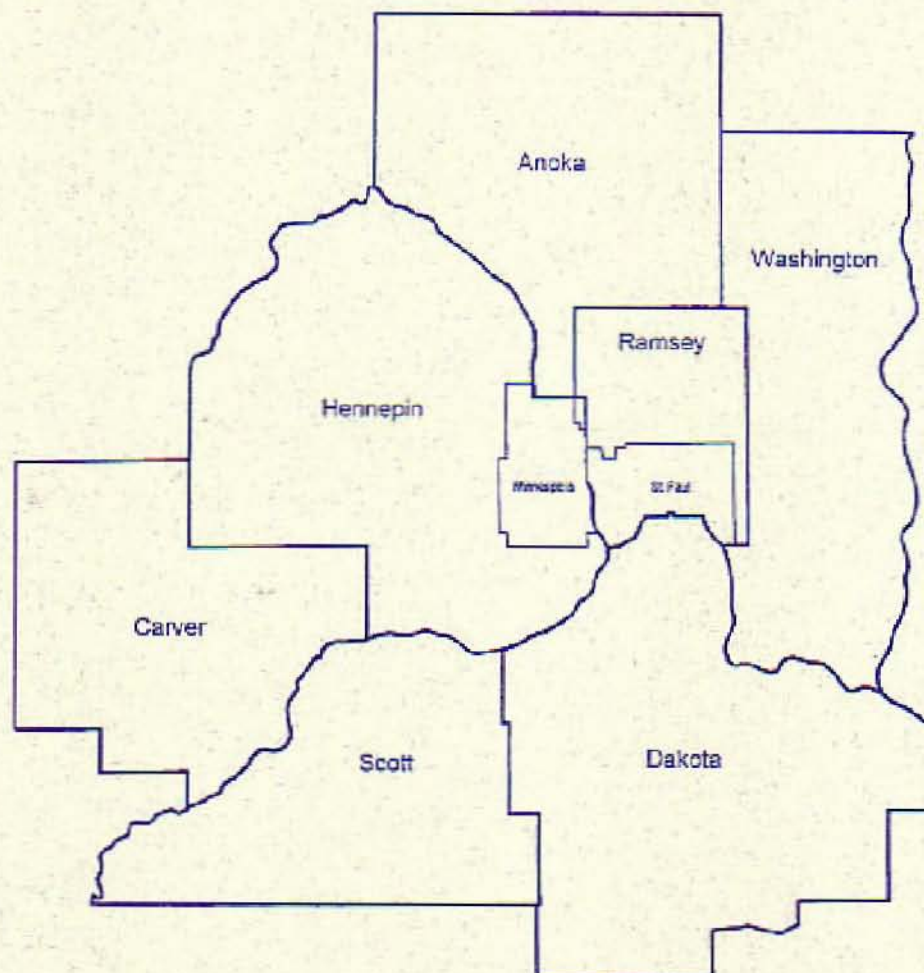



Metropolitan Council

# Comprehensive Annual Financial Report

**Year Ended December 31, 2004**



 A component unit of the State of Minnesota

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**METROPOLITAN COUNCIL**  
OF THE TWIN CITIES AREA  
MINNESOTA

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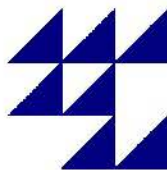
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED DECEMBER 31, 2004

**A COMPONENT UNIT OF THE STATE OF MINNESOTA**

Prepared by the Finance Unit

Issued June 2005



METROPOLITAN COUNCIL  
Mears Park Centre, 230 East Fifth Street, St. Paul, Minnesota 55101

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE METROPOLITAN COUNCIL  
A COMPONENT UNIT OF THE STATE OF MINNESOTA  
FOR THE YEAR ENDING DECEMBER 31, 2004**

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# **INTRODUCTORY SECTION**



June 2, 2005

Mr. Peter Bell, Chair  
And Members of the Metropolitan Council  
Mears Park Centre  
230 East Fifth Street  
St. Paul, MN 55101

Dear Chair Bell and Council Members,

In accordance with state statutes, we hereby submit the Comprehensive Annual Financial Report of the Metropolitan Council for the fiscal year ended December 31, 2004. 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.

This report consists of management's representations concerning the finances of the Metropolitan Council. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these presentations, management of the Metropolitan Council has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Metropolitan Council's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Metropolitan Council's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. 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 Office of the State Auditor, State of Minnesota has audited the Metropolitan Council's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Council, for fiscal year ended December 31, 2004, are free of misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there is a reasonable basis for rendering an unqualified opinion that the Council's financial statements, for the fiscal year ended December 31, 2004, are fairly presented in conformity to GAAP. The independent auditor's report is presented as the first component of the basic financial section of this report.

The independent audit of the financial statements of the Metropolitan Council was part of a broader, federally mandated "Single Audit" 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 are available in the Metropolitan Council's separately issued Management and Compliance Report.



GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Council's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

Created by the Minnesota Legislature in 1967, the Metropolitan Council, a component unit of the State of Minnesota, is the regional planning agency serving the Twin Cities seven-county metropolitan area. 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 2.6 million people. 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 responsible for planning and coordinating development cooperatively with the region's citizens and communities. The Council forecasts the region's growth, establishes regional policies and provides regional planning for land use, housing, transportation, wastewater services, aviation and parks. In addition to planning and overseeing growth and development, the Council is responsible for vital regional services including: collection and treatment of wastewater, operating the regional transit system and providing affordable housing opportunities to low and moderate income families. The Metropolitan Radio Board and the Metropolitan Sports Facilities Commission are component units of the Council due to fiscal dependence, and are reported separately within Metropolitan Council's financial statements. Additional information on these two legally separate entities can be found in Note I.A.2 in the notes to the financial statements.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund, all budgeted Special Revenue funds and the Metro Transit enterprise fund. The budget for the Environmental Services enterprise fund is 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, which is limited to five percent of operating expenses. Variances in 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 preliminary budget is approved by the Council in August. Public hearings are held in December and the final budget is approved at the end of December. Budgets to actual comparisons are presented in this report for each governmental fund for which an annual budget has been prepared. For the General Fund and the major special revenue funds, these comparisons are included in the Required Supplementary Information section. The budgets to actual comparisons for the non-major governmental funds are presented in the Combining and Individual Fund Statement and Schedules section.

Budgets are prepared at the division, and fund level. Budgetary controls are at the fund level within division. Council divisions have the authority to reallocate budgets within a fund. Transfers of authority across funds or divisions must be approved by the Council. Results of operations are reported against approved budget.

## **Factors Affecting Financial Condition**

**Local Economy.** Gross Metro Product of the Twin Cities was \$135 billion in 2003. The region has the 12th largest metro economy in the nation, and its economy is growing. The Twin Cities economy picked up as employment growth improved and per capita income strengthened. Jobs rose 1.3 percent during the year ending December 2004. Per capita income increased in 2003 to \$38,600. The unemployment rate of 4.4 percent remained well below the national rate of 5.6 percent in 2004. Home building and buying moderated from the vibrant activity of recent years.

After three years of sluggish or nonexistent job gains, employment began to rebound in 2004 and grew by 22,600 over the year. The number of local jobs expanded by an additional 2,500 (seasonally adjusted) during the first three months of 2005.

Jobs increased fastest in education, health care, leisure and hospitality industries. These sectors contributed 50 percent of total job gains during 2004. Education and health care jobs rose by 3.3 percent, and leisure and hospitality jobs went up by 3.0 percent over the year. Employment growth in manufacturing and trade, transportation and utilities also exceeded the average rate across industry sectors. In contrast, the information sector cut 6.0 percent of jobs, and government jobs stagnated.

The unemployment rate in the seven-county metro area diminished to 4.2 percent during the first quarter of 2005, and initial claims for jobless benefits receded as employers began hiring again. Unemployment insurance claims dropped very slightly during the first quarter of 2005.

Home building cooled but home sales remained resilient as mortgage interest rates crept up. The number of residential building permits declined by 0.8 percent from 2003 to 2004 and has tumbled further in recent months. The year-to-date total for March 2005 is 16 percent behind the previous year. Home sales, however, increased by 3.0 percent over the year and by 2.2 percent during the first quarter of 2005. The median sale price climbed to \$219,000 during March. In the last quarter of 2004, 69 percent of homes for sale were considered affordable to a median-income family.

By the end of 2004, the market for office buildings showed signs of bottoming out, and the market for industrial space continued to gradually recover as the job market improved, according to Colliers Turley Martin Tucker. Residential growth and consumer spending boosted by relatively high per capita incomes spurred thriving retail development. Per capita income in the Twin Cities rose by 2.2 percent from 2002 to 2003, matching the national rate.

**Goals and Objectives.** The Twin Cities region enjoys a widely acclaimed quality of life because of its broad-based economy, well-prepared work force, affordable housing, mobility and transportation options, strong neighborhoods and revitalized downtowns. The challenge is to maintain and enhance the region's quality of life and economic competitiveness as the region grows—an estimated one million more people in the seven-county metropolitan area by 2030. Goals of providing choices, protecting the environment, growing the economy, creating efficiencies, promoting regional cooperation and collaboration and improving livability—provide the framework for future growth and development.

The Council invests regional, state and federal funds to promote affordable housing, job growth, livable communities, regional parks and transportation options, as well as to protect the environment.

## **Regional growth strategy**

In 2003 and early 2004, the Council, with broad community and public input, developed and adopted The 2030 Regional Development Framework, a regional plan to accommodate future growth in the Twin Cities region. This comprehensive strategy reflects the Council's commitment to working with

communities in a collaborative and flexible manner, elevates transportation among regional priorities, emphasizes market-based development, focuses on the Council's core mission of promoting efficiencies and includes specific benchmarks for measuring progress. The Council's strategies are organized around four policies:

- Work with local communities to accommodate growth in a flexible, connected and efficient manner
- Plan and invest in multi-modal transportation choices, based on the full range of costs and benefits, to slow the growth in congestion and serve the region's economic needs
- Encourage expanded choices in housing location and types, and improved access to jobs and opportunities
- Work with local and regional partners to reclaim, conserve, protect and enhance the region's vital natural resources.

The Framework recognizes that different communities have different opportunities, needs and aspirations. But it also reflects the belief that communities have a shared responsibility to help accommodate the region's growth in a sensible, cost-effective manner.

### **Delivering high-performance regional services**

**Transit**— The Council operates the region's largest transit service, Metro Transit, which provides roughly 90 percent of the 73 million bus trips taken annually in the Twin Cities. Each weekday, customers board Metro Transit buses an average of 200,000 times. Metro Transit provides 129 bus routes including local, express and contract service routes and operates approximately 720 peak vehicles and an overall fleet of approximately 940 buses.

Like many other transit agencies nationally, Metro Transit ridership was down in 2004. Transit ridership decreased 19% from 66.0 million rides in 2003 to 53.9 million rides in 2004. The Twin Cities economy and higher unemployment rate, a 2003 fare increase, and an employee strike that halted service for 42 days in 2004, contributed to the ridership decrease. Because 80 percent of Metro Transit trips are work related, ridership rises and falls in close concert with the economy.

The Council began operation of the region's first light rail transit line in June 2004 with partial service between downtown Minneapolis and Fort Snelling. The full 12-mile line opened in December 2004 extending service to the MSP Airport and Mall of America. Ridership of 2.9 million exceeded the forecast by 105%. Metro Transit now offers 46 bus routes with connecting service and timed transfers at 13 light rail stations.

The 2005 Authorized Capital Budget for Metro Transit Bus is \$63.1 million and Metro Transit Light Rail \$2.9 million. The capital budget for Metro Transit Bus includes fleet replacement, improvements to support facilities and public facilities like park and rides and transit hubs. The capital budget for Metro Transit Light Rail reflects the completion of construction of the light rail line.

**Wastewater collection and treatment**— The Council collects and treats about one hundred billion gallons of wastewater annually from 103 communities in the region at nationally competitive rates while maintaining near-perfect compliance with environmental permits. In 1999 through 2001, the Council was able to lower its total municipal wastewater charge to reduce costs to its customers and become more competitive. Modest rate increases in 2002 through 2004 have resulted in a total charge still below that charged in 1996 through 1998. Customer satisfaction remains high.

In 2004, all eight MCES plants received awards from the Association of Metropolitan Sewage Agencies for 2003 results. The Seneca plant received a prestigious "Excellence in Operation and Maintenance Award" from the U.S. Environmental Protection Agency. Six of the plants received commendations from the Minnesota Pollution Control Agency.

Key capital projects support regional goals of accommodating growth and protecting the environment while maintaining cost-effective infrastructure. In 2004, construction was completed on the new solids management and incineration building at the Metro plant. The successful startup leads the list of capital project accomplishments. Construction continued on schedule at the Metro Plant on the liquids treatment facilities (total cost of \$80 million). In addition, construction continued on expansion of the Empire Plant and construction of a new outfall pipe to the Mississippi River in Rosemount (total cost \$150 million), with full completion scheduled for 2006.

Total flow for the 2004 billing period was down considerably from the estimated flow used for budgeting, which resulted in reduced revenue and a material use of the operating reserves. Consequently, the cost allocation system was modified for future billings to set rates and budget revenue based on actual flows (from the prior year) instead of estimated flows. This new “firm flow” cost allocation system reduces municipal charge uncertainty for both the Council and its wastewater customers. In addition, the Council has planned to restore the operating reserves by budgeting \$1 million/year for revenues in excess of expenses, beginning in 2005.

**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 provides housing choice vouchers through its housing and redevelopment authority to an estimated 5,900 low-income seniors, disabled individuals, families and singles. Eligible households pay only 30 to 40 percent of their income for housing. Through its Family Affordable Housing Program, the Council operates 150 housing units (single-family, townhouses and duplexes) in 11 cities in suburban Anoka, Ramsey and Hennepin Counties for rent to low-income families.

Working in partnership with cities, counties and municipal development authorities, the Council, through its Livable Communities Housing Incentive Programs, provides grants to projects that (1) clean up contaminated land for redevelopment, (2) promote efficient, connected development, and (3) support the development and preservation of affordable and lifecycle housing. Currently, 106 metropolitan area communities are participating in the local housing incentive program.

**Financial**—The Metropolitan Council's original adopted 2005 budget for operations, pass-through expenditures and debt service was \$628 million representing a 4% increase from \$604 million adopted for 2004. Early in 2005, the budget was revised to \$632 million. Property tax levies certified for collection in 2005 total \$70.6 million, an increase of 1.0 percent from 2004. Approximately 51 percent of the Council’s total property tax levy supports transit debt service. Of the remainder, 19 percent is for purposes specified in the Livable Communities Act, 11 percent supports parks, solid waste, and radio program debt service, 4 percent supports the Highway Right-of-Way Acquisition Loan Program, and 15 percent supports the general operations of the Council.

The 2001 legislature changed transit operations funding from a regional property tax to the state motor vehicle sales tax (MVST). For state fiscal year 2004/2005, the state appropriated 21.5 percent of MVST revenues for metropolitan area transit needs. To manage historic fluctuations in this revenue source, the Council budgets only 97% of MVST revenues and sets aside 3% in the event that actual revenues fall below projections. MVST revenues have declined by a significant amount in two of the past 27 years that the tax has been collected by the state.

**Cash management policies and practices.** The Council operates one core bank account at one primary bank. This arrangement meets the majority of the Council's cash management needs. Several other bank accounts are utilized for minor but specialized business cash flows. Cash is invested to the date of expected expenditures. The Council’s investment portfolio had a fair value of \$338 million on December 31, 2004. The average yield was 3.3%, modified duration 3.4 years, and effective duration 1.84 years.



The Council investment holdings of specific issuers represent more than 5% of total cash and investments. These holdings include: (a) Federal Home Loan Bank, (b) Federal Home Loan Mortgage Corporation, (c) an escrowed repurchase agreement which is fully collateralized, and (d) demand deposit accounts. Approximately 35% percent of the Council's taxable portfolio was invested in commercial paper, but individual holdings constituted less than 5% in any one issuer.

**Risk management.** The Council is self-insured for auto liability and physical damage, directors and officers error and omissions, police liability (for transit police), employment practices, general liability for Metro Transit and Regional Administration premises, workers' compensation and pollution liability. A General Fund designation of \$1 million has been established for errors and omissions.

The Council purchases property insurance, commercial crime and limited general liability policies. The limited general liability policy covers third-party liability for bodily injury and property damage at Environmental Services premises, Metro Transit hubs, bus shelters and park and ride facilities. Additional information on the Metropolitan Council's Risk Management can be found in Note V.A in the notes to the financial statements.

**Pension and other postemployment benefits.** Metropolitan Council employees are covered by one of two Minnesota State Retirement Systems (MSRS) retirement plans. The Council has no obligation in connection with employee benefits offered through this plan beyond its monthly contributions to the plan.

The Council also provides certain healthcare, life insurance and other benefits for certain retirees as negotiated in labor contracts. Metro Transit employees employed prior to April, 2004 become eligible for certain healthcare and life insurance benefits if they reach normal retirement age and meet certain eligibility requirements while working for Metro Transit. Environmental Services employees, employed prior to December, 1996 become eligible for certain post retirement health benefits if they meet certain eligibility requirements. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the Council's retirement plans and post-employment benefits can be found in Notes V.B and V.C in the notes to the financial statements.

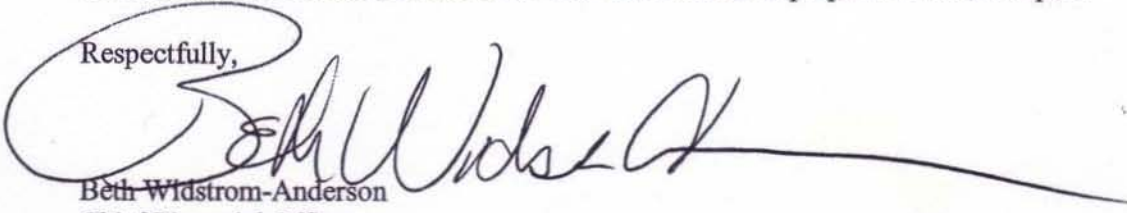
#### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Council for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2003. This was the twenty-first consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

This report is prepared with the professional and dedicated services of the Finance Staff. Support from the entire staff is required to produce the report in a timely manner. Staff in many other departments of the Metropolitan Council and component units 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,

  
Beth Widstrom-Anderson  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Council  
of the Twin Cities Area,  
Minnesota

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

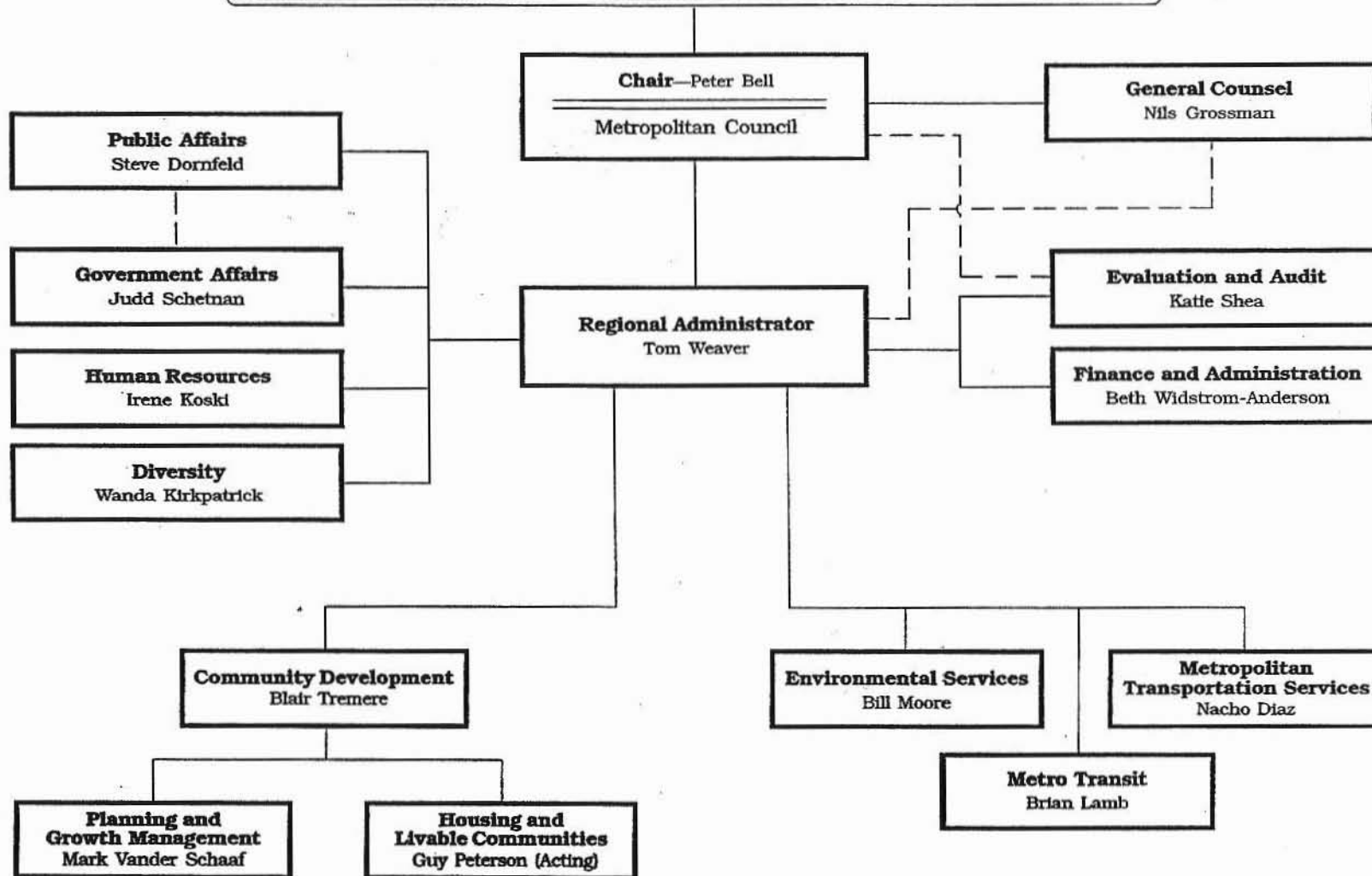
President

*Jeffrey R. Enos*

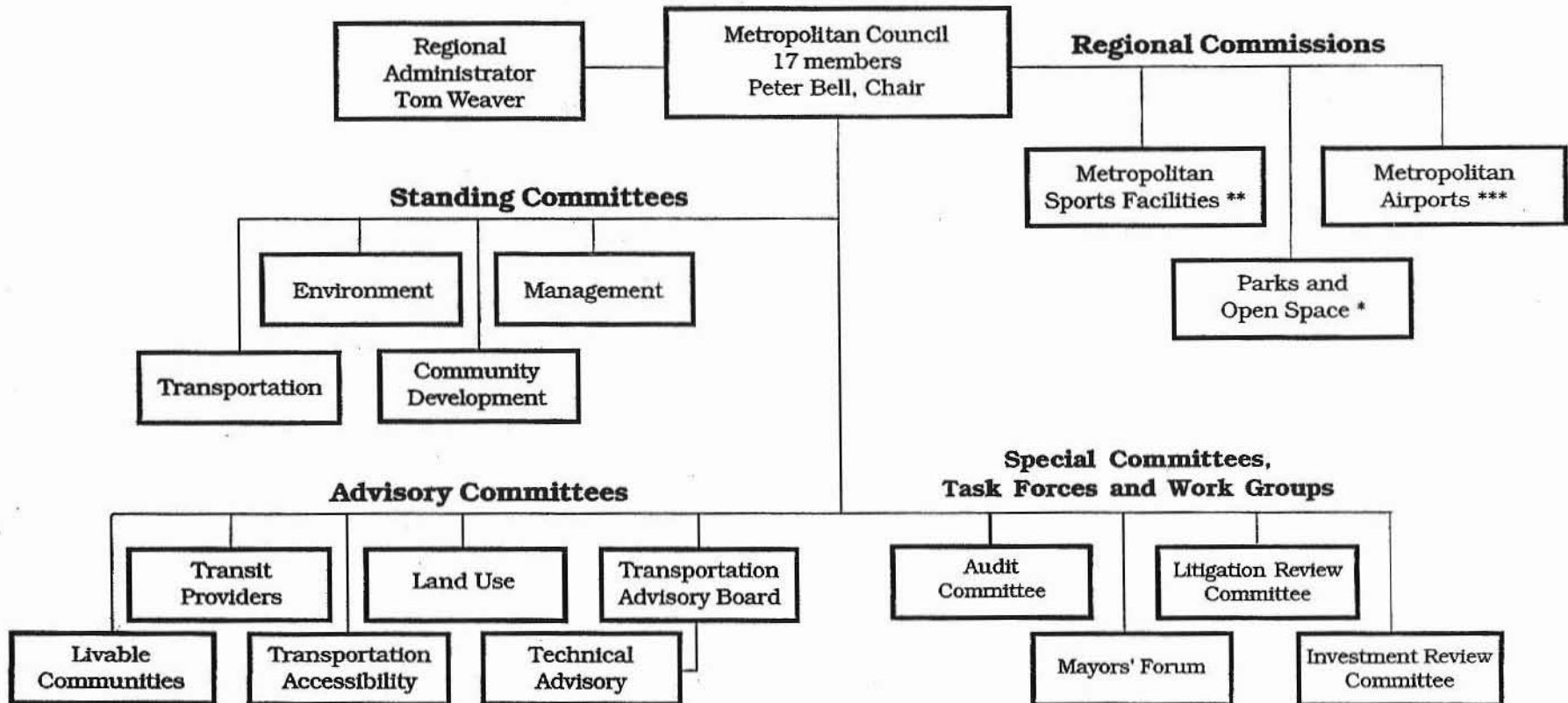
Executive Director



**METROPOLITAN COUNCIL**



# Metropolitan Council Policymaking Structure



September 2004

\* Staff support provided to Commission by Metropolitan Council.

\*\* The Metropolitan Council has budget approval and issues bonds for the commission.

\*\*\* The Metropolitan Council reviews the capital budget and approves certain projects.

