



Comprehensive Annual Financial Report

Year ended December 31, 2008



A component unit of the State of Minnesota

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METROPOLITAN COUNCIL
OF THE TWIN CITIES AREA
MINNESOTA

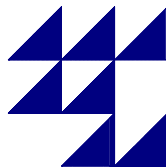
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2008

A COMPONENT UNIT OF THE STATE OF MINNESOTA

Prepared by the Finance Unit

Issued June 2009



METROPOLITAN COUNCIL
390 Robert Street North, St. Paul, Minnesota 55101

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE METROPOLITAN COUNCIL
A COMPONENT UNIT OF THE STATE OF MINNESOTA
FOR THE YEAR ENDING DECEMBER 31, 2008**

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INTRODUCTORY SECTION



2008 Comprehensive Annual Financial Report Transmittal Letter from the Chief Financial Officer

June 25, 2009

Mr. Peter Bell, Chair
And Members of the Metropolitan Council
390 Robert Street North
St. Paul, MN 55101

Dear Chair Bell and Council Members,

In accordance with Minnesota Statute 473.13, subd. 4, we hereby submit the Comprehensive Annual Financial Report of the Metropolitan Council for the fiscal year ended December 31, 2008. 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.

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

The Office of the State Auditor, State of Minnesota has issued an unqualified (clean) audit opinion on the Metropolitan Council's financial statements for the year ended December 31, 2008. The independent auditor's report is presented as the first component of the financial section of this report.

As a part of the financial statement audit, the auditor is conducting a single audit of federal programs. This audit meets the requirements of the federal Single Audit Act and is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and requirements involving the administration of federal awards. These reports, included in the Metropolitan Council's separately issued Management and Compliance Report, will be available in July 2009.

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

Profile of the Government

The Minnesota Legislature established the Metropolitan Council in 1967 to coordinate planning and development within the Twin Cities metropolitan area and to address issues that could not be adequately

addressed with existing governmental arrangements. The area over which the Council has responsibility includes the counties of Anoka, Carver, Dakota (excluding the city of Northfield), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague), and Washington. The area includes 189 cities and townships and has a population of 2.6 million people. Additional legislative acts in 1974, 1976 and 1994 strengthened the Council's planning and policy roles, and merged the functions of three agencies (the Metropolitan Transit Commission, the Regional Transit Board and the Metropolitan Waste Control Commission) into the Metropolitan Council.

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

The Metropolitan Council is a component unit of the State of Minnesota. The financial reporting entity consists of all funds of the primary government, as well as its component units. Component units are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body, and either, (a) the ability of the primary government to impose its will, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government; the organization is fiscally dependent on the primary government; or the nature and relationship between the primary government and the organization is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Metropolitan Sports Facilities Commission is a component unit of the Council due to fiscal dependence, and is reported separately within Metropolitan Council's financial statements. Additional information on this legally separate entity 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, Metro Transit Bus, Light Rail, and Commuter Rail, and the Metropolitan Housing and Redevelopment Authority enterprise funds. The budget for the Environmental Services enterprise fund is prepared in conformity with the "cost allocation" system described in Minnesota Statute 473.517. Under this system, annual revenues are budgeted to equal annual expenses. Positive variances in revenues are accumulated for working capital, which is limited to five percent of operating expenses. Positive 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 operating budget is approved by the Council in August and the capital budget is approved in October. Public hearings are held in November or December and the final budget is approved in the middle of December. Budget 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 Metro Mobility Special Revenue Fund, these comparisons are included in the Required Supplementary Information section. Budget 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 division level within the fund. 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.

Economic Condition and Outlook

Moving into the sixth quarter of the "Great Recession", the Twin Cities economy is remaining apace with deeply slumping national trends. The National Bureau of Economic Research declared that the United States entered a recession in December 2007, aligning with when the nation began losing employment after peaking in November 2007. The Minneapolis-St. Paul area, however, reached its peak employment

of nearly 1.8 million jobs five months earlier in June 2007. Since then, the area has lost over 65,000 jobs, returning the region to employment levels last seen in 2004. From March 2008 to March 2009, employment in the region fell 3.6 percent, matching the national job contraction. Rising job losses have pushed the seven-county Twin Cities unemployment rate up from 4.2 percent in 2007 to 8.0 percent (preliminary) in March 2009. The statewide unemployment rate at 8.2 percent in March 2009 (preliminary, seasonally adjusted) has reached a level not seen since 1983.

Almost all industry sectors experienced significant job losses over the last 12 months. Only Education and Health Care Services added jobs from March 2008 to March 2009, growing by 2.8 percent over the year with 7,000 new jobs. Reeling from the region's abrupt construction slowdown, the Natural Resources, Construction and Mining sector contracted by nearly 28.0 percent, a loss of over 17,000 jobs. Professional and Business Services reduced payrolls by over 20,000 jobs or 8.2 percent.

According to the Standard & Poor's/Case-Shiller Home Price Index for February 2009, home prices in the Twin Cities metropolitan area have fallen 32.0 percent from their peak prices in summer 2006, the 10th largest percentage drop among the 20 metro areas addressed by this index and slightly more than the 30.7 percent drop in the 20-metro-area composite index. Prices in the Twin Cities have fallen slightly faster over the last year than the 20-metro-area composite – 20.3 percent compared to 18.6 percent. The Minneapolis Area Association of Realtors reports that the overall median home sales price has fallen 22.5 percent over the last year to \$155,000. However, when separating out lender-mediated sales, the median sales price of traditionally-sold homes has slipped only 3.6 percent to \$212,000. Providing a glimmer of hope in the housing market, the number of lender-mediated homes on the market dropped by 1,200 units from February to April of 2009 as the federal tax credit enables many first-time home buyers to dip their toes into the market.

According to the U.S. Department of Commerce, 2008's residential building permits in the seven-county area registered their lowest level in documented history at 4,458 units permitted, a drop of 40.0 percent from 2007's already weak number. As builders turn their attention to selling their existing inventory rather than building new homes, the new single-family housing inventory, including both homes under construction and finished vacant, has fallen by 40.0 percent over the last year. Consequently, the months of supply, as measured by MetroStudy, has fallen to eight months, just one month above the equilibrium level. The region's supply of finished vacant homes sits below four months, making the Twin Cities region one of the more balanced housing markets tracked by MetroStudy.

Nonresidential activity further softened during 2008 as commercial demand remained soft and developers struggled to find secure project financing. The office vacancy rate climbed to 15.9 percent during the second half of 2008, up 0.5 percent from the first half of the year, but still below its 2003 peak of 18.9 percent. Office space absorption shifted from positive the first half of the year, to a negative 307,000 sq ft. in the second half. At 7.9 percent, the regional retail vacancy rate was its highest in ten years while the industrial vacancy rate was the highest since 2006 at 12.3 percent.

Per capita personal income for Minneapolis-St. Paul, \$46,752 in 2007, the most recent data available, maintained the Twin Cities ranking of 20th among the nation's 366 metropolitan areas. Per capita personal income in the Twin Cities increased 5.5 percent from 2006 to 2007, compared to 4.9 percent nationally. Growth in the real gross metropolitan product per capita -- up 6.5 percent from \$47,185 in 2001 to \$50,231 (in 2001 dollars) in 2006 -- suggests increasing productivity beside stagnant employment data for the same period.

Looking ahead, the Twin Cities economy is likely to continue to follow the trends of the national economy. While employers are likely to continue to reduce their payrolls, the economy should start to respond to the federal economic stimulus package promoting some recovery in the construction sector. Economists continue to predict that the nation will reach its peak unemployment rate in early 2010 just as the GDP returns to positive growth. Nonetheless, if consumers continue to delay consumption in favor of

replenishing lost wealth, it could easily be 2011 or 2012 before employment and the GDP return to their 2007 levels.

Delivering High-Performance Regional Services

Transit - The Council's Metro Transit Division operates the region's largest transit service providing more than 90 percent of the bus trips taken annually in the Twin Cities. Each weekday, customers take nearly 249,000 trips on Metro Transit. Metro Transit total ridership reached 81.8 million in 2008, a 6.1 percent increase over the previous year. Overall, Metro Transit provides 118 bus routes including local, express and contract service routes, and operates a peak fleet of 873 buses and 27 rail cars.

The Hiawatha Light Rail Transit Line opened in December 2004 with service between downtown Minneapolis, the MSP Airport, and the Mall of America in Bloomington. In 2008, the Hiawatha line carried 10.2 million passengers and averaged 30,500 riders each weekday. Timed transfers on numerous bus routes are available at 13 of the line's 17 stations.

In 2006, the Federal Transit Administration (FTA) approved final engineering for the Northstar Commuter Rail Line and preliminary engineering for the Central Corridor Light Rail Transit Line. The Northstar Corridor is an 82-mile transportation corridor that runs along Highway 10 from the St. Cloud/Rice area to downtown Minneapolis. It is one of the fastest growing corridors in Minnesota and the nation. By 2025, it is projected that more than 850,000 people will be living in the Northstar Corridor, an increase of about 200,000 people.

The Northstar Commuter Rail Line will serve a 40-mile portion of that corridor from Big Lake to Minneapolis and the Hiawatha Light Rail Line. On December 11, 2007, the Northstar Commuter Rail Line received a Federal Full Funding Grant Agreement which committed \$156.8 million in federal funding for construction and trains for the rail line. State funding, along with funding commitments from local governments in the Northstar Corridor, provide the local share of project costs. The line is anticipated to be fully operational in late 2009.

The proposed Central Corridor Light Rail Transit Line along University Avenue will connect the Hiawatha Line in Minneapolis with downtown Saint Paul. Preliminary engineering of the line will last for two years and will complete about 60.0 percent of the project design work. On February 27, 2008, the Metropolitan Council approved staff to proceed with preliminary engineering and make application to the Federal Transit Administration and move the Central Corridor Light Rail Transit Project to final design. The Council approval provided specific direction to staff to proceed with more detailed preliminary engineering that served as the basis for a Supplemental Draft Environmental Impact Statement (SDEIS) and local stakeholder hearings and approvals of the plans through summer 2008. The Metropolitan Council approved the SDEIS document and the Locally Preferred Alternative in August 2008 as the basis to apply to FTA to advance the project in to the final design stage of project development. The Central Corridor Light Rail Transit Financial Plan is being updated to file with the FTA Final Design Application in the fall of 2009.

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

The Metro Mobility program is the metropolitan area's designated Americans with Disabilities Act (ADA) complementary paratransit service. On an average workday, Metro Mobility provides more than 4,300 rides serving nearly 20,000 certified users. Suburban Transit Authority Providers include 12 communities selecting to manage their own transit service, Contracted Regular Routes are bus transit services managed through provider contracts, and Community-based services are, for the most part, demand-responsive operations that are locally initiated and managed programs.

Wastewater collection and treatment— The Council collects and treats about ninety to one hundred billion gallons of wastewater annually from 105 directly served communities in the region at nationally competitive rates while maintaining near-perfect compliance with environmental permits. The 2008 annual budget included revenue primarily from municipal wastewater charges totaling \$154 million. Municipal customer satisfaction remained high.

In 2008, Environmental Service plants continued to perform at a high level in complying with clean water discharge permits earning perfect compliance with water discharge permit requirements. *All* plants received “Peak Performance Awards” from the National Association of Clean Water Agencies (NACWA). The Hastings and St. Croix Valley Plants were among the top plants in the country for consecutive years of full compliance with their clean water discharge permits. Both plants earned the Platinum Award – Hastings had 17 consecutive years, while St. Croix Valley saw 16. The Seneca Plant also earned Platinum for 7 consecutive years. The local government inflow/infiltration mitigation program also received a NACWA operational award for environmental achievement.

Approximately \$98 million was spent on about 60 capital projects that were underway in 2008. These projects support regional goals of accommodating growth and protecting the environment while maintaining a cost-effective infrastructure. Highlights of the ongoing capital improvement program for the wastewater system include:

- Quality improvements included: the Blue Lake (in Shakopee) and Seneca (Eagan) Plants retrofitting to remove phosphorus, system wide security improvements completed, and the diversion of the Empire plant’s discharge away from the sensitive Vermillion River.
- Regional growth projects completed included a major project to expand sewer conveyance from Northeast communities (through the City of White Bear Lake) and a new sewer serving the Victoria area. Construction has begun on a sewer across Richfield and another to add service to the City of Elko/New Market.
- Rehabilitation projects completed include a new liquid waste receiving facility in Fridley. Rehabilitation work is underway at the Metro, Seneca and Blue Lake plants, as well as many of our sewer systems.

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

The regional parks system includes 46 regional parks and park reserves, 22 trails and 6 special recreation areas. Parks are operated by several partnering cities and counties. These partners work with the Metropolitan Council to acquire and develop parks and trails to protect natural resources and to provide outdoor recreation for public enjoyment.

The Council also works with these regional partners to develop regional park policies that protect the region's water quality, promote best management practices, and help integrate the park systems with housing, transportation and other regional priorities.

Housing - An adequate supply of affordable housing for the region’s workforce is essential for economic vitality. The Council supports affordable housing in the region through various programs and initiatives. The Council’s housing and redevelopment authority operates the state’s largest Section 8 rent assistance program. As it has for several years, the program achieved full use of its available tenant-based federal rent subsidy, assisting approximately 5,900 very low to extremely low income seniors, disabled individuals, families and singles. 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. The program houses low to moderate income families, who pay 30.0 percent of their income for rent and utilities.

Working in partnership with cities, counties and municipal development authorities, the Council, through its Livable Communities 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 voluntary Livable Communities Act Local Housing Incentives program.

