Adjustments	Ending Balance
Capital assets, not being depreciated				
Land	\$ 256,508	\$ 1,343	\$ (1,013)	\$ 256,838
Construction in progress	1,095,702	619,570	(141,367)	1,573,905
Total capital assets, not being depreciated	1,352,210	620,913	(142,380)	1,830,743
Capital assets, being depreciated				
Building and infrastructure	4,943,096	174,542	(25,451)	5,092,187
Vehicles	853,280	2,732	(22,635)	833,377
Equipment	238,418	8,577	(3,631)	243,364
Total capital assets being depreciated	6,034,794	185,851	(51,717)	6,168,928
Less accumulated depreciation for:				
Buildings and infrastructure	2,096,163	136,898	(11,612)	2,221,449
Vehicles	431,650	45,346	(19,289)	457,707
Equipment	186,965	12,151	(3,477)	195,639
Total accumulated depreciation	2,714,778	194,395	(34,378)	2,874,795
Total capital assets, being depreciated, net	3,320,016	(8,544)	(17,339)	3,294,133
Business-type activities capital assets, net	<u>\$ 4,672,226</u>	<u>\$ 612,369</u>	<u>\$ (159,719)</u>	<u>\$ 5,124,876</u>

The Enterprise activities capital asset additions column above includes the net book value of \$22,756,000 of capital assets transferred from governmental activities to the Metro Transit Bus enterprise fund and (\$3,261,000) transferred from Metro Transit Bus enterprise fund to governmental activities.

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

Governmental activities:	<i>Dollars in thousands</i>
General government	\$ 1,372
Transportation	23,673
Total depreciation expense-governmental activities	<u>\$ 25,045</u>
Business-type activities:	
Environmental Services	\$ 67,896
Metro Transit Bus	57,708
Metro Transit Light Rail	60,755
Metro Transit Commuter Rail	6,967
Metropolitan Housing and Redevelopment Authority	1,069
Total depreciation expense-business-type activities	<u>\$ 194,395</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.

The composition of interfund balances as of December 31, 2020, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<i>Dollars in thousands</i>
Nonmajor Governmental- Special Revenue- Contracted Transit Service	Nonmajor Governmental- Special Revenue- Suburban Transit Providers	\$ 5,421
Metro Transit-Bus	Metro Transit- Light Rail	\$ 2,658

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

Dollars in thousands

<u>Transfers out</u>								
<u>Transfers in</u>	General Fund	Debt Retirement	Nonmajor Governmental	Environmental Services	Metro Transit Bus	Metro Transit Light Rail	Metro Transit Commuter Rail	Total
General Fund	\$ -	\$ -	\$ -	\$ 314	\$ -	\$ -	\$ -	\$ 314
Nonmajor Governmental	2,500	470	-	-	-	-	-	2,970
Debt Retirement	-	-	-	-	-	2	-	2
Metro Mobility	700	-	-	-	-	-	-	700
Environmental Services	136	-	-	-	-	-	-	136
Metro Transit Bus	500	-	18,069	-	-	-	-	18,569
Metro Transit Light Rail	-	-	2,659	-	4,746	-	4,545	11,950
Metro Transit Commuter	-	-	1,061	-	76	-	-	1,137
Metropolitan Housing and Redevelopment Authority	500	-	-	-	-	-	-	500
Total	\$ 4,336	\$ 470	\$ 21,789	\$ 314	\$ 4,822	\$ 2	\$ 4,545	\$ 36,278

Additionally, governmental activities transferred capital assets with a net book value of \$(22,756,000) to the Metro Transit Bus enterprise fund and \$3,261,000 were transferred from the Metro Transit Bus enterprise fund to governmental activities. The transfer was not recognized in the governmental funds statement of revenues, expenditures, and changes in fund balances because there were no current financial resources provided.

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 2020 were \$578,000 for Metro Transit Bus enterprise fund, \$1,372,000 for Metro Transit Light Rail enterprise fund, \$69,000 for Metro Transit Commuter Rail enterprise fund, and \$280,000 for Environmental Services enterprise fund. Commitments under operating lease agreements provide for minimum annual rental payments as follows:

Dollars in thousands

Year	Environmental Services	Metro Transit			Total
		Bus	Light Rail	Commuter Rail	
2021	\$ 161	\$ 1,215	\$ 950	\$ 32	\$ 2,358
2022	165	1,102	797	23	2,087
2023	169	1,033	770	23	1,995
2024	173	1,032	107	22	1,334
2025	88	809	101	11	1,009
2026-2030	-	4,058	49	-	4,107
2031-2035	-	189	49	-	238
2036-2040	-	23	49	-	72
2041-2045	-	-	49	-	49
2046-2050	-	-	5	-	5
Total	\$ 756	\$ 9,461	\$ 2,926	\$ 111	\$ 13,254

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
2021	\$ 1,025
2022	1,022
2023	1,028
2024	771
Total minimum lease payments	\$ 3,846
Less amount representing interest	(211)
Present value of minimum lease payments	\$ 3,635

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 \$1,535,160,000.

During the year, \$8,800,000 of general obligation park bonds; \$15,155,000 of general obligation transit refunding bonds; \$80,000,000 of general obligation wastewater bonds; and \$30,790,000 of general obligation wastewater refunding bonds were issued.

General obligation bonds currently outstanding on December 31, 2020, are as follows:

Purpose	Interest Rates	<i>Dollars in Thousands</i>
Governmental activities	2.00-5.00%	\$ 217,490
Governmental activities refunding	2.38-5.00%	27,890
Business-type activities *	2.00-5.00%	583,715
Business-type activities refunding	1.90-5.50%	210,240
Total general obligation bonds		<u>\$ 1,039,335</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 \$866,025,000. During the year, \$37,894,000 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 \$12,106,000.

Public Facilities Authority general obligation backed loans currently outstanding on December 31, 2020, are as follows:

Purpose	Interest Rates	<i>Dollars in Thousands</i>
Business-type activities	1.00-3.18%	<u>\$ 524,131</u>

During the year, the Council issued \$125,160,000 of general obligation grant anticipation notes to provide cash flows for the Southwest Green Line light rail extension project in anticipation of receipt of federal funds that were awarded the project. The notes were issued as 3-year serial notes and are secured by the Federal Transit Administration grant award together with the full faith, credit and unlimited taxing powers of the Council.

General obligation grant anticipation notes currently outstanding on December 31, 2020, are as follows:

Purpose	Interest Rates	<i>Dollars in Thousands</i>
Business-type activities	0.38-5.00%	<u>\$ 125,160</u>

The following is a summary of general obligation bond, grant anticipation notes, and PFA loan transactions of the Council for the year ended December 31, 2020:

	<i>Dollars in thousands</i>	
	Governmental Activities	Business-type Activities
Balance, January 1, 2020	\$ 288,905	\$ 1,351,819
PFA drawdown	-	37,894
Bond issued, net of discount/premium	28,090	259,995
Amortization of discount/premium	(3,276)	(5,793)
Less principal payment	(41,860)	(120,168)
Balance, December 31, 2020	<u>\$ 271,859</u>	<u>\$ 1,523,747</u>

METROPOLITAN COUNCIL

The Council's outstanding notes from direct borrowings related to business-type activities of \$524,131,000 are Clean Water State Revolving Fund Loan agreements with the Minnesota Public Facilities Authority (MPFA), which are evidenced by notes placed directly with the MPFA. These MPFA loans finance various capital projects for the Environmental Services division. The loans are re-paid from wastewater system revenues. The \$1,405,000 are Family Affordable Housing Program loan agreements with the Minnesota Housing Finance Authority and Hennepin County Housing and Redevelopment Authority. These loans finance capital purchases in the Metropolitan Housing and Redevelopment Authority division. The loans are expected not to be re-paid since the terms of the agreements are being met.

As of December 31, 2020, the annual debt service requirements to amortize all general obligation bonds, grant anticipation notes, and PFA loans outstanding, including interest of \$43,337,000 on the governmental activities debt and \$259,414,000 on the business-type activities debt was as follows:

Year Ending December 31	<i>Dollars in thousands</i>		
	Governmental Activities		
	Bonds		
	Principal	Interest	Total
2021	\$ 58,180	\$ 9,222	\$ 67,402
2022	26,460	7,257	33,717
2023	22,310	6,139	28,449
2024	22,295	5,067	27,362
2025	22,470	3,982	26,452
2026-2030	69,345	8,894	78,239
2031-2035	15,320	2,237	17,557
2036-2040	9,000	539	9,539
Subtotal	\$ 245,380	\$ 43,337	\$ 288,717
Net unamortized:			
Discounts/premium	26,479	-	26,479
Total payments	\$ 271,859	\$ 43,337	\$ 315,196

Year Ending December 31	<i>Dollars in thousands</i>					
	Business-type Activities			Notes from Direct Borrowings		
	Bonds			Notes from Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 192,705	\$ 34,158	\$ 226,863	\$ 53,388	\$ 9,251	\$ 62,639
2022	92,560	26,501	119,061	59,337	8,143	67,480
2023	70,345	23,581	93,926	58,305	6,901	65,206
2024	57,710	20,810	78,520	53,706	5,646	59,352
2025	57,880	18,182	76,062	44,608	4,556	49,164
2026-2030	225,090	59,117	284,207	158,477	12,782	171,259
2031-2035	162,137	23,128	185,265	80,861	3,573	84,434
2036-2040	60,688	2,735	63,423	15,449	350	15,799
Subtotal	\$ 919,115	\$ 208,212	\$ 1,127,327	\$ 524,131	\$ 51,202	\$ 575,333
Net unamortized:						
Discounts/premium	80,501	-	80,501	-	-	-
Total payments	\$ 999,616	\$ 208,212	\$ 1,207,828	\$ 524,131	\$ 51,202	\$ 575,333

The Notes from Direct Borrowing did not recognize the loan payable in the Metropolitan Housing and Redevelopment Authority fund see Note IV.H.2.

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 5.90 percent from sequestration through September 30, 2020 and 5.70 percent for the remainder of the year.

Taking into consideration the above BAB interest credit, as of December 31, 2020 the Council's net annual debt service requirements to amortize all general obligation bonds, grant anticipation notes and loans outstanding, including interest of \$43,150,000 on the governmental activities debt and \$258,135,000 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
2021	\$ 58,180	\$ 9,222	\$ (187)	\$ 9,035	\$ 67,215
2022	26,460	7,257	-	7,257	33,717
2023	22,310	6,139	-	6,139	28,449
2024	22,295	5,067	-	5,067	27,362
2025	22,470	3,982	-	3,982	26,452
2026-2030	69,345	8,894	-	8,894	78,239
2031-2035	15,320	2,237	-	2,237	17,557
2036-2040	9,000	539	-	539	9,539
Subtotal	\$ 245,380	\$ 43,337	\$ (187)	\$ 43,150	\$ 288,530
Net unamortized:					
Discounts/premiums	26,479	-	-	-	26,479
Total payments	\$ 271,859	\$ 43,337	\$ (187)	\$ 43,150	\$ 315,009

Dollars in thousands
Business-type Activities- Bonds

Year Ending December 31	Principal	Interest	Federal Subsidy	Net Interest	Net Payment
2021	\$ 192,705	\$ 34,158	\$ (104)	\$ 34,054	\$ 226,759
2022	92,560	26,501	-	26,501	119,061
2023	70,345	23,581	-	23,581	93,926
2024	57,710	20,810	-	20,810	78,520
2025	57,880	18,182	-	18,182	76,062
2026-2030	225,090	59,117	-	59,117	284,207
2031-2035	162,137	23,128	-	23,128	185,265
2036-2040	60,688	2,735	-	2,735	63,423
Subtotal	\$ 919,115	\$ 208,212	\$ (104)	\$ 208,108	\$ 1,127,223
Net unamortized:					
Discounts/premiums	80,501	-	-	-	80,501
Total payments	\$ 999,616	\$ 208,212	\$ (104)	\$ 208,108	\$ 1,207,724