**Metropolitan Council**

Mears Park Centre  
230 East Fifth Street  
St. Paul, Minnesota 55101-1626  
(651) 602-1000 • Fax 602-1550 • TTY 291-0904



# METROPOLITAN COUNCIL

	Term of Office	
	First Appointed	End of Term
<b>COUNCIL MEMBERS:</b>		
<b>Chair -</b>		
Peter Bell	Jan. 8, 2003	Indefinite
<b>District Members -</b>		
District No. 1 -		
Roger Scherer	March 10, 2003	Jan. 1, 2007
District No. 2 -		
Tony Pistilli	March 19, 2003	Jan. 1, 2007
District No. 3 -		
Mary Hill Smith	Jan 4, 1993	Jan. 1, 2007
District No. 4 -		
Julius C. Smith	July 31, 1993	Jan. 1, 2007
District No. 5 -		
Russ Susag	March 10, 2003	Jan. 1, 2007
District No. 6 -		
Peggy Leppik	March 10, 2003	Jan. 1, 2007
District No. 7 -		
Annette Meeks	March 10, 2003	Jan. 1, 2007
District No. 8 -		
Lynette Wittsack	March 10, 2003	Jan. 1, 2007
District No. 9 -		
Natalie Haas Steffen	April 19, 1999	Jan. 1, 2007
District No. 10 -		
Mary Krinkie	July 21, 2004	Jan. 1, 2007
District No. 11 -		
Georgianne Hilker	Sept. 11, 2003	Jan. 1, 2007
District No. 12 -		
Chris Georgacas	March 10, 2003	Jan. 1, 2007
District No. 13 -		
Richard Aguilar	March 10, 2003	Jan. 1, 2007
District No. 14 -		
Song Lo Fawcett	March 10, 2003	Jan. 1, 2007
District No. 15 -		
Tom Egan	May 22, 2002	Jan. 1, 2007
District No. 16 -		
Brian McDaniel	Sept. 11, 2003	Jan. 1, 2007

# **METROPOLITAN COUNCIL**

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## ***OFFICERS***

Peter Bell, appointed	Chair
Chris Georgacas	1 <sup>st</sup> Vice-Chair
Peggy Leppik	2 <sup>nd</sup> Vice-Chair
Roger Scherer	Treasurer
Mary Hill Smith	Secretary

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## ***FINANCIAL ADMINISTRATIVE OFFICIALS***

Tom Weaver	Regional Administrator
Beth Widstrom-Anderson	Chief Financial Officer

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# **FINANCIAL SECTION**



PATRICIA ANDERSON  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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

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

### INDEPENDENT AUDITOR'S REPORT

Metropolitan Council of the Twin Cities Area  
Saint Paul, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2004, which collectively comprise the Council's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Metropolitan Council's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Metropolitan Radio Board and the Metropolitan Sports Facilities Commission discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Metropolitan Radio Board and the Metropolitan Sports Facilities Commission, is based solely on the reports of other auditors.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented



component units, each major fund, and the aggregate remaining fund information of the Metropolitan Council of the Twin Cities Area as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Metropolitan Council adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, as of and for the year ended December 31, 2004. This statement establishes and modifies certain disclosure requirements related to deposit and investment risks.

The Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Metropolitan Council's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Metropolitan Council of the Twin Cities Area. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we also issue a report dated June 2, 2005, on our consideration of the Metropolitan Council of the Twin Cities Area'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. That report does not include the Metropolitan Radio Board or the Metropolitan Sports Facilities Commission, which were audited by other auditors.



PATRICIA ANDERSON  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

End of Fieldwork: June 2, 2005

# Management's Discussion and Analysis

As management of the Metropolitan Council, we offer readers of the Metropolitan Council's financial statements this narrative overview and analysis of the financial activities of the Metropolitan Council for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vii-xii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Metropolitan Council's basic financial statements. The Metropolitan Council's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains supplementary information.

### **Government-wide financial statements.**

The government-wide financial statements are designed to provide readers with a broad overview of the Metropolitan Council's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include 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, and housing.

The government-wide financial statements include the Metropolitan Council (the primary government), the Metropolitan Radio Board and the Metropolitan Sports Facilities Commission. These are legally separate entities for which the Metropolitan Council is financially accountable as a result of fiscal dependency. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14-15 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. The funds of the Metropolitan Council can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as 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 evaluating a government'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 fifteen 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 fund, and Debt Retirement fund, since all three are considered to be major funds. Data from the other twelve 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 elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

## **Proprietary funds**

The Metropolitan Council maintains one type of proprietary fund. 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 and housing operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the wastewater treatment, bus transportation, light rail transportation, and housing operations. All four funds are considered to be major funds of the Metropolitan Council.

The basic proprietary fund financial statement can be found on pages 20-25 of this report.

## **Fiduciary funds**

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

The basic fiduciary fund financial statement can be found on page 26 of this report.

## **Notes to the financial statements**

The notes provide additional information that is essential to 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 27-56 of this report.

## **Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Metropolitan Council

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. These combining, as well as individual fund, capital asset and bond statements and schedules can be found on pages 63-81 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 84-107 of this report.



## Government-wide Financial Analysis

The following condensed financial information was derived from the government-wide Statement of Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Metropolitan Council, assets exceeded liabilities by \$1,464,976 on December 31, 2004.

### METROPOLITAN COUNCIL NET ASSETS

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and other assets	\$210,036	\$225,613	\$298,777	\$307,547	\$508,813	\$533,160
Capital assets	<u>34,859</u>	<u>33,506</u>	<u>2,146,444</u>	<u>1,972,991</u>	<u>2,181,303</u>	<u>2,006,497</u>
Total assets	<u>244,895</u>	<u>259,119</u>	<u>2,445,221</u>	<u>2,280,538</u>	<u>2,690,116</u>	<u>2,539,657</u>
Long-term liabilities outstanding	186,229	158,989	732,428	678,615	918,657	837,604
Other liabilities	<u>57,178</u>	<u>108,328</u>	<u>249,305</u>	<u>248,601</u>	<u>306,483</u>	<u>356,929</u>
Total liabilities	<u>243,407</u>	<u>267,317</u>	<u>981,733</u>	<u>927,216</u>	<u>1,225,140</u>	<u>1,194,533</u>
Net assets:						
Invested in capital assets, net of related debt	2,742	2,910	1,369,820	1,284,499	1,372,562	1,287,409
Restricted	119,697	91,617	36,240	24,943	155,937	116,560
Unrestricted	<u>(120,951)</u>	<u>(102,725)</u>	<u>57,428</u>	<u>43,880</u>	<u>(63,523)</u>	<u>(58,845)</u>
Total net assets	<u>\$1,488</u>	<u>\$(8,198)</u>	<u>\$1,463,488</u>	<u>\$1,353,322</u>	<u>\$1,464,976</u>	<u>\$1,345,124</u>

By far the largest portion of the Metropolitan Council's net assets (\$1,372,562 or 94 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The Metropolitan Council uses these capital assets to provide services to citizens; consequently, 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 needed to repay this debt must be provided from a combination of restricted and non restricted assets, since the capital assets themselves cannot be used to liquidate these liabilities.

A significant portion of the Metropolitan Council's net assets (\$155,937) represent resources that are subject to external restrictions on how they may be used. These net assets consist of debt service, capital project and specific grant and loan programs. There was an increase in restricted net assets (\$39,377) due primarily to a \$25,052 increase in governmental activities capital projects.

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 assets, for the government as a whole and its business-type activities. Unrestricted net assets for the government as a whole, and for the governmental activities, are negative mainly because the governmental funds are responsible for Metro Transit Bus debt, but the related capital assets are held in that business-type fund.

The Metropolitan Council's combined net assets increased by \$119,852 over the course of the year after considering prior period adjustments of a negative \$1,427. For the year, the net assets of the governmental activities increased \$11,114, while the business-type activities net assets increased by \$110,165.

Primarily the change in the governmental net assets was driven by a reduction in program expense of \$6,791, and, by a decrease in the transfers (a reduction of \$3,705 to \$15,831). The business-type activities net assets increase came, primarily, from capital grants and contributions (a total of \$130,792).

## Governmental activities

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the Council's net assets changed during the year.

### Changes in Net Assets for the Years Ending December 31, 2004 and 2003

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Program revenues						
Charges for services	\$5,525	\$4,924	\$217,250	\$241,164	\$222,775	\$246,088
Operating Grants and Contributions	42,412	43,022	118,413	111,231	160,825	154,253
Capital Grants and Contributions	9,577	18,074	130,792	165,227	140,369	183,301
General revenues:						
Motor vehicle excise tax	32,383	35,799	90,797	88,308	123,180	124,107
Property taxes	65,014	66,484			65,014	66,484
Property tax related state revenues	2,277	3,056			2,277	3,056
Investment earnings	4,518	2,647	3,798	3,514	8,316	6,161
Total revenues	<u>161,706</u>	<u>174,006</u>	<u>561,050</u>	<u>609,444</u>	<u>722,756</u>	<u>783,450</u>
Expenses:						
General government	9,684	10,007			9,684	10,007
Transportation	84,197	77,622			84,197	77,622
Culture and recreation	21,148	30,521			21,148	30,521
Environment	2,904	4,517			2,904	4,517
Economic development	7,550	8,036			7,550	8,036
Housing	524	1,958			524	1,958
Interest and other	8,754	8,891			8,754	8,891
Environmental services			161,054	153,373	161,054	153,373
Transit bus			218,747	226,770	218,747	226,770
Transit light rail			29,311	15,114	29,311	15,114
Housing			57,604	56,222	57,604	56,222
Total expenses	<u>134,761</u>	<u>141,552</u>	<u>466,716</u>	<u>451,479</u>	<u>601,477</u>	<u>593,031</u>
Increase in net assets before transfers	26,945	32,454	94,334	157,965	121,279	190,419
Transfers	<u>(15,831)</u>	<u>(19,536)</u>	<u>15,831</u>	<u>19,536</u>	<u>0</u>	<u>0</u>
Increase (decrease) in net assets	11,114	12,918	110,165	177,501	121,279	190,419
Net assets, January 1, restated	<u>(9,626)</u>	<u>(21,116)</u>	<u>1,353,323</u>	<u>1,175,821</u>	<u>1,343,697</u>	<u>1,154,705</u>
Net assets, December 31	<u>\$1,488</u>	<u>\$(8,198)</u>	<u>\$1,463,488</u>	<u>\$1,353,322</u>	<u>\$1,464,976</u>	<u>\$1,345,124</u>

## Governmental activities-Revenues

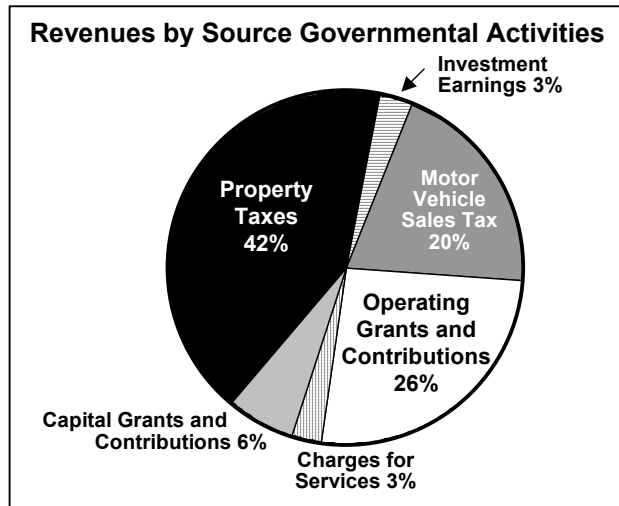
Some revenues for the Council's governmental activities are derived directly from the program itself (referred to as charges for services), parties outside the government, taxpayers or citizenry. As a whole, these revenues reduce the net cost of the function to be financed from the government's general revenue. The \$601 (12 percent) increase in charges for services primarily came from nonmajor transportation funds reporting higher fare revenues to the Council.

Operating Grants and Contributions decreased by \$610 during the year. In 2004, allocated state appropriation grants were \$2,339 lower than 2003. This reduction was partially offset by federal operating grants of \$6,755 (an increase of \$1,955).

Capital Grants and Contributions decreased by \$8,497 (47 percent). Nonmajor parks funds reflected this decrease in state grants, which are reimbursements of incurred expenditures.

Motor Vehicle Sales Tax (MVST) receipts decreased by \$3,416 (10 percent).

The chart on the right depicts the revenues of the governmental activities for the year.



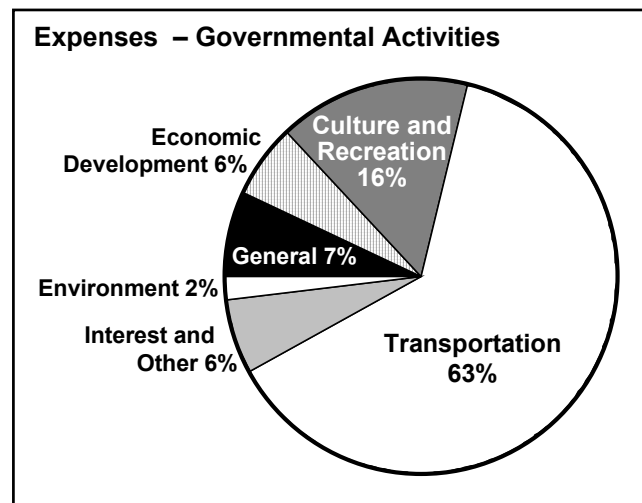
## Governmental activities-Expenses

Governmental expenses decreased by \$6,791 (5 percent) during the year. Transportation program expenses increased by \$6,575 (8 percent) primarily from increased outside transit provider expenses. Culture program expenses decreased by \$9,373 (31 percent) due to the cyclical nature of its capital project expenses.

Key elements of these activities are as follows:

- Total grants of \$61,543 were \$9,682 (14 percent) lower than 2003. Decreased expenses in nonmajor livable communities funds were offset by an equal increase in nonmajor transit grants
- Capital asset depreciation accounted for \$6,698, an increase of \$1,628 due to increased capital assets (primarily vehicles) in 2004.
- Net transfers to business-type activities, (\$15,831), were used for capital project reimbursement to Metro Transit Bus.

The chart on the right depicts the expenses of the governmental activities for the year.

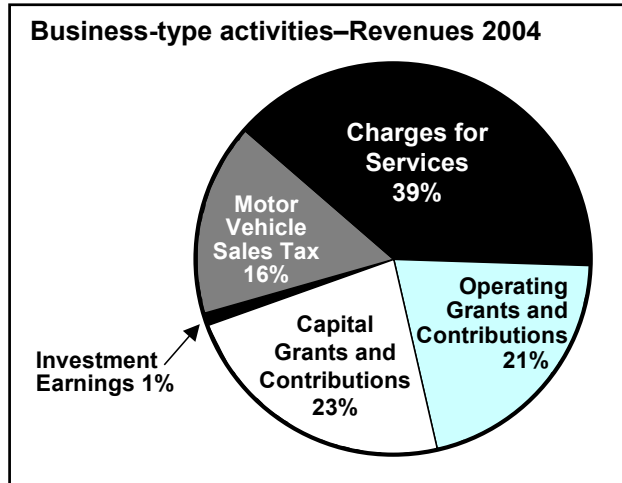


## Business-type activities—Revenues

Business-type activities increased the net assets of the Council by \$110,165 for the year, which is an increase of 8 percent from the previous year. Program revenues decreased by \$51,167 to \$466,455. Most significant was the decrease in capital grants and contributions of \$34,435. The Light Rail had lower capital grants, as it completed its construction stage and began operations. Charges for services for the year was \$217,250, which was \$23,914 below 2003.

Key elements of these business-type revenues are:

- Charges for services are the major revenue source for Environmental Services. These charges, comprising wastewater, industrial strength and sewer availability charges decreased by \$14,378 (8 percent) is due to lower capital projects funding.
- Charges for services, a major revenue source for Metro transit bus, decreased to \$53,587. Factors contributing to the \$12,356 decrease were reduced ridership due to fare increase in 2003 and an employee strike in early 2004.
- Construction of the Light Rail system was completed in 2004. Light Rail received capital grants of \$95,475, (a decrease of \$38,230) in completing the construction phase.
- Metro transit bus had \$32,102 in capital grants related to its fleet and facility improvements, an increase of 33 percent from 2003.
- Operating grants are the primary revenue source for the Metropolitan Council's housing program, with grants totaling \$59,514. The 14 percent increase is primarily due to additional funding in 2004 for restoration of program reserves.



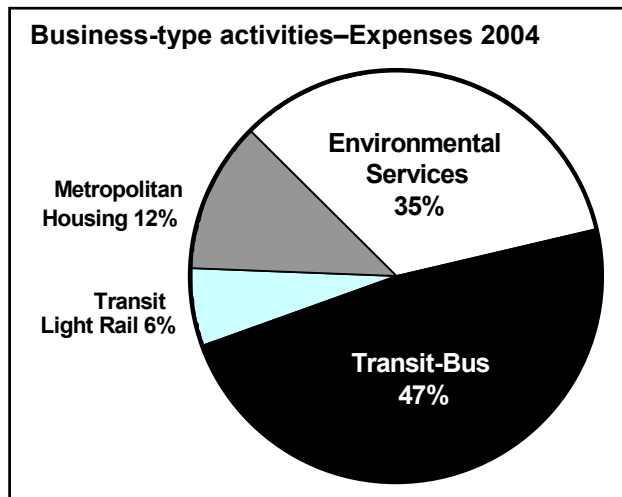
The chart depicts the revenues of the business-type activities for the year.

## Business-type activities—Expenses

Business-type expenses increased by \$15,237 to \$466,716. The primary increase came from the newly inaugurated Light Rail operations (\$14,197).

Key elements of these activities are:

- Environmental services expense increased by \$7,681. During the year there were losses of \$7,917 in disposal of assets.
- The Transit Bus decrease of \$8,023, came primarily from curtailed activities during an employee strike in early 2004.
- Depreciation expense totaled \$89,957 an increase of \$17,081. Increases came primarily from Light Rail increase of \$11,538.
- The majority of the housing expenses were for housing assistance and subsidies \$57,482 and were offset by subsidy operating grants of \$59,935.



The accompanying chart depicts the business-type expenses for the year.

## 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

During the year, the Metropolitan Council's governmental funds increased by \$35,672 with an ending fund balance of \$198,160. Of that total:

- \$68,768 is committed to liquidate existing contracts, grants and loan commitments,
- \$103,387 is designated for specific programs and grant commitments and,
- \$26,005 is unreserved-undesignated. \$19,907 of this balance is in restricted operating funds.

The general fund, at the end of the current year, has a fund balance of \$9,940, of which \$656 was reserved and \$3,186 was designated. For the year, there was a \$324 decrease in fund balance.

For the general fund, revenues decreased by \$1,235 to \$18,466, while expenditures decreased by \$1,073 to \$15,440. Taxes decreased by \$654 to \$9,709, reflecting lower levies assessed. State revenues decreased by \$929 due to lower parks grant appropriation reimbursements. Salaries and wages were reduced by \$2,550. For the year, revenues exceeded expenditures by \$3,026. The fund transferred a budgeted \$3,350 to nonmajor funds during the year.

The Metro Mobility governmental fund balance of \$13,934 decreased by \$223. Total revenues decreased by \$3,052 primarily from a reduction of \$2,635 in state revenues. Total expenditures increased by \$2,231 mostly due from increased outside transit provider costs of \$1,986.

The Debt Retirement fund balance of \$64,191, decreased by \$2,420. Property tax revenues increased by \$2,012 to \$40,858. Debt retirement payments were \$39,920, a decrease of \$3,159.

## 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.

The unrestricted net assets of Environmental Services at the end of the year, \$15,063, includes amounts set aside for future retiree health expenses, capital projects, water quality grant agreements, emergencies and operating cash flow requirements. The unrestricted net assets of Metro Transit Bus, \$33,212, includes amounts set aside for future retiree health expenses, and for operating cash flow requirements. The Metro Transit Light Rail has an unrestricted fund balance of \$3,250 which includes amounts for expense contingencies and operating cash flow requirements. Metropolitan Housing and Redevelopment Authority at the end of the year had unrestricted net assets of \$5,903 which includes amounts set aside for revenue and expense contingencies and for operating cash flow requirements.

The net assets growth in Environmental Services, Metro Transit Bus, Metro Transit Light Rail, and Metropolitan Housing and Redevelopment Authority, funds were: \$2,454, \$18,928, \$83,793, and \$4,990 respectively. Other factors concerning the activities of these four funds have already been addressed in the discussion of the Metropolitan Council's business-type activities.

## General Fund Budgetary Highlights

The original budget was increased by \$1,513 to arrive at the final budget of \$20,474. The increase came from:

- \$ 300 were budget carryovers from 2003
- \$ 1,213 in increased general government activities.

During the year, however, actual expenditures were \$5,034 less than the final budget.

## 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, 2004 amounts to \$2,181,303 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, treatment plants, machinery, equipment, and vehicles.

#### **METROPOLITAN COUNCIL'S CAPITAL ASSETS**

(Net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003 Restated</u>	<u>2004</u>	<u>2003 Restated</u>	<u>2004</u>	<u>2003 Restated</u>
Land and land improvements			\$55,578	\$47,655	\$55,578	\$47,655
Buildings and plants			1,607,867	1,101,184	1,607,867	1,101,184
Vehicles and other equipment	\$34,460	\$33,244	252,912	173,359	287,372	206,603
Construction in progress	<u>399</u>	<u>      </u>	<u>230,087</u>	<u>650,794</u>	<u>230,486</u>	<u>650,794</u>
Total	<u>\$34,859</u>	<u>\$33,244</u>	<u>\$2,146,444</u>	<u>\$1,972,992</u>	<u>\$2,181,303</u>	<u>\$2,006,236</u>

The Metropolitan Council's investment in capital assets increased by \$174,805 for the year, a 9 percent increase. Purchases of light rail vehicles accounted for \$76,683.

Major capital asset events in the business-type activities during the current year included:

- Metro Transit--light rail system has begun operations. Capital investment is now at \$527,535, an increase of \$95,482 for the year.
- New bus purchases were \$29,317, while bus garages and construction in progress added \$16,116.
- Environmental Services construction in progress added \$126,786 and transferred to completed buildings and equipment \$269,648

Additional information on the Metropolitan Council's capital assets can be found in Note IV.E on pages 43-44 of this report.

### Debt Administration

At the end of the current fiscal year, the Metropolitan Council had total bonds and loans outstanding of \$976,697. Of this amount, \$458,055 was for bonds issued by the Metropolitan Council, and \$518,642 was for loans from the State of Minnesota Public Facilities Authority, both of which are backed by the full faith and credit of the Metropolitan Council. Additionally, the Council has issued \$11,570 of revenue bonds on behalf of the Metropolitan Radio Board (a component unit). The Metropolitan Council also is contingently liable for \$2,696 in housing revenue bonds.

#### **METROPOLITAN COUNCIL'S OUTSTANDING DEBT**

General Obligation Bonds and Loans

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation bonds	\$194,190	\$183,905	\$263,865	\$261,895	\$458,055	\$445,800
State of Minnesota loans	<u>11,895</u>	<u>14,145</u>	<u>506,747</u>	<u>419,940</u>	<u>518,642</u>	<u>434,085</u>
Total	<u>\$206,085</u>	<u>\$198,050</u>	<u>\$770,612</u>	<u>\$681,835</u>	<u>\$976,697</u>	<u>\$879,885</u>

The Metropolitan Council's total debt increased by \$96,812 (11 percent) during the current year. General obligation bonds increased by \$12,255. Most of the increase came from a \$41,375 transit and a \$25,000 sewer general obligation issue. During the year, the Metropolitan Council retired general obligation bonds of \$27,020 in governmental activities and \$8,325 of business type activities.

During 2004, the Metropolitan Council issued \$2,780 of general obligation sewer refunding bonds (which included a debt service reduction of \$115) to refinance outstanding debt. This refinancing will result in present value savings of \$111.

During 2004, the Metropolitan Council also issued \$2,910 of general obligation transit refunding bonds (which included a debt service reduction of \$573) to refinance outstanding debt. This refinancing will result in present value savings of \$309.

The Metropolitan Council maintains a AAA rating from Standard and Poor's and a Aaa rating from Moody's for general obligation debt.

State statutes do not limit the amount of general obligation debt on sewer bonds. The state statutes limit the amount of general obligation debt the Metropolitan Council may issue for regional recreation open space and the radio system, at \$40,000 and \$3,000 respectively. Currently, the Council has unused authority \$18,090 and \$1,600 respectively.

Transit debt is subject to limited amounts as authorized by statute. At the end of the year, the Metropolitan Council had unused authority of \$55,000 and transit general obligation bonds outstanding of \$170,490.

Additional information on the Metropolitan Council's long-term debt can be found in Note IV.I on pages 48-49 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

For the fiscal year ending June 30, 2005, the Metropolitan Council's share of the state's revenue budget reduction was \$1,737. This reduction has been reflected in the financial statements.

In March 2004, the Metro Transit Bus Amalgamated Transit Union went on strike. The strike ended April 17, 2004.

Environmental Services municipal wastewater charges are increased by 3.4 percent for the 2005 budget year. Anticipated higher operating expenses, both labor and non-labor, and debt service were the primary causes for the increase.

## **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 Controller, Metropolitan Council, Mears Park Centre, 230 East Fifth Street, St. Paul, Minnesota 55101.