Financial Information

The 2008 unified operating budget was adopted by the Council in December 2007. The original adopted budget for operations, pass-through expenditures and debt service was \$701 million representing a 5.3 percent increase from the budget adopted for 2007. During the year, the budget was revised to \$713 million primarily to recognize service adjustments due to the I-35W Bridge collapse, rising fuel costs, and pre-revenue operations of the Northstar Commuter Rail line.

The Council relies on several funding sources. In the 2008 budget, 42.0 percent of the Council's revenue came from user fees for wastewater treatment and transit services, and 46.0 percent from state and federal funds. About 10.0 percent of revenue came from a seven-county property tax, and 2.0 percent from other sources.

The Council receives a percentage of the state Motor Vehicle Sales Tax (MVST) to fund a portion of transit operations of the Council and certain suburban transit communities. The MVST is a single sector sales tax and has historically experienced significant peaks and valleys. To address the variability of receipts, the Council budgets only 95.0 percent of its portion of forecasted MVST revenues, with 5.0 percent unbudgeted in the event that actual receipts fall short of projections.

Debt Administration - The Council is authorized under Minnesota Statutes to issue debt to support capital programs in transit, wastewater, parks and open spaces and regional radio communications. Debt service obligations for parks, transit, and transit related radio debt are financed through property taxes. Environmental Services wastewater debt is financed through municipal wastewater and service availability charges.

The Council has a debt-management policy which includes the following goals:

- Maintain top credit ratings on long-term debt.
- Minimize borrowing costs.
- Maintain the ability to finance regional services and capital facilities.
- Minimize long-term and year-to-year financial impact of regional debt service on taxpayers.

Credit ratings on the Council's general obligation bonds continued at Aaa by Moody's Investor Service and AAA by Standard and Poor's.

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 \$389 million on December 31, 2008. The average yield was 2.4 percent, modified duration 3.1 years, and effective duration 1.4 years.

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 has implemented GASB Statement 45 - Other Postemployment Benefits (OPEB) in 2007. This statement requires the accrual of OPEB costs during the years when employee services that give rise to the benefits that are rendered. Benefit provisions are established and amended through negotiation between the Council and the respective unions representing its employees. Employees hired prior to benefit sunset dates become eligible to receive benefits upon meeting a certain length of service, retirement age, and other eligibility requirements established in their labor contracts.

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

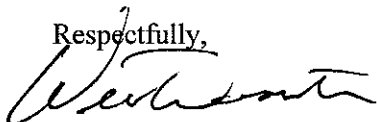
Awards and Acknowledgements

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, 2007. This was the twenty-fifth 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,



Wes Kooistra
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, 2007

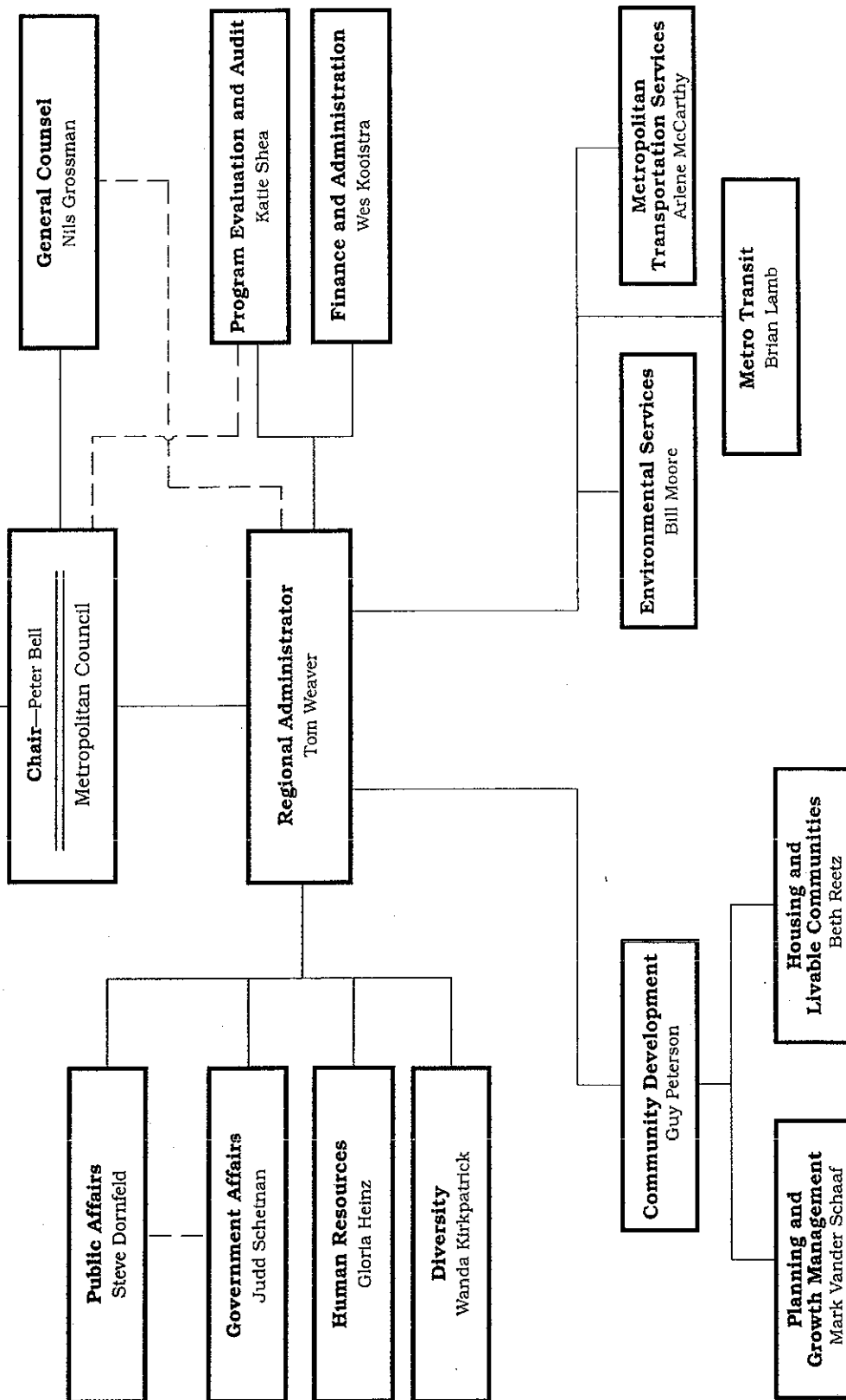
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



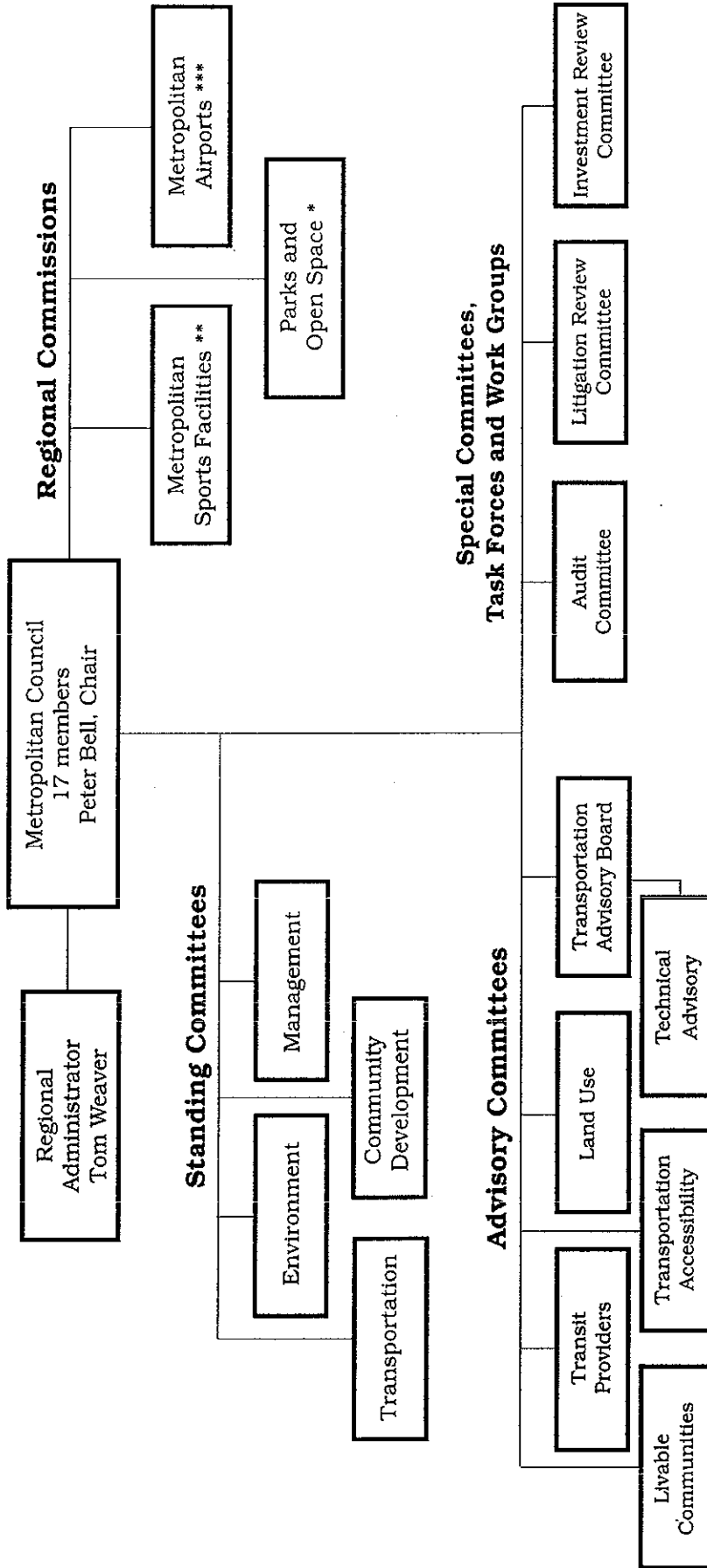
President

Executive Director

METROPOLITAN COUNCIL



Metropolitan Council Policymaking Structure



* 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

390 North Robert Street
St. Paul, Minnesota 55101-1805
(651) 602-1000 • Fax 602-1550 • TTY 291-0904

METROPOLITAN COUNCIL

	Term of Office	
	First Appointed	End of Term
<i>COUNCIL MEMBERS:</i>		
Chair -		
Peter Bell	Jan. 8, 2003	Indefinite
District Members -		
District No. 1 -		
Roger Scherer	March 10, 2003	Jan. 1, 2011
District No. 2 -		
Tony Pistilli	March 19, 2003	Jan. 1, 2011
District No. 3 -		
Vacant		Jan. 1, 2011
District No. 4 -		
Craig Peterson	Dec. 26, 2007	Jan. 1, 2011
District No. 5 -		
Polly Bowles	June 25, 2008	Jan. 1, 2011
District No. 6 -		
Peggy Leppik	March 10, 2003	Jan. 1, 2011
District No. 7 -		
Annette Meeks	March 10, 2003	Jan. 1, 2011
District No. 8 -		
Lynette Wittsack	March 10, 2003	Jan. 1, 2011
District No. 9 -		
Natalie Haas Steffen	April 19, 1999	Jan. 1, 2011
District No. 10 -		
Kris Sanda	Oct. 26, 2005	Jan. 1, 2011
District No. 11 -		
Georgeanne Hilker	Sept. 11, 2003	Jan. 1, 2011
District No. 12 -		
Sherry Broecker	June 25, 2007	Jan. 1, 2011
District No. 13 -		
Richard Aguilar	March 10, 2003	Jan. 1, 2011
District No. 14 -		
Kirstin Sersland Beach	June 25, 2007	Jan. 1, 2011
District No. 15 -		
Daniel Wolter	March 9, 2005	Jan. 1, 2011
District No. 16 -		
Brian McDaniel	Sept. 11, 2003	Jan. 1, 2011

OFFICERS

Peter Bell, appointed	Chair
Peggy Leppik	1 st Vice-Chair
Roger Scherer	Treasurer
Pat Curtiss	Secretary

***FINANCIAL
ADMINISTRATIVE
OFFICIALS***

Tom Weaver	Regional Administrator
Wes Kooistra	Chief Financial Officer

FINANCIAL SECTION



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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

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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 discretely presented component unit, 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, 2008, which collectively comprise the Metropolitan 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 Sports Facilities Commission, the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Metropolitan Sports Facilities Commission, is based solely on the report 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 report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Council of the Twin Cities Area as of December 31, 2008, 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 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 the Governmental Accounting Standards Board. 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 have also issued our report dated June 25, 2009, 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 Sports Facilities Commission, which was audited by other auditors.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 25, 2009

2008 Comprehensive Annual Financial Report Management's Discussion and Analysis

This section of the Metropolitan Council's Comprehensive Annual Financial Report (CAFR), presents a discussion and analysis of the financial activities for the fiscal year ended December 31, 2008. It should be read in conjunction with the preceding transmittal letter, and the Metropolitan Council's basic financial statements following this section.

Financial Highlights

The assets of the Council exceeded liabilities at the close of the fiscal year by \$1.6 billion. Approximately 90 percent of this amount is invested in capital assets (net of related debt).

During the year, the Council's total net assets increased by \$33.4 million (2.0 percent) from the prior year. Net assets from business-type activities added \$30.9 million, while Governmental activities contributed \$2.4 million. Net program revenues (operating grants decreased by \$32.2 million while capital grants increased by \$66.1 million) were the primary contributors. Business-type activities benefited from significant capital grants revenues primarily in Metro Transit Light Rail and Commuter Rail activities.

The Council's governmental funds reported a combined ending fund balance of \$223.6 million as of the end of the year. This represents an increase of \$1.3 million (0.6 percent) compared to the previous year.