Dollars in thousands
Business-type Activities- Notes from Direct Borrowings

Year Ending December 31	Principal	Interest	Federal Subsidy	Net Interest	Net Payment
2021	\$ 53,388	\$ 9,251	\$ (246)	\$ 9,005	\$ 62,393
2022	59,337	8,143	(232)	7,911	67,248
2023	58,305	6,901	(210)	6,691	64,996
2024	53,706	5,646	(172)	5,474	59,180
2025	44,608	4,556	(116)	4,440	49,048
2026-2030	158,477	12,782	(199)	12,583	171,060
2031-2035	80,861	3,573	-	3,573	84,434
2036-2040	15,449	350	-	350	15,799
Subtotal	\$ 524,131	\$ 51,202	\$ (1,175)	\$ 50,027	\$ 574,158
Net unamortized:					
Discounts/premiums	-	-	-	-	-
Total payments	\$ 524,131	\$ 51,202	\$ (1,175)	\$ 50,027	\$ 574,158

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. Refunded bonds

The following is a summary of refunding bond activities affecting the Council for the year ended December 31, 2020:

Bond Number	Type	Dollars in thousands			Refunded Bond	Bond Maturities
		Par Value	Present Value Savings	Debt Service Savings		
2020D	Transit	\$ 4,180	\$ 727	\$ 742	2009A	2021-2029
		10,975	2,152	2,213	2010E	2021-2031
2020E	Wastewater	30,790	5,703	5,867	2010F	2021-2030

4. Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

Governmental activities:	Dollars in thousands				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds/loans payable:					
General obligation debt	\$ 262,910	\$ 23,955	\$ (41,485)	\$ 245,380	\$ 58,180
PFA Loans	375	-	(375)	-	-
Discounts/premiums	25,620	4,135	(3,276)	26,479	-
Total general obligation debt	288,905	28,090	(45,136)	271,859	58,180
Capital lease	4,535	-	(900)	3,635	930
Compensated absences	4,868	3,910	(2,564)	6,214	3,729
Governmental long-term liabilities	\$ 298,308	\$ 32,000	\$ (48,600)	\$ 281,708	\$ 62,839

Business Type Activities:	Dollars in thousands				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds/loans/notes payable:					
General obligation debt	\$ 746,580	\$ 110,790	\$ (63,415)	\$ 793,955	\$ 107,705
Grant anticipation notes	-	125,160	-	125,160	85,000
Notes/loans from Direct Borrowings:					
PFA Loans	540,595	37,894	(54,358)	524,131	53,388
Hennepin County note	2,395	-	(2,395)	-	-
Loans payable	1,405	-	-	1,405	-
Discounts/premiums	62,249	24,045	(5,793)	80,501	-
Total bonds/loans payable	1,353,224	297,889	(125,961)	1,525,152	246,093
Compensated absences	29,786	36,725	(33,320)	33,191	27,218
Accrued claims	30,007	78,243	(78,895)	29,355	11,234
Business-type long-term liabilities	\$ 1,413,017	\$ 412,857	\$ (238,176)	\$ 1,587,698	\$ 284,545

Capital leases in the Governmental Activities have been liquidated by funding from the General Fund in 2020 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.

I. Compensated absences

In 2020, the General fund liability for compensated absences earned but not taken increased from \$4,868,000 to \$6,214,000. This liability is reported in the government-wide statement of net position. The following summary of changes during 2020 includes \$442,000 in payroll taxes:

	<i>Dollars in thousands</i>
Balance, January 1, 2020	\$ 4,868
Transferred to/from Enterprise Funds	30
Leave Earned	3,872
Leave Taken or Paid Off	<u>(2,556)</u>
Balance, December 31, 2020	\$ 6,214

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 to 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.

The summary of fund balance classifications is as follows:

Dollars in thousands

	Major Funds			Nonmajor Governmental Funds	Total
	General Fund	Metro Mobility Special Revenue	Debt Retirement		
Fund Balances:					
Spendable:					
Restricted for:					
Debt Retirement Reserve	\$ -	\$ -	\$ 144,606	\$ -	\$ 144,606
Highway Right-of-Way Program	-	-	-	57,905	57,905
Economic Revitalization	-	-	-	15,385	15,385
Environment Development	-	-	-	48,450	48,450
Incentive Housing	-	-	-	4,810	4,810
Regional Land Use	-	-	-	437	437
North Mississippi Park Improvements	-	-	-	1,590	1,590
Regional Parks Capital Improvements	-	-	-	100,003	100,003
Transit Capital Improvements	-	-	-	100,955	100,955
Committed for:					
Self Insurance	1,500	-	-	-	1,500
Other Post Employment Benefits	5,624	-	-	-	5,624
Regional Water Supply Program	159	-	-	-	159
Regional ADA Transit Service	-	74,220	-	-	74,220
Regional Transit Provider Services	-	-	-	42,409	42,409
Assigned for:					
Capital Maintenance	525	-	-	-	525
Compensated Absences	3,729	-	-	-	3,729
Planning Assistance	-	-	-	533	533
Unassigned	27,293	-	-	(54,113)	(28,820)
Total fund balances	\$ 38,830	\$ 74,220	\$ 144,606	\$ 318,364	\$ 576,020

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. Metropolitan Council 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 State Statute 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 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 2019 or 2020.

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 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 the 30-year Treasury yield.

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 2019 and 2020 are as follows:

<i>Dollars in thousands</i>					
Metro Transit					
2019 Balance:	Bus	Light Rail	Commuter Rail	Environmental Services	Total
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>
2020 Balance:					
Beginning Balance	\$ 17,755	\$ 1,571	\$ 3,177	\$ 724	\$ 23,227
Current year claims and changes in estimates	4,544	256	31	824	5,655
Payments on claims	(5,787)	(206)	-	(480)	(6,473)
Ending balance	<u>\$ 16,512</u>	<u>\$ 1,621</u>	<u>\$ 3,208</u>	<u>\$1,068</u>	<u>\$ 22,409</u>

6. Cyber Insurance

Metropolitan Council purchases Cyber Insurance to cover financial losses related to data breaches, cyberattacks and hacking, technology infrastructure, and other cyber events. The policy provides coverage for data breach notification, recovering compromised data, business interruption, and repairing damaged computer systems. The policy has up to \$3,000,000 of insurance limits.

7. 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

2019 Balance:	Internal Service Fund
Beginning Balance	\$ 7,436
Incurring claims	72,187
Payments on claims	(72,886)
Ending Balance	<u>\$ 6,737</u>
2020 Balance:	
Beginning Balance	\$ 6,737
Incurring claims	72,579
Payments on claims	(72,370)
Ending Balance	<u>\$ 6,946</u>

B. Pension obligations

Metropolitan Council has 4,054 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 145 employees that are covered by a plan administered by Public Employees Retirement Association of Minnesota PERA) under the Public Employees Police and Fire Fund (PEPF). The Metropolitan Council also has 17 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 2020.

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 6.00 percent of their annual covered salary. Participating employers were required to contribute 6.25 percent of their annual covered salary. The Metropolitan Council's contribution to the General Plan for the fiscal year ending December 31, 2020 was \$17,881,000. 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, 2020, the Metropolitan Council reported a liability of \$124,063,000 for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2020, the Metropolitan Council's proportion was 9.341 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2019.

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

The following changes in assumptions affected the measurement of the total pension liability since the prior measurement date.

The price inflation assumption was decreased from 2.50 percent to 2.25 percent.

The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.

Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is proposed rates that average 0.25 percent less than the previous rates.

Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements, fewer Rule of 90 retirements and fewer early retirements.

Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 1 – 5 and slightly higher thereafter.

Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The mortality improvement scale was changed from Scale MP2015 to Scale MP-2018. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2015) to the Pub-2010 General/Teacher disabled annuitant mortality table (with future mortality improvement according to Scale MP-2018), with adjustments.

The percent married assumption for female members was changed from 65.00 percent to 60.00 percent.

The assumed age difference was changed from three years younger for males to two years younger.

The assumed number of married male new retirees electing the 50.00 percent and 100.00 percent Joint & Survivor options changed from 15.00 percent to 10.00 percent and from 30.00 percent to 65.00 percent, respectively. The assumed number of married female new retirees electing the 100.00 percent Joint & Survivor option changed from 30.00 percent to 40.00 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

For the year ended December 31, 2020, the Metropolitan Council recognized a pension expense of \$31,036,000 for its proportionate share of the MSRS-GEF pension expense. At December 31, 2020, 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	\$ 2,227	\$ 1,274
Changes of assumptions	-	280,077
Net difference between projected and actual earnings on investments	5,917	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	235	969
Contributions paid to MSRS subsequent to the measurement date	8,224	-
Total	\$ 16,603	\$ 282,320

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, 2021. 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>
2021	\$ (188,208)
2022	(85,285)
2023	213
2024	(661)
	<u>\$ (273,941)</u>

Actuarial Assumptions: The Metropolitan Council’s net pension liability was measured as of June 30, 2020, 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	2.25 percent per year
Active Member Payroll Growth	3.00 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 Pub-2010 Mortality Tables generational for males or females, as appropriate, with adjustments to match fund experience. Benefit increases for retirees were 1.00 percent for January 1, 2020.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the period July 1, 2014, through June 30, 2018.

The long-term expected rate of return on pension plan investments is 7.50 percent. The long-term expected rate of return is based on an asset allocation completed by the State Board of Investment (SBI) in 2016. During MSRS’s fiscal year 2016, the 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>SBI’s Long-Term Expected Real Rate of Return (Geometric Mean)</u>
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, 2020, 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 2.45 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, 2020, was projected to be available to make all projected future benefit payments of current active and inactive employees through the year ending June 30, 2120. Therefore, the long-term expected rate of return on pension plan investments was applied to project benefit payments through the year ending June 30, 2120, 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)	\$ 294,485	\$ 124,063	\$ (17,770)

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 11.80 percent of their annual covered salary in 2020. The Metropolitan Council required contribution rate is 17.70 percent of annual covered salary in 2020. Contributions to the pension plan from the Council were \$2,631,000 for the year ending December 31, 2020.

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

At December 31, 2020, the Metropolitan Council reported a liability of \$16,686,000 for its proportionate share of PERA’s net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2020, the Metropolitan Council’s proportion was 1.2659 percent, which was an increase of 0.078 percent from its proportion measured as of June 30, 2019.

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-2018 to MP-2019.

For the year ended December 31, 2020, the Metropolitan Council recognized pension expense of \$2,671,000 for its proportionate share of the PEPFF’s pension expense. The State of Minnesota also contributed \$13.50 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.50 million in direct state aid that meets the definition of a special funding situation and \$9.00 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation required the State of Minnesota to pay direct state aid of \$4.50 million on October 1, 2019, and to pay \$9.00 million by October 1 of each subsequent year until full funding is reached, or July 1, 2048, whichever is earlier. The Metropolitan Council recognized an additional \$120,944 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s pension expense related to the special funding situation.

Council’s proportionate share of the net pension liability	\$16,686,000
State of Minnesota’s proportionate share of the net pension liability associated with the Council	<u>393,000</u>
Total	<u><u>\$17,079,000</u></u>

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The Metropolitan Council also recognized \$113,930 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota’s on-behalf contribution to the Police and Fire Plan.

At December 31, 2020, 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	\$ 685	\$ 627
Changes of assumptions	4,426	8,705
Net difference between projected and actual earnings on investments	880	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	2,338	-
Contributions paid to PERA subsequent to the measurement date	1,308	-
Total	<u><u>\$ 9,637</u></u>	<u><u>\$ 9,332</u></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, 2021. 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>
2021	\$ (293)
2022	(3,009)
2023	1,133
2024	1,016
2025	150
	<u>\$ (1,003)</u>

Actuarial Assumptions: The Metropolitan Council’s net pension liability was measured as of June 30, 2020, 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, 2020 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:

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
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, 2020, 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 2.45 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)	\$ 33,257	\$ 16,686	\$ 2,976

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, 2020, the Metropolitan Council recognized a pension expense of \$33,707,000 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 6.00 percent of salary from participating employees. The employer contribution rate is 6.25 percent.

For the year ending December 31, 2020 employer contributions were \$202,000. 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, 2020, the Metropolitan Council had separately invested assets in a revocable trust account with a fair value of \$315,371,000. 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.

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 2.12 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. Employees’ 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 \$13,240,000.

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 \$361,459,000 was measured as of December 31, 2020 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, 2020 using generally accepted actuarial principles.

Actuarial assumptions and other inputs: The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Payroll Growth	3.00 percent
Discount Rate	2.12 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.

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, 2020 was 2.12 percent.

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

	Total OPEB Liability
Balance at December 31, 2019	\$ 336,289
Changes for the year:	
Service cost	4,524
Interest	9,126
Changes of benefit terms	-
Differences between expected and actual experience	(357)
Changes in assumptions or other inputs	27,452
Benefit payments	(15,575)
Net changes	25,170
Balance at December 31, 2020	\$ 361,459

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

The following change 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 2.74 percent to 2.12 percent.