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# **BASIC FINANCIAL STATEMENTS**

**METROPOLITAN COUNCIL  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

	<b>Primary Government</b>			<b>Component units</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Metropolitan Radio Board</b>	<b>Metropolitan Sports Facilities Commission</b>
<b>ASSETS</b>					
Cash and investments	\$ 139,715,747	\$ 55,312,366	\$ 195,028,113	\$ 1,218,772	\$ 19,776,356
Cash with fiscal agent	6,202,687		6,202,687		
Cash with trustee	13,463,640		13,463,640		
Receivables, (net)	2,091,812	9,730,741	11,822,553	35,324	4,258,938
Internal balances	(359,976)	359,976			
Due from other governmental units	18,939,670	27,469,153	46,408,823	338,193	
Due from restricted assets		257,983	257,983		
Inventory		15,293,269	15,293,269		
Prepays and other	216,046	415,329	631,375	1,574	246,384
Loans/advances	29,767,394		29,767,394		
Restricted assets:					
Cash and cash equivalents		100,107,440	100,107,440	2,368,528	
Cash with fiscal agent		19,494,717	19,494,717		
Receivables, (net)		22,932,730	22,932,730	4,205	401,500
Due from other governmental units		46,954,471	46,954,471	538,138	
Due from current assets		51	51		
Inventory				2,868	
Prepays and others		198	198		
Deferred Charges		448,052	448,052		
Capital assets not being depreciated:					
Land		55,577,872	55,577,872		8,700,000
Construction in progress	398,679	230,086,896	230,485,575		
Capital assets (net of accumulated depreciation):					
Buildings and improvements		1,607,867,623	1,607,867,623		22,143,612
Vehicles	33,937,846	226,616,630	260,554,476		
Equipment	522,029	26,295,409	26,817,438		3,440,554
Total assets	<u>244,895,574</u>	<u>2,445,220,906</u>	<u>2,690,116,480</u>	<u>4,507,602</u>	<u>58,967,344</u>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	10,701,742	37,956,347	48,658,089	367,674	5,526,971
Accrued interest payable	4,453,314		4,453,314		
Due to restricted assets		51	51		
Unearned revenue		4,942,906	4,942,906	204,649	363,691
Due to current assets-restricted		257,983	257,983		
Liabilities payable from restricted assets		42,704,085	42,704,085	764,781	
Unearned revenue-restricted		85,849,443	85,849,443		
Noncurrent liabilities:					
Due within one year	42,023,147	77,594,781	119,617,928	810,000	99,923
Due in more than one year	186,229,137	732,427,656	918,656,793	10,632,759	73,077
Total liabilities	<u>243,407,340</u>	<u>981,733,252</u>	<u>1,225,140,592</u>	<u>12,779,863</u>	<u>6,063,662</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	2,741,951	1,369,820,531	1,372,562,482		34,284,166
Restricted for:					
Radio system				312,134	
Debt service	26,826,498	29,302,218	56,128,716	1,026,824	
Capital projects	25,052,247	6,936,811	31,989,058		
Grants and loans	67,819,028		67,819,028		
Unrestricted	(120,951,490)	57,428,094	(63,523,396)	(9,611,219)	18,619,516
Total net assets	<u>\$ 1,488,234</u>	<u>\$ 1,463,487,654</u>	<u>\$ 1,464,975,888</u>	<u>\$ (8,272,261)</u>	<u>\$ 52,903,682</u>

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

**METROPOLITAN COUNCIL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
Function/program	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component units	
					Governmental Activities	Business-type Activities	Total	Metropolitan Radio Board	Metropolitan Sports Facilities Commission
Primary government:									
Governmental activities									
General government:	\$ 9,683,705	\$ 112,240			\$ (9,571,465)		\$ (9,571,465)		
Transportation	84,197,062	5,413,105	\$ 34,819,190		(43,964,767)		(43,964,767)		
Housing	524,086				(524,086)		(524,086)		
Culture and recreation	21,148,311		7,406,788	\$ 9,577,575	(4,163,948)		(4,163,948)		
Environment	2,903,519				(2,903,519)		(2,903,519)		
Economic development	7,549,660		185,206		(7,364,454)		(7,364,454)		
Interest and other charges:	8,754,638				(8,754,638)		(8,754,638)		
Total governmental activities:	134,760,981	5,525,345	42,411,184	9,577,575	(77,246,877)	\$ 0	(77,246,877)	\$ 0	\$ 0
Business-type activities									
Environmental service:	161,054,008	160,497,754	275,339	817,713		536,798	536,798		
Transit bus	218,747,005	53,587,225	43,597,352	32,102,434		(89,459,994)	(89,459,994)		
Transit light rail	29,311,434	2,595,242	15,027,447	95,474,647		83,785,902	83,785,902		
Housing	57,604,004	570,069	59,513,588	2,397,281		4,876,934	4,876,934		
Total business-type activities:	466,716,451	217,250,290	118,413,726	130,792,075		(260,360)	(260,360)	0	0
Total primary government	\$ 601,477,432	\$ 222,775,635	\$ 160,824,910	\$ 140,369,650	(77,246,877)	(260,360)	(77,507,237)	0	0
Component units:									
Regional radio system	\$ 5,629,636	\$ 735,226	\$ 3,927,293					(967,117)	
Sports facilities	44,095,030	40,787,367							(3,307,663)
Total component units	\$ 49,724,666	\$ 41,522,593	\$ 3,927,293	\$ 0	0	0	0	(967,117)	(3,307,663)
General revenues:									
Property taxes					65,013,527		65,013,527		
Market value credit					2,276,635		2,276,635		
Motor vehicle excise tax					32,383,823	90,796,543	123,180,366		
Investment earnings					4,518,180	3,797,825	8,316,005	88,663	431,592
Transfers:					(15,831,164)	15,831,164			
Total general revenues and transfer					88,361,001	110,425,532	198,786,533	88,663	431,592
Change in net asset:					11,114,124	110,165,172	121,279,296	(878,454)	(2,876,071)
Net assets, beginning					(8,198,490)	1,353,322,482	1,345,123,992	(7,393,807)	55,779,753
Prior period adjustment/restatement:					(1,427,400)		(1,427,400)		
Net assets, beginning, as restated:					(9,625,890)	1,353,322,482	1,343,696,592	(7,393,807)	55,779,753
Net assets, ending					\$ 1,488,234	\$ 1,463,487,654	\$ 1,464,975,888	\$ (8,272,261)	\$ 52,903,682

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

**METROPOLITAN COUNCIL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	<b>General</b>	<b>Metro Mobility Special Revenue Fund</b>	<b>Debt Retirement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,991,126	\$ 4,197,894	\$ 57,578,978	\$ 63,947,749	\$ 139,715,747
Cash with fiscal agent			6,202,687		6,202,687
Cash with trustee				13,463,640	13,463,640
Accounts receivable	216	30,163		1,652	32,031
Delinquent taxes receivable	350,362		1,091,067	365,842	1,807,271
Interest receivable	24,782	13,333	102,191	112,204	252,510
Due from other funds				4,111,521	4,111,521
Due from other governmental units	789,595	11,619,253		6,530,822	18,939,670
Prepays	22,042	6,370		14,375	42,787
Loans and advances				29,767,394	29,767,394
Total assets	<u>\$ 15,178,123</u>	<u>\$ 15,867,013</u>	<u>\$ 64,974,923</u>	<u>\$ 118,315,199</u>	<u>\$ 214,335,258</u>
<b>LIABILITIES</b>					
Accounts/contracts/subgrantees payable	\$ 1,712,905	\$ 1,933,287		\$ 6,050,115	\$ 9,696,307
Salaries payable	1,005,435				1,005,435
Due to other funds	2,350,000		\$ 124,731	1,996,766	4,471,497
Accrued interest payable			113,489		113,489
Deferred revenue	169,545		545,983	173,432	888,960
Total liabilities	<u>5,237,885</u>	<u>1,933,287</u>	<u>784,203</u>	<u>8,220,313</u>	<u>16,175,688</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	634,372				634,372
Prepays	22,042	6,370		14,375	42,787
Grants and loans				67,804,653	67,804,653
Credit enhancement			286,500		286,500
Unreserved					
Designated for:					
Self-insurance	1,000,000				1,000,000
Compensated absences	2,185,923				2,185,923
Designated in:					
Special revenue funds				11,244,010	11,244,010
Debt service funds			63,904,220		63,904,220
Capital projects funds				25,052,247	25,052,247
Undesignated					
General fund	6,097,901				6,097,901
Metro Mobility fund		13,927,356			13,927,356
Special revenue funds				6,419,467	6,419,467
Capital projects funds				(439,866)	(439,866)
Total fund balances	<u>9,940,238</u>	<u>13,933,726</u>	<u>64,190,720</u>	<u>110,094,886</u>	<u>198,159,570</u>
Total liabilities and fund balances	<u>\$ 15,178,123</u>	<u>\$ 15,867,013</u>	<u>\$ 64,974,923</u>	<u>\$ 118,315,199</u>	<u>\$ 214,335,258</u>

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

**METROPOLITAN COUNCIL  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

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

Fund balances-total governmental funds (page 16)	\$ 198,159,570
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,858,554
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	1,062,219
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(232,592,109)
Net assets of governmental activities (page 14)	<u><u>\$ 1,488,234</u></u>

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

**METROPOLITAN COUNCIL**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>General</b>	<b>Metro Mobility Special Revenue</b>	<b>Debt Retirement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 9,709,368		\$40,857,770	\$ 15,349,403	\$ 65,916,541
Intergovernmental revenue:					
Federal	185,206	\$ 4,000,000		8,125,645	12,310,851
State	7,735,481	22,192,141	1,597,413	42,813,332	74,338,367
Local/other	80,510			130,165	210,675
Investment income	724,351	352,498	1,172,563	2,268,767	4,518,179
Other	31,730	3,471,289		1,811,651	5,314,670
Total revenues	<u>18,466,646</u>	<u>30,015,928</u>	<u>43,627,746</u>	<u>70,498,963</u>	<u>162,609,283</u>
<b>EXPENDITURES</b>					
Current:					
General government	7,531,748	418,099		1,241,065	9,190,912
Transportation		30,033,515		18,349,415	48,382,930
Culture and recreation	70,842				70,842
Intergovernmental:					
Transportation				29,488,389	29,488,389
Culture and recreation	7,477,630			13,599,839	21,077,469
Environment				2,903,519	2,903,519
Housing				524,086	524,086
Economic development				7,549,660	7,549,660
Debt service:					
Principal			31,855,000		31,855,000
Interest and other charges	37,031	28,605	8,065,394	379,553	8,510,583
Capital outlay	323,017	50,313		8,061,262	8,434,592
Total expenditures	<u>15,440,268</u>	<u>30,530,532</u>	<u>39,920,394</u>	<u>82,096,788</u>	<u>167,987,982</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,026,378</u>	<u>(514,604)</u>	<u>3,707,352</u>	<u>(11,597,825)</u>	<u>(5,378,699)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in		205,000		7,144,583	7,349,583
Transfers out	(3,350,000)		(2,567,370)	(17,469,938)	(23,387,308)
Bonds issued			355,000	47,020,000	47,375,000
Refunding bonds issued			2,910,000		2,910,000
Capital lease issued				13,463,640	13,463,640
Premium on bonds and capital related debt			3,569,470		3,569,470
Payment to refunded bond escrow agent			(10,395,000)		(10,395,000)
Sale of capital assets		86,627		78,558	165,185
Total other financing sources (uses)	<u>(3,350,000)</u>	<u>291,627</u>	<u>(6,127,900)</u>	<u>50,236,843</u>	<u>41,050,570</u>
Net change in fund balances	<u>(323,622)</u>	<u>(222,977)</u>	<u>(2,420,548)</u>	<u>38,639,018</u>	<u>35,671,871</u>
Fund balances, beginning	<u>10,263,860</u>	<u>14,156,703</u>	<u>66,611,268</u>	<u>71,455,868</u>	<u>162,487,699</u>
Fund balances, ending	<u>\$ 9,940,238</u>	<u>\$ 13,933,726</u>	<u>\$ 64,190,720</u>	<u>\$ 110,094,886</u>	<u>\$ 198,159,570</u>

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

**METROPOLITAN COUNCIL  
RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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

Net change in fund balances--total governmental funds (page 18)	\$ 35,671,871
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	1,736,801
The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, transfers, and donations) is to increase net assets.	(122,675)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(903,013)
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 assets. Also, governmental funds report the effect of issuance costs, 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.	(25,260,487)
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.	(8,373)
Change in net assets of governmental activities (page 15)	<u><u>\$ 11,114,124</u></u>

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

**METROPOLITAN COUNCIL  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2004**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Environmental Services</b>	<b>Metro Transit Bus</b>	<b>Metro Transit Light Rail</b>	<b>Metropolitan Housing and Redevelopment Authority</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 34,559,136	\$ 15,352,792	\$ 567,172	\$ 4,833,266	\$ 55,312,366
Receivables, net	3,682,392	5,857,822	69,910	120,617	9,730,741
Due from other funds	19,350	22,463,421	344,782		22,827,553
Due from other governmental units		23,369,145	3,585,118	514,890	27,469,153
Due from restricted assets		257,983			257,983
Inventory	6,852,338	8,350,456	90,475		15,293,269
Prepays	360	204,564	205,543	4,862	415,329
Total current assets	<u>45,113,576</u>	<u>75,856,183</u>	<u>4,863,000</u>	<u>5,473,635</u>	<u>131,306,394</u>
Current assets - restricted:					
Cash and cash equivalents	99,413,389			694,051	100,107,440
Cash with fiscal agent	19,494,717				19,494,717
Receivables, net	22,931,498			1,232	22,932,730
Due from other funds		367,612	127		367,739
Due from current assets			51		51
Due from other governmental units		4,374,608	40,554,233	1,285,968	46,214,809
Prepays			198		198
Total current assets - restricted	<u>141,839,604</u>	<u>4,742,220</u>	<u>40,554,609</u>	<u>1,981,251</u>	<u>189,117,684</u>
Noncurrent assets:					
Restricted assets					
Due from other governments	739,662				739,662
Deferred charges	448,052				448,052
Total noncurrent assets - restricted	<u>1,187,714</u>				<u>1,187,714</u>
Capital assets:					
Land	5,604,581	22,658,510	20,908,950	6,405,831	55,577,872
Buildings and plants	1,725,377,010	169,013,246	336,661,894	21,366,752	2,252,418,902
Vehicles	6,540,954	288,162,762	78,189,180		372,892,896
Equipment	56,702,763	40,999,335	171,994	99,998	97,974,090
Construction in progress	105,268,070	33,215,940	91,602,886		230,086,896
Less accumulated depreciation	(617,174,171)	(228,254,214)	(14,967,129)	(2,110,712)	(862,506,226)
Total capital assets	<u>1,282,319,207</u>	<u>325,795,579</u>	<u>512,567,775</u>	<u>25,761,869</u>	<u>2,146,444,430</u>
Total assets	<u>1,470,460,101</u>	<u>406,393,982</u>	<u>557,985,384</u>	<u>33,216,755</u>	<u>2,468,056,222</u>



**METROPOLITAN COUNCIL  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2004**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Environmental Services</b>	<b>Metro Transit Bus</b>	<b>Metro Transit Light Rail</b>	<b>Metropolitan Housing and Redevelopment Authority</b>	<b>Total</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	5,452,047	4,301,814	622,226	393,676	10,769,763
Salaries payable	8,419,397	16,991,340	823,690	202,347	26,436,774
Due to restricted assets			51		51
Due to other funds		344,782			344,782
Due to other governmental units	1,483,650	158,808		578,451	2,220,909
Unearned revenue	3,202,990	1,400,238		339,678	4,942,906
Accrued claims	787,584	7,361,025	156,484		8,305,093
Other		12,551			12,551
Total current liabilities	<u>19,345,668</u>	<u>30,570,558</u>	<u>1,602,451</u>	<u>1,514,152</u>	<u>53,032,829</u>
Current liabilities (payable from restricted assets):					
Payables	16,641,534	1,088,845	14,428,016	37,368	32,195,763
Accrued interest payable	8,489,791				8,489,791
Bonds/loans payable	67,766,805				67,766,805
Due to other funds		27,113	22,463,421		22,490,534
Due to other governmental units			1,920,313		1,920,313
Due to current assets		257,983			257,983
Unearned revenue	83,975,767	119,929	1,753,747		85,849,443
Other		98,218			98,218
Capital lease obligations		39,233			39,233
Total current liabilities (payable from restricted liabilities)	<u>176,873,897</u>	<u>1,631,321</u>	<u>40,565,497</u>	<u>37,368</u>	<u>219,108,083</u>
Noncurrent liabilities:					
Compensated absences payable	3,782,049	1,759,459			5,541,508
Due to other governmental units	6,474,008				6,474,008
Accrued claims	164,677	10,039,310			10,203,987
Bonds/loans payable after one year (net of unamortized discounts and deferred amount on refunding)	708,528,148			1,405,000	709,933,148
Capital lease obligations		275,005			275,005
Total noncurrent liabilities	<u>718,948,882</u>	<u>12,073,774</u>		<u>1,405,000</u>	<u>732,427,656</u>
Total liabilities	<u>915,168,447</u>	<u>44,275,653</u>	<u>42,167,948</u>	<u>2,956,520</u>	<u>1,004,568,568</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	507,100,308	325,795,579	512,567,775	24,356,869	1,369,820,531
Restricted for debt service	29,302,218				29,302,218
Restricted for capital projects	3,825,912	3,110,899			6,936,811
Unrestricted	15,063,216	33,211,851	3,249,661	5,903,366	57,428,094
Total net assets	<u>\$ 555,291,654</u>	<u>\$ 362,118,329</u>	<u>\$ 515,817,436</u>	<u>\$ 30,260,235</u>	<u>\$ 1,463,487,654</u>

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

**METROPOLITAN COUNCIL  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Business-type Activities--Enterprise Funds</b>				
	<b>Environmental Services</b>	<b>Metro Transit Bus</b>	<b>Metro Transit Light Rail</b>	<b>Metropolitan Housing and Redevelopment Authority</b>	<b>Total</b>
Operating revenues:					
Charges for services:					
Wastewater and industrial strength charges	\$ 134,401,253				\$ 134,401,253
Transit fares		\$ 51,036,557	\$ 2,568,032		53,604,589
Tenant rent				\$ 421,542	421,542
Advertising and auxiliary		2,234,019	27,210		2,261,229
Total operating revenues	<u>134,401,253</u>	<u>53,270,576</u>	<u>2,595,242</u>	<u>421,542</u>	<u>190,688,613</u>
Operating expenses:					
Salaries and employee benefits	55,486,602	150,310,724	7,659,082	2,601,102	216,057,510
Contracted services	9,487,088	7,315,861	207,731	2,149,648	19,160,328
Materials and supplies	4,879,476	19,593,534	951,595	47,126	25,471,731
Insurance	727,359		272,565	101,602	1,101,526
Utilities	17,024,770	3,366,941	1,083,593	134,739	21,610,043
Advertising		1,730,696	269,872		2,000,568
Housing related expenses				51,090,408	51,090,408
Other	7,486,048	676,382	953,434	376,636	9,492,500
Depreciation	40,904,833	35,264,428	12,807,187	980,482	89,956,930
Total operating expenses	<u>135,996,176</u>	<u>218,258,566</u>	<u>24,205,059</u>	<u>57,481,743</u>	<u>435,941,544</u>
Operating income (loss)	<u>(1,594,923)</u>	<u>(164,987,990)</u>	<u>(21,609,817)</u>	<u>(57,060,201)</u>	<u>(245,252,931)</u>
Nonoperating revenues (expenses)					
Intergovernmental	275,339	134,393,895	15,027,447	59,513,588	209,210,269
Pass-through grants		(436,226)	(5,063,312)		(5,499,538)
Service availability charges	23,184,837				23,184,837
Investment income	5,528,881	1,067,601		113,007	6,709,489
Interest and fiscal charges	(16,075,653)	(180,758)	(36,280)	(122,261)	(16,414,952)
Gain/(loss) on sale of capital assets	(7,917,436)	128,545			(7,788,891)
Miscellaneous	(1,064,743)	316,649	(6,783)	148,527	(606,350)
Total nonoperating revenues (expenses)	<u>3,931,225</u>	<u>135,289,706</u>	<u>9,921,072</u>	<u>59,652,861</u>	<u>208,794,864</u>

**METROPOLITAN COUNCIL**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Business-type Activities--Enterprise Funds</b>				<b>Total</b>
	<b>Environmental Services</b>	<b>Metro Transit Bus</b>	<b>Metro Transit Light Rail</b>	<b>Metropolitan Housing and Redevelopment Authority</b>	
Income (loss) before contributions and transfers	2,336,302	(29,698,284)	(11,688,745)	2,592,660	(36,458,067)
Capital contributions	817,713	32,102,434	95,474,647	2,397,281	130,792,075
Transfers in		16,888,496	7,029		16,895,525
Transfers out	(700,000)	(364,361)			(1,064,361)
Total contributions and transfers	117,713	48,626,569	95,481,676	2,397,281	146,623,239
Change in net assets	2,454,015	18,928,285	83,792,931	4,989,941	110,165,172
Total net assets, beginning	552,837,639	343,190,044	432,024,505	25,270,294	1,353,322,482
Total net assets, ending	<u>\$ 555,291,654</u>	<u>\$ 362,118,329</u>	<u>\$ 515,817,436</u>	<u>\$ 30,260,235</u>	<u>\$ 1,463,487,654</u>

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

**METROPOLITAN COUNCIL  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Business-type Activities--Enterprise Funds</b>				
	<b>Environmental Services</b>	<b>Metro Transit Bus</b>	<b>Metro Transit Light Rail</b>	<b>Metropolitan Housing and Redevelopment Authority</b>	<b>Total</b>
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 131,833,886	\$ 51,878,483	\$ 2,558,401	\$ 421,542	\$ 186,692,312
Payments to suppliers	(37,907,910)	(32,914,531)	(3,455,331)	(54,015,082)	(128,292,854)
Payments to employees	(55,618,711)	(154,733,524)	(7,079,128)	(2,585,254)	(220,016,617)
Receipts from (payments to) others	(1,064,743)	2,253,903	11,772	148,527	1,349,459
Net cash provided (used) by operating activities	37,242,522	(133,515,669)	(7,964,286)	(56,030,267)	(160,267,700)
<b>Cash flows from noncapital financing activities</b>					
Cash deficit implicitly financed		2,695,806	(1,931,926)		763,880
Intergovernmental receipts	275,339	135,957,223	14,365,193	59,485,699	210,083,454
Transfers out	(700,000)	(364,361)			(1,064,361)
Pass-through grant payments		(436,226)	(5,063,312)		(5,499,538)
Net cash provided by non-capital financing activities	(424,661)	137,852,442	7,369,955	59,485,699	204,283,435
<b>Cash flows from capital and related financing activities</b>					
Transfers in		18,909,728	7,029		18,916,757
Capital contributions	635,000	32,521,192	90,794,997	2,397,281	126,348,470
Proceeds from capital debt	133,920,763			1,005,000	134,925,763
Proceeds from service availability charges	27,930,930				27,930,930
Proceeds from sale of capital assets	235,045	112,925			347,970
Purchase of capital assets	(118,474,997)	(47,279,254)	(95,514,163)	(2,397,281)	(263,665,695)
Principal paid on capital debt	(35,130,498)	(43,739)			(35,174,237)
Interest paid on capital debt	(26,171,618)	(21,422)			(26,193,040)
Net cash provided by (used in) capital and related financing activities	(17,055,375)	4,199,430	(4,712,137)	1,005,000	(16,563,082)
<b>Cash flows from investing activities</b>					
Investment purchase/sale	744,254				744,254
Interest received/paid	5,968,918	908,265	(70,245)	(24,990)	6,781,948
Increase (decrease) in securities lending receivables/payables	(12,455,041)	(13,815,415)	5,943,885	(85,439)	(20,412,010)
Net cash provided by (used in) investing activities	(5,741,869)	(12,907,150)	5,873,640	(110,429)	(12,885,808)

**METROPOLITAN COUNCIL  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Business-type Activities--Enterprise Funds</b>				
	<b>Environmental Services</b>	<b>Metro Transit Bus</b>	<b>Metro Transit Light Rail</b>	<b>Metropolitan Housing and Redevelopment Authority</b>	<b>Total</b>
Net increase (decrease) in cash and cash equivalents	14,020,617	(4,370,947)	567,172	4,350,003	14,566,845
Balances, beginning	119,951,908	19,723,739	0	1,177,314	140,852,961
Balances, ending	<u>\$ 133,972,525</u>	<u>\$ 15,352,792</u>	<u>\$ 567,172</u>	<u>\$ 5,527,317</u>	<u>\$ 155,419,806</u>

<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (1,594,923)	\$ (164,987,990)	\$ (21,609,817)	\$ (57,060,201)	\$ (245,252,931)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	40,904,833	35,264,428	12,807,187	980,482	89,956,930
Miscellaneous revenue	(1,064,743)	316,649	(6,783)	148,527	(606,350)
Change in assets and liabilities:					
Accounts receivable	(887,640)	776,498	(18,286)	370,044	240,616
Due to/due from other funds	(18,051)	25,273	(25,273)	(414,436)	(432,487)
Due from other governments	(90,046)				(90,046)
Materials and supplies (inventory)	167,939	(261,787)	(75,153)		(169,001)
Prepaid expenses and other current assets	(288)	34,528	(145,322)	(2,982)	(114,064)
Accounts payable	1,653,144	(301,267)	503,934	(67,549)	1,788,262
Accrued payroll liabilities	(132,109)	(4,448,073)	605,227	15,848	(3,959,107)
Due to other governments	(15,867)				(15,867)
Unearned revenues	(1,679,727)	65,428			(1,614,299)
Other liabilities		644			644
Net cash provided (used) by operating activities	<u>\$ 37,242,522</u>	<u>\$ (133,515,669)</u>	<u>\$ (7,964,286)</u>	<u>\$ (56,030,267)</u>	<u>\$ (160,267,700)</u>

**Non-cash capital and related financing activities:**

Environmental Services had a non-cash loss of \$8,145,156 related to the disposition of property, plant, and equipment.  
Metro Transit Bus had a non-cash loss of \$725 related to the disposition of property, plant, and equipment.  
Metro Transit Bus had a non-cash transfer of \$206,561 on fixed asset transferred to governmental funds.

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

**METROPOLITAN COUNCIL  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
DECEMBER 31, 2004**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 27,855
Accrued interest receivable	48
Total assets	<u>\$ 27,903</u>
 <b>LIABILITIES</b>	
Due to participants	<u>\$ 27,903</u>
Total liabilities	<u>\$ 27,903</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

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**I. Summary of significant accounting policies**

The accounting policies of the Metropolitan Council of the Twin Cities Area (Council) conform to generally accepted accounting principles (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.

This financial report has been prepared in conformity with Governmental Accounting Standard Board Statement No.33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended, Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*, as amended, and Statement No. 38, *Certain Financial Statement Note Disclosures*.

**A. Reporting entity**

**1. Primary government**

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.

**2. Discretely presented component units**

Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for descriptions) to emphasize that it is legally separate from the Council.