At the close of the fiscal year, the general fund reported a total fund balance of \$17.6 million, a decrease of \$.01 million over the previous year. The unreserved fund balance of \$17.2 million includes designations of \$5.5 million and undesignated of \$11.7 million.

The Council added \$184 million in bonds and loans while paying down \$129 million in bonds and loans.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Metropolitan Council's basic financial statements. The Council's basic financial statements comprise three components:

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

This report also includes other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

The Statement of Net Assets presents information on all of the Council's assets and liabilities. Net assets is the difference between the assets and liabilities. 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 Council'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. Therefore, revenues and expenses are reported in these statements for some items that affect cash flows in future periods (e.g. uncollected property taxes, accounts receivable and earned but unused vacation leave).

The government-wide financial statements segregate the activities of the Council into three types of programs or activities:

Governmental Activities – Taxes and intergovernmental revenues are the major revenue sources that fund governmental activities of the Council. Governmental activities include general government, housing, transportation, environment, economic development, and culture and recreation.

Business-type Activities – Business-type activities include services that are intended to recover costs through user charges and fees. The Council's wastewater treatment, public transportation, and the Housing and Redevelopment Authority are regarded as business-type activities.

Discretely Presented Component Unit – Component units are legally separate entities for which the Council is financially accountable, or the nature and significance of the unit's relationship with the Council is such that exclusion of the unit would cause the Council's financial statements to be misleading or incomplete. The Metropolitan Sports Facilities Commission is the only component unit and is discretely presented.

The government-wide financial statements can be found on pages 16-17 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 are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The Metropolitan Council maintains eleven 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 eight 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 included in this report.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds – These funds are used to account for functions that were classified as "business-type activities" in the government-wide financial statements. Proprietary funds utilize accrual basis accounting which is the same method used by private-sector businesses. Proprietary fund financial statements provide the same type of information as the government-wide statements, only in more detail.

The Metropolitan Council maintains one type of proprietary fund—the enterprise fund. The Council uses enterprise funds to account for its wastewater treatment, bus transportation, light rail transportation, commuter rail transportation and housing operations. All five funds are considered to be major funds of the Council.

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

Fiduciary funds – These 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 statements because the resources of those funds are not available to support the Council's own programs.

The basic fiduciary fund financial statements 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 the fund financial statements.

The notes to the financial statements can be found on pages 27-54 of this report.

Required 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 required supplementary information can be found on pages 56-59.

Supplementary Information

Supplementary information includes combining financial statements for nonmajor governmental funds and is presented immediately following the required supplementary information.

The combining financial statements, as well as individual fund, capital asset and bond statements and schedules can be found on pages 62-79 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 81-104 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 \$1.6 billion on December 31, 2008.

Metropolitan Council Net Assets December 31, 2008 and 2007 (In Thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$254,114	\$332,183	\$ 349,259	\$ 404,722	\$ 603,373	\$736,905
Capital assets	<u>71,978</u>	<u>77,013</u>	<u>2,399,685</u>	<u>2,286,208</u>	<u>2,471,663</u>	<u>2,363,221</u>
Total assets	<u>326,092</u>	<u>409,196</u>	<u>2,748,944</u>	<u>2,690,930</u>	<u>3,075,036</u>	<u>3,100,126</u>
Long-term liabilities outstanding	229,678	235,226	1,021,161	944,271	1,250,839	1,179,497
Other liabilities	<u>31,709</u>	<u>111,711</u>	<u>161,080</u>	<u>210,869</u>	<u>192,789</u>	<u>322,580</u>
Total liabilities	<u>261,387</u>	<u>346,937</u>	<u>1,182,241</u>	<u>1,155,140</u>	<u>1,443,628</u>	<u>1,502,077</u>
Net assets:						
Invested in capital assets, net of related debt	17,069	17,060	1,451,577	1,376,046	1,468,646	1,393,106
Restricted	152,325	107,253	38,715	19,751	191,040	127,004
Unrestricted	<u>(104,689)</u>	<u>(62,054)</u>	<u>76,411</u>	<u>139,993</u>	<u>(28,278)</u>	<u>77,939</u>
Total net assets	<u>\$ 64,705</u>	<u>\$ 62,259</u>	<u>\$1,566,703</u>	<u>\$1,535,790</u>	<u>\$1,631,408</u>	<u>\$1,598,049</u>

By far the largest portion of the Metropolitan Council's net assets (\$1.5 billion) reflects its investment in capital assets (e.g., land, buildings and infrastructure, vehicles, and equipment) less any related outstanding debt used to acquire those assets. The 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 other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of the Metropolitan Council's net assets (\$191 million) represent resources that are subject to external restrictions. Net asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. These net assets consist of debt service, capital project and specific grant and loan programs. The Restricted net assets increases (\$64 million) came primarily from Governmental Activities Grants and Loans (\$42 million).

Unrestricted net assets for the governmental activities are a negative \$105 million. The negative unrestricted net assets balance is a result of debt obligations being reported in governmental activities, but the related capital assets are recognized in the business-type activities. Additionally, Governmental Activities had \$37 million in grant awards (restricted net assets) in which future bonding had not yet been issued.

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 governmental activities and all three categories for its business-type activities.

The Metropolitan Council's combined net assets for governmental and business-type activities increased by \$33.3 million for the year. Business-type activities contributed \$30.9 million (93 percent) of the increase.

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
Fiscal Years Ended December 31, 2008 and 2007
(In Thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,568	\$ 7,461	\$ 290,329	\$ 271,263	\$ 296,897	\$278,724
Operating grants and contributions	46,842	53,051	119,785	145,775	166,627	198,826
Capital grants and contributions	32,812	38,336	129,184	57,603	161,996	95,939
General revenues:						
Property taxes	70,217	68,825			70,217	68,825
Property tax related state revenues	2,120	2,267			2,120	2,267
Motor vehicle excise tax	31,785	27,216	92,020	91,663	123,805	118,879
Investment earnings	5,981	14,249	1,205	12,912	7,186	27,161
Gain on sale of capital assets	83	446			83	446
Total revenues	<u>196,408</u>	<u>211,851</u>	<u>632,523</u>	<u>579,216</u>	<u>828,931</u>	<u>791,067</u>
Expenses:						
General government	9,823	9,848			9,823	9,848
Transportation	102,476	92,732			102,476	92,732
Culture and recreation	39,007	26,377			39,007	26,377
Economic development	1,136	4,548			1,136	4,548
Environment	3,313	9,302			3,313	9,302
Housing	1,504	1,831			1,504	1,831
Interest and other	9,606	12,969			9,606	12,969
Environmental services			218,856	190,763	218,856	190,763
Transit bus			299,435	264,612	299,435	264,612
Transit light rail			55,766	49,524	55,766	49,524
Transit commuter rail			770		770	
Housing			53,880	55,432	53,880	55,432
Total expenses	<u>166,865</u>	<u>157,607</u>	<u>628,707</u>	<u>560,331</u>	<u>795,572</u>	<u>717,938</u>
Increase (decrease) in net assets before transfers	29,543	54,244	3,816	18,885	33,359	73,129
Transfers	(27,097)	(17,739)	27,097	17,739	0	0
Increase (decrease) in net assets	2,446	36,505	30,913	36,624	33,359	73,129
Net assets, beginning	<u>62,259</u>	<u>25,754</u>	<u>1,535,790</u>	<u>1,499,166</u>	<u>1,598,049</u>	<u>1,524,920</u>
Net assets, ending	<u>\$ 64,705</u>	<u>\$ 62,259</u>	<u>\$1,566,703</u>	<u>\$1,535,790</u>	<u>\$1,631,408</u>	<u>\$1,598,049</u>

Governmental Activities

Governmental activities increased the Council's net assets by \$2.4 million, compared to an increase of \$36.5 million in 2007. The primary contributors to this change are discussed in the following paragraphs.

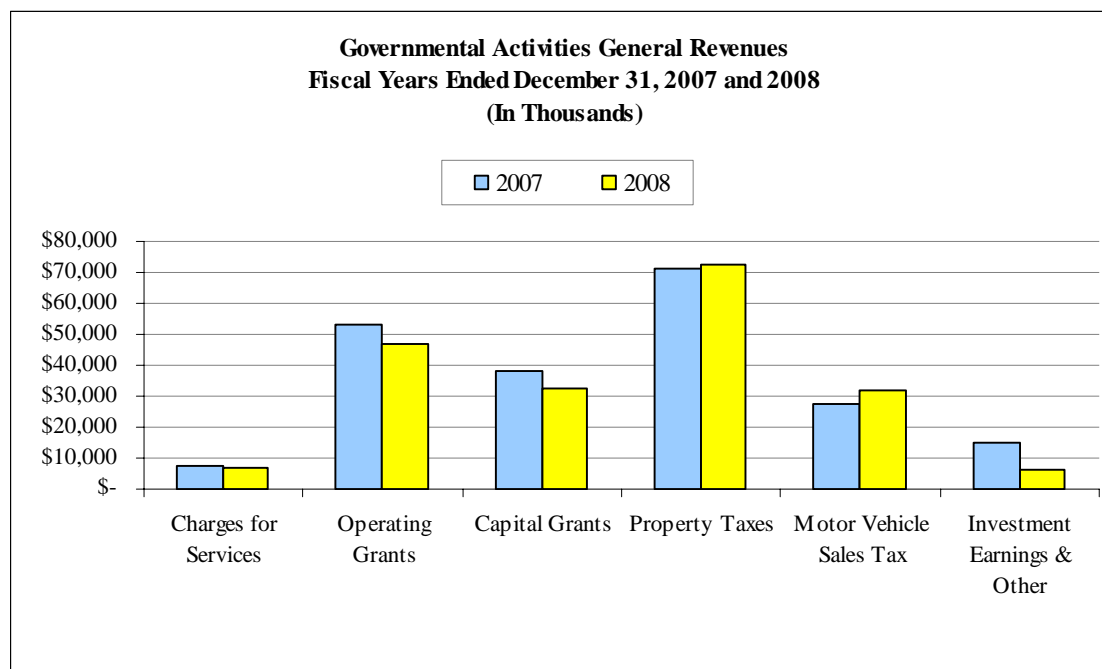
Revenues

Governmental activities are supported by charges for services, grants, and contributions. Additionally, general revenues cover any expenses after program specific revenues are applied. In 2008, the Council relied primarily on property taxes, motor vehicle sales tax, and investment earnings for funding governmental activities. Specifically, property taxes supported the Council's debt service activity, while motor vehicle sales taxes supported the transportation activities.

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.

Total program revenues of \$86 million, decreased by \$13 million (13 percent) compared to 2007. Charges for services remained flat at \$7 million. Operating grants decreased by \$6 million (12 percent) to \$47 million due primarily from decreased State transportation appropriation funding. Although Capital Grant program revenues from the Federal Section 5307 program (\$6 million) decreased by \$18 million, the State capital reimbursement for the parks program (\$22 million, an increase of \$8 million) and the transportation program (\$4 million, an increase of \$4 million) offset the majority of the Federal decrease.

Total general revenues were \$110 million (a decrease of \$3 million or 2 percent). The investment earnings fell 58 percent (\$8 million) as interest rates dropped markedly. Motor Vehicle Sales Tax (MVST) receipts increased marginally to \$32 million as the Council changed the internal allocation percentages between governmental and business-type activities. The significant motor vehicle sales slump experienced in late 2008 is not reflected in this fiscal year's report.



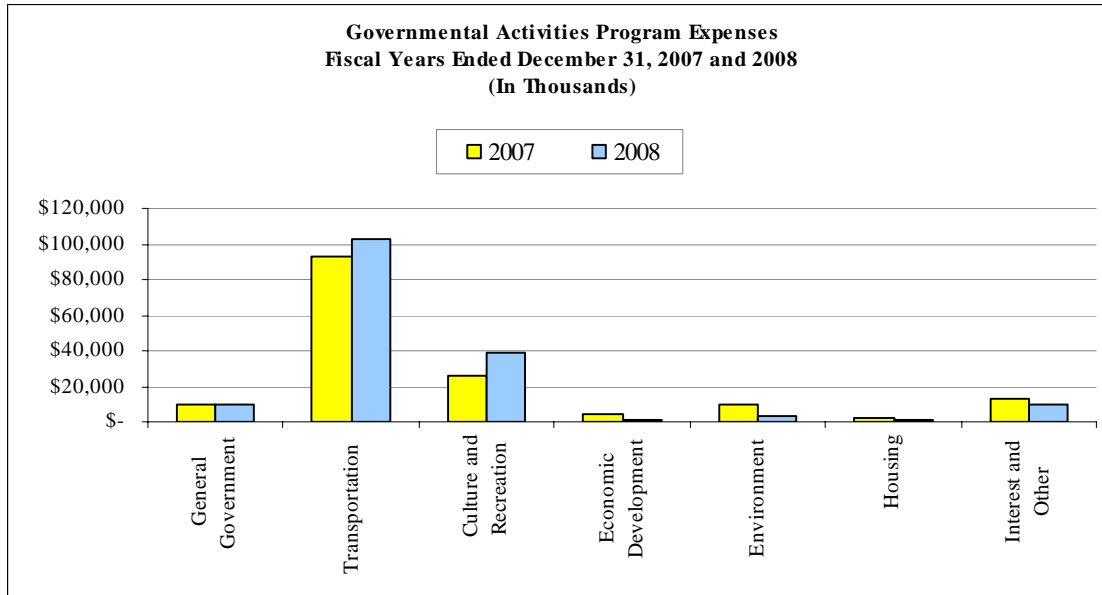
Expenses

In 2008, governmental activities increased to \$167 million--\$9 million (6 percent) above 2007. Culture and recreation expenditures increased by \$13 million (a 48 percent increase) as the Council's regional parks increased reimbursement requests under existing grants. All of the Council's livable communities programs experienced decreased reimbursement requests (down by \$10 million), which is a direct reflection of the downturn in the housing industry in the latter half of 2008. The unexpended balance of all livable communities grants is recognized in restricted net assets.

