

# Business Item

Management Committee



Committee Meeting Date: Nov. 30, 2022

For the Metropolitan Council: Dec. 14, 2022

## Business Item: 2022-323

Technical updates to FM 2-2 Finance and Asset Management Policy

<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Resolution No. 2022-22 FM 2-2 Finance and Asset Management Policy
<b>Staff Prepared/Presented:</b>	Marie Henderson, Deputy Chief Financial Officer, 651-602-1387
<b>Division/Department:</b>	All

### Proposed Action

That the Metropolitan Council adopt an updated version of FM 2-2 Finance and Asset Management Policy, reflecting the references to Resolution No. 2022-22 expressing the Council's findings and guiding policies with regard to expenditures that comply with the public purpose doctrine.

### Background

The Metropolitan Council adopted Resolution 2022-22. This action updates references within the Finance and Asset Management Policy to properly refer to the updated resolution.

### Rationale

The Finance and Asset Management Policy provides staff guidance for consistent financial and asset management practices, as endorsed by the Metropolitan Council in pursuit of its statutory responsibilities. To avoid confusion related to any purchases, this change is required to reflect today's action related to Resolution No. 2022-22.

### Funding

N/A



## POLICY

### Finance and Asset Management Policy

FM 2-2

**Category:** Financial Management

**Business Unit Responsible:** RA: Finance

**Policy Owner:** Deputy Chief Financial Officer

**Policy Contact:** Controller

**Synopsis:** Provides staff guidance for consistent financial and asset management practices as endorsed by the Metropolitan Council in pursuit of its statutory responsibilities.

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## POLICY

The Metropolitan Council will manage its finances and assets in a conservative and responsible manner with the goal of meeting its over-all mission. The Metropolitan Council will expend public funds in accordance with Council Resolution No. 2022-22 ~~2016-26~~, the public purpose doctrine, and related statutes, which are discussed in Council Business Item 2022-281 ~~2016-26~~. Each expenditure must relate to the governmental purpose for which the Metropolitan Council is authorized, and the Metropolitan Council shall determine the expenditure is necessary and appropriate for the fulfillment of the Metropolitan Council's statutory responsibilities.

All of the assets of the Council shall be managed in the public interest and shall be considered property of the Council. Assets includes supplies, equipment (owned and leased), buildings and real property.

The Metropolitan Council shall restrict the use of financial resources to the appropriate organization unit, i.e., transit-related revenues are restricted to Metro Transit and Transportation Planning, Environmental Services revenues to Environmental Services, etc. Each unit is to be funded based on its ability to raise those revenues assigned to it by statute or those revenues received from other levels of governments. This policy authorizes the allocation of administrative and overhead costs to support the various entities. Each unit will respond to year-end deficits and surpluses generated by that particular unit. Any long-term deficits or funding imbalances will be dealt with from within the appropriate funding sources or by management action within the respective unit. This policy does not preclude further restriction of funds within an organizational unit.

Short-term loans may be made across units to meet temporary cash flow needs. Any loan for more than three months or \$10 million must be approved by the Council. Units receiving loans will pay the cost of the borrowing.

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## PURPOSE OF POLICY

This policy provides staff guidance for consistent financial and asset management practices as endorsed by the Metropolitan Council in pursuit of its statutory responsibilities.

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## BACKGROUND & REASONS FOR POLICY

The Metropolitan Council is a public corporation and a political subdivision of the State of Minnesota and has statutory responsibility for performing regional planning functions, operating the regional wastewater treatment system, and operating the regional bus and transit systems. The Minnesota Legislature has placed the Metropolitan Council under the "supervision and control" of a seventeen-member governing body. Therefore, the Council is granted the powers which may be "necessary or convenient" to enable the Metropolitan Council to perform and carry out the duties and responsibilities now existing or which may be imposed upon it by law.

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## IMPLEMENTATION & ACCOUNTABILITY

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## RESOURCES

*Related Procedures:*

- [FM 5-1a Charging Method for Inter-Division Services Procedure](#)

*Other Resources (training, relevant links):*

- [Council Resolution No 2022-22 ~~2016-26~~, Public Purpose Doctrine](#)

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## HISTORY

### Version 4 – Approval Date

12/14/2022 – Updated to reflect new Public Purpose resolution.

### Version 3 – Template Update

10/12/2020 - Updated content into new template.

### Version 2 - Approval Date

12/05/2001

### Version 1 – Adoption Date

09/11/1998

### Last Reviewed Date

12/05/2001

### Next Content Review Date

07/15/2021

### Former Reference #

3

### Version

3