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 (1.12 percent) or 1.00 percentage point higher (3.12 percent) than the current discount rate (dollars in thousands):

	1.00% Decrease (1.12%)	Current Discount Rate (2.12%)	1.00% Increase (3.12%)
Total OPEB Liability	\$ 414,907	\$ 361,459	\$ 317,618

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 (4.90 percent decreasing to 2.80 percent) or 1.00 percentage point higher (6.90 percent decreasing to 4.80 percent) than the current healthcare cost trend rates (dollars in thousands):

	1.00% Decrease (4.90% decreasing to 2.80%)	Healthcare Cost Trend Rates (5.90% decreasing to 3.80%)	1.00% Increase (6.90% decreasing to 4.80%)
Total OPEB Liability	\$ 315,592	\$ 361,459	\$ 417,926

For the year ended December 31, 2020, the Metropolitan Council recognized OPEB expense of \$27,304,000. At December 31, 2020, 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	\$ 14,509	\$ 2,019
Changes of assumptions	47,973	10,776
Total	\$ 62,482	\$ 12,795

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>
2021	\$ 13,453
2022	13,691
2023	12,453
2024	8,168
2025	1,922
	\$ 49,687

D. Sub-grantee programs

During the year ended December 31, 2020, the Council was involved with the following sub-grantee programs:

General Fund:

Parks (Maintenance and Operation Grants)
U.S. Department of Treasury (Covid-19 Coronavirus Relief Fund)

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 Mainstream 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 \$223,343,000 as of December 31, 2020. These commitments will be paid from the Metro Transit Bus enterprise fund. Future commitments for Metro Transit Light Rail enterprise fund contracts of approximately \$829,602,000 will be paid from the Metro Transit Light Rail fund. Future commitments for commuter rail transit services of approximately \$4,101,000 as of December 31, 2020, will be paid from the Metro Transit Commuter Rail fund. Future commitments for regional transit services are approximately \$22,638,000 as of December 31, 2020. These commitments will be paid from Contracted Transit Service special revenue nonmajor fund. Future commitments for Environmental Services enterprise fund construction contracts totaled approximately \$71,222,000 as of December 31, 2020. 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 2020 budget but not completely expended in 2020 were \$525,000. 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 28, 2021, the Council agreed to a \$50,000,000 loan (2021A) from the Minnesota Public Facilities Authority for financing eligible wastewater capital expenditures.

On May 3, 2021 a Federal assistance grant agreement under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was executed and awarded to the Metropolitan Council in the amount of \$185,891,087. The funding will be used for transit operations at 100 percent federal share. The focus of the grant money will be on providing transit services that help the community recover from the severe social and economic impacts of COVID-19.

On May 5, 2021, Metropolitan Council issued the following notes: \$174,805,000 General Obligation Grant Anticipation Notes, Series 2021B, \$181,410,000 General Obligation Grant Anticipation Notes, Series 2021C.

On May 19, 2021 Metropolitan Council issued the following bonds and refunding: \$3,060,000 General Obligation Park Bonds, Series 2021D, \$3,060,000 Taxable General Obligation Park Bonds, Series 2021E and \$101,265,000 Taxable General Obligation Wastewater Revenue Refunding Bonds, Series 2021F.

The Metropolitan Council has also applied for American Rescue Plan (ARP) funding and is awaiting a grant award.



REQUIRED SUPPLEMENTARY INFORMATION



**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
IN THOUSANDS**

	Budgeted Amounts		Actual	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 14,895	\$ 14,895	\$ 15,033	\$ 138
Intergovernmental revenue:				
Federal	-	-	361	361
State	8,540	9,140	9,180	40
Local	-	-	204	204
Investment income	578	578	1,988	1,410
Other	305	305	254	(51)
Total revenues	<u>24,318</u>	<u>24,918</u>	<u>27,020</u>	<u>2,102</u>
EXPENDITURES				
Current:				
General government	12,612	12,867	8,790	(4,077)
Intergovernmental:				
Culture and recreation	8,540	9,140	8,903	(237)
Debt service:				
Principal	900	900	900	-
Interest and other charges	123	123	123	-
Capital outlay	576	3,690	296	(3,394)
Total expenditures	<u>22,751</u>	<u>26,720</u>	<u>19,012</u>	<u>(7,708)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,567</u>	<u>(1,802)</u>	<u>8,008</u>	<u>9,810</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	84	84	314	230
Transfers out	(2,900)	(4,400)	(4,336)	64
Total other financing sources (uses)	<u>(2,816)</u>	<u>(4,316)</u>	<u>(4,022)</u>	<u>294</u>
Net change in fund balance	(1,249)	(6,118)	3,986	10,104
Fund balance, beginning	<u>34,844</u>	<u>34,844</u>	<u>34,844</u>	<u>-</u>
Fund balance, ending	<u>\$ 33,595</u>	<u>\$ 28,726</u>	<u>\$ 38,830</u>	<u>\$ 10,104</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, 2020
IN THOUSANDS**

	Budgeted Amounts		Actual	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Intergovernmental revenue:				
Federal	\$ -	\$ 4,500	\$ 11,188	\$ 6,688
State	75,251	75,251	70,166	(5,085)
Investment income	-	-	542	542
Other	8,487	3,987	3,981	(6)
Total revenues	<u>83,738</u>	<u>83,738</u>	<u>85,877</u>	<u>2,139</u>
EXPENDITURES				
Current:				
Transportation	<u>95,329</u>	<u>95,329</u>	<u>82,108</u>	<u>(13,221)</u>
Total expenditures	<u>95,329</u>	<u>95,329</u>	<u>82,108</u>	<u>(13,221)</u>
Excess (deficiency) of revenues over (under) expenditures	(11,591)	(11,591)	3,769	15,360
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>700</u>	<u>700</u>	<u>700</u>	<u>-</u>
Total other financing sources (uses)	<u>700</u>	<u>700</u>	<u>700</u>	<u>-</u>
Net change in fund balance	(10,891)	(10,891)	4,469	15,360
Fund balance, beginning	<u>69,751</u>	<u>69,751</u>	<u>69,751</u>	<u>-</u>
Fund balance, ending	<u>\$ 58,860</u>	<u>\$ 58,860</u>	<u>\$ 74,220</u>	<u>\$ 15,360</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 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	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%
2020	9.341%	\$ 124,063	\$ 304,833	40.70%	91.25%

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)	State's Proportionate Share of the Net Pension Liability Associated with the Council	Council's Proportionate Share of the Net Pension Liability and the State's 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%
2020	1.2659%	\$ 16,686	\$ 393	\$ 17,079	\$ 14,260	117.01%	87.19%

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 Year ³	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%
2020	\$ 17,881	\$ 17,881	\$ -	\$ 286,099	6.250%

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 Year ³	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%
2020	\$ 2,631	\$ 2,631	\$ -	\$ 14,867	17.70%

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	2020	2019	2018	2017
Total OPEB liability ²				
Service cost	\$ 4,524	\$ 2,993	\$ 4,083	\$ 3,602
Interest	9,126	11,110	10,360	10,897
Differences between expected and actual experience	(357)	22,845	(410)	(1,374)
Changes of assumptions or other inputs	27,452	38,782	(28,758)	12,447
Benefit payments	(15,575)	(14,728)	(14,416)	(12,893)
Net change in total OPEB liability	<u>25,170</u>	<u>61,002</u>	<u>(29,141)</u>	<u>12,679</u>
Total OPEB liability - beginning	<u>336,289</u>	<u>275,287</u>	<u>304,428</u>	<u>291,749</u>
Total OPEB liability - ending	<u>\$ 361,459</u>	<u>\$ 336,289</u>	<u>\$ 275,287</u>	<u>\$ 304,428</u>
Covered-employee payroll	\$ 430,830	\$ 426,582	408,702	388,152
Total OPEB liability as a percentage of covered-employee payroll	83.90%	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%
2020	2.12%

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

² The 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, 2020**

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	\$ 2,282	\$ 5,626	\$ (1,380)	\$ (7,006)
Community Development	20,469	21,094	20,392	(702)
Total General Fund	<u>\$ 22,751</u>	<u>\$ 26,720</u>	<u>\$ 19,012</u>	<u>\$ (7,708)</u>

C. Pension obligations

Minnesota State Retirement System – General Employees Fund:

The amounts reported in 2020 reflect the following changes to the benefit terms.

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

The amounts reported in 2020 reflect the following changes to the actuarial assumptions.

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is proposed rates that average 0.25% less than the previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements, fewer Rule of 90 retirements and fewer early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 1 – 5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2015 to Scale MP-2018. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2015) to the Pub-2010 General/Teacher disabled annuitant mortality table (with future mortality improvement according to Scale MP-2018), with adjustments.
- The percent married assumption for female members was changed from 65% to 60%.
- The assumed age difference was changed from three years younger for males to two years younger.

- The assumed number of married male new retirees electing the 50% and 100% Joint & Survivor options changed from 15% to 10% and from 30% to 65%, respectively. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 30% to 40%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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.

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 fair 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 2020 reflect the following changes to the benefit terms.

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

The amounts reported in 2020 reflect the following changes to the actuarial assumptions.

- The mortality projection scale was changed from MP-2018 to MP-2019.

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.

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

- The mortality projection scale was changed from MP-2016 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 2020 reflect the following changes to the actuarial assumptions.

- The discount rate was changed from 2.74 percent to 2.12 percent.

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, 2020
IN THOUSANDS**

	Total Special Revenue	Total Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 109,845	\$ 151,724	\$ 261,569
Accounts receivable	8	-	8
Delinquent taxes receivable	559	-	559
Interest receivable	142	193	335
Due from other funds	5,421	-	5,421
Due from other governmental units	31,259	12,944	44,203
Loans and advances	43,687	-	43,687
Total assets	<u>\$ 190,921</u>	<u>\$ 164,861</u>	<u>\$ 355,782</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts/contracts/subgrantees payable	\$ 17,458	\$ 13,863	\$ 31,321
Due to other funds	5,421	-	5,421
Unearned revenue	-	354	354
Total liabilities	<u>22,879</u>	<u>14,217</u>	<u>37,096</u>
Deferred inflows of resources:			
Unavailable revenue - taxes	322	-	322
Fund balances:			
Restricted	126,987	202,548	329,535
Committed	40,200	2,209	42,409
Assigned	533	-	533
Unassigned	-	(54,113)	(54,113)
Total fund balances	<u>167,720</u>	<u>150,644</u>	<u>318,364</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 190,921</u>	<u>\$ 164,861</u>	<u>\$ 355,782</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
DECEMBER 31, 2020
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	\$ 15,198	\$ 73,621	\$ 7,640	\$ -	\$ 12,323	\$ 1,063	\$ 109,845
Accounts receivable	-	-	-	-	8	-	8
Delinquent taxes receivable	-	559	-	-	-	-	559
Interest receivable	20	96	9	-	15	2	142
Due from other funds	-	-	-	-	5,421	-	5,421
Due from other governmental units	-	-	2,101	11,709	17,449	-	31,259
Loans and advances	42,687	1,000	-	-	-	-	43,687
Total assets	<u>\$ 57,905</u>	<u>\$ 75,276</u>	<u>\$ 9,750</u>	<u>\$ 11,709</u>	<u>\$ 35,216</u>	<u>\$ 1,065</u>	<u>\$ 190,921</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts/contracts/subgrantees payable	\$ -	\$ 6,309	\$ 374	\$ 6,288	\$ 4,392	\$ 95	\$ 17,458
Due to other funds	-	-	-	5,421	-	-	5,421
Total liabilities	<u>-</u>	<u>6,309</u>	<u>374</u>	<u>11,709</u>	<u>4,392</u>	<u>95</u>	<u>22,879</u>
Deferred inflows of resources:							
Unavailable revenue - taxes	-	322	-	-	-	-	322
Fund balances:							
Restricted	57,905	68,645	-	-	-	437	126,987
Committed	-	-	9,376	-	30,824	-	40,200
Assigned	-	-	-	-	-	533	533
Total fund balances	<u>57,905</u>	<u>68,645</u>	<u>9,376</u>	<u>-</u>	<u>30,824</u>	<u>970</u>	<u>167,720</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 57,905</u>	<u>\$ 75,276</u>	<u>\$ 9,750</u>	<u>\$ 11,709</u>	<u>\$ 35,216</u>	<u>\$ 1,065</u>	<u>\$ 190,921</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS
DECEMBER 31, 2020
IN THOUSANDS**