Depreciation for the year was \$11 million, an increase of \$2 million over 2007, due to increased fleet size.

Net transfers to business-type activities increased, by \$9 million, to \$27 million for the year. Metro Transit Bus was the primary recipient of these transfers.

Net salaries and benefits remained at \$10 million no change from 2007. Payments to outside transit providers decreased by \$4 million, of which \$3 million represents reduced payments to providers whose expenses are directly tied to MVST receipts.



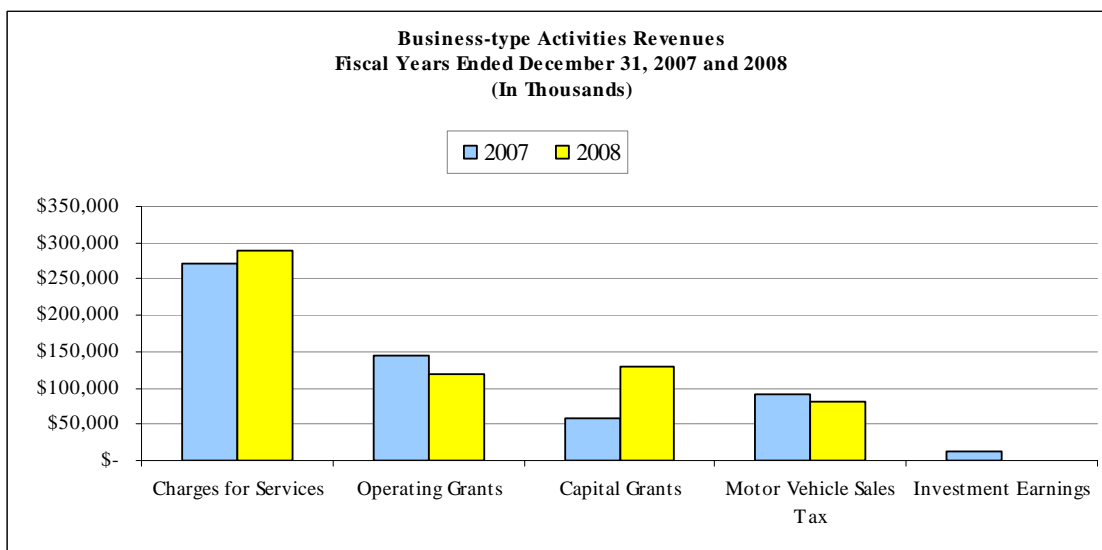
Business-Type Activities

Revenues

Program revenues for the Council's business-type activities totaled \$539 million, or 86 percent of related expenses for fiscal year 2008 compared to \$474 million (85 percent of related expenses) in the prior year. During the year Metro Transit received a Federal UPA grant, that provided capital reimbursements covering increased bus fleet, and capital items in the new Commuter Rail line scheduled to begin operations in 2009. Environmental Services charges for services increased by \$13 million (7 percent) in 2008.

General revenues used to cover extra program expenses come from two sources: motor vehicle sales tax (MVST) and investment earnings. For 2008, MVST revenues remained flat at \$92 million. Investment earnings sank by \$12 million to \$1 million due to the plummeting interest rates incurred in 2008.

Net transfers increased, by \$9 million, to \$27 million as stated previously. Transfers are primarily capital expense reimbursements from governmental funds.



Expenses

Business-type activities in 2008 incurred expenses of \$629 million, an increase of \$68 million (12 percent) over the prior year. The Environmental Services program expense increase of \$28 million (15 percent) came primarily from increased interest expense (\$9 million) and increased loss on sale of assets (\$13 million). The majority of Metro Transit Bus program expense increase (\$35 million) came from increased wages (\$15 million) and interest expense (\$12 million).

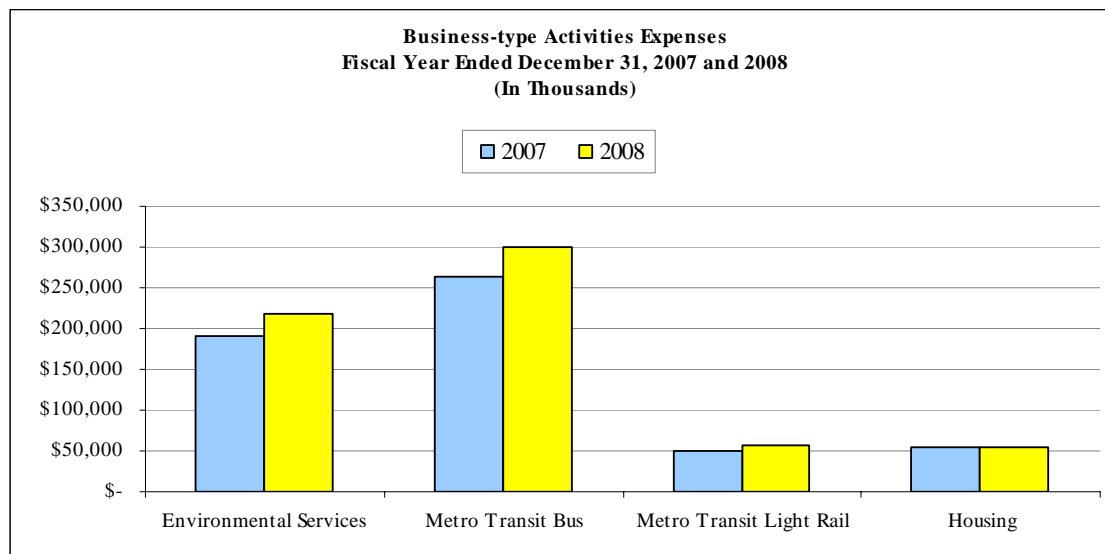
For the year, Metro Transit Bus experienced increased costs due to two factors: 1) increased per gallon gas/diesel fuel, and 2) increased wages due to bus driver overtime to meet increased ridership.

Operating expense for Environmental Services was \$158 million, an increase of \$1 million over the prior year.

Overall salaries and wage related expenses increased \$17 million (7 percent) to \$269 million. Metro Transit Bus experienced an increase of \$15 million primarily from the factors mentioned previously

Depreciation expense for 2008 was \$ 117 million—a minimal increase of \$1 million over 2007.

Bus materials (bus fuel and parts) increased by \$9 million to \$41 million, reflecting the record per gallon fuel prices experienced in 2008. Utility, insurance, housing costs, and other expenses were flat compared to 2007.



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 resources that are available for spending. 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.

As of the end of the current fiscal year, the Council's governmental funds reported combined total fund balances of \$224 million, an increase of \$1 million compared to the prior year. Of the total fund balance, \$118 million is reserved to indicate the extent that funds have been committed or are otherwise unavailable for spending. An additional \$96 million has been designated and set aside for intended spending purposes as indicated in the financial statements. The remaining \$10 million of the balance is unreserved and undesignated.

During 2008, the Council issued \$50.3 million of new general obligation bonds.

Revenues from all governmental funds for the current year were \$196 million, a decrease of \$15 million (7 percent) from the previous year. State operating appropriations decreased \$9 million to \$30 million. Capital reimbursement programs decreased by \$2 million. The Federal reimbursement share dropped from \$16 million to \$6 million, while the State reimbursement increased by \$8 million to \$27 million. Investment income dropped sharply by \$8 million down to \$6 million due to the aforementioned declining interest rate.

Expenditures for all governmental funds in the current year were \$205 million, a decline of \$10 million (5 percent) from the previous year. Community development programs (housing, economic and environment rehabilitation) spending decreased by \$10 million (62 percent) to \$6 million reflecting the depressed housing market. Transportation expenditures increased slightly to \$32 million. Parks reimbursement expenses increased sharply--by \$13 million--as regional parks increased its reimbursable capital spending. Debt service principal and interest payments decreased to \$54 million (down by \$4 million or 7 percent).

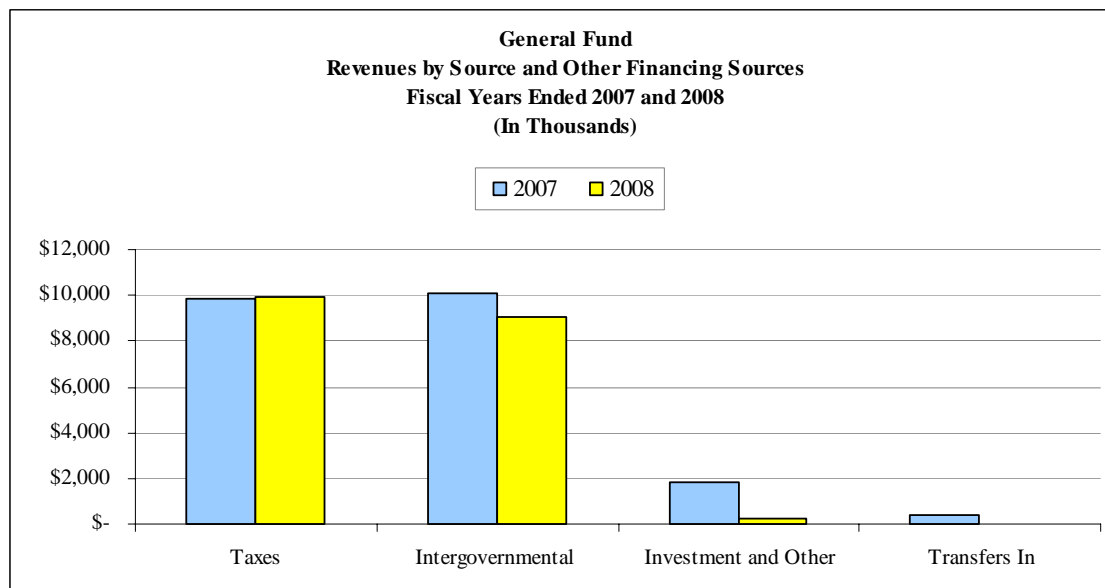
The General Fund is the Council's principal governmental operating fund. During the current year, the fund balance in the General Fund remained the same at \$18 million. Of this amount, \$300 thousand was reserved and therefore unavailable for spending. Of the remaining unreserved total (\$17 million), \$5 million was designated (earmarked) and the remaining \$12 million is considered both unreserved and undesignated.

The following table provides the changes in revenues by source from 2007 to 2008.

**General Fund
Revenues by Source and Other Financing Sources
Fiscal Years Ended December 31, 2007 and 2008
(In Thousands)**

	<u>2007</u>		<u>2008</u>		<u>Increase (Decrease)</u>
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
<u>Revenues by Source</u>					
Taxes	\$ 9,862	44%	\$ 9,921	52%	\$ 59
Intergovernmental Revenues	10,130	46%	9,020	47%	(1,110)
Investment Income and Other	<u>1,819</u>	<u>8%</u>	<u>233</u>	<u>1%</u>	<u>(1,586)</u>
Total Revenue	\$21,811	98%	\$19,174	100%	\$(2,637)
Transfers In	<u>423</u>	<u>2%</u>	<u>0</u>	<u>0%</u>	<u>(423)</u>
Total Revenue and Other Financing Sources	<u>\$22,234</u>	<u>100%</u>	<u>\$19,174</u>	<u>100%</u>	<u>\$(3,060)</u>

General Fund revenues decreased by \$3.1 million from the previous year. The Council did not change its operating levy from 2007 to 2008. The intergovernmental revenue decrease (\$1.1 million) came from reduced pass-through grants for regional parks improvements. The investment income and other revenue decrease came from a significant drop in interest rates. The transfers in activity in 2007 came from a one-time closing of certain capital project fund's remaining fund balance.



The following table provides the changes in expenditures by function from 2007 to 2008.

**General Fund
Expenditures by Function and Other Financing Uses
Fiscal Years Ended December 31, 2007 and 2008
(In Thousands)**

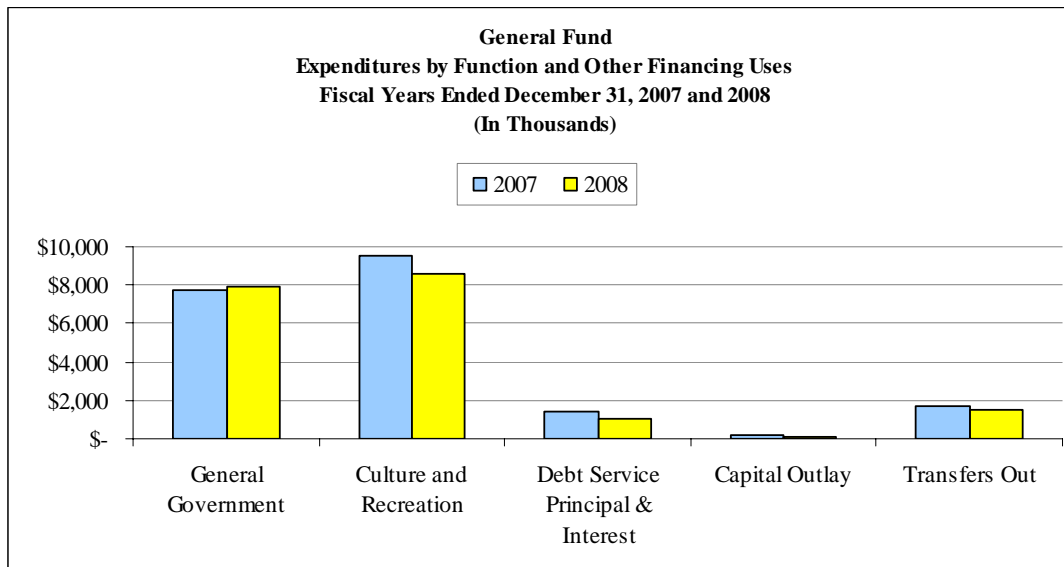
	2007		2008		
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>
<u>Expenditures by Function</u>					
General Government	\$ 7,704	38%	\$ 7,966	41%	\$ 262
Culture and Recreation	9,486	46%	8,591	45%	(895)
Debt Service (Principal Only)	510	2%	525	3%	15
Debt Service (Interest Only)	916	5%	539	3%	(377)
Capital Outlay	<u>202</u>	<u>1%</u>	<u>118</u>	<u>0%</u>	<u>(84)</u>
Total Expenditures	\$18,818	92%	\$17,739	92%	\$(1,079)
Transfers Out	<u>1,692</u>	<u>8%</u>	<u>1,530</u>	<u>8%</u>	<u>(162)</u>
Total Expenditures and Other Financing Uses	<u>\$20,510</u>	<u>100%</u>	<u>\$19,269</u>	<u>100%</u>	<u>\$ (1,241)</u>

General fund expenditures (net of allocations) during the current year were \$18 million, a decrease of \$1 million from the previous year. Other financing uses--transfers out--was similar to the prior year. Reduced culture and recreation expenditures of \$895,000 came from lower regional parks pass-through reimbursements.