Metropolitan Sports Facilities Commission (MSFC) operates the Hubert H. Humphrey Metrodome sports facility. The Council approves the MSFC's budget, has issued debt for the MSFC, and must annually determine the amount and approve the imposition of a liquor/lodging tax if necessary to fund expenses related to operating or debt service expenses. The MSFC is presented as an enterprise fund.

Complete financial statements of the MSFC can be obtained at the following administrative office address:

Metropolitan Sports Facilities Commission  
Hubert H. Humphrey Metrodome  
900 South 5<sup>th</sup> Street  
Minneapolis, MN 55415

Metropolitan Radio Board (MRB) was created by the 1995 legislature under Minnesota Statute 473.894, Subd. 2, to establish a region-wide public safety radio communications system. The Council approves the budget and has issued debt for the MRB. Funds of the MRB are held, invested and disbursed from the Council's main operating account. The MRB is presented as an enterprise fund.

Complete financial statements of the MRB can be obtained at the following administrative office address:

Metropolitan Radio Board  
2099 University Avenue  
St. Paul, MN 55104

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported, instead, as *general revenues*.

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

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

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

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

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

The Council reports the following major governmental funds:

The *General fund* is the Council's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *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 *Debt retirement fund* is used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

The Council reports the following major proprietary funds:

The *Environmental Services fund* accounts for the activities of the regional municipal wastewater system.

The *Metro Transit Bus fund* accounts for the activities of the regional mass public transit system.

The *Metro Transit Light Rail fund* accounts for the activities of the regional light rail transit system.

The *Metropolitan Housing and Redevelopment Authority fund* accounts for the activities of the Council's housing programs.

Additionally, the government reports the following fund type:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Council has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customer or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 enterprise fund, which began operations in the year, are fares charged to customers for rail transportation. Metropolitan Housing and Redevelopment Authority (HRA) enterprise fund has house rental as 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 nonoperating 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.

## **D. Assets, liabilities, and net assets 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 it is neither cash on hand or demand deposits. Council deposits are backed by a combination of FDIC insurance and collateral in the form of statutorily approved securities.

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004**b. Investments**

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

- (a) 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;
- (b) Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (c) 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;
- (d) Bankers' acceptances of United States banks;
- (e) 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
- (f) With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The Council participates in a securities lending program. In accordance with GASB Statement 28, "Accounting and Financial Reporting for Securities Lending Transactions," investments lent under the program are reported as assets and collateral received on those investments is reported as an asset and as a liability.

Investments for the Council and its component units are stated at fair value as required by GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". The fair value of the Council's investments is based on quoted market prices.

The MRB's investments are held, disbursed, and invested along with other Council funds in an investment pool. The Council invests the MRB's funds on behalf of the MRB and according to Council policy.

**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. Service Availability Charge (SAC) receivables are based on SAC reports from communities in January detailing preceding December's activity.

Where appropriate, account receivables are reported net of allowance for doubtful accounts. As of December 31, 2004, the allowances for doubtful accounts were:

<u>Enterprise Funds</u>	<u>Balance</u>
Environmental Services	\$245,000
Metro Transit Bus	<u>479,800</u>
Total	<u>\$724,800</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

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004

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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 revenue. For government-wide and proprietary fund financial statements there is no offset to deferred revenue. 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. When appropriate, an associated allowance for obsolete inventory has been established. As of December 31, 2004 the allowances for obsolete inventory accounts were:

<u>Enterprise Funds</u>	<u>Balance</u>
Environmental Services	\$ 50,000
Metro Transit Bus	<u>396,961</u>
Total	<u>\$446,961</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.

**5. Restricted assets**

Restricted assets include:

- (a) Service Availability Charge (SAC) assets - which are restricted to fund reserve capacity cost of capital projects;
- (b) construction and capital acquisition assets--which 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
- (c) 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 applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial individual cost of more than \$5,000 (amount not rounded) and a useful life in excess of one year. MSFC uses costs of more than \$500 and an estimated 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 fair market value 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 asset lives 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 \$26,815,061. Of this amount, \$10,739,408 was included as part of the cost of capital assets under construction with the wastewater treatment facilities construction projects.

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

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

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

Depreciation for the Metropolitan Sports Facility Commission (MSFC), a component unit, is recorded using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Useful Life</u>
Buildings	9 to 30 years up to Year 2011
Equipment	3 to 10 years up to Year 2011

### 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 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 revenue

For proprietary funds, deferred revenue consists of amounts recognized as assets that have not been earned. These amounts include municipal wastewater service charges, SAC collected in advance of associated costs, and local contributions for light rail costs that had not been incurred at year-end. For the MSFC these amounts include admission taxes, advertising revenues and rent. For governmental funds, deferred revenue consists of offsets for delinquent taxes receivable, for amounts that are not considered to be available to liquidate liabilities of the current period, in addition to other amounts actually received but not earned.

### 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.

For proprietary funds, severance benefit payable not expected to be liquidated until sometime in the future is recorded as a noncurrent liability.

MSFC accrues vacation and sick leave when earned. All full-time employees earn annual vacation leave based on years of service and are allowed to accumulate up to a maximum of 280 hours as of the end of each year. Certain employees qualify for sick leave severance benefit paid at termination. The pay rate in effect at the end of the year and the employer's share of social security contributions are used to calculate compensated absences accruals at December 31.

### 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 assets. Bond premiums and discounts, as well as issuance costs, 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 and deferred amount on refunding.

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

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 reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### 12. Unrestricted net assets

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 Metropolitan Transit Bus enterprise fund. The recognition of the debt in the government-wide statement of net assets contributes to the negative unrestricted net asset balance in the governmental activities column.

MSFC maintains the following unrestricted net asset accounts:

<u>Unrestricted net asset account</u>	<u>Balance as of December 31, 2004</u>
Operating account	\$ 8,405,796
Capital improvement account	7,524,466
Repair and replacement account	1,781,463
Concessions reserve account	<u>907,791</u>
Total unrestricted net assets	<u>\$18,619,516</u>

## 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 assets

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

One element of that reconciliation explains that “capital assets used in governmental activities are not in financial resources and, therefore, are not reported in the funds. The details of this \$34,858,554 difference are as follows:

Construction in progress	\$ 398,679
Equipment – net of accumulated depreciation	33,937,846
Vehicles – net of accumulated depreciation	<u>522,029</u>
Net adjustment to increase <i>fund balances – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$34,858,554</u>

Another element of that reconciliation explains that “Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the governmental funds.” The details of this \$1,062,219 difference are as follows:

Receivables – delinquent property taxes	\$ 888,960
Other assets – bond issuance costs	<u>173,259</u>
Net adjustment to increase <i>fund balances – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$1,062,219</u>

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(232,592,109) difference are as follows:

General obligation bonds payable	\$(206,085,000)
Less: Net issuance discounts (to be amortized as interest expense)	(6,135,866)
Accrued interest payable	(4,339,825)
Arbitrage payable	(148,271)
Compensated absences	(2,353,147)
Capital lease payable	<u>(13,530,000)</u>
Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$(232,592,109)</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 assets 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.” The details of this \$1,736,801 difference are as follows:

Capital outlay	\$ 8,434,592
Depreciation expense	<u>(6,697,791)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$1,736,801</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 increase net assets.” The details of this \$(122,675) difference are as follows:

The statement of activities reports <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.	\$(329,236)
Transfers of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>206,561</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(122,675)</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 \$(903,013) difference is as follows:

Property tax revenue for year-end delinquent taxes	<u>\$(903,013)</u>
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# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(25,260,487) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$(53,854,470)
Less: (premium)/discounts	471,062
Cost of issuance	51,678
Proceeds from capital lease	(13,463,640)
Accrued interest (including arbitrage)	(715,117)
Principal payments of general obligation bonds	<u>42,250,000</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(25,260,487)</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 the governmental funds.” The detail of this \$(8,373) difference is as follows:

Change in compensated absences for year reported as general governmental expenditures	<u>\$(8,373)</u>
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### 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 (GAAP) for the general fund, all budgeted special revenue funds, the Metro Transit Light Rail enterprise fund and the Metro Transit Bus enterprise fund. 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 5% of the operating expenses. Variances in expenses are accumulated for contingency reserves. All annual appropriations lapse at year-end.

Division staff, starting in February, prepare 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 reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during subsequent years.

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

### B. Excess of expenditures over appropriations

<u>Nonmajor special revenue funds</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/(Under)</u>
Livable communities	\$16,605,000	\$16,605,000	\$10,939,141	\$(5,665,859)
Transit administration	5,581,944	5,651,395	7,696,548	2,045,153
Opt out	23,315,000	23,315,000	21,587,469	(1,727,531)
Regular route	11,078,895	11,078,895	10,001,839	(1,077,056)
Rural small urban	3,095,446	3,095,446	4,381,503	1,286,057
Other special revenue	<u>250,000</u>	<u>2,750,000</u>	<u>173,899</u>	<u>(2,576,101)</u>
Total nonmajor special revenue funds	<u>\$59,926,285</u>	<u>\$62,495,736</u>	<u>\$54,780,399</u>	<u>\$(7,715,337)</u>

Expenditures in excess of budget in the transit administration fund were funded by fund balance. Excess expenditures in the rural small urban special revenue fund were primarily offset by fare related revenues with the remaining amount coming from fund balances.

## IV. Detailed notes on all funds

### A. Cash and investments

#### 1. Deposits

Minnesota statutes require that all Council deposits be protected by insurance, surety bonds or collateral pledged to the Council. Collateral pledged shall be at least ten percent more than the amount of excess deposits. In addition to \$9,052 of petty cash and mutilated coin, the amount of the Council's bank accounts was \$23,743,122; of which \$200,000 was covered by Federal depository insurance (FDIC) and \$23,543,122 was collateralized at least 110% with securities held by the Federal Reserve Bank.

At December 31, 2004, the carrying amount of the MSFC's bank accounts was \$549,020. Bank balances were \$756,821 of which \$100,000 was covered by Federal depository insurance and the remaining \$656,821 was collateralized with securities held by the pledging institution's agent in MSFC's name.

#### 2. Investments

The Council participates in a securities lending program. State statutes and Council policy permit the Council to enter into securities lending transactions. These are loans of securities to broker/dealers and other entities in exchange for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Loans may be made only to pre-approved borrowers. The Council's securities custodian is the agent in lending the Council's U.S. Government securities for collateral of 102% of the market value of loaned securities. Loaned investments are marked to market daily. If the collateral provided by the borrower falls below 100% of the market value of the loaned investment, the borrower is required to provide additional collateral to bring the collateral to 102% of the current market value. The contract with the trust company does not require the trust company to indemnify the Council if borrowers fail to return the securities, but does provide for the trust company to deliver collateral up to the market value of the loaned securities to the Council. The trust company does not have the ability to pledge or sell collateral securities absent a borrower default. Either the Council or the borrower may terminate all securities loans, on demand. As of December 31, 2004, there were no securities on loan.

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004

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

*Interest rate risk.* In accordance with its investment policy the Council manages its exposure to declines in fair value. To meet short-term cash flow needs, the Council's investment portfolio will remain sufficiently liquid to enable the Council to meet anticipated cash requirements without the occurrence of significant investment losses. To meet long-term needs, the average duration of the investment portfolio should match the average duration of liabilities, subject to regulatory requirements.

*Credit risk.* Minnesota Statute 118A limits investment instruments purchased by the Council. It is the Council's policy not to invest in Reverse Repurchase Agreements. In the securities lending program, the Council has no credit risk exposure to borrowers because the amounts the Council owes borrowers exceed amounts borrowers owe the Council.

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

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

*Custodial credit risk- investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. According to Council policy, with the exception of securities in its futures margin account for hedging diesel fuel consumption, all securities purchased by the Council are held by a third party safekeeping agent appointed as custodian. Of the \$167,594,552 United States Treasury and agency investments, the Council has a custodial credit risk exposure of \$999,763 because the related securities are held by a custodial agent in the broker's name.

The Council has no foreign currency exposure.

Several Council investment holdings of specific issuers represent more than 5% of combined cash and investments. These holdings include: (a) Federal Home Loan Bank, (b) Federal Home Loan Mortgage Corporation, (c) an escrowed repurchase agreement which is fully collateralized, and (d) demand deposit accounts (cash) with one account earning 2.25% at year end. The Council had 33.9% of its investments in commercial paper at year-end but the individual holdings constituted less than 5% invested in any one issuer.

Included in the investment pool managed by the Council is \$3,587,300 of the Metropolitan Radio Board assets, which the Council invested for the MRB.

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

Following is a summary of the fair values of securities at December 31, 2004:

<b><u>Metropolitan Council:</u></b>	<b><u>Credit Risk</u></b>	<b><u>Custody Credit Risk</u></b>	<b><u>Par</u></b>	<b><u>Fair Value</u></b>	<b><u>% of total Portfolio</u></b>
U.S. Treasury Securities					
Futures Account, U.S. Treasury Bill	n.a.	Broker Held (e)	\$ 1,000,000	\$ 999,763	0.3%
Escrow Account, Debt (SLGS)	n.a.	Escrow (a)	6,202,687	6,202,687	1.8%
U.S. Agency Securities:					
Federal Home Loan Bank	Aaa	Custody (a)	114,705,000	114,021,883	33.8%
Federal National Mtg Assn.	Aaa	Custody (a)	11,512,000	11,503,069	3.4%
Federal Home Loan Mtg Corp	Aaa	Custody (a)	35,000,000	34,867,150	10.3%
Certificates of Participation (U.S. GSA)	N.R. (b)	Custody (a)	4,600,000	5,146,480	1.5%
Commercial Paper (each <5%)	A1/P1/F1	Custody (a)	115,000,000	114,367,400	33.9%
Escrow Account, Debt (Repurchase Agreement)	Aaa	Escrow (a)	19,494,717	19,494,717	5.8%
Escrow Account, Debt (Money Market)	Aaa	Escrow (a)	13,463,640	13,463,640	4.0%
Money Market Funds	(g)	n.a	1,754,775	1,754,775	0.5%
Cash for Fuel Hedging	n.a.	Broker Held (f)	(187,073)	(187,073)	-0.1%
Cash for Investments	n.a.	Collateralized ( c )	22,791,201	22,791,201	6.7%
Cash for Operations (d)	n.a.	Collateralized (c)	(6,522,992)	(6,522,992)	-1.9%
Petty Cash/Coin & Mutilated Coins	n.a.	Council Held	9,052	9,052	0.0%
Total Cash and Investments			<u>\$338,823,007</u>	<u>\$337,911,752</u>	<u>100.0%</u>
<b><u>Component Units:</u></b>					
<b><u>MSFC:</u></b>					
U.S. Government Securities				\$ 8,079,740	40.9%
Money Market Fund:				11,147,446	56.3%
Cash				549,170	2.8%
Total Cash and Investments				<u>\$19,776,356</u>	<u>100.0%</u>
<b><u>Radio Board:</u></b>					
Included in the Metropolitan Council totals					
Investments				\$3,587,119	100.0%
Petty Cash				181	0.0%
Total Cash and Investments				<u>\$3,587,300</u>	<u>100.0%</u>

(a) Securities held in custody/escrow are in the Council's name.

(b) N.R.= Not Rated.

(c) Individual balances less than or equal to \$200,000 are FDIC insured. Individual balances greater than \$200,000 are collateralized, with securities held by the Federal Reserve Bank in the Council's name.

(d) Outstanding Checks.

(e) Securities are held by the Bank of NYC in the broker's name.

(f) Held by the broker in the Council's name.

(g) \$658,155 invested in Aaa money markets; \$1,096,620 million invested in A1/P1 type investments of the non-rated Tamarack Prime Money Market Fund

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

The Council has adopted a simulation model of reporting of its investments and their sensitivity to fluctuation in interest rates to comply with Government Accounting Standards Board Statement No. 40, "Deposit and Investment Risk Disclosures". As presented, assumptions are made of interest rate changes of 50, 100, 150, & 200 basis points; it also assumes that interest rate changes occur on December 31, 2004. The investment portfolio has an average yield of 3.33%, modified duration of 3.74 years, effective duration of 1.84 years and convexity of -.49.

<b>Metropolitan Council:</b>	<b>Estimated Fair Value, Parallel Shift of Yield Curve</b>			
	<b>+50 Basis Pts.</b>	<b>+100 Basis Pts.</b>	<b>+150 Basis Pts.</b>	<b>+200 Basis Pts.</b>
U.S. Treasury Securities				
Futures Account, U.S. Treasury Bill	\$ 978,715	\$ 954,354	\$ 930,773	\$ 908,165
Escrow Account, Debt (SLGS)	6,202,687	6,202,687	6,202,687	6,202,687
U.S. Agency Securities:				
Federal Home Loan Bank	111,621,386	108,843,033	106,153,587	103,575,276
Federal National Mtg Assn.	11,260,895	10,980,602	10,709,278	10,449,166
Federal Home Loan Mtg Corp	34,133,094	33,283,491	32,461,076	31,672,645
Certificates of Participation (U.S. GSA)	5,038,131	4,912,728	4,791,337	4,674,963
Commercial Paper (each <5%)	114,367,400	114,367,400	114,367,400	114,367,400
Escrow Account, Debt (Repurchase Agreement)	19,494,717	19,494,717	19,494,717	19,494,717
Escrow Account, Debt (Money Market)	13,463,640	13,463,640	13,463,640	13,463,640
Money Market Funds	1,754,775	1,754,775	1,754,775	1,754,775
Cash for Fuel Hedging	(187,073)	(187,073)	(187,073)	(187,073)
Cash for Investments	22,791,201	22,791,201	22,791,201	22,791,201
Cash for Operations	(6,522,992)	(6,522,992)	(6,522,992)	(6,522,992)
Petty Cash/Coin & Mutilated Coins	9,052	9,052	9,052	9,052
Total Cash and Investments	<u>\$334,405,628</u>	<u>\$330,347,615</u>	<u>\$326,419,458</u>	<u>\$322,653,622</u>

## B. Energy Forward Pricing Mechanisms

Pursuant to Minnesota Statute 473.1293, as a budget risk reduction tool, the Council may enter into forward pricing mechanisms (e.g., commodity-type futures, options, contracts, etc.) to manage price variability associated with purchases of Council-consumed energy, e.g., diesel fuel and natural gas, except electricity. During 2004, Metro Transit Bus began a program to hedge its diesel fuel consumption (approximately 8 million gallons per year) with Energy Forward Pricing Mechanisms (EFPM). This program's objective is to manage a large portion of Metro Transit Bus's exposure to fuel price swings. EFPMs may be comprised of any single or combined use of: futures; options; options on futures; or similarly serving derivative instruments.

In 2004, only heating oil #2 futures contracts (contracts) were utilized. The Council's procedures limit contracts in-place to ninety percent of consumption expected in any one month over a 2-year forward time frame. The initial value of each contract is zero. The price of Metro Transit Bus fuel for any week is based on the price of #2 heating oil as of the previous Friday. When fuel is purchased, contracts are exercised, thereby, effectively tying the fuel price to the price of #2 heating oil as of the date of the contract's creation. For the year, gains of \$637,875 were recognized as a reduction in diesel fuel expense. On December 31, 2004, the remaining contracts had \$192,961 of unrealized gains with a fair value of \$5,504,281. There is no debt associated with these contracts.

As outlined in Governmental Accounting Standards Board Technical Bulletin 2003-1, there are certain risks attached to the program. Metro Transit Bus may face increased costs if: 1) fuel consumption falls below the contract levels, and, 2) the closing value of the contract is below its nominal value.

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

### 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:

	<u>General Fund</u>	<u>Metro Mobility</u>	<u>Debt Retirement</u>	<u>Nonmajor Government</u>	<u>Total Governmental</u>
<b><u>Receivables - current</u></b>					
Accounts	\$ 216	\$30,163		\$ 1,652	\$ 32,031
Delinquent taxes	350,362		\$1,091,067	365,842	1,807,271
Interest	<u>24,782</u>	<u>13,333</u>	<u>102,191</u>	<u>112,204</u>	<u>252,510</u>
Net total receivables	<u>\$375,360</u>	<u>\$43,496</u>	<u>\$1,193,258</u>	<u>\$479,698</u>	<u>\$2,091,812</u>

	<u>Environmental Services</u>	<u>Metro Transit Bus</u>	<u>Metro Transit Light Rail</u>	<u>Metropolitan Housing and Redevelopment Authority</u>	<u>Total Business- Type</u>
<b><u>Receivables - Current (continued)</u></b>					
Accounts	\$3,866,115	\$6,001,683	\$69,910		\$9,937,708
Delinquent taxes		273,773			273,773
Interest	61,277	62,166		\$ 15,617	139,060
Loans				105,000	105,000
Less: allowance for uncollectibles	<u>(245,000)</u>	<u>(479,800)</u>			<u>(724,800)</u>
Net total receivables	<u>\$3,682,392</u>	<u>\$5,857,822</u>	<u>\$69,910</u>	<u>\$120,617</u>	<u>\$9,730,741</u>

	<u>Environmental Services</u>	<u>Metropolitan Housing and Redevelopment Authority</u>	<u>Total Restricted Receivables</u>
<b><u>Receivables - restricted</u></b>			
Accounts	\$22,541,843		\$22,541,843
Interest	<u>389,655</u>	<u>\$ 1,232</u>	<u>390,887</u>
Net total receivables- restricted	<u>\$22,931,498</u>	<u>\$1,232</u>	<u>\$22,932,730</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable (General fund)	\$169,545
Delinquent property taxes receivable (Debt retirement fund)	545,983
Delinquent property taxes receivable (Other governmental funds)	<u>173,432</u>
Total deferred/unearned revenue for governmental funds	<u>\$888,960</u>

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

### 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 is no property tax levy limits for the debt service levy.

In 2004 the Council levied \$10,300,000 for the General levy; \$2,803,379 for the Highway Right-of-Way Loan levy; \$8,184,070 for the Livable Communities Demonstration Account levy; and \$8,087,246 for Parks and Radio system debt service levies. The Council levied these taxes upon all taxable property within the Twin Cities Metropolitan Area. The Council levied \$35,574,713 in transit debt service 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.

Council levies are reduced by two Market Value Credits (MVC). The first credit (MVC-Credit) is paid to the Council by the State of Minnesota. The second credit (MVC-Reduction) is a reduction taken by the counties and not paid to the Council. This second credit results in a permanent reduction in the Council's net levy.

The following is a summary of the Council's property tax levy limits, levies, MVC's and adjusted levy:

	<u>Levy Limit</u>	<u>Council Levy</u>	<u>MVC Reduction</u>	<u>Net Levy</u>	<u>Less: MVC Credit</u>	<u>Adjusted Levy</u>
Operating levy	\$10,522,329	\$10,300,000	\$ (255,987)	\$10,044,013	\$ (322,621)	\$ 9,721,392
Tax base revitalization	5,000,000	5,000,000		5,000,000		5,000,000
Highway right-of-way	2,828,379	2,803,379	(69,672)	2,733,707	(87,809)	2,645,898
Livable communities	8,259,070	8,184,070	(203,400)	7,980,670	(256,345)	7,724,325
Parks and radio system debt retirement	8,087,246	8,087,246	(200,995)	7,886,251	(253,311)	7,632,940
Transit debt retirement	<u>35,574,713</u>	<u>35,574,713</u>	<u>(657,971)</u>	<u>34,916,742</u>	<u>(1,322,605)</u>	<u>33,594,137</u>
Total	<u>\$70,271,737</u>	<u>\$69,949,408</u>	<u>\$(1,388,025)</u>	<u>\$68,561,383</u>	<u>\$(2,242,691)</u>	<u>\$66,318,692</u>

### E. Capital assets

#### 1. Primary government

Capital asset activity for the year ended December 31, 2004 was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 0	\$ 398,679	\$ 0	\$ 398,679
Capital assets, being depreciated:				
Vehicles	43,198,806	7,712,896	(157,097)	50,754,605
Equipment	<u>4,189,537</u>	<u>323,017</u>		<u>4,512,554</u>
Total capital assets, being depreciated	<u>47,388,343</u>	<u>8,035,913</u>	<u>(157,097)</u>	<u>55,267,159</u>
Less accumulated depreciation for:				
Vehicles	10,586,739	6,264,443	(34,423)	16,816,759
Equipment	<u>3,557,176</u>	<u>433,349</u>		<u>3,990,525</u>
Total accumulated depreciation	<u>14,143,915</u>	<u>6,697,792</u>	<u>(34,423)</u>	<u>20,807,284</u>
Total capital assets, being depreciated, net	<u>33,244,428</u>	<u>1,338,121</u>	<u>(122,674)</u>	<u>34,459,875</u>
Governmental activities capital assets, net	<u>\$33,244,428</u>	<u>\$1,736,800</u>	<u>\$(122,674)</u>	<u>\$34,858,554</u>

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

<b><u>Business-type activities:</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
Capital assets, not being depreciated:				
Land	\$ 47,655,134	\$ 7,922,738	\$ 0	\$ 55,577,872
Construction in progress	<u>650,793,792</u>	<u>136,466,811</u>	<u>(557,173,707)</u>	<u>230,086,896</u>
Total capital assets, not being depreciated	<u>698,448,926</u>	<u>144,389,549</u>	<u>(557,173,707)</u>	<u>285,664,768</u>
Capital assets, being depreciated:				
Buildings and improvements	1,697,773,944	572,731,433	(18,086,475)	2,252,418,902
Vehicles	274,504,006	106,468,261	(8,079,371)	372,892,896
Equipment	<u>93,046,592</u>	<u>5,366,212</u>	<u>(438,714)</u>	<u>97,974,090</u>
Total capital assets, being depreciated	<u>2,065,324,542</u>	<u>684,565,906</u>	<u>(26,604,560)</u>	<u>2,723,285,888</u>
Less accumulated depreciation for:				
Buildings and improvements	596,589,581	57,910,087	(9,948,389)	644,551,279
Vehicles	128,992,338	25,156,737	(7,872,809)	146,276,266
Equipment	<u>65,199,499</u>	<u>6,890,106</u>	<u>(410,924)</u>	<u>71,678,681</u>
Total accumulated depreciation	<u>790,781,418</u>	<u>89,956,930</u>	<u>(18,232,122)</u>	<u>862,506,226</u>
Total capital assets, being depreciated, net	<u>1,274,543,124</u>	<u>594,608,976</u>	<u>(8,372,438)</u>	<u>1,860,779,662</u>
Business-type activities capital assets, net	<u>\$1,972,992,050</u>	<u>\$738,998,525</u>	<u>\$(565,546,145)</u>	<u>\$2,146,444,430</u>

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

<b><u>Governmental activities:</u></b>	
General government	\$ 372,048
Transportation	<u>6,325,744</u>
Total depreciation expense-governmental activities	<u>\$ 6,697,792</u>
<b><u>Business-type activities:</u></b>	
Environmental Services	\$40,904,833
Transit Bus	35,264,428
Transit Light Rail	12,807,187
Housing	<u>980,482</u>
Total depreciation expense-business-type activities	<u>\$89,956,930</u>

## 2. Discretely presented component unit

Activity for Metropolitan Sports Facilities Commission for the year ended December 31, 2004 was as follows:

<b><u>Business-type activities:</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
Capital assets, not being depreciated:				
Land	\$ 8,700,000	\$ 0	\$ 0	\$ 8,700,000
Capital assets, being depreciated:				
Buildings and improvements	98,354,268	2,256,870	(2,268,051)	98,343,087
Equipment	<u>10,301,967</u>	<u>453,336</u>	<u>(194,017)</u>	<u>10,561,286</u>
Total capital assets, being depreciated	<u>108,656,235</u>	<u>2,710,206</u>	<u>(2,462,068)</u>	<u>108,904,373</u>
Less accumulated depreciation for:				
Building and improvements	74,080,727	4,369,603	(2,250,855)	76,199,475
Equipment	<u>6,439,454</u>	<u>838,815</u>	<u>(157,537)</u>	<u>7,120,732</u>
Total accumulated depreciation	<u>80,520,181</u>	<u>5,208,418</u>	<u>(2,408,392)</u>	<u>83,320,207</u>
Total capital assets, being depreciated, net	<u>28,136,054</u>	<u>(2,498,212)</u>	<u>(53,676)</u>	<u>25,584,166</u>
Metropolitan Sports Facilities Commission, capital assets, net	<u>\$ 36,836,054</u>	<u>\$(2,498,212)</u>	<u>\$(53,676)</u>	<u>\$34,284,166</u>



# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

### F. Interfund receivables, payables, and transfers

The outstanding balances between funds mainly result from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund balances as of December 31, 2004, is as follows:

Due from/due to other funds		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor government	General	\$ 2,350,000
Nonmajor government	Debt retirement governmental	124,731
Nonmajor government	Nonmajor government	1,609,677
Nonmajor government	Metro Transit Bus	27,113
Environmental Services	Nonmajor government	19,350
Metro Transit Bus	Nonmajor government	367,612
Metro Transit Bus	Metro Transit Light Rail	22,463,421
Metro Transit Light Rail	Metro Transit Bus	344,782
Metro Transit Light Rail	Nonmajor government	127
Total		<u>\$27,306,813</u>

Transfers are primarily used to 1) move general fund revenues--and some non-major fund revenues--to various other funds to comply with legislative mandates, and 2) move revenues from the fund with collection authorization to other funds in accordance with budgetary authorization, including amounts provided as subsidies.