	North Mississippi Park	Parks and Open Space Grants	Transit	Total Capital Projects
ASSETS				
Cash and cash equivalents	\$ 1,588	\$ 45,061	\$ 105,075	\$ 151,724
Interest receivable	2	58	133	193
Due from other governmental units	-	12,906	38	12,944
Total assets	\$ 1,590	\$ 58,025	\$ 105,246	\$ 164,861
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts/contracts/subgrantees payable	\$ -	\$ 12,135	\$ 1,728	\$ 13,863
Unearned revenue	-	-	354	354
Total liabilities	-	12,135	2,082	14,217
Fund balances:				
Restricted	1,590	100,003	100,955	202,548
Committed	-	-	2,209	2,209
Unassigned	-	(54,113)	-	(54,113)
Total fund balances	1,590	45,890	103,164	150,644
Total liabilities and fund balances	\$ 1,590	\$ 58,025	\$ 105,246	\$ 164,861

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
IN THOUSANDS**

	Total Special Revenue	Total Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 17,415	\$ -	\$ 17,415
Intergovernmental revenue:			
Federal	33,936	2,228	36,164
State	63,241	31,447	94,688
Local	110	-	110
Investment income	1,269	1,850	3,119
Other	1,095	-	1,095
Total revenues	<u>117,066</u>	<u>35,525</u>	<u>152,591</u>
EXPENDITURES			
Current:			
General government	3,179	41	3,220
Transportation	30,033	219	30,252
Intergovernmental:			
Transportation	48,377	4,196	52,573
Culture and recreation	-	34,472	34,472
Economic revitalization	12,464	-	12,464
Environment development	5,363	-	5,363
Housing	1,358	-	1,358
Capital outlay	-	11,212	11,212
Total expenditures	<u>100,774</u>	<u>50,140</u>	<u>150,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,292</u>	<u>(14,615)</u>	<u>1,677</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,500	470	2,970
Transfers out	-	(21,789)	(21,789)
Bonds issued	-	8,800	8,800
Sale of capital assets	-	639	639
Total other financing sources (uses)	<u>2,500</u>	<u>(11,880)</u>	<u>(9,380)</u>
Net change in fund balances	18,792	(26,495)	(7,703)
Fund balances, beginning	<u>148,928</u>	<u>177,139</u>	<u>326,067</u>
Fund balances, ending	<u>\$ 167,720</u>	<u>\$ 150,644</u>	<u>\$ 318,364</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
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	\$ -	\$ 17,415	\$ -	\$ -	\$ -	\$ -	\$ 17,415
Intergovernmental revenue:							
Federal	-	-	5,493	12,411	16,032	-	33,936
State	-	-	2,455	35,919	24,867	-	63,241
Local	-	-	110	-	-	-	110
Investment income	180	840	67	-	166	16	1,269
Other	-	-	-	-	1,095	-	1,095
Total revenues	<u>180</u>	<u>18,255</u>	<u>8,125</u>	<u>48,330</u>	<u>42,160</u>	<u>16</u>	<u>117,066</u>
EXPENDITURES							
Current:							
General government	-	-	1,929	-	764	486	3,179
Transportation	-	-	4,479	-	25,554	-	30,033
Intergovernmental:							
Transportation	-	-	-	48,330	47	-	48,377
Economic revitalization	-	12,464	-	-	-	-	12,464
Environment development	-	5,363	-	-	-	-	5,363
Housing	-	1,358	-	-	-	-	1,358
Total expenditures	<u>-</u>	<u>19,185</u>	<u>6,408</u>	<u>48,330</u>	<u>26,365</u>	<u>486</u>	<u>100,774</u>
Excess (deficiency) of revenues over (under) expenditures	180	(930)	1,717	-	15,795	(470)	16,292
OTHER FINANCING SOURCES (USES)							
Transfers in	-	2,500	-	-	-	-	2,500
Net change in fund balances	180	1,570	1,717	-	15,795	(470)	18,792
Fund balances, beginning	<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>
Fund balances, ending	<u>\$ 57,905</u>	<u>\$ 68,645</u>	<u>\$ 9,376</u>	<u>\$ -</u>	<u>\$ 30,824</u>	<u>\$ 970</u>	<u>\$ 167,720</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2020
IN THOUSANDS**

	North Mississippi Park	Parks and Open Space Grants	Transit	Total Capital Projects
REVENUES				
Intergovernmental revenue:				
Federal	\$ -	\$ -	\$ 2,228	\$ 2,228
State	-	29,545	1,902	31,447
Investment income	19	510	1,321	1,850
Total revenues	<u>19</u>	<u>30,055</u>	<u>5,451</u>	<u>35,525</u>
EXPENDITURES				
Current:				
General government	-	41	-	41
Transportation	-	-	219	219
Intergovernmental:				
Transportation	-	-	4,196	4,196
Culture and recreation	23	34,449	-	34,472
Capital outlay	-	-	11,212	11,212
Total expenditures	<u>23</u>	<u>34,490</u>	<u>15,627</u>	<u>50,140</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4)</u>	<u>(4,435)</u>	<u>(10,176)</u>	<u>(14,615)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	470	-	470
Transfers out	-	-	(21,789)	(21,789)
Bonds issued	-	8,800	-	8,800
Sale of capital assets	-	-	639	639
Total other financing sources (uses)	<u>-</u>	<u>9,270</u>	<u>(21,150)</u>	<u>(11,880)</u>
Net change in fund balances	(4)	4,835	(31,326)	(26,495)
Fund balances, beginning	<u>1,594</u>	<u>41,055</u>	<u>134,490</u>	<u>177,139</u>
Fund balances, ending	<u>\$ 1,590</u>	<u>\$ 45,890</u>	<u>\$ 103,164</u>	<u>\$ 150,644</u>

**BUDGETARY COMPARISON SCHEDULE
LIVABLE COMMUNITIES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
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				
Taxes	\$ 17,301	\$ 17,301	\$ 17,415	\$ 114
Investment income	-	-	840	840
Total revenues	<u>17,301</u>	<u>17,301</u>	<u>18,255</u>	<u>954</u>
EXPENDITURES				
Intergovernmental:				
Economic revitalization	11,801	15,801	12,464	(3,337)
Environment development	5,000	7,100	5,363	(1,737)
Housing	2,000	2,000	1,358	(642)
Total expenditures	<u>18,801</u>	<u>24,901</u>	<u>19,185</u>	<u>(5,716)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,500)	(7,600)	(930)	6,670
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500	2,500	2,500	-
Net change in fund balance	-	(5,100)	1,570	6,670
Fund balance, beginning	67,075	67,075	67,075	-
Fund balance, ending	<u>\$ 67,075</u>	<u>\$ 61,975</u>	<u>\$ 68,645</u>	<u>\$ 6,670</u>

**BUDGETARY COMPARISON SCHEDULE
 TRANSPORTATION PLANNING SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020
 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	\$ 5,728	\$ 5,728	\$ 5,493	\$ (235)
State	2,416	1,716	2,455	739
Local	109	109	110	1
Investment income	-	-	67	67
Total revenues	<u>8,253</u>	<u>7,553</u>	<u>8,125</u>	<u>572</u>
EXPENDITURES				
Current:				
General government	1,995	1,995	1,929	(66)
Transportation	6,810	6,810	4,479	(2,331)
Total expenditures	<u>8,805</u>	<u>8,805</u>	<u>6,408</u>	<u>(2,397)</u>
Net change in fund balance	(552)	(1,252)	1,717	2,969
Fund balance, beginning	<u>7,659</u>	<u>7,659</u>	<u>7,659</u>	<u>-</u>
Fund balance, ending	<u>\$ 7,107</u>	<u>\$ 6,407</u>	<u>\$ 9,376</u>	<u>\$ 2,969</u>

**BUDGETARY COMPARISON SCHEDULE
SUBURBAN TRANSIT PROVIDERS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
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	\$ -	\$ 12,556	\$ 12,411	\$ (145)
State	37,227	37,227	35,919	(1,308)
Total revenues	<u>37,227</u>	<u>49,783</u>	<u>48,330</u>	<u>(1,453)</u>
EXPENDITURES				
Intergovernmental:				
Transportation	37,227	49,783	48,330	(1,453)
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, 2020
 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	\$ 735	\$ 12,107	\$ 16,032	\$ 3,925
State	26,294	16,392	24,867	8,475
Investment income	-	-	166	166
Other	2,521	1,051	1,095	44
Total revenues	<u>29,550</u>	<u>29,550</u>	<u>42,160</u>	<u>12,610</u>
EXPENDITURES				
Current:				
General government	806	806	764	(42)
Transportation	30,397	30,397	25,554	(4,843)
Intergovernmental:				
Transportation	200	200	47	(153)
Total expenditures	<u>31,403</u>	<u>31,403</u>	<u>26,365</u>	<u>(5,038)</u>
Net change in fund balance	(1,853)	(1,853)	15,795	17,648
Fund balance, beginning	15,029	15,029	15,029	-
Fund balance, ending	<u>\$ 13,176</u>	<u>\$ 13,176</u>	<u>\$ 30,824</u>	<u>\$ 17,648</u>

**BUDGETARY COMPARISON SCHEDULE
OTHER SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
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	\$ -	\$ -	\$ 16	\$ 16
EXPENDITURES				
Current:				
General government	325	675	486	(189)
Net change in fund balance	(325)	(675)	(470)	205
Fund balance, beginning	1,440	1,440	1,440	-
Fund balance, ending	<u>\$ 1,115</u>	<u>\$ 765</u>	<u>\$ 970</u>	<u>\$ 205</u>

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND BY DIVISION
FOR THE YEAR ENDED DECEMBER 31, 2020
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	\$ 1,382	\$ 1,395	\$ 13	\$13,513	\$13,638	\$ 125	\$14,895	\$ 15,033	\$ 138
Intergovernmental revenue:									
Federal	-	361	361	-	-	-	-	361	361
State	-	40	40	9,140	9,140	-	9,140	9,180	40
Local	-	204	204	-	-	-	-	204	204
Investment income	578	1,988	1,410	-	-	-	578	1,988	1,410
Other	305	254	(51)	-	-	-	305	254	(51)
Total revenues	<u>2,265</u>	<u>4,242</u>	<u>1,977</u>	<u>22,653</u>	<u>22,778</u>	<u>125</u>	<u>24,918</u>	<u>27,020</u>	<u>2,102</u>
EXPENDITURES									
Current:									
General government	913	(2,462)	(3,375)	11,954	11,252	(702)	12,867	8,790	(4,077)
Intergovernmental:									
Culture and recreation	-	(237)	(237)	9,140	9,140	-	9,140	8,903	(237)
Debt service:									
Principal	900	900	-	-	-	-	900	900	-
Interest and other charges	123	123	-	-	-	-	123	123	-
Capital outlay	3,690	296	(3,394)	-	-	-	3,690	296	(3,394)
Total expenditures	<u>5,626</u>	<u>(1,380)</u>	<u>(7,006)</u>	<u>21,094</u>	<u>20,392</u>	<u>(702)</u>	<u>26,720</u>	<u>19,012</u>	<u>(7,708)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,361)</u>	<u>5,622</u>	<u>8,983</u>	<u>1,559</u>	<u>2,386</u>	<u>827</u>	<u>(1,802)</u>	<u>8,008</u>	<u>9,810</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	314	314	84	-	(84)	84	314	230
Transfers out	(1,400)	(1,336)	64	(3,000)	(3,000)	-	(4,400)	(4,336)	64
Total other financing sources (uses)	<u>(1,400)</u>	<u>(1,022)</u>	<u>378</u>	<u>(2,916)</u>	<u>(3,000)</u>	<u>(84)</u>	<u>(4,316)</u>	<u>(4,022)</u>	<u>294</u>
Net change in fund balance	<u><u>\$ (4,761)</u></u>	<u><u>\$ 4,600</u></u>	<u><u>\$ 9,361</u></u>	<u><u>\$ (1,357)</u></u>	<u><u>\$ (614)</u></u>	<u><u>\$ 743</u></u>	<u><u>\$ (6,118)</u></u>	<u><u>\$ 3,986</u></u>	<u><u>\$ 10,104</u></u>