General government expenses were less than budget as a result of various cost containment measures. For the year, the General Fund transferred \$1 million as required by State legislation and \$500 thousand for reimbursement transfers to Environmental Services (a business-type activity) for reimbursement of expenditures in maintaining a water supply planning program.

The Metro Mobility fund balance decreased by \$2 million to \$17 million. Metro Mobility total revenues decreased by \$4 million to \$34 million. The \$4 million decrease came from reduced Federal capital grant reimbursements of \$2 million as less FTA reimbursements were requested, and another \$2 million from reduced Council allocation of State appropriation operating grants. Although passenger fares remained flat at \$4 million, the number of passenger trips increased by 5 percent and total passenger miles increased by 15 percent. Total Metro Mobility expenditures increased by \$2 million (6 percent) to \$36 million caused primarily from increased fuel costs in providing the transportation services.

The Debt Retirement fund balance of \$72 million decreased by \$17 million. Property tax related revenues were flat at \$44 million. However, interest earnings plunged by \$3 million (a drop of 61 percent) as the interest rates dropped as previously mentioned. Debt retirement payments were \$53 million, a decrease of \$1 million.



Financial Analysis of Proprietary funds

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

The Council has five enterprise funds: Environmental Services, Metro Transit Bus, Metro Transit Light Rail, Metro Transit Commuter Rail, and Metropolitan Housing and Redevelopment Authority. Each fund is reported as a major fund.

Overall, the enterprise funds had total net assets of \$1.6 billion at December 31, 2008. Total net assets for all enterprise funds increased by \$31 million during 2008. Capital contributions and net transfers were the largest positive contributors.

The following table summarizes the total assets, total liabilities, operating income, changes in net assets, and net asset balance for each of the five enterprise funds from 2007 to 2008.

Enterprise Funds Key Balance Sheet Account Balances and Revenue and Expense Activities December 31, 2008 and 2007 (In Thousands)							
	Environmental	Metro Transit		Metropolitan			
	Services	Bus	Light Rail	Commuter Rail	Housing and Redevelopment	Total 2008	Total 2007
Assets	\$1,675,880	\$490,610	\$519,535	\$45,453	\$ 34,358	\$2,765,836	\$2,699,470
Liabilities	1,080,183	77,294	25,906	13,557	2,193	1,199,133	1,163,680
Operating Income (Loss)	6,770	(208,445)	(43,062)	(509)	(53,344)	(298,590)	(287,847)
Changes in Net Assets	(13,996)	6,881	7,036	31,896	(904)	30,913	36,624
Net Assets	595,697	413,316	493,629	31,896	32,165	1,566,703	1,535,790

The Environmental Services fund accounts for the payments for wastewater interceptor and treatment services. It also accounts for the sanitary sewer maintenance and design. Normal operations were profitable. Remodeling of buildings and assets contributed to a \$17 million loss on asset disposal.

Metro Transit Bus is the region's largest provider of directly provided bus transit service. Invested in capital assets, net of related debt was \$359 million. Investment losses in OPEB investments reduced the change in net assets by \$14.9 million.

The Metro Transit Light Rail fund provides the region's rail transit service. For December 31, 2008, the net asset balance of \$494 million, showed an increase of \$7 million. Capital grants of \$34 million were received as the Central Corridor project began its pre-construction phase.

The Metro Transit Commuter Rail fund will provide the region's commuter rail transit service. For December 31, 2008, the net asset balance of \$32 million consisted of invested in capital assets, net of related debt. The commuter rail service is scheduled to begin operations in late 2009.

The Metropolitan Housing and Redevelopment Authority provides affordable housing under the Federal "Section 8" program. The net asset balance for the year ended December 31, 2008, was \$32 million, of which \$20 million was invested in capital assets, net of related debt.

General Fund Budgetary Highlights

The original budget was increased by \$1.0 million to arrive at the final budget of \$19.3 million. The increase came from:

- \$700 thousand in budget carryovers from 2007 and
- \$300 thousand in increased general government activities.

During the year, however, actual expenditures were \$1.6 million less than the final budget due primarily to lower consultant expenses (\$1.3 million).

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, 2008, was \$2.5 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, treatment plants, machinery, equipment, and vehicles.

Metropolitan Council Capital Assets
(Net of Accumulated Depreciation)
December 31, 2007 and 2008
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Land and land improvements	\$4,785	\$ 5,618	\$ 75,346	\$ 74,437	\$ 80,131	\$ 80,055
Buildings and infrastructure	15,731	15,322	1,710,623	1,825,057	1,726,354	1,840,379
Vehicles and other equipment	56,497	51,038	209,818	247,166	266,315	298,204
Construction in progress			<u>290,421</u>	<u>253,025</u>	<u>290,421</u>	<u>253,025</u>
Total	<u>\$77,013</u>	<u>\$71,978</u>	<u>\$2,286,208</u>	<u>\$2,399,685</u>	<u>\$2,363,221</u>	<u>\$2,471,663</u>

The Metropolitan Council's net capital assets for governmental activities decreased by \$5 million for the year.

The business-type activities had an increase of \$114 million, mostly from Environmental Services \$141 million increase in buildings and infrastructure coupled with a reduction of \$111 million in construction in progress. Metro Transit Bus experienced an increase of \$41 million of vehicles and other equipment. Metro Transit Light Rail (\$43 million) and Metro Transit Commuter Rail (\$32 million) saw significant changes in construction in progress as they construct new transit lines.

Additional information on the Metropolitan Council's capital assets can be found in Note IV.E on pages 41-42 of this report.

Debt Administration

At the end of the fiscal year, the Metropolitan Council had total bonds and loans outstanding of \$1.2 billion. Of this amount, \$565 million was for general obligation bonds issued by the Metropolitan Council, and \$592 million was for loans from the State of Minnesota Public Facilities Authority. General obligation bonds and loans are backed by the full faith and credit of the Metropolitan Council. Additionally, the Council had revenue refunding bonds outstanding of \$6 million at year end. The Metropolitan Council also is contingently liable for \$3 million in housing revenue bonds.

Metropolitan Council Outstanding Debt
General Obligation Bonds and Loans
December 31, 2007 and 2008
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
General obligation bonds	\$196,985	\$183,370	\$331,340	\$381,635	\$528,325	\$ 565,005
State of Minnesota loans	<u>7,855</u>	<u>16,210</u>	<u>564,955</u>	<u>576,213</u>	<u>572,810</u>	<u>592,423</u>
Subtotal of general obligation bonds and loans	204,840	199,580	896,295	957,848	1,101,135	1,157,428
Revenue Bonds	<u>7,265</u>	<u>6,235</u>			<u>7,265</u>	<u>6,235</u>
Total bonds and loans	<u>\$212,105</u>	<u>\$205,815</u>	<u>\$896,295</u>	<u>\$957,848</u>	<u>\$1,108,400</u>	<u>\$1,163,663</u>

The Metropolitan Council's total debt increased by \$55 million (5 percent) during the current year. General obligation bonds increased by \$37 million (7 percent). During the year, the Council issued \$120 million of new bonds and \$9 million of refunding bonds, while retiring \$25 million of general obligation bonds (original issue value of \$59 million). During the year, the Metropolitan Council drew down \$55 million in State of Minnesota loans and repaid \$35 million on existing State of Minnesota loans.

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

Minnesota 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 million and \$3 million respectively. Currently, the Council has unused authority of \$31.3 million and \$3.0 million 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 \$109.7 million of transit general obligation bonds.

Additional information on the Metropolitan Council's long-term debt can be found in Note IV.H on pages 45-47 of this report.

Economic Factors and Next Year's Budgets and Rates

The certified property tax levy approved by the Council for 2009 represents a 1.5 percent increase over the previous year's levy, but is 93.8 percent of its statutory levy limits. Tax revenue collections have historically been in line with budgeted original estimates. Even though the State's economy is not strong, the Council's revenues are unaffected because the Council does not receive any direct income tax revenues. The depressed auto market has lowered related motor vehicle sales tax receipts, which is a significant revenue source in the transportation program.

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 Deputy Chief Financial Officer, Metropolitan Council, 390 North Robert Street, St. Paul, Minnesota 55101.

BASIC FINANCIAL STATEMENTS

METROPOLITAN COUNCIL
STATEMENT OF NET ASSETS
DECEMBER 31, 2008
IN THOUSANDS

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Metropolitan Sports Facilities Commission
ASSETS				
Cash and investments	\$ 166,626	\$ 112,217	\$ 278,843	\$ 18,883
Cash with fiscal agent	10,146		10,146	
Receivables, (net)	4,066	12,986	17,052	5,647
Internal balances	(3,272)	3,272	0	
Due from other governmental units	33,626	44,702	78,328	
Inventory		22,254	22,254	
Prepays and other	537	559	1,096	222
Loans/advances	42,385	2,152	44,537	
Restricted assets:				
Cash and cash equivalents		99,649	99,649	
Receivables, (net)		11,280	11,280	552
Due from other governmental units		39,294	39,294	
Deferred charges		894	894	
Capital assets not being depreciated:				
Land	5,618	74,437	80,055	8,700
Construction in progress		253,025	253,025	
Capital assets (net of accumulated depreciation)				
Buildings and infrastructure	15,322	1,825,057	1,840,379	6,280
Vehicles	50,747	228,024	278,771	
Equipment	291	19,142	19,433	2,388
Total assets	<u>326,092</u>	<u>2,748,944</u>	<u>3,075,036</u>	<u>42,672</u>
LIABILITIES				
Accounts payable and other current liabilities	28,068	47,804	75,872	8,999
Accrued interest payable	3,641		3,641	
Unearned revenue		6,597	6,597	224
Liabilities payable from restricted assets		51,088	51,088	
Unearned revenue-restricted		55,591	55,591	
Noncurrent liabilities:				
Due within one year	38,167	62,356	100,523	142
Due in more than one year	191,511	958,805	1,150,316	128
Total liabilities	<u>261,387</u>	<u>1,182,241</u>	<u>1,443,628</u>	<u>9,493</u>
NET ASSETS				
Invested in capital assets, net of related debt	17,069	1,451,577	1,468,646	17,368
Restricted for:				
Debt service	34,762		34,762	
Capital projects	425	38,715	39,140	
Grants and loans	117,138		117,138	
Unrestricted	(104,689)	76,411	(28,278)	15,811
Total net assets	<u>\$ 64,705</u>	<u>\$ 1,566,703</u>	<u>\$ 1,631,408</u>	<u>\$ 33,179</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, 2008
IN THOUSANDS**

		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 unit
					Governmental Activities	Business-type Activities	Total	Metropolitan Sports Facilities Commission
Primary government:								
Governmental activities:								
General government	\$ 9,823	\$ 172	\$ 1		\$ (9,650)		\$ (9,650)	
Transportation	102,476	6,396	37,122	\$ 10,565	(48,393)		(48,393)	
Culture and recreation	39,007		8,591	22,247	(8,169)		(8,169)	
Economic development	1,136				(1,136)		(1,136)	
Environment	3,313				(3,313)		(3,313)	
Housing	1,504				(1,504)		(1,504)	
Interest and other charges	9,606		1,128		(8,478)		(8,478)	
Total governmental activities	166,865	6,568	46,842	32,812	(80,643)	\$ 0	(80,643)	\$ 0
Business-type activities:								
Environmental services	218,856	203,292	619	38		(14,907)	(14,907)	
Transit bus	299,435	76,436	56,244	70,205		(96,550)	(96,550)	
Transit light rail	55,766	9,857	10,622	34,357		(930)	(930)	
Transit commuter rail	770		531	24,584		24,345	24,345	
Housing	53,880	744	51,769			(1,367)	(1,367)	
Total business-type activities	628,707	290,329	119,785	129,184	0	(89,409)	(89,409)	0
Total primary government	\$ 795,572	\$ 296,897	\$ 166,627	\$ 161,996	(80,643)	(89,409)	(170,052)	0
Component unit:								
Sports facilities	\$ 58,173	\$ 51,384						(6,789)
General revenues:								
Property taxes					70,217		70,217	
Market value credit					2,120		2,120	
Motor vehicle sales tax					31,785	92,020	123,805	
Investment earnings					5,981	1,205	7,186	728
Gain on sale of capital assets					83		83	
Transfers					(27,097)	27,097		
Total general revenues and transfers					83,089	120,322	203,411	728
Change in net assets					2,446	30,913	33,359	(6,061)
Net assets, beginning					62,259	1,535,790	1,598,049	39,240
Net assets, ending					\$ 64,705	\$ 1,566,703	\$ 1,631,408	\$ 33,179