Transfers In						
<u>Transfers Out</u>	<u>Metro Mobility</u>	<u>Nonmajor Government</u>	<u>Total Government</u>	<u>Metro Transit Bus</u>	<u>Metro Transit Light Rail</u>	<u>Total</u>
General fund		\$3,350,000	\$3,350,000			\$3,350,000
Debt Retirement		2,567,370	2,567,370			2,567,370
Non-Major Government	\$205,000	369,413	574,413	\$16,888,496	\$7,029	17,469,938
Environmental Services		700,000	700,000			700,000
Metro Transit Bus		364,361	364,361			364,361
Total Transfers	<u>\$205,000</u>	<u>\$7,351,144</u>	<u>\$7,556,144</u>	<u>\$16,888,496</u>	<u>\$7,029</u>	<u>\$24,451,669</u>

During the year, the Debt Retirement fund (a major fund) transferred to the Other Special Revenue fund (a non-major fund), \$2,500,000 to fund a budgeted pass-through grant for the Northstar Commuter rail project. Additionally, the Metro Transit Bus enterprise fund transferred capital assets with a net book value of \$206,561 to a non-major governmental fund. The transfer was not recognized in the governmental funds statement of revenues, expenditures and changes in fund balances because there is no current financial resource provided.

### G. Restricted payables

Restricted payables as of year-end for the Council's individual major and nonmajor funds are as follows:

<u>Payables:</u>	<u>Environmental Services</u>	<u>Metro Transit Bus</u>	<u>Metro Transit Light Rail</u>	<u>Metropolitan Housing and Redevelopment Authority</u>	<u>Total</u>
Accounts	\$16,641,534	\$1,088,845	\$14,428,016	\$37,368	\$32,195,763
Interest	8,489,791				8,489,791
Due to other governments			1,920,313		1,920,313
Other		98,218			98,218
Net restricted payables	<u>\$25,131,325</u>	<u>\$1,187,063</u>	<u>\$16,348,329</u>	<u>\$37,368</u>	<u>\$42,704,085</u>

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

### H. Leases

#### 1. Operating leases

##### a. Primary government

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 2004 were General Fund payments of \$1,761,028, Metro Transit Bus enterprise fund payments of \$509,195, Metro Transit Light Rail enterprise fund payments of \$94,757 and Environmental Service enterprise fund payments of \$254,667

Commitments under operating lease agreements provide for minimum annual rental payments as follows:

<u>Year</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>			<u>Total</u>
		<u>Environmental Services</u>	<u>Metro Transit Bus</u>	<u>Enterprise Total</u>	
2005	\$1,124,937	\$239,573	\$343,354	\$582,927	\$1,707,864
2006	601,449	222,768	131,025	353,793	955,242
2007		162,437	96,821	259,258	259,258
2008		149,863	90,071	239,934	239,934
2009		149,772	73,053	222,825	222,825
2010-2013		74,887	149,111	223,998	223,998
Total	<u>\$1,726,386</u>	<u>\$999,300</u>	<u>\$883,435</u>	<u>\$1,882,735</u>	<u>\$3,609,121</u>

##### b. Discretely presented component unit

The Metropolitan Radio Board has entered into various operating lease agreements through 2024 for tower space and facilities to operate a region-wide public safety radio system. Payments made during 2004 were \$447,576.

Commitments under operating lease agreements provide for minimum annual rental payments as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2005	\$ 405,998
2006	406,304
2007	410,247
2008	413,889
2009	219,688
2010-2014	241,477
2015-2019	158,282
2020-2024	139,369
Total	<u>\$2,395,254</u>

#### 2. Capital leases

##### Governmental activities:

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.

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

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 rental payments. The Council intends to continue the lease through its entire term.

<u>Year Ending</u>	<b>Nonmajor Governmental Fund</b>
2005	\$ 533,382
2006	533,382
2007	1,035,413
2008	1,034,241
2009	1,032,600
2010-2014	5,159,851
2015-2019	5,134,355
2020-2024	5,115,497
2025	<u>1,017,388</u>
Total minimum lease payments	\$20,596,109
Less amount representing interest	<u>(7,066,109)</u>
Present value of minimum lease payments	<u>\$13,530,000</u>

### Business-type activities:

On October 1, 1999, the Council entered into an eleven-year six-month capital lease for two commuter coach buses.

Assets acquired under capital lease agreements are recorded at the present value of the future minimum lease payments. Assets acquired under this capital lease are:

-	Vehicles	\$ 743,800
	Less accumulated depreciation	<u>(362,854)</u>
	Net assets acquired under capital leases	<u>\$ 380,946</u>

The liabilities recognized are the net present value of future minimum lease obligations. Minimum annual rentals for years subsequent to 2004 are reported in the table below:

<u>Year Ending</u>	<b>Metro Transit Bus</b>
2005	\$ 55,138
2006	60,150
2007	60,150
2008	60,150
2009	60,150
2010-2011	<u>80,196</u>
Total minimum lease payments	\$375,934
Less amount representing interest	<u>(61,696)</u>
Present value of minimum lease payments	<u>\$314,238</u>

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

### I. Long-term obligations

#### 1. Primary government

##### a. General obligation debt

The Council issues general obligation bonds for parks, solid waste, transportation and sewers. General obligation bonds have been issued for both governmental and business-type activities. The Council also issues general obligation bonds for the Metropolitan Radio Board, a component unit.

The parks and solid waste bonds have been issued for park, acquisition grants and funding the cost of sanitary landfill siting and environmental reviews. The Council's full faith and credit and taxing powers are pledged. The park bonds generally were issued as 20- to 30-year serial bonds, while the solid waste bonds generally were 5- to 15-year serial bonds. Beginning in November of 1994 the Council issued 5-year serial park bonds and intends to issue approximately \$5 million of 5-year park bonds each year to create a park revolving fund.

The transportation bonds are issued for the acquisition of transit vehicles, equipment and facilities. These bonds, backed by the taxing powers of the Council, generally are 10-year serial bonds.

Bonds issued for parks, solid waste and transportation are intended to be repaid by levying property taxes in future years, and a liability is recognized in the government-wide statement of net assets. Bonds issued for sewers are intended to be repaid by charges for wastewater services and a liability is recognized.

The original amount of general obligation bonds issued in prior years was \$554,155,000. During the year, \$47,375,000 general obligation bonds and \$2,910,000 general obligation refunding bonds were issued, along with \$25,000,000 of general obligation sewer bonds and \$2,780,000 of general obligation sewer refunding bonds.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00 - 5.63%	\$169,620,000
Governmental activities – refunding	2.50 - 4.60%	24,570,000
Business-type activities	2.00 - 5.60%	67,690,000
Business-type activities – refunding	2.00 - 5.40%	<u>196,175,000</u>
Total general obligation bonds		<u>\$458,055,000</u>

The original amount of Minnesota Public Facilities Authority (PFA) loans drawn down in prior years was \$512,494,716. During the year, \$98,484,111 of Minnesota PFA loans were drawn down.

Public Facilities Authority general obligation backed loans currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.71%	\$ 11,895,000
Business-type activities	0.00 - 5.38%	<u>506,747,216</u>
Total Public Facilities Authority loans		<u>\$518,642,216</u>

The following is a summary of bond transactions of the Council for the year ended December 31, 2004:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Balance, January 1, 2004	\$201,087,458	\$685,767,044
Bonds issued, net of discount/ premium	53,854,470	30,046,423
PFA drawdown		98,484,111
Amortization of discount/premium	(471,062)	(572,270)
Amortization of deferred amount on refunding		56,256
Less principal payments	<u>(42,250,000)</u>	<u>(37,486,611)</u>
Balance, December 31, 2004	<u>\$212,220,866</u>	<u>\$776,294,953</u>

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

As of December 31, 2004, the annual debt service requirements to amortize all bonds outstanding, including interest of \$44,642,247 on the governmental activities debt and \$234,725,689 business-type activities debt, are as follows:

<b>Year Ending December 31</b>	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2005	\$39,670,000	\$ 8,796,188	\$ 48,466,188	\$ 67,766,805	\$ 28,185,471	\$ 95,952,276
2006	31,240,000	6,761,911	38,001,911	50,125,090	25,285,804	75,410,894
2007	24,425,000	5,584,853	30,009,853	47,229,591	22,618,263	69,847,854
2008	20,485,000	4,585,330	25,070,330	42,429,227	21,319,711	63,748,938
2009	18,195,000	3,751,473	21,946,473	42,990,282	20,056,169	63,046,451
2010-2014	46,875,000	10,487,476	57,362,476	216,901,348	74,457,139	291,358,487
2015-2019	17,180,000	4,018,000	21,198,000	202,274,873	36,142,241	238,417,114
2020-2024	8,015,000	657,016	8,672,016	97,895,000	6,622,851	104,517,851
2025				<u>3,000,000</u>	<u>38,040</u>	<u>3,038,040</u>
Sub-total	206,085,000	44,642,247	250,727,247	770,612,216	234,725,689	1,005,337,905
Net unamortized:						
Discounts/ premiums	6,135,866		6,135,866	6,034,280		6,034,280
Deferred on refunding				(351,543)		(351,543)
Total payments	<u>\$212,220,866</u>	<u>\$44,642,247</u>	<u>\$256,863,113</u>	<u>\$776,294,953</u>	<u>\$234,725,689</u>	<u>\$1,011,020,642</u>

### b. Refunded bonds

The Council sold two refunding bonds in 2004:

<b>Bond Number</b>	<b>Type</b>	<b>Par Value</b>	<b>Present Value Savings</b>	<b>Debt Service Reductions</b>	<b>Refunded Bond</b>	<b>Bonds Maturities</b>
2004E	Sewer	\$2,780,000	\$110,948	\$114,732	1996A	2005-2007
2004F	Transit	<u>2,910,000</u>	<u>308,958</u>	<u>572,862</u>	1997C	2005-2013
		<u>\$5,690,000 =</u>	<u>\$419,906 =</u>	<u>\$687,594</u>		

### c. 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.

## 2. Discretely presented component unit

On November 1, 1999, the Council, for the MRB, issued \$14,280,000 of Revenue Bonds. The bonds bear interest from 4.10 to 5.50 percent and are being repaid over a 15-year period. Principal and interest are payable from revenues derived from the collection of emergency telephone service fees ("911 Fees"). The proceeds are being used to purchase the elements of the first phase of a region-wide public safety radio communications system.

The following is a summary of bond transactions of the MRB for the year ended December 31, 2004:

Balance, January 1, 2004	\$12,200,140
Amortization of discount	12,619
Less principal payment	(770,000)
Less current portion	<u>(810,000)</u>
Balance, December 31, 2004	<u>\$10,632,759</u>

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

As of December 31, 2004, the annual requirements to amortize all bonds outstanding including interest of \$3,664,986 is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 810,000	\$ 573,297	\$ 1,383,297
2006	845,000	534,810	1,379,810
2007	890,000	493,593	1,383,593
2008	935,000	449,325	1,384,325
2009	985,000	401,793	1,386,793
2010-2014	5,755,000	1,175,043	6,930,043
2015	<u>1,350,000</u>	<u>37,125</u>	<u>1,387,125</u>
Sub-total	11,570,000	3,664,986	15,234,986
Less net unamortized discount	<u>(127,241)</u>		<u>(127,241)</u>
Balance, December 31, 2004	<u>\$11,442,759</u>	<u>\$3,664,986</u>	<u>\$15,107,745</u>

### 3. Current value, flow, and facilities cost credits

Environmental Services, an enterprise fund, is indebted to various municipalities for equity in treatment works and interceptors in service when the fund acquired the facilities. This liability is a component of due to other governments. The municipalities receive a check in July for the portion of the credit amortized annually plus interest on the unamortized balance at 4%. During 2004, \$423,887 of principal was retired. The unpaid balance was \$2,301,806 at December 31, 2004.

Environmental Services, an enterprise fund, is indebted to the City of St. Paul based on estimated flow numbers. In 1999, the City and the Council agreed to an interim billing arrangement until new meters were installed and working. This liability is a component of due to other governments. In 2004 an agreement was signed with the City of St. Paul to repay them by a reduction in municipal wastewater charges through December 2009. The Council will pay the City of St. Paul \$6,249,667 made up of principal of \$5,655,852 and interest of \$593,815. The repayment will start in January of 2005.

MSFC created the facilities cost credit to assist the Minnesota Twins, Minnesota Vikings and the University of Minnesota football Gophers in enhancing team revenues and/or reducing event day costs of operations in the Metrodome. Since 1999 the MSFC has issued an annual payment to the Minnesota Twins and the University of Minnesota football Gophers that is equal to the admission tax paid by each team for their events in the Metrodome. At the request of the Minnesota Vikings, the MSFC waived the required rent payment in lieu of the facilities cost credit. Although the facilities cost credit may not exceed admission tax amounts for each team's events, the tax is not waived or pledged to the teams.

### 4. Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2004 was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bond/loans payable:					-
General obligation debt	\$198,050,000	\$50,285,000	\$(42,250,000)	\$206,085,000	\$39,670,000
Less discounts/premiums	<u>3,037,458</u>	<u>3,569,470</u>	<u>(471,062)</u>	<u>6,135,866</u>	
Total bonds payable	201,087,458	53,854,470	(42,721,062)	212,220,866	39,670,000
Bond arbitrage	151,580	148,271	(151,580)	148,271	
Capital lease		13,530,000		13,530,000	
Compensated absences	<u>2,344,774</u>	<u>2,278,072</u>	<u>(2,269,699)</u>	<u>2,353,147</u>	<u>2,353,147</u>
Governmental long-term Liabilities	<u>\$203,583,812</u>	<u>\$69,810,803</u>	<u>\$(45,142,341)</u>	<u>\$228,252,284</u>	<u>\$42,023,147</u>

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

<b><u>Business-type activities:</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
Bond/loans payable					
General obligation debt	\$681,834,716	\$126,264,111	\$(37,486,611)	\$770,612,216	\$67,766,805
Loans payable	400,000	1,005,000		1,405,000	
Discounts/premiums	4,316,991	2,289,559	(572,270)	6,034,280	
Deferred on refunding	(384,663)	(23,136)	56,256	(351,543)	
Total bonds/loans payable	686,167,044	129,535,534	(38,002,625)	777,699,953	67,766,805
Compensated absences	5,775,153	1,120,246	(1,353,891)	5,541,508	
Due to other governments	8,397,412	788,852	(1,228,606)	7,957,658	1,483,650
Accrued claims	21,795,047	3,606,469	(6,892,436)	18,509,080	8,305,093
Capital lease obligations	357,977		(43,739)	314,238	39,233
Business-type activity					
Long-term liabilities	<u>\$722,492,633</u>	<u>\$135,051,101</u>	<u>\$(47,521,297)</u>	<u>\$810,022,437</u>	<u>\$77,594,781</u>

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### J. Compensated absences

#### 1. Primary government

In 2004, the General fund liability for compensated absences earned but not taken increased from \$2,344,774 to \$2,353,147. This liability is reported in the government-wide statement of net assets. The following summary of changes during 2004 includes \$167,223 in payroll taxes:

Balance, January 1, 2004	\$2,344,774
Transferred from Enterprise Funds	(21,298)
Leave Earned	2,278,072
Leave Taken or Paid Off	<u>(2,248,401)</u>
Balance, December 31, 2004	<u>\$2,353,147</u>

#### 2. Discretely presented component unit

The MSFC separately reports compensated absences and salaries and benefits payable. Long-term activity consists entirely of the compensated absences.. The compensated absences for the year ended December 31, 2004, was:

<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
<u>\$162,731</u>	<u>\$174,855</u>	<u>\$(164,586)</u>	<u>\$173,000</u>	<u>\$99,923</u>

### K. Prior period adjustment/restatement

#### 1. Correction of an error -- Capital assets

In 2002, the Council implemented a policy concerning the ownership of vehicles provided to outside transit providers (transit providers other than Metro Transit Bus). Since 2002:

- Some vehicles purchased on behalf of one of the outside transit providers were originally recognized as capital assets of the Council. Upon later negotiations, these vehicles were deemed to be owned by the outside transit provider.
- Concurrently, vehicles previously deemed as grants to other outside transit providers were later identified as capital assets of the Council.

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

Prior year expenditures previously identified--under a. above--as capital assets should have been recorded as intergovernmental transportation expenditures. Similarly, prior intergovernmental transportation expenditures previously identified--under b. above--should have been recorded as capital assets. The reduction of \$261,719 (the net book value of those vehicles as of January 1, 2004) has also been reflected in the associated schedules of Capital Assets.

### 2. Correction of an error - Property Taxes Receivable

Property tax information (see Notes IV.D.) indicates that Council levies that are offset by two Market Value Credits (MVC-credit and MVD-reduction). Prior to 2003, the full Market Value Credit was calculated by the counties and offset against the Council's levy. The State of Minnesota paid that calculated full Market Value Credit to the Council. In 2003, the legislature reduced the State's Market Value Credit payment to the Council, while allowing the counties the full MVC as an offset to the Council's levy. The result of this legislation permanently reduced the Council's levy by the difference between the county's calculated full Market Value Credit, and the Market Value Credit actually paid the Council by the State of Minnesota (Note IV.D. as MVC reduction). For 2003, the MVC reduction was \$1,165,681. This permanent difference has been recognized in the current year statements and statistical section.

The following is a summary of these changes to beginning net assets:

	<b>Governmental</b>	<b>Business-type</b>	
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	<b><u>Total</u></b>
Total net assets, January 1, 2004	\$ (8,198,490)	\$ 1,353,322,482	\$ 1,345,123,992
Correction of error---capital assets	(261,719)		(261,719)
Correction of error---property tax receivable	<u>(1,165,681)</u>		<u>(1,165,681)</u>
Total net assets, January 1, 2004 restated	<u>\$ (9,625,890)</u>	<u>\$ 1,353,322,482</u>	<u>\$ 1,343,696,592</u>

## V. Other information

### A. Risk management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; work related injuries to its employees; and natural disasters. The Council both purchases 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 purchases general liability insurance to protect against various liability risks in all divisions of the Council. Metro Transit-Bus recognizes a current liability for incurred, reported claims and a 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 \$300,000 per claim and \$1,000,000 per occurrence for a claim arising on or after January 1, 2000. For claims arising earlier, the limits are \$300,000 per claim and up to \$750,000 per occurrence. In addition, an amount equal to twice these limits applies if the claim arises out of the release or threatened release of a hazardous substance.

#### 2. Automobile

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



# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

### 3. Errors and omissions

The Council self insures for errors and omissions risk. There were no claims for 2003 or 2004.

### 4. Property and crime

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

### 5. Workers' compensation

Metro Transit Bus has been self-insured for workers' compensation since 1982, MCES since 1993, and the rest of the Council since 1995. Prior to July 1, 1996, MCES 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 incurred. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a discount rate of 6%.

The self-insurance retention limit for Workers' Compensation is \$1,520,000 per single loss. For claims above the retention limit, the Workers' Compensation Reinsurance Association reimburses the Council.

Changes in the balances of workers compensation liabilities during 2003 and 2004 are as follows:

	<b>Metro Transit</b>	<b>Metro Transit</b>	<b>Environmenta l</b>	
	<b><u>Bus</u></b>	<b><u>Light Rail</u></b>	<b><u>Services</u></b>	<b><u>Total</u></b>
<b><u>2003 Balance:</u></b>				
Beginning balance	\$17,223,836		\$1,423,602	\$18,647,438
Current year claims and changes in estimates	9,164,277		1,209,884	10,374,161
Payments on claims	<u>(5,837,776)</u>		<u>(1,388,776)</u>	<u>(7,226,552)</u>
Ending balance	<u>\$20,550,337</u>	<u>\$ 0</u>	<u>\$1,244,710</u>	<u>\$21,795,047</u>
<b><u>2004 Balance:</u></b>				
Beginning balance	\$20,550,337		\$1,244,710	\$21,795,047
Current year claims and changes in estimates	2,746,039	\$156,484	703,946	3,606,469
Payments on claims	<u>(5,896,041)</u>		<u>(996,395)</u>	<u>(6,892,436)</u>
Ending balance	<u>\$17,400,335</u>	<u>\$156,484</u>	<u>\$ 952,261</u>	<u>\$18,509,080</u>

### 6. Component Unit

Both MRB and MSFC purchase general and umbrella liability insurance to protect against various risks related to, among other, torts, theft of, damage to, and destruction of assets, errors and omissions; work related injuries; and natural disasters for which MRB and MSFC have purchased commercial coverage. Within the past three fiscal years, no settled claims have exceeded commercial coverage. The MSFC has added terrorism coverage to its general and umbrella liability policies and purchased a separate terrorism property insurance policy.

### B. Retirement plan

Metropolitan Council employees are covered by one of two Minnesota State Retirement System (MSRS) retirement plans. The following disclosures are made to comply with GASB Statement 27, "Accounting for Pensions by State and Local Governmental Employers".

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

### 1. General employees plan (GEP) description

The MSRS-GEP is a cost-sharing multiple employer public employee retirement plan. A majority of the employees of the Council, MRB and MSFC are covered by this defined benefit plan administered by MSRS. MSRS provides retirement benefits, as well as disability benefits to members, and benefits to survivors upon the death of eligible members.

Minnesota Statutes, Chapter 352 establishes MSRS and the plan benefit provisions. MSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the MSRS plan administrator at:

Minnesota State Retirement System  
60 Empire Drive, Suite 300  
St. Paul, Minnesota 55103-3000

Minnesota Statutes, Chapter 352 sets the rate for employee and employer contributions. Contributions are made to the fund by the employees and the employer, based on a percentage of gross salary. The total required contribution rate was 8.0 percent. The employee and employer each have a required contribution rate of 4.0 percent.

Employer contributions to MSRS (which equaled the required contributions for each year) were:

<u>Year</u>	<u>Council</u>	<u>Component Unit</u>	
		<u>MSFC</u>	<u>Metropolitan Radio Board</u>
2002	\$6,775,281	\$71,414	\$982
2003	6,725,866	76,022	1,852
2004	6,644,104	78,449	2,200

### 2. Unclassified employees plan (UEP) description

The MSRS-UEP is a multiple employer defined contribution plan. Membership is limited to certain specific employees of the Council, MRB and MSFC. The plan is authorized by Minnesota Statutes Chapter 352D and is considered a money purchase plan, i.e. members vest only to the extent of the value of their accounts (contributions plus earnings less administrative expenses). Retirement and disability benefits are available through conversion, at the member's option, to the General Employees Plan provided minimum service requirements are met.

Minnesota Statutes Chapter 352D sets the contribution rates. Contribution rates for 2004 were 4.0 percent for employees, and 6.0 percent for employers.

<u>Year</u>	<u>Council</u>	<u>Component Unit</u>	
		<u>MSFC</u>	<u>Metropolitan Radio Board</u>
2002	\$120,243	\$3,090	\$2,409
2003	103,652	2,856	5,148
2004	119,282	3,087	5,261

### C. Post-employment benefits

In addition to providing pension benefits, the Council provides certain health care, life insurance and other benefits for certain employees as negotiated in labor contracts.