**BONDS/LOANS/NOTES OUTSTANDING
AS OF DECEMBER 31, 2020
IN THOUSANDS**

Issues	Date	Final Maturity Date	Original Issue	Payments Prior Years	Payments Year Ended 12/31/20	Bonds/Loans/Notes Issued/Drawn Down in 2020	Bonds/Loans/Notes Outstanding 12/31/2020	Refunded Bonds	Maturing in 2021	Future Maturities
GENERAL OBLIGATION BONDS/LOANS/NOTES PAYABLE:										
GOVERNMENTAL ACTIVITIES:										
G.O. Park Bonds:										
2015B	6-Aug-15	1-Mar-20	6,000	4,800	1,200	-	-	-	-	-
2020A	17-Jun-20	1-Mar-21	8,800	-	-	8,800	8,800	-	8,800	-
Subtotal: G.O. Park Bonds			<u>14,800</u>	<u>4,800</u>	<u>1,200</u>	<u>8,800</u>	<u>8,800</u>	<u>-</u>	<u>8,800</u>	<u>-</u>
G.O. Transit Bonds:										
2007E, Refunding	15-Mar-07	1-Feb-22	10,110	8,210	675	-	1,225	-	665	560
2009A	1-Sep-09	1-Mar-29 (c)	43,000	36,865	510	-	5,625	5,095	5,625	-
2010E	22-Dec-10	1-Feb-31 (c)	69,000	46,565	4,265	-	18,170	13,800	18,170	-
2012C	8-Jun-12	1-Mar-32	52,000	30,190	3,125	-	18,685	-	3,240	15,445
2012C, Refunding	8-Jun-12	1-Mar-23	5,105	2,715	625	-	1,765	-	660	1,105
2012H, Refunding	29-Oct-12	1-Feb-28	24,620	15,345	1,285	-	7,990	-	1,270	6,720
2015A	6-Aug-15	1-Mar-25	45,000	28,050	2,475	-	14,475	-	2,600	11,875
2016A	23-Jun-16	1-Mar-26	30,000	17,000	2,250	-	10,750	-	2,350	8,400
2016A, Refunding	23-Jun-16	1-Mar-25	6,025	3,190	1,080	-	1,755	-	320	1,435
2017B	18-May-17	1-Mar-27	40,000	16,195	3,540	-	20,265	-	3,715	16,550
2018D	23-May-18	1-Mar-28	37,680	13,505	2,205	-	21,970	-	2,315	19,655
2019A	19-Jun-19	1-Mar-29	72,300	-	16,300	-	56,000	-	6,200	49,800
2019B	19-Jun-19	1-Mar-39	44,700	-	1,950	-	42,750	-	2,250	40,500
2020D, Refunding	22-Dec-20	1-Mar-31	15,155	-	-	15,155	15,155	-	-	15,155
Subtotal: G.O. Transit Bonds			<u>494,695</u>	<u>217,830</u>	<u>40,285</u>	<u>15,155</u>	<u>236,580</u>	<u>18,895</u>	<u>49,380</u>	<u>187,200</u>
Minnesota Public Facilities Authority Loans--Transit (Backed by General Obligation Notes):										
	12-Mar-99	15-Feb-20	21,025	20,650	375	-	-	-	-	-
Subtotal: Minnesota Public Facility Authority Loans--Transit			<u>21,025</u>	<u>20,650</u>	<u>375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities G.O. Bonds/Loans Payable			<u>530,520</u>	<u>243,280</u>	<u>41,860</u>	<u>23,955</u>	<u>245,380</u>	<u>18,895</u>	<u>58,180</u>	<u>187,200</u>
BUSINESS-TYPE ACTIVITIES:										
Hennepin County Loans:										
Hennepin County Loans Payable										
	25-Sep-15	30-Jun-20 (a)	13,595	11,200	2,395	-	-	-	-	-
Subtotal: Hennepin County Loans Payable:			<u>13,595</u>	<u>11,200</u>	<u>2,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
G.O. Grant Anticipation Transit Notes:										
2020C	22-Dec-20	1-Dec-23	125,160	-	-	125,160	125,160	-	85,000	40,160
Subtotal: G.O. Grant Anticipation Transit Notes:			<u>125,160</u>	<u>-</u>	<u>-</u>	<u>125,160</u>	<u>125,160</u>	<u>-</u>	<u>85,000</u>	<u>40,160</u>
G.O. Sewer Bonds:										
2010F	22-Dec-10	1-Dec-30 (c)	65,000	22,735	4,125	-	38,140	38,140	38,140	-
2012B	8-Jun-12	1-Sep-32	55,110	12,950	3,055	-	39,105	-	3,100	36,005
2012E, Refunding	8-Jun-12	1-Sep-25	82,590	32,140	6,170	-	44,280	-	10,000	34,280
2012F, Refunding	29-Jun-12	1-Sep-22	214,035	162,235	21,860	-	29,940	-	19,250	10,690
2012I, Refunding	29-Oct-12	1-Mar-28	127,235	31,715	9,220	-	86,300	-	10,175	76,125
2014D	6-Feb-14	1-Sep-34	60,000	8,325	2,370	-	49,305	-	2,490	46,815
2015C	6-Aug-15	1-Mar-35	100,000	11,500	4,500	-	84,000	-	6,500	77,500
2016C	23-Jun-16	1-Mar-36	100,000	11,500	3,000	-	85,500	-	5,000	80,500
2016C, Refunding	23-Jun-16	1-Mar-30	23,355	2,940	1,485	-	18,930	-	1,435	17,495
2017C	18-May-17	1-Sep-37	105,000	4,840	3,955	-	96,205	-	4,115	92,090
2018B	23-May-18	1-Mar-28	12,295	1,160	1,105	-	10,030	-	1,135	8,895
2018C	23-May-18	1-Mar-38	105,000	1,000	2,570	-	101,430	-	2,750	98,680
2020B	17-Jun-20	1-Mar-40	80,000	-	-	80,000	80,000	-	1,000	79,000
2020E, Refunding	22-Dec-20	1-Dec-30	30,790	-	-	30,790	30,790	-	2,615	28,175
Subtotal: G.O. Sewer Bonds			<u>1,160,410</u>	<u>303,040</u>	<u>63,415</u>	<u>110,790</u>	<u>793,955</u>	<u>38,140</u>	<u>107,705</u>	<u>686,250</u>
Minnesota Public Facilities Authority Loans--Sewer: (Backed by General Obligation Notes)										
	26-Nov-03	20-Aug-23	100,000	74,000	8,000	-	18,000	-	7,000	11,000
	20-Oct-04	20-Feb-25	50,000	33,100	2,600	-	14,300	-	2,700	11,600
	10-Nov-05	20-Feb-25	40,000	21,975	2,425	-	15,600	-	3,525	12,075
	30-Aug-06	20-Aug-26	50,000	20,950	2,680	-	26,370	-	2,500	23,870
	11-Oct-07	20-Aug-27	80,000	36,350	7,000	-	36,650	-	6,000	30,650
	10-Sep-09	20-Aug-29	49,411	20,541	4,015	-	24,855	-	1,545	23,310
	28-Oct-09	20-Aug-29	30,589	12,709	2,485	-	15,395	-	955	14,440
	12-Jan-11	20-Aug-30	70,000	27,288	3,552	-	39,160	-	3,615	35,545
	15-Feb-12	20-Aug-31	60,000	15,292	3,601	-	41,107	-	3,748	37,359
	23-May-13	20-Aug-32	40,000	9,200	2,400	-	28,400	-	2,400	26,000
	30-Dec-13	20-Aug-33	60,000	12,000	3,000	-	45,000	-	4,000	41,000
	10-Dec-14	20-Aug-34	60,000	10,500	3,000	-	46,500	-	4,000	42,500
	6-Nov-15	20-Aug-35	70,000	7,000	5,500	-	57,500	-	6,500	51,000
	18-Jan-17	20-Aug-36	40,000	2,700	800	-	36,500	-	1,000	35,500
	1-Aug-18	20-Aug-38	45,000	800	2,300	-	41,900	-	1,400	40,500
	25-Nov-19	20-Aug-38 (b)	37,894	-	1,000	37,894	36,894	-	2,500	34,394
Subtotal: Minnesota Public Facility Authority Loans--Sewer			<u>882,894</u>	<u>304,405</u>	<u>54,358</u>	<u>37,894</u>	<u>524,131</u>	<u>-</u>	<u>53,388</u>	<u>470,743</u>
Total G.O.Sewer Bonds/Loans Payable			<u>2,043,304</u>	<u>607,445</u>	<u>117,773</u>	<u>148,684</u>	<u>1,318,086</u>	<u>38,140</u>	<u>161,093</u>	<u>1,156,993</u>
Total Business-type Activities G.O. Bonds/Loans/Notes Payable			<u>2,182,059</u>	<u>618,645</u>	<u>120,168</u>	<u>273,844</u>	<u>1,443,246</u>	<u>38,140</u>	<u>246,093</u>	<u>1,197,153</u>
Total General Obligation Bonds/Loans/Notes Payable			<u>\$ 2,712,579</u>	<u>\$ 861,925</u>	<u>\$ 162,028</u>	<u>\$ 297,799</u>	<u>\$ 1,688,626</u>	<u>\$ 57,035</u>	<u>\$ 304,273</u>	<u>\$ 1,384,353</u>

(a) Of the \$14 million note executed in 2015, only the amount shown was drawn down as of 12/31/20

(b) Of the \$50 million note executed in 2019, only the amount shown was drawn down as of 12/31/20

(c) The refunding bonds for these debt issues were sold in 2020, but the debt will not be refunded until 2021.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020
IN THOUSANDS**

Federal Grantor/ Pass-Through Agency/ Grant Program Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct				
Shelter Plus Care	14.238		<u>801</u>	-
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871		75,830	-
COVID-19 Section 8 Housing Choice Vouchers	14.871		<u>7,105</u>	-
Total CFDA #14.871			<u>82,935</u>	-
Mainstream Vouchers	14.879		969	-
COVID-19 Mainstream Vouchers	14.879		<u>25</u>	-
Total CFDA #14.879			<u>994</u>	-
Passed through City of Minneapolis, Minnesota				
Housing Opportunities for Persons with Aids	14.241	C-01208	246	-
Housing Opportunities for Persons with Aids	14.241	C-02454	<u>335</u>	-
Total CFDA #14.241			<u>581</u>	-
Total U. S. Department of Housing and Urban Development			<u>85,311</u>	-
U.S. Department of Labor				
Passed Through Minnesota Department of Employment and Economic Development				
H-1B Job Training Grants	17.268	METRO02018MAI #144526	<u>555</u>	-
U.S. Department of Transportation				
Direct				
Federal Transit Administration				
Federal Transit Cluster				
Federal Transit Capital Investment Grants	20.500		<u>49,197</u>	<u>161</u>
Federal Transit Formula Grants	20.507		55,384	4,124
COVID-19 Federal Transit Formula Grants	20.507		<u>197,111</u>	<u>12,131</u>
Total CFDA #20.507			<u>252,495</u>	<u>16,255</u>
State of Good Repair Grants Program	20.525		<u>8,506</u>	-
Buses and Bus Facilities Formula, Competitive, and Low or No Emmissions Programs	20.526		<u>16,695</u>	-
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	1031849	35	-
Highway Planning and Construction	20.205	1035526	5,306	50
Highway Planning and Construction	20.205	1029618	<u>152</u>	-
Total CFDA #20.205			<u>5,493</u>	<u>50</u>

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, 2020
IN THOUSANDS**

Federal Grantor/ Pass-Through Agency/ Grant Program Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation (Continued)				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	1035608	415	-
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509	1035608 Amd#1	1,183	-
Total CFDA #20.509			1,598	-
Passed Through Operation Lifesaver, Inc. Public Transportation Research	20.514	VA-2019-004-00	5	-
Total U.S. Department of Transportation			333,989	16,466
U.S. Department of the Treasury				
Passed Through Minnesota Management and Budget COVID-19 Coronavirus Relief Fund	21.019	SLT0016	361	-
U.S. Environmental Protection Agency				
Passed Through Minnesota Public Facilities Authority Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds	66.458	MPFA-CWRF-L-039-FY20	37,894	-
U.S. Department of Homeland Security				
Direct Rail and Transit Security Grant Program	97.075		342	-
Passed Through Minnesota Department of Public Safety Homeland Security Grant Program	97.067	A-SHSP-2019-METCOUNC-021	109	-
Total U.S. Department of Homeland Security			451	-
Total Federal Awards			\$ 458,561	\$ 16,466
Totals by Cluster				
Total expenditures for Housing Voucher Cluster			\$ 83,929	
Total expenditures for Federal Transit Cluster			326,893	
Total expenditures for Highway Planning and Construction Cluster			5,493	
Total expenditures for Clean Water State Revolving Fund Cluster			37,894	

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, 2020**

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, 2020. 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.