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

**METROPOLITAN COUNCIL
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008
IN THOUSANDS**

	General	Metro Mobility Special Revenue Fund	Debt Retirement	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 19,808	\$ 8,229	\$ 61,034	\$ 77,555	\$ 166,626
Cash with fiscal agent			10,146		10,146
Receivables,(net)	18	31			49
Delinquent taxes receivable	462		1,871	496	2,829
Interest receivable	119	49	538	482	1,188
Due from other funds				545	545
Due from other governmental units	534	12,425		20,667	33,626
Loans and advances	248			42,137	42,385
Total assets	<u>\$ 21,189</u>	<u>\$ 20,734</u>	<u>\$ 73,589</u>	<u>\$ 141,882</u>	<u>\$ 257,394</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts/contracts/subgrantees payable	\$ 1,786	\$ 3,552		\$ 21,188	\$ 26,526
Salaries payable	1,542				1,542
Due to other funds				3,817	3,817
Deferred revenue	299		\$ 1,289	322	1,910
Total liabilities	<u>3,627</u>	<u>3,552</u>	<u>1,289</u>	<u>25,327</u>	<u>33,795</u>
Fund balances:					
Reserved for:					
Encumbrances	328				328
Grants and loans				117,138	117,138
Credit enhancement			270		270
Unreserved, designated for, reported in:					
Self-insurance	1,000				1,000
Compensated absences	2,587				2,587
Postemployment benefits	1,151				1,151
Water supply planning	748				748
Debt service			72,030		72,030
Special revenue funds				18,296	18,296
Capital projects funds				425	425
Unreserved, undesignated reported in:					
General fund	11,748				11,748
Metro Mobility fund		17,182			17,182
Special revenue funds				10,292	10,292
Capital projects funds				(29,596)	(29,596)
Total fund balances	<u>17,562</u>	<u>17,182</u>	<u>72,300</u>	<u>116,555</u>	<u>223,599</u>
Total liabilities and fund balances	<u>\$ 21,189</u>	<u>\$ 20,734</u>	<u>\$ 73,589</u>	<u>\$ 141,882</u>	<u>\$ 257,394</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, 2008
IN THOUSANDS**

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

Fund balances-total governmental funds (page 18)	\$ 223,599
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	71,978
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	2,447
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(233,319)
Net assets of governmental activities (page 16)	<u><u>\$ 64,705</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, 2008
IN THOUSANDS

	General	Metro Mobility Special Revenue	Debt Retirement	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,921		\$ 44,199	\$ 16,041	\$ 70,161
Intergovernmental revenue:					
Federal		\$ 4,808		9,201	14,009
State	8,913	24,173	2,567	63,895	99,548
Local/other	107	10		810	927
Investment income	162	421	1,986	3,412	5,981
Other	71	4,481		1,161	5,713
Total revenues	<u>19,174</u>	<u>33,893</u>	<u>48,752</u>	<u>94,520</u>	<u>196,339</u>
EXPENDITURES					
Current:					
General government	7,966	19	10	867	8,862
Transportation		35,505		24,963	60,468
Intergovernmental:					
Transportation				31,616	31,616
Culture and recreation	8,591			30,416	39,007
Economic development				1,136	1,136
Environment				3,313	3,313
Housing				1,504	1,504
Debt service:					
Principal	525		42,990		43,515
Interest and other charges	539	17	9,586	138	10,280
Capital outlay	118			5,678	5,796
Total expenditures	<u>17,739</u>	<u>35,541</u>	<u>52,586</u>	<u>99,631</u>	<u>205,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,435</u>	<u>(1,648)</u>	<u>(3,834)</u>	<u>(5,111)</u>	<u>(9,158)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in				3,953	3,953
Transfers out	\$ (1,530.00)			(29,711)	(31,241)
Bonds issued				50,300	50,300
Premium on bonds and capital related debt				841	841
Payment to refunded bond escrow agent			\$ (13,600.00)		(13,600)
Sale of capital assets				177	177
Total other financing sources (uses)	<u>(1,530)</u>	<u></u>	<u>(13,600)</u>	<u>25,560</u>	<u>10,430</u>
Net change in fund balances	(95)	(1,648)	(17,434)	20,449	1,272
Fund balances, beginning	17,657	18,830	89,734	96,106	222,327
Fund balances, ending	<u>\$ 17,562</u>	<u>\$ 17,182</u>	<u>\$ 72,300</u>	<u>\$ 116,555</u>	<u>\$ 223,599</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, 2008
IN THOUSANDS**

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

Net change in fund balances--total governmental funds (page 20)	\$ 1,272
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	(5,132)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, transfers, and donations) is to increase net assets.	97
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	56
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.	6,956
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.	(803)
Change in net assets of governmental activities (page 17)	<u><u>\$ 2,446</u></u>

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

METROPOLITAN COUNCIL
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008
IN THOUSANDS

Business-type Activities - Enterprise Funds						
		Metro Transit			Metropolitan Housing and Redevelopment Authority	
	Environmental Services	Bus	Light Rail	Commuter Rail		Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 54,275	\$ 51,776			\$ 6,166	\$ 112,217
Receivables, net	3,927	8,513	\$ 279	\$ 1	266	12,986
Due from other funds		12,206				12,206
Due from other governmental units		33,233	10,645	248	397	44,523
Due from restricted assets				165		165
Inventory	7,936	12,301	2,017			22,254
Prepays		350	209			559
Restricted assets:						
Cash and cash equivalents	93,582				6,067	99,649
Receivables, net	11,280					11,280
Due from current assets		44	3,933			3,977
Due from other funds		1,428	225	2,163		3,816
Due from other governmental units		10,304	17,522	11,126		38,952
Total current assets	171,000	130,155	34,830	13,703	12,896	362,584
Noncurrent assets:						
Capital assets:						
Land	15,041	31,352	21,638		6,406	74,437
Buildings and infrastructure	2,123,091	193,815	429,904		21,367	2,768,177
Vehicles	7,271	334,953	91,960			434,184
Equipment	42,982	54,050	249		100	97,381
Construction in progress	92,266	66,875	62,134	31,750		253,025
Less accumulated depreciation	(777,755)	(322,173)	(121,180)		(6,411)	(1,227,519)
Net capital assets	1,502,896	358,872	484,705	31,750	21,462	2,399,685
Due from other governments	179					179
Due from other governments-restricted	342					342
Deferred charges-restricted	894					894
Advances and loans	569	1,583				2,152
Total noncurrent assets	1,504,880	360,455	484,705	31,750	21,462	2,403,252
Total assets	1,675,880	490,610	519,535	45,453	34,358	2,765,836
LIABILITIES						
Current liabilities:						
Accounts payable	5,852	7,329	949	92	584	14,806
Salaries payable	8,648	22,159	866	9	204	31,886
Due to restricted assets		44	3,933			3,977
Due to other funds		71				71
Due to other governmental units	183	457	477	167		1,284
Unearned revenue	5,083	1,514				6,597
Accrued claims	327	5,430	26			5,783
Other		16				16
Restricted liabilities:						
Payables from restricted assets	14,007	7,401	14,471	4,715		40,594
Accrued interest payable from restricted assets	10,246					10,246
Bonds/loans payable from restricted assets	56,390					56,390
Due to other funds from restricted assets		85	4,185	8,409		12,679
Due to other governmental units from restricted assets			15			15
Due to current assets				165		165
Unearned revenue from restricted assets	55,465	126				55,591
Other liabilities from restricted assets		228				228
Total current liabilities	156,201	44,860	24,922	13,557	788	240,328
Noncurrent liabilities:						
Compensated absences payable	2,916	1,914				4,830
Due to other governmental units	620					620
Accrued claims	449	8,102	984			9,535
Bonds/loans payable after one year (net of unamortized discounts and deferred amount on refunding)	913,987				1,405	915,392
OPEB liability	6,010	22,418				28,428
Total noncurrent liabilities	923,982	32,434	984		1,405	958,805
Total liabilities	1,080,183	77,294	25,906	13,557	2,193	1,199,133
NET ASSETS						
Invested in capital assets, net of related debt	556,193	358,872	484,705	31,750	20,057	1,451,577
Restricted for:						
Capital projects	25,703	3,936	3,009		6,067	38,715
Unrestricted	13,801	50,508	5,915	146	6,041	76,411
Total net assets	\$ 595,697	\$ 413,316	\$ 493,629	\$ 31,896	\$ 32,165	\$ 1,566,703

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, 2008
IN THOUSANDS

	Business-type Activities--Enterprise Funds					
		Metro Transit			Metropolitan Housing and Redevelopment Authority	
	Environmental Services	Bus	Light Rail	Commuter Rail		Total
Operating revenues						
Charges for services						
Wastewater and industrial strength charge	\$ 164,573					\$ 164,573
Transit fares		\$ 73,112	\$ 8,990			82,102
Tenant rent					\$ 513	513
Advertising and auxiliary		3,067	867			3,934
Total operating revenues	164,573	76,179	9,857	\$ 0	513	251,122
Operating expenses						
Salaries and employee benefit	60,812	188,420	17,120	132	2,778	269,262
Contracted services	12,173	7,854	1,077	120	2,450	23,674
Materials and supplies	6,704	41,468	1,578	66	44	49,860
Insurance	867	1,122	260		92	2,341
Utilities	18,346	5,347	2,218	21	195	26,127
Advertising		966		2		968
Housing related expense:				168	46,930	47,098
Other	9,866	1,233	1,578		299	12,976
Depreciation	49,035	38,214	29,088		1,069	117,406
Total operating expenses	157,803	284,624	52,919	509	53,857	549,712
Operating income (loss)	6,770	(208,445)	(43,062)	(509)	(53,344)	(298,590)
Nonoperating revenues (expenses)						
Intergovernmental	619	152,727	14,271	916	51,769	220,302
Pass-through grant:		(1,014)				(1,014)
Service availability charges	35,484					35,484
Investment income	3,637		340		463	4,440
Interest and fiscal charge:	(34,834)	(13,315)	(139)	(261)	(23)	(48,572)
Gain/(loss) on sale of capital asset	(17,020)	(482)	(2,708)			(20,210)
Other	(9,199)	257			231	(8,711)
Total nonoperating revenues (expenses)	(21,313)	138,173	11,764	655	52,440	181,719
Income (loss) before contribution and transfers	(14,543)	(70,272)	(31,298)	146	(904)	(116,871)
Capital contributions	38	61,733	34,332	24,584		120,687
Transfers in	509	28,661	8,082	7,166		44,418
Transfers out		(13,241)	(4,080)			(17,321)
Total contributions and transfer:	547	77,153	38,334	31,750	0	147,784
Change in net assets	(13,996)	6,881	7,036	31,896	(904)	30,913
Total net assets, beginning	609,693	406,435	486,593	0	33,069	1,535,790
Total net assets, ending	\$ 595,697	\$ 413,316	\$ 493,629	\$ 31,896	\$ 32,165	\$ 1,566,703

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, 2008
IN THOUSANDS**

Business-type Activities--Enterprise Funds						
Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total	
	Bus	Light Rail	Commuter Rail			
Cash flows from operating activities						
Receipts from customers and users	\$ 164,195	\$ 70,389	\$ 6,267	\$ (1)	\$ 533	\$ 241,383
Payments to suppliers	(47,427)	(61,040)	(6,718)	(285)	(50,216)	(165,686)
Payments to employees	(57,374)	(174,480)	(17,175)	(123)	(2,756)	(251,908)
Receipts from (payments to) others		3,067	867			3,934
Net cash provided (used) by operating activities	59,394	(162,064)	(16,759)	(409)	(52,439)	(172,277)
Cash flows from noncapital financing activities						
Transfer in	509					509
Cash deficit implicitly financed		(7,166)	(4,744)	8,404		(3,506)
Intergovernmental receipts	619	156,166	15,525	835	52,221	225,366
Transfers out		(13,241)	(4,080)			(17,321)
Pass-through grant payments		(1,014)				(1,014)
Other	1,048	257		231		1,536
Net cash provided by non-capital financing activities	2,176	135,002	6,701	9,239	52,452	205,570
Cash flows from capital and related financing activities						
Transfers in - for capital purposes		28,817	8,476	7,166		44,459
Capital contributions	38	58,200	40,130	11,295		109,663
Proceeds from capital debt	139,533					139,533
Proceeds from service availability charges	19,737					19,737
Proceeds from sale of capital assets	97					97
Purchase of capital assets	(105,370)	(71,949)	(39,964)	(27,030)		(244,313)
Principal paid on capital debt	(72,578)					(72,578)
Interest paid on capital debt	(43,494)					(43,494)
Net cash provided by (used in) capital and related financing activities	(62,037)	15,068	8,642	(8,569)	0	(46,896)

**METROPOLITAN COUNCIL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS**

Business-type Activities--Enterprise Funds						
Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total	
	Bus	Light Rail	Commuter Rail			
Cash flows from investing activities						
Investment purchase/sale	7,959					7,959
Interest received/paid	5,362	(13,312)	198	453		(7,560)
Increase (decrease) in securities lending receivables/payables	(16,164)	(22,678)	1,218	(6,109)		(43,733)
Net cash provided by (used in) investing activities	(2,843)	(35,990)	1,416	(5,656)		(43,334)
Net increase (decrease) in cash and cash equivalents	(3,310)	(47,984)		(5,643)		(56,937)
Balances, beginning	151,167	99,760		17,876		268,803
Balances, ending	<u>\$ 147,857</u>	<u>\$ 51,776</u>	<u>\$ 0</u>	<u>\$ 12,233</u>		<u>\$ 211,866</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 6,770	\$ (208,445)	\$ (43,062)	\$ (509)	\$ (53,344)	\$ (298,590)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	49,035	38,214	29,088	1,069		117,406
Change in assets and liabilities:						
Accounts receivable	(423)	(2,722)	(44)	14		(3,176)
Due from employees	36	110				146
Due from other governments	280					280
Materials and supplies (inventory)	(339)	(1,586)	(326)			(2,251)
Prepaid expenses and other current assets		(5)	(15)			(20)
Accounts payable	589	(1,441)	334	92	(200)	(626)
Accrued payroll liabilities	512	2,261	(55)	9	22	2,749
Accrued OPEB liabilities	2,890	11,569				14,459
Unearned revenues	44	(1)	(2,679)			(2,636)
Other liabilities		(18)				(18)
Net cash provided (used) by operating activities	<u>\$ 59,394</u>	<u>\$ (162,064)</u>	<u>\$ (16,759)</u>	<u>\$ (409)</u>	<u>\$ (52,439)</u>	<u>\$ (172,277)</u>
Non-cash capital and related financing activities:						
Environmental Services had a non-cash loss of \$17,092 related to the disposition of property, plant, and equipment.						
Metro Transit Bus had a non-cash transfer loss of \$191 on capital assets 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, 2008
IN THOUSANDS**

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 13
	<u> </u>
LIABILITIES	
Due to participants	\$ 13
	<u> </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

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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.