Substantially all the employees of Metro Transit Bus, an enterprise fund, become eligible for certain health care and life insurance benefits if they reach normal retirement age while working for Metro Transit Bus. Metro Transit Bus recognizes the cost of providing those benefits by expensing the annual insurance premiums, which were \$4,474,734 for 2004, when due. The number of retirees covered by the plan in 2004 was 822. In addition, \$19,513,978 is earmarked in the enterprise fund to pay future Metro Transit Bus retiree health benefits.

Substantially all employees of Environmental Services, an enterprise fund, employed prior to December 5, 1996 become eligible for certain health care benefits by meeting one of three eligibility requirements. Employees who retire at the age of 65, and have at least 10 years of continuous employment; or employees who retire prior to age 65, and have at least 25 years of continuous employment; are eligible for insurance benefits based on the current plan for active employees. Employees who retire between the ages of 60 and 65, and have at least 20 years of continuous employment; are eligible to receive 65% of the employer-paid, post-retirement insurance benefits. Environmental Services recognizes the cost of providing these benefits by expensing the insurance premiums when due. The cost of providing these benefits in 2004 was \$1,652,646. The number of retirees receiving benefits in 2004 was 381. In addition, \$14,437,865 is earmarked in the enterprise fund to pay future Environmental Services retiree health benefits. All Environmental Services labor agreements negotiated after December 5, 1996 contain language which limits eligibility for these benefits to existing employees. No newly hired employees are eligible.

The Council provided healthcare and dental benefits of \$61,865 to 10 employees that qualified under the provisions of either a confidential staff labor union agreement, or under provisions of the Council's 1995 and 1999 voluntary separation programs.

#### **D. Sub-grantee programs**

During the year ended December 31, 2004, the Council was involved with the following sub-grantee programs:

##### **General Fund:**

- Habitat for Humanity (Planning Grants)
- Parks (Maintenance and Operation Grants)

##### **Non-major governmental funds:**

- Federal Transit Administration (Pass-Through and Study Grants)
- Federal Highway 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 Shelter Plus Care Program)
- Housing and Redevelopment Authority (HUD Housing Choice Voucher 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**

The 1986 Tax Reform Act requires state and local governments to rebate to the Federal Government any earnings from the investment of tax-free debt proceeds, and debt service balances in excess of the interest cost of that debt. Liabilities related to bond proceed interest earnings are calculated as the proceeds are spent and are paid after passage of various pre-defined anniversary dates. Debt service rebate calculations are performed on an annual basis and any payment due must be made every five years. The rebate calculations on the Council's bond issues currently results in a liability of \$148,271, which is reflected in the government-wide statement of net assets. This amount is subject to increase or decrease by future calculations and subsequent regulations or rulings issued by the Federal Government.

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 transit services totaled approximately \$29.2 million as of December 31, 2004. These commitments will be paid from the Metro Transit Bus enterprise fund. Future commitments for Metro Transit Light Rail enterprise fund contracts of approximately \$13.1 million will be paid from the Metro Transit Light Rail fund. Future commitments for regional transit services are approximately \$60.6 million as of December 31, 2004. These commitments will be paid from Regional Transit special revenue funds. Future commitments for Environmental Services enterprise fund construction

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004

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contracts totaled approximately \$53 million as of December 31, 2004. These commitments will be paid from the Environmental Services enterprise fund. Management fully expects that it will be able to fulfill its contractual obligations for these commitments.

Since January 18, 2000, the Council has been contingently liable for Carver County Housing and Redevelopment Authority Revenue Bonds. The bond issue was for \$2,695,691, payable primarily from the revenues of the Housing Authority, but is also secured by the pledge of the full faith and credit of the City of Chaska, and the Council. The City must reimburse the Council for any money paid by the Council for debt service on these bonds. These bonds have a final maturity on January 1, 2030.

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**

In 2004, the Council entered into an agreement to sell \$18,845,000 General Obligation Wastewater Revenue Refunding Bonds, Series 2005A, dated June 1, 2005

On March 30, 2005, the Council sold \$45,685,000 General Obligation Transit and Refunding Bonds, Series 2005C; \$97,930,000 General Obligation Wastewater Revenue and Refunding Bonds, Series 2005B, and \$6,000,000 General Obligation Park Bonds, Series 2005D.

**G. Future operations – Metropolitan Radio Board component unit**

The Metropolitan Radio Board is scheduled to cease operations at the end of the State's fiscal year, June 30, 2005. Effective July 1, 2005, the metropolitan regional operations will be assumed by the Metropolitan 911 Board, a joint powers organization made up of representatives from each of the seven metropolitan counties. The Metropolitan 911 Board will be renamed the Metropolitan Emergency Services Board (MESB) and will be responsible for regional governance of the radio system as well as 911 operations and emergency medial services. Duties and obligations appropriately exercised at a statewide level will be taken over by the Statewide Radio Board.

# **REQUIRED SUPPLEMENTAARY INFORMATION**

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Taxes	\$ 9,957,100	\$ 9,957,100	\$ 9,709,368	\$ (247,732)
Intergovernmental revenue:				
Federal		268,000	185,206	(82,794)
State	8,630,000	8,630,000	7,735,481	(894,519)
Local/other	239,672	247,525	80,510	(167,015)
Investment income	300,000	300,000	724,351	424,351
Other	835,000	835,000	31,730	(803,270)
Total revenues	<u>19,961,772</u>	<u>20,237,625</u>	<u>18,466,646</u>	<u>(1,770,979)</u>
<b>EXPENDITURES</b>				
Current:				
General government	9,496,772	10,709,483	7,531,748	(3,177,735)
Culture and recreation			70,842	70,842
Intergovernmental:				
Culture and recreation	8,630,000	8,930,000	7,477,630	(1,452,370)
Capital outlay	835,000	835,000	323,017	(511,983)
Interest and other charges			37,031	37,031
Total expenditures	<u>18,961,772</u>	<u>20,474,483</u>	<u>15,440,268</u>	<u>(5,034,215)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,000,000</u>	<u>(236,858)</u>	<u>3,026,378</u>	<u>3,263,236</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,000,000)</u>	<u>(3,350,000)</u>	<u>(3,350,000)</u>	<u>0</u>
Total other financing sources and uses	<u>(1,000,000)</u>	<u>(3,350,000)</u>	<u>(3,350,000)</u>	<u>0</u>
 Net change in fund balances	 0	 (3,586,858)	 (323,622)	 3,263,236
Fund balance, beginning	<u>10,263,860</u>	<u>10,263,860</u>	<u>10,263,860</u>	<u>0</u>
Fund balance, ending	<u>\$ 10,263,860</u>	<u>\$ 6,677,002</u>	<u>\$ 9,940,238</u>	<u>\$ 3,263,236</u>

Unaudited

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
METRO MOBILITY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 0
State	22,236,854	22,019,354	22,192,141	172,787
Investment income	200,000	200,000	352,498	152,498
Other	167,000	167,000		(167,000)
Fare related	3,571,000	3,571,000	3,471,289	(99,711)
Total revenues	<u>30,174,854</u>	<u>29,957,354</u>	<u>30,015,928</u>	<u>58,574</u>
<b>EXPENDITURES</b>				
Current:				
General government	303,131	303,131	418,099	114,968
Transportation	30,071,723	30,416,840	30,033,515	(383,325)
Debt service			28,605	28,605
Capital outlay			50,313	50,313
Total expenditures	<u>30,374,854</u>	<u>30,719,971</u>	<u>30,530,532</u>	<u>(189,439)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(200,000)</u>	<u>(762,617)</u>	<u>(514,604)</u>	<u>248,013</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of fixed assets			86,627	86,627
Transfers in		205,000	205,000	0
Total other financing sources and uses	<u>0</u>	<u>205,000</u>	<u>291,627</u>	<u>86,627</u>
Net change in fund balances	(200,000)	(557,617)	(222,977)	334,640
Fund balance, beginning	<u>14,156,703</u>	<u>14,156,703</u>	<u>14,156,703</u>	<u>0</u>
Fund balance, ending	<u>\$13,956,703</u>	<u>\$ 13,599,086</u>	<u>\$ 13,933,726</u>	<u>\$ 334,640</u>

Unaudited

# METROPOLITAN COUNCIL

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2004

### 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 (GAAP) for the general fund, all budgeted special revenue funds, and the Metro Transit Bus and Metro Transit Light Rail enterprise funds. 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 5% of the operating expenses. Variances in expenses are accumulated for contingency reserves. All annual appropriations lapse at year-end.

Division staff, starting in February, prepare 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 fund.

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Regional Administration	\$ 5,332,860	\$ 6,152,571	\$ 4,153,741	\$ (1,998,830)
Community Development	13,628,912	14,321,912	11,286,527	(3,035,385)
Total General Fund	<u>\$ 18,961,772</u>	<u>\$ 20,474,483</u>	<u>\$ 15,440,268</u>	<u>\$ (5,034,215)</u>



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

**Nonmajor Government Funds**

**Special Revenue Funds**

Special revenue funds are used to account for specific revenue that are legally 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.

Transit administration, opt-out, regular route, and rural small urban funds account for taxes, state appropriations, and federal grants used in defined and legally restricted regional transportation programs within the Metropolitan Council's boundaries.

Other special revenue funds account for specific revenues that are restricted to expenditures for specifically defined, and legally restricted land use planning assistance.

**Capital Project Funds**

Capital projects 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.

Solid waste disposal fund accounts for funds from bonds to finance the acquisition of landfill sites and related environmental review costs in the Metropolitan Council's boundary.

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

Administration Building fund accounts for the construction of new office space.

**METROPOLITAN COUNCIL  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	<b>Total Special Revenue</b>	<b>Total Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 51,712,856	\$ 12,234,893	\$ 63,947,749
Cash with trustee		13,463,640	13,463,640
Accounts receivable	1,652		1,652
Delinquent taxes receivable	365,842		365,842
Interest receivable	90,447	21,757	112,204
Due from other funds	1,152,283	2,959,238	4,111,521
Due from other governmental units	6,067,745	463,077	6,530,822
Prepays	14,375		14,375
Loans and advances	29,767,394		29,767,394
Total assets	<u>\$ 89,172,594</u>	<u>\$ 29,142,605</u>	<u>\$ 118,315,199</u>
<b>LIABILITIES</b>			
Accounts/contracts/subgrantees payable	\$ 5,108,798	\$ 941,317	\$ 6,050,115
Due to other funds	1,152,283	844,483	1,996,766
Deferred revenue	173,432		173,432
Total liabilities	<u>6,434,513</u>	<u>1,785,800</u>	<u>8,220,313</u>
<b>FUND BALANCES</b>			
Reserved for:			
Prepays	14,375		14,375
Grants and loans	65,060,229	2,744,424	67,804,653
Unreserved			
Designated for:			
Grants and loans	11,244,010		11,244,010
Housing programs		437,735	437,735
Capital projects		24,614,512	24,614,512
Undesignated	6,419,467	(439,866)	5,979,601
Total fund balances	<u>82,738,081</u>	<u>27,356,805</u>	<u>110,094,886</u>
Total liabilities and fund balances	<u>\$ 89,172,594</u>	<u>\$ 29,142,605</u>	<u>\$ 118,315,199</u>

**METROPOLITAN COUNCIL  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE  
DECEMBER 31, 2004**

	<b>Highway Right-of-Way Acquisition Loan</b>	<b>Livable Communities</b>	<b>Transit Administration</b>	<b>Opt-Out Transit</b>	<b>Regular Route Transit</b>	<b>Rural Small Urban Transit</b>	<b>Other Special Revenue</b>	<b>Total Special Revenue</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 6,514,376	\$ 37,673,735	\$ 11,669		\$ 3,663,058	\$ 868,294	\$ 2,981,724	\$ 51,712,856
Accounts receivable			1,227		425			1,652
Delinquent taxes receivable	88,487	277,355						365,842
Interest receivable	11,560	66,884	80		5,380	1,239	5,304	90,447
Due from other funds					1,152,283			1,152,283
Due from other governmental units			3,458,215	\$ 1,665,518	663,297	280,715		6,067,745
Prepays			14,375					14,375
Loans and advances	29,683,597						83,797	29,767,394
Total assets	<u>\$ 36,298,020</u>	<u>\$ 38,017,974</u>	<u>\$ 3,485,566</u>	<u>\$ 1,665,518</u>	<u>\$ 5,484,443</u>	<u>\$ 1,150,248</u>	<u>\$ 3,070,825</u>	<u>\$ 89,172,594</u>
<b>LIABILITIES</b>								
Accounts/contracts/subgrantees payable		\$ 909,148	\$ 488,784	\$ 1,665,518	\$ 1,411,950	\$ 633,398		\$ 5,108,798
Due to other funds			1,152,283					1,152,283
Deferred revenue	\$ 39,398	134,034						173,432
Total liabilities	<u>39,398</u>	<u>1,043,182</u>	<u>1,641,067</u>	<u>1,665,518</u>	<u>1,411,950</u>	<u>633,398</u>	<u>0</u>	<u>6,434,513</u>
<b>FUND BALANCES</b>								
Reserved for:								
Prepays			14,375					14,375
Grants and loans	29,683,598	35,291,834					84,797	65,060,229
Unreserved								
Designated for:								
Grants and loans	6,575,024	1,682,958					2,986,028	11,244,010
Undesignated			1,830,124		4,072,493	516,850		6,419,467
Total fund balances	<u>36,258,622</u>	<u>36,974,792</u>	<u>1,844,499</u>	<u>0</u>	<u>4,072,493</u>	<u>516,850</u>	<u>3,070,825</u>	<u>82,738,081</u>
Total liabilities and fund balances	<u>\$ 36,298,020</u>	<u>\$ 38,017,974</u>	<u>\$ 3,485,566</u>	<u>\$ 1,665,518</u>	<u>\$ 5,484,443</u>	<u>\$ 1,150,248</u>	<u>\$ 3,070,825</u>	<u>\$ 89,172,594</u>

**METROPOLITAN COUNCIL  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS  
DECEMBER 31, 2004**

	<b>North Mississippi Park</b>	<b>Parks and Open Space Grants</b>	<b>Solid Waste Disposal</b>	<b>Transit</b>	<b>Administration Building</b>	<b>Total Capital Projects</b>
<b>ASSETS</b>						
Cash and cash equivalents		\$2,841,170	\$ 312,449	\$8,329,178	\$ 752,096	\$ 12,234,893
Cash with trustee					13,463,640	13,463,640
Interest receivable		5,087	555	14,777	1,338	21,757
Due from other funds	\$ 457,394		124,731	27,113	2,350,000	2,959,238
Due from other governmental units		463,077				463,077
Total assets	<u>\$ 457,394</u>	<u>\$3,309,334</u>	<u>\$ 437,735</u>	<u>\$8,371,068</u>	<u>\$ 16,567,074</u>	<u>\$ 29,142,605</u>
<b>LIABILITIES</b>						
Accounts/contracts/subgrantees payable	\$ 45	\$ 712,620		\$ 50,322	\$ 178,330	\$ 941,317
Due to other funds		457,394		387,089		844,483
Total liabilities	<u>45</u>	<u>1,170,014</u>	<u>\$ 0</u>	<u>437,411</u>	<u>178,330</u>	<u>1,785,800</u>
<b>FUND BALANCES</b>						
Reserved for:						
Grants and loans	165,238	2,579,186				2,744,424
Unreserved						
Designated for:						
Housing programs			437,735			437,735
Capital Projects	292,111			7,933,657	16,388,744	24,614,512
Undesignated		(439,866)				(439,866)
Total fund balances	<u>457,349</u>	<u>2,139,320</u>	<u>437,735</u>	<u>7,933,657</u>	<u>16,388,744</u>	<u>27,356,805</u>
Total liabilities and fund balances	<u>\$ 457,394</u>	<u>\$3,309,334</u>	<u>\$ 437,735</u>	<u>\$8,371,068</u>	<u>\$ 16,567,074</u>	<u>\$ 29,142,605</u>

**METROPOLITAN COUNCIL**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Total Special Revenue</b>	<b>Total Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 15,349,403		\$ 15,349,403
Intergovernmental revenue:			
Federal	8,125,645		8,125,645
State	33,235,757	\$ 9,577,575	42,813,332
Local/other	130,165		130,165
Investment income	1,751,393	517,374	2,268,767
Other	1,811,651		1,811,651
Total revenues	<u>60,404,014</u>	<u>10,094,949</u>	<u>70,498,963</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,184,088	56,977	1,241,065
Transportation	18,251,950	97,465	18,349,415
Intergovernmental:			
Transportation	24,205,368	5,283,021	29,488,389
Culture and recreation		13,599,839	13,599,839
Environment	2,903,519		2,903,519
Housing	524,086		524,086
Economic development	7,549,660		7,549,660
Debt service:			
Interest and other charges	187,695	191,858	379,553
Capital outlay		8,061,262	8,061,262
Total expenditures	<u>54,806,366</u>	<u>27,290,422</u>	<u>82,096,788</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,597,648</u>	<u>(17,195,473)</u>	<u>(11,597,825)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	3,657,800	3,486,783	7,144,583
Transfers out	(480,000)	(16,989,938)	(17,469,938)
Proceeds from bonds		47,020,000	47,020,000
Proceeds from capital lease		13,463,640	13,463,640
Proceeds from sale of general fixed assets		78,558	78,558
Total other financing sources (uses)	<u>3,177,800</u>	<u>47,059,043</u>	<u>50,236,843</u>
Net change in fund balances	8,775,448	29,863,570	38,639,018
Fund balances, beginning	73,962,633	(2,506,765)	71,455,868
Fund balances, ending	<u>\$ 82,738,081</u>	<u>\$ 27,356,805</u>	<u>\$ 110,094,886</u>

**METROPOLITAN COUNCIL**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Highway Right-of-Way Acquisition Loan	Livable Communities	Transit Administration	Opt-Out Transit	Regular Route Transit	Rural Small Urban Transit	Other Special Revenue	Total Special Revenue
<b>REVENUES</b>								
Taxes	\$ 2,640,437	\$ 12,708,966						\$ 15,349,403
Intergovernmental revenue:								
Federal			\$ 7,079,800		\$ 941,271	\$ 104,574		8,125,645
State	89,413	261,117	488,934	\$21,587,469	7,867,070	2,941,754		33,235,757
Local/other			130,165					130,165
Investment income	232,661	985,401	6,558		405,291	102,990	\$ 18,492	1,751,393
Other			53,544		578,521	1,179,586		1,811,651
Total revenues	<u>2,962,511</u>	<u>13,955,484</u>	<u>7,759,001</u>	<u>21,587,469</u>	<u>9,792,153</u>	<u>4,328,904</u>	<u>18,492</u>	<u>60,404,014</u>
<b>EXPENDITURES</b>								
Current:								
General government			1,097,280		51,477	35,331		1,184,088
Transportation			3,981,116		9,928,944	4,341,890		18,251,950
Intergovernmental:								
Transportation			2,617,899	21,587,469				24,205,368
Environment		2,731,941					171,578	2,903,519
Housing		524,086						524,086
Economic development		7,549,660						7,549,660
Debt service:								
Interest and other charges	25,967	133,454	253		21,418	4,282	2,321	187,695
Total expenditures	<u>25,967</u>	<u>10,939,141</u>	<u>7,696,548</u>	<u>21,587,469</u>	<u>10,001,839</u>	<u>4,381,503</u>	<u>173,899</u>	<u>54,806,366</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,936,544</u>	<u>3,016,343</u>	<u>62,453</u>	<u>0</u>	<u>(209,686)</u>	<u>(52,599)</u>	<u>(155,407)</u>	<u>5,597,648</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in		1,000,000	157,800				2,500,000	3,657,800
Transfers out			(275,000)		(205,000)			(480,000)
Total other financing sources (uses)	<u>0</u>	<u>1,000,000</u>	<u>(117,200)</u>	<u>0</u>	<u>(205,000)</u>	<u>0</u>	<u>2,500,000</u>	<u>3,177,800</u>
Net change in fund balances	2,936,544	4,016,343	(54,747)	0	(414,686)	(52,599)	2,344,593	8,775,448
Fund balances, beginning	<u>33,322,078</u>	<u>32,958,449</u>	<u>1,899,246</u>	<u>0</u>	<u>4,487,179</u>	<u>569,449</u>	<u>726,232</u>	<u>73,962,633</u>
Fund balances, ending	<u>\$ 36,258,622</u>	<u>\$ 36,974,792</u>	<u>\$ 1,844,499</u>	<u>\$ 0</u>	<u>\$ 4,072,493</u>	<u>\$ 516,850</u>	<u>\$3,070,825</u>	<u>\$ 82,738,081</u>

**METROPOLITAN COUNCIL**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>North Mississippi Park</b>	<b>Parks and Open Space Grants</b>	<b>Solid Waste Disposal</b>	<b>Transit</b>	<b>Administration Building</b>	<b>Total Capital Projects</b>
<b>REVENUES</b>						
Intergovernmental revenue:						
State		\$ 9,577,575				\$ 9,577,575
Investment income	\$ 3,203	114,109	\$ 11,175	\$ 388,818	\$ 69	517,374
Total revenues	<u>3,203</u>	<u>9,691,684</u>	<u>11,175</u>	<u>388,818</u>	<u>69</u>	<u>10,094,949</u>
<b>EXPENDITURES</b>						
Current:						
General government		13,109		43,868		56,977
Transportation				97,465		97,465
Intergovernmental:						
Transportation				5,283,021		5,283,021
Culture and recreation	170,000	13,429,839				13,599,839
Debt service:						
Interest and other charges	132,472	13,087	1,250	43,763	1,286	191,858
Capital outlay				7,662,583	398,679	8,061,262
Total expenditures	<u>302,472</u>	<u>13,456,035</u>	<u>1,250</u>	<u>13,130,700</u>	<u>399,965</u>	<u>27,290,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(299,269)</u>	<u>(3,764,351)</u>	<u>9,925</u>	<u>(12,741,882)</u>	<u>(399,896)</u>	<u>(17,195,473)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	94,413		67,370		3,325,000	3,486,783
Transfers out		(94,413)		(16,895,525)		(16,989,938)
Proceeds from bonds		5,955,000		41,065,000		47,020,000
Proceeds from capital lease					13,463,640	13,463,640
Proceeds from sale of general fixed assets				78,558		78,558
Total other financing sources (uses)	<u>94,413</u>	<u>5,860,587</u>	<u>67,370</u>	<u>24,248,033</u>	<u>16,788,640</u>	<u>47,059,043</u>
Net change in fund balances	(204,856)	2,096,236	77,295	11,506,151	16,388,744	29,863,570
Fund balances, beginning	<u>662,205</u>	<u>43,084</u>	<u>360,440</u>	<u>(3,572,494)</u>	<u>0</u>	<u>(2,506,765)</u>
Fund balances, ending	<u>\$ 457,349</u>	<u>\$ 2,139,320</u>	<u>\$ 437,735</u>	<u>\$ 7,933,657</u>	<u>\$ 16,388,744</u>	<u>\$ 27,356,805</u>



**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
LIVABLE COMMUNITIES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Taxes	\$ 12,890,700	\$ 12,890,700	\$12,708,966	\$ (181,734)
Intergovernmental revenue:				
State			261,117	261,117
Investment income	592,000	592,000	985,401	393,401
Total revenues	<u>13,482,700</u>	<u>13,482,700</u>	<u>13,955,484</u>	<u>472,784</u>
<b>EXPENDITURES</b>				
Intergovernmental:				
Environment	5,940,000	5,940,000	2,731,941	(3,208,059)
Housing	1,810,000	1,810,000	524,086	(1,285,914)
Economic development	8,855,000	8,855,000	7,549,660	(1,305,340)
Debt service			133,454	133,454
Total expenditures	<u>16,605,000</u>	<u>16,605,000</u>	<u>10,939,141</u>	<u>(5,665,859)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,122,300)</u>	<u>(3,122,300)</u>	<u>3,016,343</u>	<u>6,138,643</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,000,000	1,000,000	1,000,000	0
Total other financing sources and uses	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Net change in fund balances	(2,122,300)	(2,122,300)	4,016,343	6,138,643
Fund balance, beginning	<u>32,958,449</u>	<u>32,958,449</u>	<u>32,958,449</u>	<u>0</u>
Fund balance, ending	<u><u>\$ 30,836,149</u></u>	<u><u>\$ 30,836,149</u></u>	<u><u>\$36,974,792</u></u>	<u><u>\$ 6,138,643</u></u>

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
TRANSIT ADMINISTRATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal	\$ 4,364,779	\$ 4,364,779	\$ 7,079,800	\$ 2,715,021
State	339,358	408,809	488,934	80,125
Local/other	350,000	350,000	130,165	(219,835)
Investment income	400,000	400,000	6,558	(393,442)
Other	127,807	127,807	53,544	(74,263)
Total revenues	<u>5,581,944</u>	<u>5,651,395</u>	<u>7,759,001</u>	<u>2,107,606</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,174,215	1,174,215	1,097,280	(76,935)
Transportation	4,407,729	4,477,180	3,981,116	(496,064)
Intergovernmental:				
Transportation			2,617,899	2,617,899
Capital outlay			253	253
Total expenditures	<u>5,581,944</u>	<u>5,651,395</u>	<u>7,696,548</u>	<u>2,045,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>62,453</u>	<u>62,453</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,000	8,000	157,800	149,800
Transfers out		(275,000)	(275,000)	0
Total other financing sources and uses	<u>8,000</u>	<u>(267,000)</u>	<u>(117,200)</u>	<u>149,800</u>
Net change in fund balances	8,000	(267,000)	(54,747)	212,253
Fund balance, beginning	<u>1,899,246</u>	<u>1,899,246</u>	<u>1,899,246</u>	<u>0</u>
Fund balance, ending	<u>\$ 1,907,246</u>	<u>\$ 1,632,246</u>	<u>\$ 1,844,499</u>	<u>\$ 212,253</u>