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.	102-105
Revenue Capacity These schedules contain information to help the reader assess the Council's most significant local revenue source, the property tax.	106-110
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.	111-120
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.	121-122
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.	123-125

Sources:

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012 ¹	2011
Governmental activities										
Net investment in capital assets	\$ 75,276	\$ 98,575	\$ 103,150	\$ 88,398	\$ 81,285	\$ 77,789	\$ 58,521	\$ 58,498	\$ 50,807	\$ 34,482
Restricted	355,823	457,845	346,016	335,559	284,575	309,633	315,137	230,051	273,620	211,377
Unrestricted	(62,116)	(188,659)	(114,316)	(153,830)	(126,124)	(159,310)	(179,688)	(75,745)	(146,295)	(88,722)
Total governmental activities net position	<u>\$ 368,983</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 3,548,318	\$ 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
Restricted	287,424	106,812	108,634	90,725	45,132	108,188	443,824	295,447	271,959	8,039
Unrestricted	60,090	(95,849)	(112,749)	(303,553)	(119,454)	(62,933)	(289,409)	(106,789)	(72,722)	157,392
Total business-type activities net position	<u>\$ 3,895,832</u>	<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>
Total										
Net investment in capital assets	\$ 3,623,594	\$ 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
Restricted	643,247	564,657	454,650	426,284	329,707	417,821	758,961	525,498	545,579	219,416
Unrestricted	(2,026)	(284,508)	(227,065)	(457,383)	(245,578)	(222,243)	(469,097)	(182,534)	(219,017)	68,670
Total governmental and business-type activities net position	<u>\$ 4,264,815</u>	<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>

Unaudited

Notes:

¹Table restated for 2012.

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

	2020	2019	2018	2017 ²	2016	2015	2014 ¹	2013	2012	2011
Expenses										
Governmental activities:										
General government	\$ 15,655	\$ 14,289	\$ (3,225)	\$ 28,128	\$ 29,151	\$ 6,159	\$ 12,544	\$ 11,903	\$ 11,310	\$ 10,601
Transportation	194,598	176,640	167,991	146,429	146,214	143,681	138,525	126,384	116,818	107,251
Culture and recreation	43,375	56,383	34,830	33,277	48,704	27,984	30,657	37,337	46,358	30,659
Economic revitalization	12,464	16,835	7,807	8,812	10,756	12,250	8,153	12,733	9,446	4,684
Environment development	5,363	6,216	4,926	5,347	6,413	7,268	5,918	5,946	8,476	3,973
Housing	1,358	3,607	2,234	1,859	732	1,404	1,847	1,759	1,348	1,393
Interest and other charges	7,290	6,999	5,037	5,979	6,496	2,297	6,622	9,445	7,391	5,953
Total governmental activities expenses	280,103	280,969	219,600	229,831	248,466	201,043	204,266	205,507	201,147	164,514
Business-type activities:										
Environmental services	270,791	263,824	219,380	245,869	274,544	207,812	233,979	253,333	200,342	198,406
Transit bus	410,907	411,291	291,133	431,815	475,809	334,213	314,305	316,005	310,737	302,758
Transit light rail	148,492	151,400	127,480	172,079	166,464	141,209	142,929	66,082	69,975	66,183
Transit commuter rail	23,208	26,458	25,233	26,738	27,936	24,478	23,541	22,944	24,716	21,860
Housing	84,740	79,416	74,817	75,434	69,417	64,869	62,697	58,911	58,406	57,682
Total business-type activities expenses	938,138	932,389	738,043	951,935	1,014,170	772,581	777,451	717,275	664,176	646,889
Total expenses	\$ 1,218,241	\$ 1,213,358	\$ 957,643	\$ 1,181,766	\$ 1,262,636	\$ 973,624	\$ 981,717	\$ 922,782	\$ 865,323	\$ 811,403
Program Revenues										
Governmental activities:										
Charges for services										
Transit fares	\$ 5,076	\$ 10,074	\$ 10,261	\$ 7,885	\$ 7,895	\$ 10,015	\$ 9,214	\$ 8,825	\$ 7,661	\$ 8,108
Insurance reimbursements	364	125	95	89	586	140	208	196	124	285
Other activities	-	405	371	395	8,375	290	262	74	203	69
Operating grants and contributions	188,276	160,287	150,442	135,895	124,564	117,803	109,086	90,856	56,503	56,884
Capital grants and contributions	34,096	54,714	50,969	46,970	64,569	54,921	40,498	52,380	62,693	34,963
Total governmental activities program revenues	227,812	225,605	212,138	191,234	205,989	183,169	159,268	152,331	127,184	100,309
Business-type activities:										
Charges for services										
Wastewater	299,236	288,390	281,990	265,497	254,223	243,035	233,468	221,381	207,900	205,847
Transit fares	45,036	104,464	109,799	103,017	104,120	103,270	101,638	98,644	98,451	95,806
Other activities	856	880	875	819	1,116	1,112	1,013	994	902	779
Operating grants and contributions	581,316	411,574	413,859	416,209	373,874	323,292	369,833	262,658	276,255	246,436
Capital grants and contributions	517,959	347,007	277,340	174,810	156,981	181,712	177,690	288,045	380,174	494,132
Total business-type activities program revenues	1,444,403	1,152,315	1,083,863	960,352	890,314	852,421	883,642	871,722	963,682	1,043,000
Total program revenues	\$ 1,672,215	\$ 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
Net (Expense) Revenue										
Governmental activities	\$ (52,291)	\$ (55,364)	\$ (7,462)	\$ (38,597)	\$ (42,477)	\$ (17,874)	\$ (44,998)	\$ (53,176)	\$ (73,963)	\$ (64,205)
Business-type activities	506,265	219,926	345,820	8,417	(123,856)	79,840	106,191	154,447	299,506	396,111
Total net (expenses) revenues	\$ 453,974	\$ 164,562	\$ 338,358	\$ (30,180)	\$ (166,333)	\$ 61,966	\$ 61,193	\$ 101,271	\$ 225,543	\$ 331,906
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property tax	\$ 88,027	\$ 86,228	\$ 84,416	\$ 83,620	\$ 81,859	\$ 77,435	\$ 76,785	\$ 77,533	\$ 75,043	\$ 73,798
Market value and other credits	-	-	-	-	-	-	-	-	-	2,381
Motor vehicle sales tax	-	-	-	-	-	-	-	49,094	36,799	29,109
Investment earnings	6,951	13,009	5,642	5,360	2,891	3,371	12,035	(4,146)	4,419	7,675
Gain on sale of capital assets	639	1,050	369	473	813	310	275	378	350	-
Transfers	(42,104)	(12,012)	(18,242)	(19,263)	(31,462)	(29,100)	(24,628)	(35,011)	(21,653)	(29,465)
Total governmental activities	53,513	88,275	72,185	70,190	54,101	52,016	64,467	87,848	94,958	83,498
Business-type activities:										
Taxes										
Property tax	-	-	-	-	-	2,000	3,379	-	-	-
Investment earnings	44,227	63,059	431	47,482	26,841	6,227	37,611	33,878	19,850	7,966
Gain on sale of capital assets	-	172	124	20	-	-	261	222	-	-
Transfers	42,104	12,012	18,242	19,263	31,462	29,100	24,628	35,011	21,653	29,465
Total business-type activities	86,331	75,243	18,797	66,765	58,303	37,327	65,879	69,111	41,503	37,431
Total general revenues and other changes in net position	\$ 139,844	\$ 163,518	\$ 90,982	\$ 136,955	\$ 112,404	\$ 89,343	\$ 130,346	\$ 156,959	\$ 136,461	\$ 120,929
Changes in Net Position										
Governmental activities	\$ 1,222	\$ 32,911	\$ 64,723	\$ 31,593	\$ 11,624	\$ 34,142	\$ 19,469	\$ 34,672	\$ 20,995	\$ 19,293
Business-type activities	592,596	295,169	364,617	75,182	(65,553)	117,167	172,070	223,558	341,009	433,542
Total changes in net position	\$ 593,818	\$ 328,080	\$ 429,340	\$ 106,775	\$ (53,929)	\$ 151,309	\$ 191,539	\$ 258,230	\$ 362,004	\$ 452,835

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.

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

	<u>2020</u>	<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>
General Fund										
Committed	\$ 7,283	\$ 7,152	\$ 7,146	\$ 7,339	\$ 6,145	\$ 6,153	\$ 6,338	\$ 6,363	\$ 6,008	\$ 5,297
Assigned	4,254	6,622	5,090	3,387	3,608	5,832	4,176	4,242	4,218	5,662
Unassigned	27,293	21,070	17,318	17,433	15,634	13,514	11,926	12,283	13,751	12,225
Total general fund	<u>\$ 38,830</u>	<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>
All Other Governmental Funds										
Restricted	\$ 474,141	\$ 457,845	\$ 346,016	\$ 335,559	\$ 284,575	\$ 309,633	\$ 315,137	\$ 287,965	\$ 340,670	\$ 306,905
Committed	116,629	95,026	79,137	70,844	59,788	53,204	57,526	63,338	30,236	30,164
Assigned	533	586	545	592	598	-	-	-	-	-
Unassigned	(54,113)	(35,534)	(34,034)	(38,202)	(6,557)	(20,074)	(26,014)	(22,261)	(23,675)	(44,489)
Total all other governmental funds	<u>\$ 537,190</u>	<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>
Total all governmental funds	<u>\$ 576,020</u>	<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>

Unaudited

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

	<u>2020</u>	<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>
REVENUES										
Taxes	\$ 87,803	\$ 86,381	\$ 84,803	\$ 83,048	\$ 81,487	\$ 77,766	\$ 75,327	\$ 77,920	\$ 76,382	\$ 72,658
Intergovernmental revenue:										
Federal	47,713	18,322	30,716	24,159	22,840	36,677	20,950	22,629	38,933	18,460
Build America bonds interest subsidy	421	703	389	664	738	800	859	937	1,037	825
State	174,034	195,915	170,029	153,153	163,701	133,488	125,895	165,201	115,087	103,371
Local/other	314	186	372	4,978	10,815	2,189	2,350	3,653	1,062	1,493
Investment income	6,951	13,009	5,642	5,360	2,891	3,371	12,035	(4,146)	4,419	7,675
Other	5,330	10,479	10,632	8,280	7,895	10,015	9,214	9,005	7,864	7,650
Total revenues	<u>322,566</u>	<u>324,995</u>	<u>302,583</u>	<u>279,642</u>	<u>290,367</u>	<u>264,306</u>	<u>246,630</u>	<u>275,199</u>	<u>244,784</u>	<u>212,132</u>
EXPENDITURES										
Current:										
General government	12,044	11,439	11,722	13,337	10,568	8,913	12,496	11,232	10,914	8,861
Transportation	112,360	112,004	105,262	94,357	87,148	85,187	83,119	75,611	70,028	67,418
Economic development	-	-	-	-	-	-	49	275	866	-
Intergovernmental:										
Transportation	52,573	40,621	41,165	32,460	39,262	40,705	39,682	36,289	31,616	26,144
Culture and recreation	43,375	56,383	34,830	33,277	48,704	27,984	30,657	37,337	46,358	30,659
Economic revitalization	12,464	16,835	7,807	8,812	10,756	12,250	8,104	12,458	8,580	4,684
Environment development	5,363	6,216	4,926	5,347	6,413	7,268	5,918	5,946	8,476	3,973
Housing	1,358	3,607	2,234	1,859	732	1,404	1,847	1,759	1,348	1,393
Debt service:										
Principal	42,760	39,930	39,295	42,350	59,905	66,450	41,065	40,140	46,880	43,465
Interest and other charges	11,628	7,368	7,752	7,775	8,561	7,696	9,107	9,659	7,482	8,143
Capital outlay	11,508	16,669	43,582	31,940	37,276	39,109	21,399	29,292	32,376	11,480
Total expenditures	<u>305,433</u>	<u>311,072</u>	<u>298,575</u>	<u>271,514</u>	<u>309,325</u>	<u>296,966</u>	<u>253,443</u>	<u>259,998</u>	<u>264,924</u>	<u>206,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,133</u>	<u>13,923</u>	<u>4,008</u>	<u>8,128</u>	<u>(18,958)</u>	<u>(32,660)</u>	<u>(6,813)</u>	<u>15,201</u>	<u>(20,140)</u>	<u>5,912</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	3,986	5,267	1,213	2,902	5,138	4,018	1,478	2,316	1,802	1,693
Transfers out	(26,595)	(17,279)	(21,465)	(22,165)	(36,600)	(28,646)	(22,199)	(37,327)	(23,704)	(31,158)
Bonds issued	8,800	117,000	37,680	40,000	34,700	51,000	42,077	-	59,000	-
Refunding bonds issued	15,155	-	-	-	6,025	-	-	-	29,725	-
Premium on bonds and capital related debt	295	11,588	2,461	3,823	3,903	5,119	2,362	-	5,388	-
Premium on refunding bonds	3,840	-	-	-	797	-	-	-	2,829	-
Sale of capital assets	639	1,050	369	473	524	342	254	532	544	164
Total other financing sources (uses)	<u>6,120</u>	<u>117,626</u>	<u>20,258</u>	<u>25,033</u>	<u>14,487</u>	<u>31,833</u>	<u>23,972</u>	<u>(34,479)</u>	<u>75,584</u>	<u>(29,301)</u>
Net change in fund balances	<u>\$ 23,253</u>	<u>\$ 131,549</u>	<u>\$ 24,266</u>	<u>\$ 33,161</u>	<u>\$ (4,471)</u>	<u>\$ (827)</u>	<u>\$ 17,159</u>	<u>\$ (19,278)</u>	<u>\$ 55,444</u>	<u>\$ (23,389)</u>
Debt service as a percentage of noncapital expenditures	18.5%	16.1%	18.5%	20.9%	25.2%	28.8%	21.6%	21.6%	23.4%	26.5%
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			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	Other Revenue and Financing Sources	
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
2020	15,033	17,415	55,355	45,485	421	142,587	314	3,799	1,302	\$28,136	309,847