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

The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) 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 5th Street
Minneapolis, MN 55415

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 unit. 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 the legally separate *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect costs including salaries, contracted services, rent, utilities, postage, printing and other overhead costs are included in the program expense reported for the individual functions and activities on the statement of activities. *Program revenues* include 1) charges to customers or applicants 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 bus transit system.

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

The *Metro Transit Commuter Rail fund* accounts for the activities of the regional commuter 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, and/or other governments. 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 are fares charged to customers for rail transportation. There is no principal operating revenue for the Metro Transit Commuter Rail enterprise fund as it is in its initial construction stage. 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, nor demand deposits. Council bank deposits, at December 31, 2008, are backed by a combination of FDIC insurance and collateral in the form of statutorily approved securities. Hedging margin account cash is not collateralized, but is generally swept into a money market fund.

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.

- (i) 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;
- (ii) Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (iii) 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;
- (iv) Bankers' acceptances of United States banks;
- (v) 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
- (vi) 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, but temporarily suspended the program on May 6, 2008. 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 unit 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.

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, 2008, the allowances for doubtful accounts were (dollars in thousands):

<u>Enterprise Funds</u>	<u>Balance</u>
Environmental Services	\$ 20
Metro Transit Bus	191
Total	<u>\$ 211</u>

Property tax levies are set by the Council in December each year, and are certified to the seven counties for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The counties spread all levies over assessable property. Such taxes become a lien on January 1 and are recorded as receivables by the Council at that date. Revenues are accrued in the year collectible, net of delinquencies. Real property taxes may be paid by taxpayers in two equal installments, on May 15 and October 15. The counties provide tax settlements to regional agencies and other local governments two times a year, in July and December.

For governmental fund financial statements, taxes that are unpaid at December 31 are classified as delinquent taxes receivable. Delinquent taxes not collected after the first 60 days of the following year are offset by an equal amount in deferred 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, 2008, the allowances for obsolete inventory accounts were (dollars in thousands):

<u>Enterprise Funds</u>	<u>Balance</u>
Environmental Services	\$ 50
Metro Transit Bus	615
Total	<u>\$ 665</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:

- Service Availability Charge (SAC) assets - which are restricted to fund reserve capacity cost of capital projects;
- 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
- 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 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 \$41,754,000. Of this amount, \$6,920,000 was included as part of the cost of capital assets under construction with the wastewater treatment facilities construction projects.

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

<u>Assets</u>	<u>Useful Life</u>
Treatment plants and interceptors	15 to 80 years
Buildings	25 to 45 years
Vehicles	5 to 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 funds to local units of government for housing assistance and land use planning. The land use planning loans are repaid in installments ranging from three to five years.

8. Deferred 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.

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 (dollars in thousands):

<u>Unrestricted net asset account</u>	<u>Balance as of December 31, 2008</u>
Operating account	\$ 10,337
Repair and replacement account	4,921
Concessions reserve account	553
Total unrestricted net assets	<u>\$ 15,811</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 financial resources and, therefore, are not reported in the funds". The details of this \$71,978,000 difference are as follows:

	<u>In thousands</u>
Land	\$ 5,618
Buildings - net of accumulated depreciation	15,322
Equipment - net of accumulated depreciation	291
Vehicles - net of accumulated depreciation	<u>50,747</u>
Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 71,978</u>

NOTES TO THE FINANCIAL STATEMENTS
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Another element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds." The details of this \$2,447,000 difference are as follows:

	<u>In thousands</u>
Receivables - delinquent property taxes	\$ 1,910
Other assets - bond issuance costs	537
Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 2,447</u>

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 \$(233,319,000) difference are as follows:

	<u>In thousands</u>
General obligation bonds payable	\$ (199,580)
Revenue bonds	(6,235)
Less: Net issuance discounts (to be amortized as interest expense)	(7,247)
Accrued interest and arbitrage payable	(3,827)
Compensated absences	(2,784)
Capital lease payable	(12,495)
OPEB liability	(1,151)
Net adjustment to reduce <i>fund balances - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ (233,319)</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 \$(5,132,000) difference are as follows:

	<u>In thousands</u>
Capital outlay	\$ 5,796
Depreciation expense	(10,928)
Net adjustment to decrease net changes in <i>fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (5,132)</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 \$97,000 difference are as follows:

	<u>In thousands</u>
The statement of activities reports <i>gains or 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.	\$ (94)
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	191
Net adjustment to increase net changes in <i>fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 97</u>

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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 \$56,000 difference is as follows:

	<u><i>In thousands</i></u>
Property tax revenue for year-end delinquent taxes	<u>\$ 56</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 \$6,956,000 difference are as follows:

	<u><i>In thousands</i></u>
Issuance of general obligation bonds	\$ (50,300)
Less: (premium)/discounts on new bonds	(841)
Less: cost of issuance on new bonds	308
Bond (premium)/discount amortization	563
Change in accrued interest and arbitrage liability	168
Amortization of cost of issuance	(57)
Payment to Bond Escrow Agents	13,600
Principal payments of general obligation bonds/loans	42,990
Capital lease payment	<u>525</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>\$ 6,956</u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The detail of this (\$803,000) difference is as follows:

	<u><i>In thousands</i></u>
Change in compensated absences for year	\$ (163)
Change in OPEB liability	<u>(640)</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>\$ (803)</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets, as required by state statutes, are adopted on a basis consistent with generally accepted accounting principles for the General fund, all budgeted special revenue funds, and the Metro Transit Light Rail, Metro Transit Bus, and Metropolitan Housing and Redevelopment Authority enterprise funds. The Highway Right-of-Way Acquisition special revenue fund (a nonmajor fund) does not have a legally adopted annual budget. Budgets for the Environmental Services enterprise fund are prepared in conformity with the “cost allocation” system described in Minnesota Statute 473.517. Under this system, annual revenues are budgeted to equal annual expenses. Variances in revenues are accumulated for working capital and are limited to 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, prepares budgets. These budgets are reviewed by division management and are then submitted to the Regional Administrator’s office for review. Budget discussions begin with the Council in June and the budget is adopted in December. The budget is prepared by division, program, and fund. The legal level of control is division within fund. The only fund that has more than one division is the General fund. The divisions of the General fund are Regional Administration and Community Development. Transfers between funds require approval of the Council. The Council approved several supplemental appropriations during the year, the effects of which were not material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during subsequent years.

B. Excess of expenditures over appropriations

The following nonmajor governmental funds had expenditures in excess of its budget for the year ended December 31, 2008:

	<i>Dollars in thousands</i>			
	<u>Original</u>	<u>Final</u>		<u>Variance with</u>
<u>Special Revenue:</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over/(Under)</u>
Contracted Transit Services	\$ 21,769	\$ 24,452	\$ 27,680	\$ 3,228
Other Special Revenue	0	0	6	6

The Contracted Transit Services fund's excess expenditures were funded by State government capital grant revenues. The Other Special Revenue fund's excess expenditures were funded by fund reserves.

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 \$22,000 of petty cash and mutilated coin, the amount of the Council's bank accounts was \$1,225,000; of which \$500,000 was covered by Federal depository insurance (FDIC) and \$725,000 was collateralized at least 110 percent with securities held by the Federal Reserve Bank.

At December 31, 2008, the carrying amount of the MSFC's bank accounts was \$736,000. Bank balances were \$846,000 of which \$250,000 was covered by Federal depository insurance and the remaining \$596,000 was collateralized with securities held by the pledging institution's agent in MSFC's name.

2. Investments

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

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

Credit risk. Minnesota Statute 118A limits investment instruments purchased by the Council. It is the Council's policy not to invest in reverse repurchase agreements. In the securities lending program, the Council has no credit risk exposure to borrowers because the amounts the Council owes borrowers is less than the amount the 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, there is a risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. According to Council policy, with the exception of securities in its futures margin account for hedging diesel and natural gas fuel consumption, all securities purchased by the Council are held by a third party safekeeping agent appointed as custodian. Of the \$155,606,000 United States Treasury and agency investments, the Council has a custodial credit risk exposure of \$4,999,000 because the related securities are held by a custodial agent in the broker's name.

Part of the Council's securities lending cash collateral pool on December 31, 2008, contained an A1+/P1 investment that went into default in 2008. This investment (principal of \$3,233,000 at par) represents less than 1 percent of the Council's investment portfolio on December 31, 2008. The final payout amount and/or date to the Council is unknown at this time.

The Council has no foreign currency exposure.

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NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2008

Following is a summary of the fair values of securities at December 31, 2008:

<u>Metropolitan Council</u>	<u>Credit Risk</u>	<u>Custodial Credit Risk</u>	<i>Dollars in thousands</i>		<u>Portfolio</u>
			<u>Par</u>	<u>Fair Value</u>	
U.S. Treasury Securities:					
Futures Account, U.S. Treasury Bill & Notes	n.a.	Broker Held (a)	\$ 5,000	\$ 4,999	1.3%
Escrow Account, Debt (SLGS and Cash)	n.a.	Escrow (b)	10,146	10,146	2.6%
U.S. Agency Securities:					
Federal Home Loan Bank	Aaa	Custody (b)	90,000	90,267	23.2%
Federal National Mortgage Association	Aaa	Custody (b)	5,000	5,009	1.3%
Federal Home Loan Mortgage Corporation	Aaa	Custody (b)	45,000	45,185	11.6%
Commercial Paper (each <5 %)	Aaa	Broker Held	3,234	1,746	0.5%
Certificates of Participation (U.S. GSA)	N.R. (d)	Custody (b)	3,790	3,765	1.0%
Municipal Bonds (each <5%)	Aaa	Custody (b)	45,520	41,951	10.8%
State Board of Investments (OPEB, Equities, etc.)	N.R. (e)	Custody (d)	72,833	49,326	12.7%
Money Market Funds	Aaa	n.a.	128,747	128,747	33.1%
Cash for Fuel Hedging Margin Acct.	n.a.	Broker Held (f)	20,192	20,192	5.2%
Cash for Operations (g)	n.a.	Collateralized	(12,704)	(12,704)	-3.3%
Petty Cash/Coin & Mutilated Coins	n.a.	Council Held	22	22	0.0%
Total Cash and Investments			<u>\$ 416,780</u>	<u>\$ 388,651</u>	<u>100.0%</u>

Component Unit:

MSFC:

U.S. Agency Securities					
Government National Mortgage Association	Aaa	Custody (i)	\$ 1,975	\$ 2,092	11.1%
Federal National Mortgage Association	Aaa	Custody (i)	3,631	3,918	20.8%
Federal Home Loan Mortgage Corporation	Aaa	Custody (i)	3,995	4,273	22.6%
Money Market Funds	(j)	n.a.	7,863	7,863	41.6%
Cash for Operations	n.a.	(k)	737	737	3.9%
Total Cash and Investments			<u>\$ 18,201</u>	<u>\$ 18,883</u>	<u>100.0%</u>

- (a) Securities held by the Bank of NYC in the broker's name.
- (b) Securities held in custody/escrow are in the Council's name.
- (c) N.R. = Not Rated.
- (d) Security held as a result of securities lending has been in default since January 2008.
- (e) Municipal bond ratings range from Aaa to A3, average rating is Aa3.
- (f) Pool investments held by custodian and include stocks (S & P 500) bonds (Shearson-Lehman Aggregate), and cash equivalents
- (g) Held by the broker in the Council's name.
- (h) Outstanding checks.
- (i) Securities held in custody/escrow are in the Commission's name.
- (j) \$27,000 invested in Aaa money markets. \$7,836,000 invested in A1/P1 type investments of the non-rated Sit Money Market Fund.
- (k) Individual balances less than or equal to \$250,000 are FDIC insured. Individual balances greater than \$250,000 are collateralized with securities held by the Federal Reserve Bank in the Commission's name.

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, 2008. Excluding the OPEB equity portfolio and securities lending collateral, the remaining investment portfolio has an average market yield of 2.4 percent, modified duration of 3.1 years, effective duration of 1.42 years and convexity of (0.33).