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
OPT OUT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Intergovernmental revenue:				
State	\$ 23,315,000	\$ 23,315,000	\$21,587,469	\$ (1,727,531)
Total revenues	<u>23,315,000</u>	<u>23,315,000</u>	<u>21,587,469</u>	<u>(1,727,531)</u>
<b>EXPENDITURES</b>				
Intergovernmental:				
Transportation	<u>23,315,000</u>	<u>23,315,000</u>	<u>21,587,469</u>	<u>(1,727,531)</u>
Total expenditures	<u>23,315,000</u>	<u>23,315,000</u>	<u>21,587,469</u>	<u>(1,727,531)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	0	0	0	0
Fund balance, beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, ending	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
REGULAR ROUTE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Taxes				
Intergovernmental revenue:				
Federal	\$ 1,416,900	\$ 1,416,900	\$ 941,271	\$ (475,629)
State	8,101,600	8,101,600	7,867,070	(234,530)
Investment income			405,291	405,291
Fare related	664,718	664,718	578,521	(86,197)
Total revenues	<u>10,183,218</u>	<u>10,183,218</u>	<u>9,792,153</u>	<u>(391,065)</u>
<b>EXPENDITURES</b>				
Current:				
General government	130,110	130,110	51,477	(78,633)
Transportation	10,948,785	10,948,785	9,928,944	(1,019,841)
Debt service			21,418	21,418
Total expenditures	<u>11,078,895</u>	<u>11,078,895</u>	<u>10,001,839</u>	<u>(1,077,056)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(895,677)</u>	<u>(895,677)</u>	<u>(209,686)</u>	<u>685,991</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		12,500		(12,500)
Transfers out		(205,000)	(205,000)	0
Total other financing sources and uses	<u>0</u>	<u>(192,500)</u>	<u>(205,000)</u>	<u>(12,500)</u>
Net change in fund balances	(895,677)	(1,088,177)	(414,686)	673,491
Fund balance, beginning	4,487,179	4,487,179	4,487,179	0
Fund balance, ending	<u>\$ 3,591,502</u>	<u>\$ 3,399,002</u>	<u>\$ 4,072,493</u>	<u>\$ 673,491</u>

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
RURAL SMALL URBAN SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Taxes				
Intergovernmental revenue:				
Federal	\$ 69,811	\$ 69,811	\$ 104,574	\$ 34,763
State	3,025,635	3,025,635	2,941,754	(83,881)
Investment income			102,990	102,990
Fare related			1,179,586	1,179,586
Total revenues	<u>3,095,446</u>	<u>3,095,446</u>	<u>4,328,904</u>	<u>1,233,458</u>
<b>EXPENDITURES</b>				
Current:				
General government	28,662	28,662	35,331	6,669
Transportation	3,066,784	3,066,784	4,341,890	1,275,106
Debt service			4,282	4,282
Total expenditures	<u>3,095,446</u>	<u>3,095,446</u>	<u>4,381,503</u>	<u>1,286,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>(52,599)</u>	<u>(52,599)</u>
Net change in fund balances	0	0	(52,599)	(52,599)
Fund balance, beginning	<u>569,449</u>	<u>569,449</u>	<u>569,449</u>	<u>0</u>
Fund balance, ending	<u>\$ 569,449</u>	<u>\$ 569,449</u>	<u>\$ 516,850</u>	<u>\$ (52,599)</u>

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
OTHER SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Investment income	\$ 51,000	\$ 51,000	\$ 18,492	\$ (32,508)
Total revenues	51,000	51,000	18,492	(32,508)
<b>EXPENDITURES</b>				
Intergovernmental:				
Environment	250,000	2,750,000	171,578	(2,578,422)
Debt service			2,321	2,321
Total expenditures	250,000	2,750,000	173,899	(2,576,101)
Excess (deficiency) of revenues over (under) expenditures	(199,000)	(2,699,000)	(155,407)	2,543,593
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		2,500,000	2,500,000	0
Total other financing sources and uses	0	2,500,000	2,500,000	0
Net change in fund balances	(199,000)	(199,000)	2,344,593	2,543,593
Fund balance, beginning	726,232	726,232	726,232	0
Fund balance, ending	\$ 527,232	\$ 527,232	\$ 3,070,825	\$ 2,543,593

**METROPOLITAN COUNCIL**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Balance January 1, 2004</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2004</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 36,466	\$ 1,075	\$ 9,686	\$ 27,855
Accrued interest receivable	108	48	108	48
Total assets	<u>\$ 36,574</u>	<u>\$ 1,123</u>	<u>\$ 9,794</u>	<u>\$ 27,903</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 9,555		\$ 9,555	
Due to participants	27,019	\$ 1,123	239	\$ 27,903
Total liabilities	<u>\$ 36,574</u>	<u>\$ 1,123</u>	<u>\$ 9,794</u>	<u>\$ 27,903</u>

**METROPOLITAN COUNCIL**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULES BY SOURCE**  
**DECEMBER 31, 2004 AND 2003**

	<u>2004</u>	<u>2003 Restated</u>	<u>2003 As previously Reported</u>
Governmental funds capital assets:			
Vehicles	\$ 50,754,605	\$ 43,198,806	\$ 42,781,537
Equipment	4,512,554	4,189,537	4,189,537
Construction in progress	398,679		
	<u>55,665,838</u>	<u>47,388,343</u>	<u>46,971,074</u>
Total governmental funds capital assets	<u>\$ 55,665,838</u>	<u>\$ 47,388,343</u>	<u>\$ 46,971,074</u>
Investments in governmental funds capital assets by source:			
General fund	\$ 3,665,673	\$ 3,342,656	\$ 3,342,656
Special revenue funds	377,505	327,192	327,192
Capital projects funds	51,622,660	43,718,495	43,301,226
	<u>55,665,838</u>	<u>47,388,343</u>	<u>46,971,074</u>
Total governmental funds capital assets	<u>\$ 55,665,838</u>	<u>\$ 47,388,343</u>	<u>\$ 46,971,074</u>



**METROPOLITAN COUNCIL**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2004**

<u>Function and Activity</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
General government:				
Council		\$ 585,945	\$ 398,679	\$ 984,624
Information services		3,094,090		3,094,090
Total general government	<u>\$ 0</u>	<u>3,680,035</u>	<u>398,679</u>	<u>4,078,714</u>
Transportation:				
Metro mobility	8,378,083	684,398		9,062,481
Transit administration	30,014	148,121		178,135
Outside transit providers	42,346,508			42,346,508
Total transportation	<u>50,754,605</u>	<u>832,519</u>	<u>0</u>	<u>51,587,124</u>
Total governmental funds capital assets	<u>\$ 50,754,605</u>	<u>\$ 4,512,554</u>	<u>\$ 398,679</u>	<u>\$ 55,665,838</u>

**METROPOLITAN COUNCIL**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Function and Activity</b>	<b>Governmental Funds Capital Assets January 1, 2004</b>	<b>Governmental Funds Capital Assets January 1, 2004 Restated</b>	<b>Additions</b>	<b>Deductions and Adjustments</b>	<b>Governmental Funds Capital Assets December 31, 2004</b>
General government:					
Council	\$ 585,945	\$ 585,945	\$ 398,679		\$ 984,624
Information services	2,771,073	2,771,073	323,017		3,094,090
Total general government	<u>3,357,018</u>	<u>3,357,018</u>	<u>721,696</u>	<u>\$ 0</u>	<u>4,078,714</u>
Transportation:					
Metro mobility	7,711,861	7,711,861	1,913,484	562,864	9,062,481
Transit administration	178,135	178,135			178,135
Outside transit providers	35,724,060	36,141,329	5,799,412	(405,767)	42,346,508
Total transportation	<u>43,614,056</u>	<u>44,031,325</u>	<u>7,712,896</u>	<u>157,097</u>	<u>51,587,124</u>
Total governmental funds capital assets	<u>\$ 46,971,074</u>	<u>\$ 47,388,343</u>	<u>\$ 8,434,592</u>	<u>\$ 157,097</u>	<u>\$ 55,665,838</u>

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**METROPOLITAN COUNCIL  
BONDS/LOANS OUTSTANDING  
AS OF DECEMBER 31, 2004**

<b>Issues</b>	<b>Date</b>	<b>Final Maturity Date</b>	<b>Original Issue</b>	<b>Payments Prior Years</b>	<b>Payments Year Ended 12/31/04</b>
<b>GENERAL OBLIGATION BONDS AND LOANS PAYABLE</b>					
G.O. Park Bonds					
1994A, Refunding	01-Jan-94	01-Jan-11 (a)	\$ 11,720,000	\$ 3,220,000	\$ 8,500,000
1998C	01-Dec-98	01-Feb-04	5,300,000	3,800,000	1,500,000
2000B	01-Mar-00	01-Feb-06	5,300,000	1,835,000	1,100,000
2001C	01-Aug-01	01-Feb-06	3,600,000	1,105,000	805,000
2002D	01-Nov-02	01-Feb-07	6,500,000	295,000	1,590,000
2003B, Refunding	01-Oct-03	01-Jan-11	7,240,000		
2004C	01-Apr-04	01-Feb-09	6,000,000		
Subtotal: G. O. Park Bond			45,660,000	10,255,000	13,495,000
G.O. Solid Waste Bonds					
1998B, Refunding	01-May-98	01-Feb-05	2,395,000	1,625,000	380,000
Subtotal: G. O. Solid Waste Bond			2,395,000	1,625,000	380,000
G.O. Radio Bonds					
1997B	01-May-97	01-Feb-08	3,000,000	1,285,000	315,000
Subtotal: G. O. Radio Bonds			3,000,000	1,285,000	315,000
G.O. Transit Bonds					
1994D	01-Nov-94	01-Jan-10 (a)	10,000,000	6,820,000	3,180,000
1996D	01-Nov-96	01-Feb-17 (a)	15,000,000	11,170,000	275,000
1997C	01-May-97	01-Feb-18	14,500,000	10,600,000	260,000
1998A	01-May-98	01-Feb-09	13,500,000	3,960,000	1,430,000
1998D, Refunding	01-Dec-98	01-Feb-13	1,365,000	680,000	55,000
2000A	01-Mar-00	01-Feb-20	42,000,000	13,200,000	5,500,000
2001B	01-Aug-01	01-Feb-21	44,000,000	5,420,000	7,440,000
2002C	01-Nov-02	01-Feb-22	50,000,000	1,680,000	5,890,000
2002E, Refunding	01-Nov-02	01-Feb-10	11,825,000		1,780,000
2003C, Refunding	01-Sep-03	01-Feb-17	3,355,000		
2004A	01-Apr-04	01-Feb-24	41,375,000		
2004F Refunding	01-Nov-04	01-Feb-13	2,910,000		
Subtotal: G. O. Transit Bond			249,830,000	53,530,000	25,810,000
Minnesota Public Facilities Authority Loans--Trans (Backed by General Obligation Notes)	12-Mar-95	15-Feb-20	21,025,000	6,880,000	2,250,000
Subtotal: Minnesota Public Facility Authority Loans--Tran:			21,025,000	6,880,000	2,250,000
<b>Total Bonds-General Long Term Obligations</b>			<b>\$ 321,910,000</b>	<b>\$ 73,575,000</b>	<b>\$ 42,250,000</b>
G.O.Sewer Bonds					
1995A	01-Jun-95	01-Jun-15 (a)	\$ 20,000,000	\$ 5,925,000	\$ 900,000
1996A, Refunding	01-Apr-96	01-Dec-07	8,325,000	4,485,000	3,840,000
1996B, Refunding	01-Apr-96	01-Sep-12	32,085,000	8,270,000	2,550,000
1996E	01-Nov-96	01-Dec-16 (a)	10,000,000	2,445,000	415,000
1999B	01-Jul-99	01-Dec-14	14,000,000	3,000,000	500,000
2001A, Refunding	01-Sep-01	01-Dec-09	31,525,000	9,400,000	5,525,000
2001D	01-Aug-01	01-Dec-16	14,000,000	1,260,000	765,000
2002A, Refunding	01-Sep-02	01-Dec-10	32,395,000	6,875,000	6,860,000
2002B, Refunding	01-Jul-02	01-Dec-16	19,735,000		
2003A, Refunding	01-Sep-03	01-Mar-16	121,490,000		4,355,000
2004B	01-Apr-04	01-Dec-23	25,000,000		100,000
2004E, Refunding	01-Nov-04	01-Dec-07	2,780,000		
Subtotal: G. O. Sewer Bond			331,335,000	41,660,000	25,810,000
Minnesota Public Facilities Authority Loans--Sewer (Backed by General Obligation Notes)	12-Jul-89	20-Feb-09	40,000,000	23,300,000	2,750,000
	20-Jul-93	20-Feb-14	20,000,000	5,840,000	900,000
	30-Sep-96	20-Aug-16	40,000,000	10,950,000	1,800,000
	03-Oct-97	20-Aug-17	40,000,000	10,500,000	825,000
	31-Dec-98	20-Aug-15	60,000,000	12,095,000	875,000
	27-Jul-00	20-Aug-20	60,000,000	4,845,000	780,000
	14-Nov-01	20-Aug-21	75,000,000	4,000,000	2,400,000
	20-Dec-02	20-Feb-22	100,000,000		1,000,000
	01-Sep-03	20-Feb-16	4,953,827		346,611
	26-Nov-03	20-Aug-23	100,000,000		
	20-Oct-04	20-Feb-25	50,000,000		
Subtotal: Minnesota Public Facility Authority Loans--Sewer			589,953,827	71,530,000	11,676,611
<b>Total G.O.Sewer Bonds/Loans Payable</b>			<b>\$ 921,288,827</b>	<b>\$ 113,190,000</b>	<b>\$ 37,486,611</b>
<b>Total General Obligation Bonds and Loans Payable</b>			<b>\$ 1,243,198,827</b>	<b>\$ 186,765,000</b>	<b>\$ 79,736,611</b>
<b>REVENUE BONDS (Not tax supported)</b> (Radio Board, Series 1999C)	01-Nov-99	01-Feb-15	\$ 14,280,000	\$ 1,940,000	\$ 770,000

(a) Called prior to final maturity  
(b) Escrowed.

<b>Bonds/Loans Issued/ Drawn Down in 2004</b>	<b>Bonds/ Loans Outstanding 12/31/2004</b>	<b>Refunded Bonds</b>	<b>Maturing in 2005</b>	<b>Future Maturities</b>
	\$ 2,365,000		\$ 1,155,000	\$ 1,210,000
	1,690,000		830,000	860,000
	4,615,000		1,490,000	3,125,000
	7,240,000		885,000	6,355,000
\$ 6,000,000	6,000,000		2,405,000	3,595,000
6,000,000	21,910,000	0	6,765,000	15,145,000
	390,000		390,000	
0	390,000	0	390,000	0
	1,400,000		325,000	1,075,000
0	1,400,000	0	325,000	1,075,000
	3,555,000	\$ 3,280,000 (b)	275,000	
	3,640,000	2,860,000 (b)	260,000	520,000
	8,110,000		1,490,000	6,620,000
	630,000		60,000	570,000
	23,300,000		2,425,000	20,875,000
	31,140,000		7,440,000	23,700,000
	42,430,000		7,965,000	34,465,000
	10,045,000		2,380,000	7,665,000
	3,355,000			3,355,000
41,375,000	41,375,000		5,305,000	36,070,000
2,910,000	2,910,000			2,910,000
44,285,000	170,490,000	6,140,000	27,600,000	136,750,000
	11,895,000		1,310,000	10,585,000
0	11,895,000	0	1,310,000	10,585,000
\$ 50,285,000	\$ 206,085,000	\$ 6,140,000	\$ 36,390,000	\$ 163,555,000
	\$ 13,175,000	\$12,700,000 (b)	\$ 475,000	
	21,265,000		2,610,000	\$ 18,655,000
	7,140,000	6,705,000 (b)	435,000	
	10,500,000		525,000	9,975,000
	16,600,000		5,275,000	11,325,000
	11,975,000		790,000	11,185,000
	18,660,000		6,740,000	11,920,000
	19,735,000		530,000	19,205,000
	117,135,000		12,410,000	104,725,000
\$ 25,000,000	24,900,000		100,000	24,800,000
2,780,000	2,780,000		1,150,000	1,630,000
27,780,000	263,865,000	19,405,000	31,040,000	213,420,000
	13,950,000		2,750,000	11,200,000
	13,260,000		960,000	12,300,000
	27,250,000		1,850,000	25,400,000
	28,675,000		850,000	27,825,000
	47,030,000		935,000	46,095,000
	54,375,000		1,050,000	53,325,000
	68,600,000		900,000	67,700,000
	99,000,000		1,000,000	98,000,000
	4,607,216		526,805	4,080,411
48,484,111	100,000,000		6,500,000	93,500,000
50,000,000	50,000,000			50,000,000
98,484,111	506,747,216	0	17,321,805	489,425,411
\$ 126,264,111	\$ 770,612,216	\$19,405,000	\$ 48,361,805	\$ 702,845,411
\$ 176,549,111	\$ 976,697,216	\$25,545,000	\$ 84,751,805	\$ 866,400,411
\$ 0	\$ 11,570,000	\$ 0	\$ 810,000	\$ 10,760,000

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# STATISTICAL SECTION

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**METROPOLITAN COUNCIL  
GENERAL GOVERNMENT EXPENDITURES  
AND OTHER FINANCING USES BY FUND TYPE  
LAST TEN YEARS ENDED DECEMBER 31, 2004 (1)**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General fund:				
Planning and administration	\$ 7,602,590	\$ 8,227,879	\$ 10,840,249	\$ 9,458,948
Pass-through grants	7,477,630	8,145,554	9,143,291	7,125,602
Other financing uses	3,350,000	1,000,000	2,000,000	1,299,000
Debt service	37,031	4,362	2,650	6,585
Capital outlay	323,017	135,450	431,732	616,195
Total general fund	<u>18,790,268</u>	<u>17,513,245</u>	<u>22,417,922</u>	<u>18,506,330</u>
Special revenue funds:				
Planning and administration	1,602,187	1,576,128	1,561,673	2,918,736
Pass-through grants				
Transit program grants	48,285,465	46,064,634	43,356,541	40,976,183
Intergovernmental	35,182,633	37,054,429	31,544,464	22,941,650
Other financing uses (2)	480,000	375,649	5,773,852	5,064,742
Debt service	216,300	62,640	20,134	50,041
Capital outlay	50,313		6,008	3,892,643
Total special revenue funds	<u>85,816,898</u>	<u>85,133,480</u>	<u>82,262,672</u>	<u>75,843,995</u>
Debt service funds:				
Principal	31,855,000	34,245,000	22,940,000	19,290,000
Interest, fiscal and other charges	8,065,394	8,834,094	7,201,123	6,305,505
Other financing uses	12,962,370	57,361	103,763	141,891
Total debt service funds	<u>52,882,764</u>	<u>43,136,455</u>	<u>30,244,886</u>	<u>25,737,396</u>
Total expenditures and other financing uses	<u>\$ 157,489,930</u>	<u>\$ 145,783,180</u>	<u>\$ 134,925,480</u>	<u>\$ 120,087,721</u>

Unaudited

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

(2) Starting 1997 - Property tax revenue and state revenue for the Transit-Bus enterprise fund are receipted directly into the enterprise fund rather than transferred from the special revenue fund.

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$ 29,022,137	\$ 34,948,958	\$ 31,445,635	\$ 24,109,531	\$ 19,147,686	\$ 9,264,183
6,729,357	4,533,924	3,034,557	3,232,053	2,248,000	2,359,855
1,299,000	1,470,000	2,487,753	4,115,115	1,649,891	381,522
45,687	37,302	4,428	76,652	68,598	68,598
				6,647	360,346
<u>37,096,181</u>	<u>40,990,184</u>	<u>36,972,373</u>	<u>31,533,351</u>	<u>23,120,822</u>	<u>12,434,504</u>
287,822	1,080,087	2,512,475	1,665,303	3,395,849	6,070,757
29,450,040	27,428,108	27,019,949	25,652,432	25,936,474	23,902,212
38,554,675	35,327,713	27,841,558	27,191,447	21,545,831	31,405,763
20,367,358	16,312,497	13,210,720	12,050,990	12,429,755	963,983
4,165,560	376,934	2,316,702	3,885,566	82,383,856	79,132,037
608,021	547,947	753,297	211,095	339,747	2,071,749
169,385	275,300	864,519	802,736	1,490,396	
<u>93,602,861</u>	<u>81,348,586</u>	<u>74,519,220</u>	<u>71,459,569</u>	<u>147,521,908</u>	<u>143,546,501</u>
19,095,000	34,100,000	17,430,000	24,070,000	18,240,000	8,790,000
5,077,135	6,414,035	6,808,253	5,777,643	5,794,686	5,573,768
208,320	26,592	2,518,152	118,880	117,536	1,228,513
<u>24,380,455</u>	<u>40,540,627</u>	<u>26,756,405</u>	<u>29,966,523</u>	<u>24,152,222</u>	<u>15,592,281</u>
<u>\$ 155,079,497</u>	<u>\$ 162,879,397</u>	<u>\$ 138,247,998</u>	<u>\$ 132,959,443</u>	<u>\$ 194,794,952</u>	<u>\$ 171,573,286</u>

**METROPOLITAN COUNCIL  
GENERAL GOVERNMENTAL REVENUES AND  
OTHER FINANCING SOURCES BY SOURCE  
LAST TEN YEARS ENDED DECEMBER 31, 2004 (1)**

<b>Year</b>	<b>Taxes</b>			<b>Intergovernmental Revenue</b>		
	<b>General Fund</b>	<b>Special Revenue Funds (2)</b>	<b>Debt Service Funds</b>	<b>Federal</b>	<b>State (2)</b>	<b>Local/Other</b>
1995	\$ 6,465,548	\$ 51,693,012	\$12,146,863	\$ 28,484,851	\$ 64,427,502	\$ 823,756
1996	6,790,785	64,614,521	17,132,272	26,885,092	70,166,061	753,133
1997	7,352,683	15,357,734	19,017,816	27,304,595	40,990,915	814,148
1998	7,861,508	18,263,116	21,819,860	28,494,474	35,990,318	855,047
1999	8,310,274	19,238,347	22,017,647	28,160,608	45,981,282	1,541,237
2000	8,167,259	20,280,350	22,388,469	29,496,540	43,769,106	1,902,778
2001	8,265,971	21,919,625	23,492,368	11,582,777	51,234,600	943,604
2002	9,821,329	14,455,896	30,996,502	3,248,918	43,363,882	630,916
2003	10,362,820	15,610,997	38,846,193	9,707,247	72,171,001	277,750
2004	9,709,368	15,349,403	40,857,770	12,310,851	64,760,792	210,675

Unaudited

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

(2) Starting 1997 - Property tax revenue and state revenue for the Transit enterprise fund are receipted directly into the enterprise fund rather than transferred from the special revenue fund.

(3) From 1996 to 2000 other revenue and financing sources included transfers from proprietary funds to the general fund for administrative programs.

<b>Investment Income</b>			
<b>General &amp; Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Other Revenue and Financing Sources (3)</b>	<b>Total Revenue and Other Financing Sources</b>
\$ 1,481,955	\$ 1,451,814	\$ 6,764,005	\$ 173,739,306
1,832,658	1,302,134	22,254,056	211,730,712
2,522,037	1,387,410	34,389,661	149,136,999
3,911,881	1,946,665	35,897,665	155,040,534
1,343,380	467,176	32,895,294	159,955,245
7,439,269	1,540,515	28,994,855	163,979,141
4,604,152	1,315,058	8,160,141	131,518,296
3,013,107	885,916	22,331,616	128,748,082
1,606,989	838,894	16,763,167	166,185,058
2,828,242	1,172,563	16,098,567	163,298,231

**METROPOLITAN COUNCIL  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS ENDED DECEMBER 31, 2004**

<b>Year</b>	<b>Total Tax Levy</b>	<b>Levy Reduction by State</b>	<b>Net Tax Levy Collectible From Property Taxpayers</b>	<b>Current Tax Collections</b>	<b>Percent of Net Levy Collected</b>
1995	\$ 95,541,235	\$ 21,760,885	\$ 73,780,350	\$ 69,769,542	94.56%
1996	107,029,960	21,913,119	85,116,841	83,697,093	98.33
1997	110,107,504	20,767,001	89,340,503	88,132,842	98.65
1998	119,134,508	20,875,688	98,258,820	97,075,884	98.80
1999	122,843,817	18,885,396	103,958,421	101,236,850	97.38
2000	129,067,332	21,008,200	108,059,132	106,659,590	98.70
2001	137,648,158	21,031,445	116,616,713	114,783,518	98.43
2002	59,586,855	3,909,624	55,677,231	54,993,780	98.77
2003	68,205,957 *	3,055,684	65,150,273	64,474,547	97.22
2004	68,561,383 *	2,242,691	66,318,692	65,652,496	99.00

\* Amount is the council levy less reduction by state

Unaudited

<u>Net Delinquent Tax Collections</u>	<u>Total Tax Credits and Collections</u>	<u>Percent of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Total Tax Levy</u>
\$ 1,031,076	\$ 92,561,503	96.88%	\$ 1,652,340	1.7%
83,242	105,693,454	98.75	2,468,443	2.3
604,393	109,504,236	99.45	3,267,671	3.0
797,039	118,748,611	99.68	3,037,741	2.5
682,212	120,804,458	98.34	3,164,243	2.6
702,305	128,370,095	99.46	5,603,448	4.3
437,315	136,540,774	99.20	2,928,315	2.1
621,306	59,524,710	99.90	2,896,053	4.9
463,917	67,994,148	99.69	1,835,332	4.3
347,762	68,242,949	99.54	903,013	1.3

**METROPOLITAN COUNCIL  
NET TAX CAPACITY VALUE AND  
MARKET VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS ENDED DECEMBER 31, 2004**

<b>Year</b>	<b>Real Property</b>		<b>Personal Property</b>	
	<b>Market Value</b>	<b>Net Tax Capacity Value</b>	<b>Market Value</b>	<b>Net Tax Capacity Value</b>
1995	\$ 94,980,059,930	\$ 1,990,892,102	\$ 1,655,838,678	\$ 75,308,994
1996	100,629,058,460	2,103,826,901	1,752,042,514	79,676,662
1997	107,297,907,818	2,265,538,534	1,864,685,379	84,523,322
1998	115,331,420,239	2,210,511,364	1,914,552,679	75,500,441
1999	124,696,038,071	2,202,563,181	1,970,769,479	67,922,056
2000	135,670,771,517	2,367,348,000	2,050,153,379	69,790,730
2001	150,978,502,678	2,673,606,527	2,068,362,317	68,554,752
2002	168,702,914,768	2,083,018,124	2,101,262,167	41,724,217
2003	211,748,716,732	2,523,544,320	2,292,856,100	45,135,596
2004	239,909,253,061	2,828,551,721	2,378,887,900	46,703,000

Unaudited

Source: State of Minnesota, Department of Revenue.