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)**

Year	Real Property	Personal Property	Total		Ratio of Net Tax Capacity Value to Market Value	Total Direct Tax Rate
	Market Value	Market Value	Market Value	Net Tax Capacity Value		
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
2020	428,723,402	4,772,606	433,496,009	5,090,890	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.

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
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
2020	0.00	0.00	0.00	0.01	0.01	0.38	0.31	0.33	0.32

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.

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

Largest taxpayers in Hennepin and Ramsey counties

<u>Taxpayer</u>	2020			2011		
	Net Tax Capacity	Rank	Percentage of Total Tax Capacity ^{1,3}	2011 Tax Capacity	Rank	Percentage of Total Tax Capacity ^{2,3}
Xcel Energy / Northern States Power Co	\$ 19,739	1	0.39%	\$ 5,971	2	0.18%
MOA Mall Holdings LLC	16,799	2	0.33%	10,857	1	0.33%
BRI 1855 IDS Center LLC	6,083	3	0.12%	-	-	-
WFM Office Owner LLC	5,537	4	0.11%	-	-	-
SRI Eleven Mpls 225 LLC	5,045	5	0.10%	3,433	5	0.11%
City Center 33 So Prop LLC	4,929	6	0.10%	-	-	-
Wells REIT - 800 Nicollett	3,999	7	0.08%	2,749	7	0.08%
US Bank Corp	3,954	9	0.08%	-	-	-
3M Company	3,772	8	0.07%	4,463	3	0.14%
South Sixth Office LLC	3,411	10	0.07%	2,747	8	0.08%
MB Minneapolis 8th St. LLC	-	-	-	3,465	4	0.11%
NWC Limited Partnership	-	-	-	3,313	6	0.10%
Best Buy Co. Inc	-	-	-	2,369	9	0.07%
Flanagan-AMEX	-	-	-	2,299	10	0.07%
Total	\$ 73,268		1.45%	\$ 41,666		1.27%

Unaudited

Source: Hennepin County abstract of property taxes

Ramsey County abstract of property taxes

- Notes
- ¹ Net tax capacity value for 2020 = \$5,090,890
 - ² Net tax capacity value for 2011 = \$3,260,224
 - 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
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%	84	79,841	99.27%
2016	82,039	-	82,039	81,453	99.29%	130	81,583	99.44%
2017	83,621	-	83,621	82,985	99.24%	44	83,029	99.29%
2018	85,293	-	85,293	84,690	99.29%	123	84,813	99.44%
2019	86,999	-	86,999	86,235	99.12%	242	86,477	99.40%
2020	88,737	-	88,737	88,290	99.50%	-	88,290	99.50%

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	Percentage of Actual Taxable Value ¹ of	
	General Obligation Bonds Transit ³	General Obligation Bonds Parks ³	General Obligation Bonds Wastewater ³	Less: Amounts Available in Debt Service Fund ⁴	Property		Per Capita ²	
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%	267.92	
2020	262,994	8,866	870,578	144,606	997,832	19.60%	274.13	

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
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
2020	262,994	8,866	-	-	3,635	275,495

Unaudited

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

¹ PFA-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 operation: June 30, 2005), which were refunded in 2007 with \$7,265,000 revenue bonds.

³ See 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.

⁴ Transit'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.

⁵ Presented 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
\$ 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	0.70%	452.37
125,160	870,578	524,131	-	1,405	1,521,274	1,796,769	0.77%	493.61

**COMPILATION OF OVERLAPPING DEBT ¹
FOR THE YEAR ENDED DECEMBER 31, 2020
IN THOUSANDS**

<u>Jurisdiction</u>	<u>Net G.O. Debt Outstanding</u>	<u>Percent Applicable to Council</u>	<u>Overlapping Debt</u>
Counties:			
Anoka	\$ 61,405	100.0%	\$ 61,405
Carver	10,650	100.0%	10,650
Hennepin	1,481,010	100.0%	1,481,010
Ramsey	201,587	100.0%	201,587
Scott	125,530	98.1%	123,145
Washington	123,045	100.0%	123,045
Total counties	2,003,227		2,000,842
School districts:			
SSD #1 Minneapolis	603,180	100.0%	603,180
SSD #6 South St. Paul	34,375	100.0%	34,375
ISD #11 Anoka	288,591	100.0%	288,591
ISD #12 Centennial	88,548	100.0%	88,548
ISD #13 Columbia Heights	22,918	100.0%	22,918
ISD #14 Fridley	53,080	100.0%	53,080
ISD #15 St. Francis	88,240	92.5%	81,622
ISD #16 Spring Lake Park	112,735	100.0%	112,735
ISD #108 Norwood-Young America	7,695	96.9%	7,456
ISD #110 Waconia	114,755	100.0%	114,755
ISD #111 Watertown-Mayer	52,743	89.8%	47,363
ISD #112 Chaska	178,825	100.0%	178,825
ISD #191 Burnsville	142,835	100.0%	142,835
ISD #192 Farmington	166,590	100.0%	166,590
ISD #194 Lakeville	159,785	100.0%	159,785
ISD #195 Randolph	11,070	88.0%	9,742
ISD #196 Rosemount	122,785	100.0%	122,785
ISD #197 West St. Paul	119,035	100.0%	119,035
ISD #199 Inver Grove Heights	54,225	100.0%	54,225
ISD #200 Hastings	75,083	99.9%	75,007
ISD #252 Cannon Falls	20,535	4.9%	1,006
ISD #270 Hopkins-Golden Valley	197,475	100.0%	197,475
ISD #271 Bloomington	157,530	100.0%	157,530
ISD #272 Eden Prairie	121,870	100.0%	121,870
ISD #273 Edina	190,660	100.0%	190,660
ISD #276 Minnetonka	173,540	100.0%	173,540
ISD #277 Westonka	37,555	100.0%	37,555
ISD #278 Orono	62,545	100.0%	62,545
ISD #279 Osseo	193,655	100.0%	193,655
ISD #280 Richfield	141,475	100.0%	141,475
ISD #281 Robbinsdale	206,265	100.0%	206,265
ISD #282 St Anthony-New Brighton	29,380	100.0%	29,380
ISD #283 St. Louis Park	132,725	100.0%	132,725
ISD #284 Wayzata	226,360	100.0%	226,360
ISD #286 Brooklyn Center	48,779	100.0%	48,779
ISD #424 Lester Prairie	15,525	0.2%	31
ISD #621 Mounds View	206,185	100.0%	206,185
ISD #622 North St. Paul-Maplewood-Oakdale	366,000	100.0%	366,000
ISD #623 Roseville	172,285	100.0%	172,285
ISD #624 White Bear Lake	324,205	100.0%	324,205
ISD #625 St. Paul	562,865	100.0%	562,865
ISD #659 Northfield	67,005	16.7%	11,190
ISD #716 Belle Plaine	18,430	86.0%	15,850

**COMPILATION OF OVERLAPPING DEBT¹
FOR THE YEAR ENDED DECEMBER 31, 2020**

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	64,080	100.0%	64,080
ISD #719 Prior Lake	185,224	100.0%	185,224
ISD #720 Shakopee	204,044	100.0%	204,044
ISD #721 New Prague	95,335	64.1%	61,110
ISD #728 Elk River	303,850	33.5%	101,790
ISD #831 Forest Lake	161,160	86.8%	139,887
ISD #832 Mahtomedi	42,470	100.0%	42,470
ISD #833 South Washington	310,405	100.0%	310,405
ISD #834 Stillwater	87,205	100.0%	87,205
ISD #877 Buffalo-Hanover-Montrose	57,045	15.9%	9,070
ISD #879 Delano	67,955	34.5%	23,444
ISD #883 Rockford	34,735	68.8%	23,898
ISD #916 Special Intermediate-Vo Tech	75,365	100.0%	75,365
ISD #2144 Chisago Lakes	67,980	3.9%	2,651
ISD #2397 LeSueur-Henderson	7,640	1.1%	84
ISD #2687 Howard Lake-Waverly-Winsted	38,415	0.5%	192
ISD #2859 Glencoe-Sliver Lake	22,880	0.2%	46
Total school districts	<u>7,995,730</u>		<u>7,393,848</u>
Cities:			
Afton	7,651	100.0%	7,651
Andover	41,284	100.0%	41,284
Anoka	18,745	100.0%	18,745
Apple Valley	21,810	100.0%	21,810
Arden Hills	2,215	100.0%	2,215
Bayport	2,565	100.0%	2,565
Belle Plaine	18,955	100.0%	18,955
Bethel	896	100.0%	896
Blaine	72,530	100.0%	72,530
Bloomington	75,449	100.0%	75,449
Brooklyn Center	61,371	100.0%	61,371
Brooklyn Park	34,945	100.0%	34,945
Burnsville	74,030	100.0%	74,030
Carver	23,735	100.0%	23,735
Centerville	2,756	100.0%	2,756
Champlin	11,745	100.0%	11,745
Chanhassen	31,415	100.0%	31,415
Chaska	98,135	100.0%	98,135
Circle Pines	19,725	100.0%	19,725
Cologne	18,947	100.0%	18,947
Columbia Heights	19,195	100.0%	19,195
Columbus	12,219	100.0%	12,219
Coon Rapids	64,240	100.0%	64,240
Corcoran	11,775	100.0%	11,775
Cottage Grove	40,005	100.0%	40,005
Crystal	12,470	100.0%	12,470
Dayton	20,211	100.0%	20,211
Dellwood	1,500	100.0%	1,500
Deephaven	1,300	100.0%	1,300
Eagan	42,445	100.0%	42,445
East Bethel	17,145	100.0%	17,145
Eden Prairie	38,327	100.0%	38,327
Edina	107,433	100.0%	107,433
Elko/New Market	13,303	100.0%	13,303
Excelsior	13,902	100.0%	13,902