<b>Total</b>		
<b>Market Value</b>	<b>Net Tax Capacity Value</b>	<b>Ratio of Net Tax Capacity Value to Market Value</b>
\$ 96,635,898,608	\$ 2,066,201,096	2.1%
102,381,100,974	2,183,503,563	2.1
109,162,593,197	2,350,061,856	2.2
117,245,972,918	2,286,011,805	1.9
126,666,807,550	2,270,485,237	1.8
137,720,924,896	2,437,138,730	1.8
153,046,864,995	2,742,161,279	1.8
170,804,176,935	2,124,742,341	1.2
214,041,572,832	2,568,679,916	1.2
242,288,140,961	2,875,254,721	1.2



**METROPOLITAN COUNCIL**  
**PROPERTY TAX RATES AND LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN YEARS ENDED DECEMBER 31, 2004**

<u>Year</u>	<u>General Fund</u>	<u>Highway Right-of-Way Fund</u>	<u>Special Revenue and Transit Funds</u>	<u>Debt Service Funds</u>
1995	0.43%	0.00%	3.31%	0.75%
1996	0.41	0.00	3.56	0.93
1997	0.40	0.00	3.08	0.99
1998	0.42	0.00	3.63	1.16
1999	0.42	0.09	3.70	1.15
2000	0.45	0.05	4.05	1.20
2001	0.41	0.05	3.90	1.11
2002	0.50	0.13	0.58	1.58
2003	0.43	0.12	0.51	1.60
2004	0.35	0.10	0.45	1.49
1995	\$ 8,924,609		\$ 68,344,726	\$ 15,404,485
1996	9,024,609		77,703,847	20,301,504
1997	9,354,609		72,432,281	23,320,614
1998	9,694,609		82,998,738	26,441,161
1999	9,694,609	\$ 2,142,932	84,664,585	26,341,676
2000	10,174,600	1,142,446	90,884,989	26,865,297
2001	10,274,600	1,142,446	98,222,212	28,008,900
2002	10,674,600	2,822,906	12,418,782	33,670,567
2003	10,928,586	3,085,734	13,109,510	41,082,127
2004	10,044,013	2,733,707	12,980,670	42,802,993

Unaudited

Source: State of Minnesota, Department of Revenue.

<b>School Districts</b>	<b>Counties</b>	<b>Cities and Townships</b>	<b>Other</b>	<b>Total</b>
54.10%	29.18%	20.00%	30.97%	138.74%
54.51	28.54	19.73	27.10	134.78
50.68	27.82	23.61	23.38	129.96
51.84	29.22	20.67	28.30	135.24
52.43	30.57	21.96	28.19	138.51
56.37	31.88	23.45	29.70	147.15
53.99	29.90	22.67	28.64	140.67
29.80	37.13	32.59	47.43	149.75
30.66	33.73	28.84	39.41	135.30
28.68	31.27	27.62	36.78	126.73
\$ 1,117,894,248	\$ 602,952,480	\$ 413,266,591	639,993,962	\$ 2,866,781,101
1,190,287,543	623,274,423	430,790,954	591,644,525	2,943,027,405
1,190,865,982	653,839,700	554,507,397	591,644,525	3,095,965,108
1,185,026,602	667,886,367	472,464,357	647,011,892	3,091,523,726
1,198,498,728	698,821,189	501,961,419	644,339,416	3,166,464,554
1,265,205,126	715,555,559	526,236,062	666,698,754	3,302,762,833
1,361,358,283	753,789,778	571,494,572	722,216,635	3,546,507,426
633,170,315	788,995,147	692,392,535	1,007,742,673	3,181,887,525
787,513,235	866,535,935	740,857,393	1,012,285,438	3,475,397,958
824,699,187	898,954,788	794,256,733	1,057,409,084	3,643,881,175

**METROPOLITAN COUNCIL**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO NET TAX CAPACITY**  
**VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN YEARS ENDED DECEMBER 31, 2004**

<u>Year</u>	<u>Population (2)</u>	<u>Net Tax Capacity Value (3)</u>	<u>Gross Bonded Debt (1)</u>
1995	2,448,967	\$ 2,066,201,096	\$ 120,840,000
1996	2,482,000	2,183,503,563	122,100,000
1997	2,500,000	2,350,061,856	130,130,000
1998	2,545,000	2,286,011,805	132,875,000
1999	2,578,000	2,270,485,237	113,735,902
2000	2,642,056	2,437,138,730	146,299,306
2001	2,674,927	2,742,161,279	176,315,000
2002	2,708,916	2,124,742,341	221,700,000
2003	2,740,985	2,568,679,916	198,050,000
2004	2,740,985	2,875,254,721	206,085,000

Unaudited

Notes: (1) Includes only debt funded by property tax.

Sources: (2) 2000 U.S. Department of Commerce, Census Bureau; other years internally generated.

(3) State of Minnesota, Department of Revenue.

<b><u>Debt Service Monies Available</u></b>		<b><u>Net Bonded Debt</u></b>	<b><u>Ratio of Net Bonded Debt to Net Tax Capacity Value</u></b>	<b><u>Net Bonded Debt Per Capita</u></b>
\$	37,257,851	\$ 83,582,149	4.05%	\$ 34.13
	34,509,041	87,590,959	4.01	35.29
	36,467,720	93,662,280	3.99	37.46
	42,168,608	90,706,392	3.97	35.64
	27,980,907	85,754,995	3.78	33.26
	32,255,760	114,043,546	4.68	43.16
	35,970,578	140,344,422	5.12	52.47
	55,331,576	166,368,424	7.83	61.42
	64,611,268	133,438,732	5.19	48.68
	62,190,720	143,894,280	5.00	52.50

**METROPOLITAN COUNCIL  
COMPILATION OF OVERLAPPING DEBT (1)  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Page (1 of 5)

<b>Jurisdiction</b>	<b>Debt Outstanding</b>
<b>Counties:</b>	
Anoka	\$ 82,370,000
Carver	12,079,000
Dakota	90,715,000
Hennepin	447,450,000
Ramsey	210,242,000
Scott	54,215,000
Washington	64,965,000
Total counties	\$ 962,036,000
<b>School districts:</b>	
SSD #1 Minneapolis	\$ 393,111,000
SSD #6 South St. Paul	21,110,000
ISD #11 Anoka	214,496,003
ISD #12 Centennial	89,085,000
ISD #13 Columbia Heights	29,690,000
ISD #14 Fridley	33,080,000
ISD #15 St. Francis	56,780,000
ISD #16 Spring Lake Park	46,695,000
ISD #108 Norwood-Young America	3,850,000
ISD #110 Waconia	31,965,000
ISD #111 Watertown-Mayer	3,650,000
ISD #112 Chaska	169,335,000
ISD #191 Burnsville	84,390,000
ISD #192 Farmington	120,311,070
ISD #194 Lakeville	167,263,877
ISD #195 Randolph	6,135,000
ISD #196 Rosemount	194,909,455
ISD #197 West St. Paul	88,908,009
ISD #199 Inver Grove Heights	14,850,000
ISD #200 Hastings	46,570,000
ISD #252 Cannon Falls	2,700,000
ISD #270 Hopkins-Golden Valley	89,730,000
ISD #271 Bloomington	131,470,000
ISD #272 Eden Prairie	82,015,000
ISD #273 Edina	109,270,000
ISD #276 Minnetonka	74,755,000
ISD #277 Westonka	11,410,000
ISD #278 Orono	19,740,000
ISD #279 Osseo	201,125,000
ISD #280 Richfield	40,015,000
ISD #281 Robbinsdale	189,140,000
ISD #282 St Anthony-New Brighton	3,425,000
ISD #283 St. Louis Park	57,230,000
ISD #284 Wayzata	91,675,000
ISD #286 Brooklyn Center	31,040,000
ISD #424 Lester Prairie	1,177,428
ISD #621 Mounds View	136,058,495
ISD #622 North St. Paul-Maplewood-Oakdale	104,935,000
ISD #623 Roseville	51,645,000
ISD #624 White Bear Lake	61,490,000
ISD #625 St. Paul	309,288,547

**METROPOLITAN COUNCIL  
COMPILATION OF OVERLAPPING DEBT (1)  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Page (2 of 5)

<b>Jurisdiction</b>	<b>Debt Outstanding</b>
<b>School districts (continued):</b>	
ISD #659 Northfield	63,960,000
ISD #716 Belle Plaine	3,975,000
ISD #717 Jordan	22,115,000
ISD #719 Prior lake	94,685,000
ISD #720 Shakopee	98,575,000
ISD #721 New Prague	35,335,000
ISD #728 Elk River	213,707,052
ISD #831 Forest Lake	44,880,000
ISD #832 Mahtomedi	34,859,308
ISD #833 South Washington	162,375,000
ISD #834 Stillwater	55,475,000
ISD #916 Special Intermediate-Vo Tech	13,885,000
ISD #2144 Chisago Lakes	21,295,000
ISD #2397 LeSueur-Henderson	2,490,000
ISD #2859 Glencoe-Silver Lake	935,000
Total school districts	\$ 4,484,065,244
<b>Cities:</b>	
Andover	\$ 37,361,000
Anoka	8,560,000
Apple Valley	43,355,000
Arden Hills	2,395,000
Bayport	1,315,000
Belle Plaine	12,930,000
Bethel	2,583,257
Birchwood	539,000
Blaine	28,420,000
Bloomington	35,270,000
Brooklyn Center	39,410,000
Brooklyn Park	54,916,000
Burnsville	49,368,555
Carver	10,718,000
Centerville	6,110,000
Champlin	25,700,000
Chanhassen	25,505,000
Chaska	111,170,000
Circle Pines	1,175,000
Cologne	1,207,574
Columbia Heights	4,260,000
Coon Rapids	32,036,465
Corcoran	653,000
Cottage Grove	32,705,000
Crystal	11,575,855
Dayton	5,206,000
Eagan	27,145,000
East Bethel	963,000
Eden Prairie	33,340,891
Edina	60,835,000
Elko	2,265,000
Excelsior	500,000
Falcon Heights	2,160,000

**METROPOLITAN COUNCIL  
COMPILATION OF OVERLAPPING DEBT (1)  
FOR THE YEAR ENDED DECEMBER 31, 2004**

(Page 3 of 5)

<b>Jurisdiction</b>	<b>Debt Outstanding</b>
<b>Cities (continued):</b>	
Farmington	20,965,000
Forest Lake	12,576,000
Fridley	15,190,000
Gem Lake	586,000
Golden Valley	77,270,000
Grant	119,394
Greenfield	8,925,000
Hamburg	1,294,972
Ham Lake	5,015,000
Hastings	41,805,000
Hopkins	19,542,436
Hugo	10,335,000
Independence	3,070,000
Inver Grove Heights	43,060,632
Jordan	22,124,000
Lake Elmo	5,955,000
Lakeland	2,280,000
Lake St. Croix Beach	607,730
Lakeville	89,885,000
Landfall	623,152
Lauderdale	2,970,000
Lexington	1,135,000
Lilydale	3,268,964
Lino Lakes	20,049,000
Little Canada	4,030,000
Long Lake	2,427,406
Loretto	298,000
Mahtomedi	4,650,000
Maple Grove	64,600,000
Maplewood	59,882,297
Mayer	7,669,909
Medina	250,000
Mendota Heights	7,440,000
Minneapolis	1,395,418,000
Minnetonka	20,860,000
Minnetonka Beach	1,390,000
Minnetrista	3,650,000
Mound	14,030,000
Mounds View	8,158,151
New Brighton	41,510,000
New Germany	710,000
New Hope	15,365,000
New Market	1,470,664
New Prague	16,288,419
Newport	5,581,042
North St. Paul	11,675,000
Northfield	61,975,000
Norwood-Young America	7,805,000
Oakdale	20,175,000
Oak Grove	3,794,270
Oak Park Heights	1,460,000

**METROPOLITAN COUNCIL  
COMPILATION OF OVERLAPPING DEBT (1)  
FOR THE YEAR ENDED DECEMBER 31, 2004**

(Page 4 of 5)

<b>Jurisdiction</b>	<b>Debt Outstanding</b>
<b>Cities (continued):</b>	
Orono	8,495,000
Osseo	8,240,000
Plymouth	34,715,000
Prior Lake	19,715,000
Ramsey	14,866,000
Richfield	29,301,310
Robbinsdale	15,465,000
Rogers	22,810,000
Rosemount	26,870,000
Roseville	14,175,000
St. Anthony	21,265,000
St. Bonifacius	4,525,000
St. Francis	5,135,000
St. Louis Park	36,270,000
St. Paul	264,170,000
St. Paul Park	4,835,000
Savage	95,714,395
Shakopee	54,315,000
Shoreview	16,870,000
Shorewood	13,640,000
South St. Paul	19,865,000
Spring Lake Park	15,217,140
Spring Park	570,000
Stillwater	32,255,000
Vadnais Heights	9,125,000
Vermillion	800,000
Victoria	26,519,114
Waconia	4,180,000
Watertown	10,256,824
Wayzata	12,795,000
West St. Paul	14,775,000
White Bear Lake	9,290,000
Woodbury	63,810,900
Woodland	700,804
Total cities	<u>\$ 3,834,420,522</u>
<b>Townships:</b>	
Burns	\$ 115,000
Columbus	1,520,986
Dahlgren	35,000
Hassan	5,305,000
Laketown	924,900
Marshan	21,598
New Market	327,356
New Scandia	3,160,000
Ravenna	131,025
Spring Lake	2,617,350
Stillwater	195,000
Watertown	55,081
White Bear	8,525,000
Total townships	<u>\$ 22,933,296</u>



**METROPOLITAN COUNCIL  
COMPILATION OF OVERLAPPING DEBT (1)  
FOR THE YEAR ENDED DECEMBER 31, 2004**

(Page 5 of 5)

<b>Jurisdiction</b>	<b>Debt Outstanding</b>
<b>Miscellaneous:</b>	
Bloomington HRA	\$ 9,305,000
Bloomington Port Authority	48,665,000
Brooklyn Park EDA	20,435,000
Carver County HRA	27,203,315
Cedar Lake Sewer Sanitary District	3,480,300
Chanhassen HRA	1,955,000
Circle Pines HRA	1,175,000
Circle Pines Tax Increment	4,810,000
Columbia Heights Tax Increment	3,264,704
Coon Rapids Tax Increment	13,430,000
Dakota County CDA	417,559,259
Hennepin County Regional Park	46,375,000
Hennepin Regional Railroad Authority	47,690,000
Hopkins HRA	13,810,000
Housing Authority of St. Anthony	1,390,000
Housing Authority of St. Paul	232,655,942
Maple Grove HRA	22,715,000
Metropolitan Airports Commission	1,862,251,000
Mound HRA	6,775,000
North Suburban Hospital	5,650,000
Plymouth HRA	4,585,000
Port Authority of St. Paul	51,467,536
Ramsey-Washington Metro Watershed	1,619,376
Scott County HRA	25,615,000
South Washington Watershed	5,300,000
St. Anthony HRA	1,390,000
St. Paul Public Housing Authority	1,750,000
Vadnais Heights Economic Development Authority	905,000
Waconia HRA	4,781,731
Washington County HRA	57,160,000
Total miscellaneous	<u>\$ 2,945,168,163</u>
 TOTAL	 <u><u>\$ 12,248,623,225</u></u>

Unaudited

Notes: (1) Jurisdictions in two counties are included if the assessed property value is greater than 50% (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%. The error resulting from the use of this method is significantly less than 1%.

Source: County Auditors Report of Outstanding Indebtedness of the Governmental Units

**METROPOLITAN COUNCIL**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**TO TOTAL GENERAL EXPENDITURES**  
**LAST TEN YEARS ENDED DECEMBER 31, 2004**

<u>Year</u>	<u>Debt Service</u>			<u>Total General Expenditures (1)</u>	<u>Ratio of Debt Service Expenditures to Total General Expenditures</u>
	<u>Principal</u>	<u>Interest, Fiscal and Other Charges</u>	<u>Total Debt Service Expenditures (2)</u>		
1995	\$ 8,790,000	\$ 5,573,768	\$ 14,363,768	\$ 171,573,286	8.37%
1996	18,240,000	5,794,686	24,034,686	194,794,952	12.34
1997	24,070,000	5,777,643	29,847,643	132,959,443	22.45
1998	17,430,000	6,808,253	24,238,253	138,247,998	17.53
1999	34,100,000	6,414,035	40,514,035	162,879,397	24.87
2000	19,095,000	5,077,135	24,172,135	155,079,497	15.59
2001	19,290,000	6,305,505	25,595,505	120,087,721	21.31
2002	22,940,000	7,201,123	30,141,123	134,925,480	22.34
2003	34,245,000	8,834,094	43,079,094	145,783,180	29.55
2004	31,855,000	8,065,394	39,920,394	157,489,930	25.35

Unaudited

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

(2) Debt service expenditure for 1994 have been restated to report on a basis consistent with the current year.

**METROPOLITAN COUNCIL  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS ENDED DECEMBER 31, 2004**

<u>Year</u>	<u>Population (3)</u>	<u>Per Capita Income (1)</u>	<u>K - 12 School Enrollment (2)(4)</u>	<u>Unemployment Rate (5)</u>
1995	2,448,967	\$ 27,315	412,644	2.8
1996	2,482,000	28,739	422,025	3.0
1997	2,500,000	30,760	430,260	2.4
1998	2,545,000	33,046	436,839	1.9
1999	2,578,000	34,466	438,545	2.1
2000	2,642,056	36,840	443,480	2.6
2001	2,674,927	37,407	444,177	3.1
2002	2,708,916	37,787	433,783	4.1
2003	2,740,985	Not available	431,584	4.6
2004	2,740,985	Not available	428,907	4.5

Unaudited

Notes: (1) Income for thirteen-county Minneapolis-St. Paul Standard Metropolitan Statistical Area. U.S. Commerce Department, Bureau of Economic Analysis. 1997-2002 updated for this report.

(2) Public schools only (private school enrollment not available).

Sources: (3) 2000 U.S. Department of Commerce, U.S. Census Bureau; other years internally generated.

(4) State of Minnesota, Department of Education.

(5) State of Minnesota, Department of Employment and Economic Development. (Seven County Area data.)

**METROPOLITAN COUNCIL  
PRINCIPAL TAXPAYERS  
DECEMBER 31, 2004**

*Largest Metropolitan Taxpayers in Hennepin and Ramsey Counties*

<u>Taxpayer</u>	<u>2004 Net Tax Capacity</u>
Xcel Energy	\$ 10,722,486
MOAC Mall Holdings LLC	9,029,250
Minnesota Mining & Manufacturing Company	7,116,500
Flanagan-AMEX	2,777,250
Best Buy Co. Inc.	2,679,250
NWC Limited Partnership	2,621,250
First Minneapolis - Hines Co.	2,359,250
80 South Eight LLC	2,281,803
Concordia Properties	2,281,802
Wells Real Estate Funds	2,163,250
	<hr/>
Total	<u>\$ 44,032,091</u>

Unaudited

Source: Hennepin County Property Information System  
Ramsey County Property Records and Revenue

**METROPOLITAN COUNCIL  
MISCELLANEOUS STATISTICS  
YEAR ENDED DECEMBER 31, 2004**

**Area:**

Land	2,834 Square Miles
Water	151 Square Miles

**Education (1):**

Number of public schools	680
Number of non-public schools	287

**Recreation and culture:**

Number of regional parks/trails/park reserves/special recreation features	74
Acres of regional parks and trails, open to the public	50,356
Number of public library facilities (2)	102

**Council staff:**

Represented	3,468
Non-represented	161

Unaudited

Sources:           (1) State of Minnesota, Department of Education  
                          (2) Metropolitan Library Service Agency (MELSA)  
                          All other information internally gathered

**METROPOLITAN COUNCIL  
ENVIRONMENTAL SERVICES  
LARGEST CUSTOMERS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Municipal Wastewater (Volume) Charges (1)</b>			<b>Sewer Availability (Connection) Charges (2)</b>		
<b><u>Municipalities</u></b>	<b><u>Gross Revenue</u></b>	<b><u>% of Municipal Wastewater Charges</u></b>	<b><u>Municipalities</u></b>	<b><u>Gross Revenue</u></b>	<b><u>% of Sewer Availability Charges</u></b>
Minneapolis	\$24,612,678	19.70%	Woodbury	\$2,048,855	7.47%
Saint Paul	11,813,227	9.46	Minneapolis	1,782,475	6.50
Bloomington	4,565,112	3.65	Blaine	1,717,402	6.26
Plymouth	3,606,784	2.89	Lakeville	1,601,127	5.83
Minnetonka	3,035,891	2.43	Maple Grove	1,353,629	4.93
Edina	3,027,757	2.42	Shakopee	1,301,765	4.74
Eagan	2,976,810	2.38	Brooklyn Park	933,647	3.40
St. Louis Park	2,914,339	2.33	Ramsey	829,892	3.02
Coon Rapids	2,805,424	2.25	Rosemount	793,881	2.89
Burnsville	2,730,974	2.19	Eden Prairie	741,906	2.70
Maple Grove	2,673,354	2.14	Chaska	726,759	2.65
Brooklyn Park	2,456,542	1.97	Apple Valley	616,127	2.25
Fridley	2,307,279	1.85	Prior Lake	608,108	2.22
Eden Prairie	2,265,846	1.81	Inver Grove Hts	558,434	2.03
Woodbury	2,136,375	1.71	Andover	529,625	1.93
Maplewood	2,036,438	1.63	Plymouth	527,546	1.92
Lakeville	1,960,784	1.57	Savage	505,200	1.84
Roseville	1,956,668	1.57	Cottage Grove	495,025	1.80
Blaine	1,793,992	1.44	Coon Rapids	487,823	1.78
Apple Valley	1,765,048	1.41	Eagan	480,026	1.75
South St Paul	1,751,782	1.40	Hastings	457,083	1.67
Richfield	1,596,985	1.28	Burnsville	439,709	1.60
Shakopee	1,439,160	1.15	Forest Lake	438,502	1.60
Brooklyn Center	1,385,694	1.11	Stillwater	373,483	1.36
Shoreview	1,366,090	1.09	Farmington	368,404	1.34
Other Municipalities	33,942,456	27.17	Other Municipalities	6,726,793	24.49
Total	<u>\$124,923,489</u>	<u>100.00%</u>	Total	<u>\$ 27,443,226</u>	<u>100.00%</u>

Unaudited

Sources: (1) MC Finance Section, 2004 General Ledger

(2) MCES Financial Management & Planning Section, 2004 Billings

**METROPOLITAN COUNCIL  
METRO TRANSIT STATISTICS  
FOR THE TEN YEARS ENDED DECEMBER 31, 2004**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Ridership data</b>				
Regular rides	48,021,798	60,586,589	62,968,027	66,661,903
Senior rides	832,579	1,180,873	913,170	933,730
Youth rides	473,203	606,839	971,006	928,380
Limited mobility rides	2,103,512	2,637,307	2,494,742	2,149,599
Other rides	<u>2,531,561</u>	<u>2,224,168</u>	<u>2,242,430</u>	<u>2,674,247</u>
Total	<u><u>53,962,653</u></u>	<u><u>67,235,776</u></u>	<u><u>69,589,375</u></u>	<u><u>73,347,859</u></u>
<b>Service level statistics</b>				
Total fleet size	942	982	980	953
Peak bus level	722	774	841	786
Gallons of diesel fuel consumed	7,183,780	8,471,981	8,938,222	9,146,086
Total miles operated	27,113,045	30,969,504	32,291,090	32,207,416
Average fleet miles per gallon	4.0	4.0	4.0	3.5
Bus stop count	17,071	17,986	18,623	19,878
Passenger shelter count	867	822	802	802
<b>Route profiles</b>				
Local service	68	65	70	77
Express service	47	47	51	53
Contract service	<u>14</u>	<u>15</u>	<u>16</u>	<u>18</u>
Total	<u><u>129</u></u>	<u><u>127</u></u>	<u><u>137</u></u>	<u><u>148</u></u>
<b>Metro transit employment levels</b>				
Drivers (1)	1,474	1,475	1,592	1,738
Mechanics	456	457	469	479
Administration/clerical	<u>683</u>	<u>628</u>	<u>676</u>	<u>673</u>
Total	<u><u>2,613</u></u>	<u><u>2,560</u></u>	<u><u>2,737</u></u>	<u><u>2,890</u></u>

Unaudited

Notes: (1) Includes both full and part-time driver workforce.

Source: Metro Transit

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
66,759,911	65,753,289	60,116,983	56,616,000	56,535,000	53,213,000
1,013,070	1,139,392	1,403,547	1,828,000	1,774,000	2,245,000
845,662	859,812	976,882	1,046,000	1,591,000	3,809,000
1,958,888	1,836,160	1,687,950	1,083,000	315,000	124,000
2,900,178	2,285,493	1,842,036	1,472,000	1,673,000	1,668,000
<u>73,477,709</u>	<u>71,874,146</u>	<u>66,027,398</u>	<u>62,045,000</u>	<u>61,888,000</u>	<u>61,059,000</u>
974	963	1,011	1,000	1,025	1,045
776	784	910	866	735	781
9,425,137	9,300,013	8,739,757	8,215,000	8,404,000	8,154,000
32,238,150	32,000,000	30,051,415	29,000,000	29,140,000	28,979,000
3.4	3.4	3.4	3.5	3.5	3.6
21,454	18,262	20,950	16,460	16,460	16,460
785	720	708	708	708	708
63	63	126	55	53	55
48	42	45	45	44	43
31	27	12	14	12	15
<u>142</u>	<u>132</u>	<u>183</u>	<u>114</u>	<u>109</u>	<u>113</u>
1,579	1,563	1,540	1,506	1,411	1,361
476	468	445	426	426	437
615	594	522	443	532	567
<u>2,670</u>	<u>2,625</u>	<u>2,507</u>	<u>2,375</u>	<u>2,369</u>	<u>2,365</u>



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