COMPILATION OF OVERLAPPING DEBT ¹
FOR THE YEAR ENDED DECEMBER 31, 2020
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	945	100.0%	945
Farmington	12,070	100.0%	12,070
Forest Lake	41,730	100.0%	41,730
Fridley	65,590	100.0%	65,590
Gem Lake	1,160	100.0%	1,160
Golden Valley	62,535	100.0%	62,535
Grant	1,172	100.0%	1,172
Greenfield	445	100.0%	445
Hamburg	2,589	100.0%	2,589
Ham Lake	1,176	100.0%	1,176
Hampton	3,380	100.0%	3,380
Hastings	22,890	100.0%	22,890
Hopkins	83,505	100.0%	83,505
Hugo	8,445	100.0%	8,445
Independence	5,090	100.0%	5,090
Inver Grove Heights	43,980	100.0%	43,980
Jordan	22,098	100.0%	22,098
Lake Elmo	35,136	100.0%	35,136
Lakeland	865	100.0%	865
Lakeville	123,350	100.0%	123,350
Lauderdale	2,295	100.0%	2,295
Lexington	2,292	100.0%	2,292
Lilydale	1,965	100.0%	1,965
Lino Lakes	23,284	100.0%	23,284
Little Canada	3,380	100.0%	3,380
Long Lake	2,610	100.0%	2,610
Loretto	240	100.0%	240
Mahtomedi	27,855	100.0%	27,855
Maple Grove	94,120	100.0%	94,120
Maple Plain	8,347	100.0%	8,347
Maplewood	60,657	100.0%	60,657
Marine	836	100.0%	836
Mayer	4,935	100.0%	4,935
Medina	13,845	100.0%	13,845
Mendota Heights	23,865	100.0%	23,865
Minneapolis	802,012	100.0%	802,012
Minnetonka	54,145	100.0%	54,145
Minnetonka Beach	4,870	100.0%	4,870
Minnetrissa	20,426	100.0%	20,426
Mound	45,945	100.0%	45,945
Mounds View	11,961	100.0%	11,961
New Brighton	30,445	100.0%	30,445
New Germany	7,601	100.0%	7,601
New Hope	51,419	100.0%	51,419
Newport	7,840	100.0%	7,840
North Oaks	175	100.0%	175
North St. Paul	33,360	100.0%	33,360
Northfield	51,151	100.0%	51,151
Norwood-Young America	13,434	100.0%	13,434
Nowthen	1,428	100.0%	1,428

**COMPILATION OF OVERLAPPING DEBT ¹
FOR THE YEAR ENDED DECEMBER 31, 2020
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	23,590	100.0%	23,590
Oak Grove	231	100.0%	231
Oak Park Heights	5,475	100.0%	5,475
Orono	5,990	100.0%	5,990
Osseo	13,645	100.0%	13,645
Plymouth	44,785	100.0%	44,785
Prior Lake	35,290	100.0%	35,290
Ramsey	28,900	100.0%	28,900
Richfield	68,820	100.0%	68,820
Robbinsdale	60,356	100.0%	60,356
Rogers & Hassan Combined	6,075	100.0%	6,075
Rosemount	8,030	100.0%	8,030
Roseville	25,710	100.0%	25,710
St. Anthony	23,340	100.0%	23,340
St. Bonifacius	1,895	100.0%	1,895
St. Francis	30,377	100.0%	30,377
St. Louis Park	90,120	100.0%	90,120
St. Paul	463,015	100.0%	463,015
St. Paul Park	6,475	100.0%	6,475
Savage	47,920	100.0%	47,920
Scandia	3,709	100.0%	3,709
Shakopee	41,075	100.0%	41,075
Shoreview	51,715	100.0%	51,715
Shorewood	11,280	100.0%	11,280
South St. Paul	25,929	100.0%	25,929
Spring Lake Park	3,493	100.0%	3,493
Spring Park	1,635	100.0%	1,635
Stillwater	30,855	100.0%	30,855
Tonka Bay	1,882	100.0%	1,882
Sunfish Lake	1,505	100.0%	1,505
Vadnais Heights	5,380	100.0%	5,380
Victoria	24,120	100.0%	24,120
Waconia	44,439	100.0%	44,439
Watertown	3,786	100.0%	3,786
Wayzata	21,605	100.0%	21,605
West St. Paul	55,660	100.0%	55,660
White Bear Lake	18,910	100.0%	18,910
Woodbury	59,020	100.0%	59,020
Total cities	4,395,300		4,395,300
Townships:			
Baytown	1,054	100.0%	1,054
Credit River	2,410	100.0%	2,410
Empire	2,460	100.0%	2,460
Helena	200	100.0%	200
Laketown	900	100.0%	900
Linwood	62	100.0%	62
New Market	1,800	100.0%	1,800
Randolph	38	100.0%	38
Sand Creek	230	100.0%	230
Spring Lake	2,047	100.0%	2,047
Waconia	165	100.0%	165
White Bear	7,360	100.0%	7,360
Total townships	18,726		18,726

**COMPILATION OF OVERLAPPING DEBT¹
FOR THE YEAR ENDED DECEMBER 31, 2020
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	13,895	100.0%	13,895
Blaine EDA/HRA	3,000	100.0%	3,000
Bloomington Port Authority	6,385	100.0%	6,385
Bloomington HRA	6,450	100.0%	6,450
Capital Region Watershed District	11,875	100.0%	11,875
Carver County CDA	27,870	100.0%	27,870
Cedar Lake Sewer Sanitary District	1,060	68.2%	723
Chaska EDA	32,875	100.0%	32,875
Dakota County CDA	262,883	100.0%	262,883
Hennepin City Park	58,525	100.0%	58,525
Hennepin Regional Railroad Authority	94,705	100.0%	94,705
HRA of St. Paul	64,770	100.0%	64,770
Metropolitan Airports Commission	1,407,875	100.0%	1,407,875
Minnesota Municipal Power Agency	185,515	61.6%	114,277
MN Valley Transit Auth	3,540	100.0%	3,540
Mound HRA	2,150	100.0%	2,150
Norwood-Young America EDA	4,580	100.0%	4,580
Plymouth HRA	9,000	100.0%	9,000
Ramsey-Washington Metro Watershed District	3,794	100.0%	3,794
Regional Railroad Authority-Anoka County	20,280	100.0%	20,280
Scott County CDA	48,980	100.0%	48,980
South Washington Watershed District	2,880	100.0%	2,880
St. Anthony HRA	5,795	100.0%	5,795
St. Paul Port Authority	149,055	100.0%	149,055
VB Watershed	6,925	100.0%	6,925
Carn-Marine Watershed	317	100.0%	317
Waconia HRA	8,768	100.0%	8,768
Washington County HRA	40,577	100.0%	40,577
Total miscellaneous	<u>2,484,324</u>		<u>2,412,749</u>
Subtotal, overlapping debt	<u>\$ 16,897,308</u>		16,221,466
Metropolitan Council direct debt			<u>275,495</u>
Total direct and overlapping debt			<u>\$ 16,496,961</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.

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

	<u>2020</u>	<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>
Debt limit	\$ 366,605	\$ 415,905	\$ 360,910	\$ 397,655	\$ 307,390	\$ 353,595	\$ 413,505	\$ 367,025	\$ 365,515	\$ 334,245
Total net debt applicable to limit	<u>221,585</u>	<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>
Legal debt margin	<u>\$ 145,020</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	<u>60.44%</u>	<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>

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
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	-	-	-	-	-
2020	-	-	-	-	-

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
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	3,640,043	233,890	64,255	3.00%
2020	3,640,043	233,890	64,255	4.50%

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 2020 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	2020			2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
State of Minnesota	56	1	3.03%	56	1	3.24%
Mayo Clinic	45	2	2.44%	39	2	2.25%
United States Federal Government	35	3	1.89%	34	3	1.96%
Fairview Health Services	33	4	1.79%	20	8	1.16%
Target Corporation	31	5	1.68%	31	4	1.79%
Allina Health System	29	6	1.57%	23	6	1.33%
University of Minnesota	27	7	1.46%	25	5	1.44%
HealthPartners Inc.	25	8	1.35%	-	-	-
UnitedHealth Group, Inc.	18	9	0.97%	-	-	-
Wells Fargo Minnesota	18	10	0.97%	20	9	1.16%
Wal-Mart Stores Inc.	-	-	-	20	7	1.16%
3M Co.	-	-	-	15	10	0.87%
Total	317		17.15%	283		16.36%

Unaudited.

Source: Department of Employment and Economic Development, Minneapolis-St. Paul Business Journal, July 13, 2020 and Business Journal, Book of Lists , December 25, 2011.

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 2020.

State of Minnesota includes Minnesota State Colleges & Universities.

**EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS ENDED DECEMBER 31**

	Full-time Equivalent Employees as of December 31									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>Regional Administration</u>										
Human Resources	56	53	51	45	47	42	40	36	32	33
Information Services	117	111	112	111	110	107	98	90	81	79
Finance/Central Services	60	58	58	55	54	53	50	46	44	42
Other	112	105	109	107	116	108	95	89	84	79
Total Regional Administration	345	327	330	318	327	310	283	261	241	233
<u>Community Development</u>										
Metro HRA	40	39	40	41	40	40	40	38	37	34
Other	46	43	40	41	38	36	36	36	35	35
Total Community Development	86	82	80	82	78	76	76	74	72	69
<u>Environmental Services Division</u>										
Environmental Quality Assurance	89	93	93	100	101	101	102	100	95	98
Treatment Services	529	526	510	506	503	506	532	527	514	526
Other	34	35	34	32	29	27	25	24	22	20
Total Environmental Services Division	652	654	637	638	633	634	659	651	631	644
<u>Transportation Services Division</u>										
Metro Mobility	19	18	17	17	17	12	11	10	10	9
Transportation Planning	29	27	29	28	27	33	32	30	27	28
Other	1	1	1	1	1	-	-	-	-	-
Total Transportation Services	49	46	47	46	45	45	43	40	37	37
<u>Metro Transit Bus</u>										
Operations	1,498	1,621	1,638	1,654	1,640	1,617	1,600	1,566	1,512	1,502
Maintenance	483	493	487	477	466	432	428	424	422	429
Administration/Clerical	686	695	662	642	646	616	607	507	465	448
Total Metro Transit	2,667	2,809	2,787	2,773	2,752	2,665	2,635	2,497	2,399	2,379
<u>Metro Transit Commuter Rail</u>										
Maintenance	26	30	28	30	29	28	29	27	28	28
Administration/Clerical	4	4	4	4	4	4	7	7	8	9
Total Metro Transit	30	34	32	34	33	32	36	34	36	37
<u>Metro Transit Light Rail</u>										
Operations	65	66	65	67	64	62	85	76	56	57
Maintenance	151	155	155	146	141	138	92	72	80	81
Administration/Clerical	255	255	246	250	237	231	230	184	134	100
Total Metro Transit	471	476	466	463	442	431	407	332	270	238
Total	4,300	4,428	4,379	4,354	4,310	4,193	4,139	3,889	3,686	3,637

Unaudited

Source: Metropolitan Council Budget Department and Metro Transit

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

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

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Metro Mobility-passenger miles	19,886,597	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
Metro Mobility-passenger trips	1,414,660	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
Parks visits to Metro Parks System ¹	63,300,000	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
Business-type activities										
Wastewater										
Average daily sewage treatment (millions of gallons)	243	266	241	247	245	250	255	240	210	260
Transit-bus										
Total route miles	23,707,494	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
Passenger trips ²	25,496,989	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
Transit-commuter rail										
Total route miles	256,360	603,692	623,923	582,726	550,196	547,051	546,092	529,007	521,537	556,631
Passenger trips ²	152,456	767,768	787,327	793,798	711,167	722,637	721,214	787,241	700,276	703,427
Transit-light rail										
Total passenger car miles	4,129,925	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
Passenger trips ²	10,255,520	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
Housing										
Metro HRA unit months leased	87,543	87,745	86,065	87,638	87,096	86,076	81,425	82,612	82,264	82,247

Unaudited

Sources: Various Metropolitan Council Divisions

Notes:

¹ 2020 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

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

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Metro Mobility										
Total fleet size	640	679	642	571	519	485	442	407	399	340
Number of Parks/Trails	111	105	105	104	102	102	102	97	95	95
Acres of Regional Parks and Trails open to the public	54,465	55,755	59,354	56,022	54,613	54,488	54,307	54,581	54,842	54,631
Business-type activities										
Wastewater										
Treatment Plants	9	9	8	8	8	8	8	7	7	7
Miles of MCES Interceptors	637	637	634	634	634	634	634	634	634	626
Wastewater Treatment Plant Capacities (millions of gallons)	358	358	358	358	358	358	358	358	358	358
Transit-bus										
Total fleet size	904	904	907	909	902	907	905	912	888	876
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	91	86	86	86	86	62	27	27
Housing										
Metro HRA unit months available	86,685	87,596	85,681	85,278	85,270	86,539	84,288	83,979	83,795	83,173
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