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<i>Dollars in thousands</i>				
Estimated Fair Value, Parallel Shift of Yield Curve				
<u>Metropolitan Council</u>	<u>+50 Basis Pts.</u>	<u>+100 Basis Pts.</u>	<u>+150 Basis Pts.</u>	<u>+200 Basis Pts.</u>
U.S. Treasury Securities:				
Futures Account, U.S. Treasury Bill & Notes	\$ 4,993	\$ 4,986	\$ 4,980	\$ 4,974
Escrow Account, Debt (SLGS and Cash)	10,146	10,146	10,146	10,146
U.S. Agency Securities:				
Federal Home Loan Bank	79,704	78,950	78,234	77,582
Federal National Mortgage Association	5,009	5,007	5,005	5,004
Federal Home Loan Mortgage Corporation	44,652	43,952	42,800	41,441
Certificates of Participation (U.S. GSA)	3,687	3,600	3,517	3,438
Commercial Paper (each <5 %)	1,720	1,693	1,667	1,642
Municipal Bonds (each <5%)	37,028	35,421	33,598	31,974
State Board of Investments (OPEB, Equities, etc.)	49,326	49,326	49,326	49,326
Money Market Funds	128,747	128,747	128,747	128,747
Cash for Fuel Hedging Margin account	20,192	20,192	20,192	20,192
Cash for Operations	(12,703)	(12,703)	(12,703)	(12,703)
Petty Cash/Coin & Mutilated Coins	22	22	22	22
Total Cash and Investments	<u>\$ 372,523</u>	<u>\$ 369,339</u>	<u>\$ 365,531</u>	<u>\$ 361,785</u>

The Commission 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, 2008. The investment portfolio has an average yield of 5.86 percent, modified duration of 1.82 years, effective duration of 1.71 years and convexity of (0.25) as of December 31 2008.

Component Unit:

MSFC:

U.S. Agency Securities				
Government National Mortgage Association	\$ 2,083	\$ 2,066	\$ 2,047	\$ 2,028
Federal National Mortgage Association	3,880	3,847	3,812	3,776
Federal Home Loan Mortgage Corporation	4,223	4,187	4,150	4,110
Money Markey Funds	7,863	7,863	7,863	7,863
Cash for Operations	737	737	737	737
Total Cash and Investments	<u>\$ 18,786</u>	<u>\$ 18,700</u>	<u>\$ 18,609</u>	<u>\$ 18,514</u>

B. Energy Forward Pricing Mechanisms

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

Statutorily, the Council may not hedge more than 100% of the projected consumption of any of its commodities. Anticipating unplanned reductions in actual consumption relative to amounts budgeted; the Council has reduced the hedge ceiling to 90% of projected diesel-related fuel consumption and 80% of natural gas consumption. The hedging transactions are completely separate from the physical fuel purchase transactions. The Council does not take delivery of fuel via its EFPs. The initial cash value of each contract is zero; thereafter, the change in the value of each contract is directly correlated with the simultaneous and offsetting increase/decrease in the cost of the fuel in the marketplace and at the time of delivery.

Since early 2004, the Council has hedged most of its diesel fuel consumption. The program now encompasses its Metro Transit-Bus and Metro Mobility business-type units which, in total, consume about 10 million gallons per year. In the second half of 2006, the Council began hedging natural gas consumption for its Environmental Services and Metro Transit-Bus business-type units which, in total, consume about five million therms per year.

METROPOLITAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2008

As outlined in Governmental Accounting Standards Board Technical Bulletin 2003-1, there are certain risks attached to the EFPM programs. If fuel consumption falls below the volume of fuel hedged, and, if the exit price of the futures contracts is below the contract purchase price, then the over-hedged amount will produce realized losses.

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:

<i>Dollars in thousands</i>					
<u>Receivables - current</u>	<u>Accounts</u>	<u>Allowance for</u>	<u>Delinquent</u>	<u>Interest</u>	<u>Total</u>
<u>Governmental Activities:</u>		<u>Uncollectible</u>	<u>Taxes</u>		<u>Receivables</u>
General Fund	\$ 18		\$ 462	\$ 119	\$ 599
Metro Mobility	31			49	80
Debt Retirement			1,871	538	2,409
Nonmajor Governmental			496	482	978
Total Governmental	\$ 49		\$ 2,829	\$ 1,188	\$ 4,066
<u>Business-type activities:</u>					
Environmental Services	\$ 3,666	\$ (20)		\$ 281	\$ 3,927
Metro Transit:					
Bus	8,475	(191)		229	8,513
Light Rail	279				279
Commuter Rail				1	1
Metropolitan Housing and Redevelopment Authority	191			75	266
Total Business-type	\$ 12,611	\$ (211)		\$ 586	\$ 12,986
<u>Receivables - restricted</u>					
<u>Business-type activities:</u>					
Environmental Services	\$ 10,362			\$ 918	\$ 11,280
Total Business-type	\$ 10,362			\$ 918	\$ 11,280

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 (dollars in thousands):

	<u>Unavailable</u>
Delinquent property taxes receivable (General fund)	\$ 299
Delinquent property taxes receivable (Debt Retirement fund)	1,289
Delinquent property taxes receivable (Nonmajor governmental funds)	322
Total deferred/unearned revenue for governmental funds	\$ 1,910

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, or for the transit Tax Anticipation Certificate levy.

In 2008, the Council levied \$10,300,000 for the General levy; \$8,184,000 for the Livable Communities Demonstration Account levy; \$7,462,000 for Parks and Radio system debt service; \$3,298,000 for Highway Right-Of-Way Loan; and \$38,544,000 in transit debt service levies upon all taxable property within the Twin Cities Metropolitan Area. The Council also levied \$5,000,000

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for Livable Communities Tax Base Revitalization, upon taxable property included in the Metropolitan Fiscal Disparities contribution tax pool.

Council levies are reduced by Market Value Credits (MVC). The MVC is a property tax reduction taken by the counties and is paid directly to the Council by the State of Minnesota.

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

	<i>Dollars in thousands</i>			
	<u>Levy Limit</u>	<u>Council Levy</u>	<u>Less: MVC Credit</u>	<u>Adjusted Levy</u>
Operating levy	\$ 12,270	\$ 10,300	\$ (459)	\$ 9,841
Tax base revitalization	5,000	5,000		5,000
Highway right-of-way	3,298	3,298	(147)	3,151
Livable communities	9,631	8,184	(365)	7,819
Parks and radio system debt retirement	7,462	7,462	(333)	7,129
Transit debt retirement	38,544	38,544	(799)	37,745
Total	<u>\$ 76,205</u>	<u>\$ 72,788</u>	<u>\$ (2,103)</u>	<u>\$ 70,685</u>

E. Capital assets

1. Primary government

Capital asset activity for the year ended December 31, 2008 was as follows:

	<i>Dollars in thousands</i>			
<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 4,785	\$ 833	\$ -	\$ 5,618
Capital assets, being depreciated:				
Building	16,344			16,344
Vehicles	91,285	4,830	(1,481)	94,634
Equipment	2,944	133		3,077
Total capital assets, being depreciated	110,573	4,963	(1,481)	114,055
Less accumulated depreciation for:				
Building	613	409		1,022
Vehicles	35,142	10,323	(1,578)	43,887
Equipment	2,590	196		2,786
Total accumulated depreciation	38,345	10,928	(1,578)	47,695
Total capital assets, being depreciated, net	72,228	(5,965)	97	66,360
Governmental activities capital assets, net	<u>\$ 77,013</u>	<u>\$ (5,132)</u>	<u>\$ 97</u>	<u>\$ 71,978</u>

During the year, Metro Transit Bus enterprise fund transferred capital assets with a net book value of \$191,000 to a nonmajor governmental fund. The transfer was not recognized in the governmental funds statement of revenues, expenditures and change in fund balances because there is no current financial resource provided. The transferred amounts of \$2,082,000 in vehicles, and \$1,891,000 of accumulated depreciation are reflected in the above capital asset activity for the year.

METROPOLITAN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2008

	<i>Dollars in thousands</i>			
	Beginning Balance	<u>Increases</u>	<u>Decreases</u>	Ending Balance
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 75,346	\$ 4,290	\$ (5,199)	\$ 74,437
Construction in progress	290,421	182,077	(219,473)	253,025
Total capital assets, not being depreciated	365,767	186,367	(224,672)	327,462
Capital assets, being depreciated:				
Buildings and infrastructure	2,576,703	216,313	(24,839)	2,768,177
Vehicles	396,677	66,692	(29,185)	434,184
Equipment	91,658	5,772	(49)	97,381
Total capital assets, being depreciated	3,065,038	288,777	(54,073)	3,299,742
Less accumulated depreciation for:				
Buildings and infrastructure	866,080	83,034	(5,994)	943,120
Vehicles	206,551	28,074	(28,465)	206,160
Equipment	71,966	6,298	(25)	78,239
Total accumulated depreciation	1,144,597	117,406	(34,484)	1,227,519
Total capital assets, being depreciated, net	1,920,441	171,371	(19,589)	2,072,223
Business-type activities capital assets, net	\$ 2,286,208	\$ 357,738	\$ 244,261)	\$ 2,399,685

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

<u>Governmental activities:</u>	<u>In thousands</u>
General government	\$ 536
Transportation	10,392
Total depreciation expense-governmental activities	\$ 10,928
<u>Business-type activities:</u>	
Environmental Services	\$ 49,035
Transit Bus	38,214
Transit Light Rail	29,088
Housing	1,069
Total depreciation expense-business-type activities	\$ 117,406

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2. Discretely presented component unit

Activity for Metropolitan Sports Facilities Commission for the year ended December 31, 2008, was as follows:

	<i>Dollars in thousands</i>			
<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 8,700	\$ -		\$ 8,700
Capital assets, being depreciated:				
Buildings and improvements	99,910			99,910
Equipment	11,967	324	(221)	12,070
Total capital assets, being depreciated	111,877	324	(221)	111,980
Less accumulated depreciation for:				
Building and improvements	89,248	4,382	-	93,630
Equipment	8,719	1,130	(167)	9,682
Total accumulated depreciation	97,967	5,512	(167)	103,312
Total capital assets, being depreciated, net	13,910	(5,188)	(54)	8,668
Metropolitan Sports Facilities Commission, capital assets, net	\$ 22,610	\$ (5,188)	\$ (54)	\$ 17,368

F. Inter-fund 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 inter-fund balances as of December 31, 2008, is as follows:

Due from/to other funds		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>In thousands</u>
nonmajor governmental funds	Metro Transit Bus	\$ 156
nonmajor governmental funds	Metro Transit Light Rail	389
	nonmajor governmental funds	1,428
Metro Transit Bus	Metro Transit Light Rail	3,797
Metro Transit Bus	Metro Transit Commuter Rail	8,409
	nonmajor governmental funds	225
Metro Transit Light Rail	nonmajor governmental funds	2,163
Metro Transit Commuter Rail		
Total		<u>\$ 16,567</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; 2) move revenues from the fund with collection authorization to other funds in accordance with budgetary authorization, including amounts provided as subsidies; and 3) provide as subsidies to various capital project funds.

	<i>Dollars in Thousands</i>				
	<u>Transfers Out</u>				
<u>Transfers In</u>	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Metro Transit</u>		<u>Total</u>
			<u>Bus</u>	<u>Light Rail</u>	
Nonmajor governmental	\$ 1,021	\$ 2,932	\$ 191		\$ 4,144
Environmental Services	509				509
Metro Transit Bus		26,745		\$ 1,916	28,661
Metro Transit Light Rail		34	8,048		8,082
Metro Transit Commuter Rail			5,002	2,164	7,166
Total	\$ 1,530	\$ 29,711	\$ 13,241	\$ 4,080	\$ 48,562

During the year, the General fund transferred to the Livable Communities Special Revenue fund (a nonmajor fund), \$1,000,000 as required by State statute. Additionally the General fund transferred to the Contracted Services (a nonmajor fund) \$21,000 and to Environmental Services \$54,000 of excess rental related income and \$455,000 for expenses incurred in a regional water management program.

At the end of the year, the Parks and Open Space Grants Capital Projects fund (a nonmajor fund) transferred \$432,000 of interest earnings to the North Mississippi Capital Projects fund (a nonmajor fund) as required by State legislation. The Other Special Revenue fund (a nonmajor fund) transferred \$2,500,000 to Transit Capital Projects fund (a nonmajor fund) from previously committed Commuter Rail funding.

During the year, Contracted Services Special Revenue fund (nonmajor fund) transferred to Metro Transit-Bus \$1,082,000 as reimbursement for operating two bus routes in its behalf. The Transit Capital Projects fund (nonmajor fund) transferred to Metro Transit Bus \$25,634,000 and to Metro Transit Light Rail \$34,000 for reimbursement of authorized capital programs expenses. During the year, Metro Transit Bus transferred \$8,048,000 to Metro Transit Light Rail, and \$5,002,000 to Metro Transit Commuter Rail for funding of Work in Process capital funding. Metro Transit Light Rail transferred \$1,916,000 to Metro Transit Bus and \$2,164,000 to Metro Transit Commuter Rail for reimbursement of expenses incurred in certain capital project activities.

Additionally, the Metro Transit Bus enterprise fund transferred capital assets with a net book value of \$191,000 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 were no current financial resources provided.

G. Leases

1. Operating leases

The Council leases building and office facilities, storage facilities, and other operating equipment under non-cancelable operating leases. Total operating lease costs in fiscal year 2008 were Metro Transit Bus enterprise fund payments of \$236,000, Metro Transit Light Rail enterprise fund payments of \$17,000, and Environmental Services enterprise fund payments of \$227,000.

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

<i>Dollars in Thousands</i>					
<u>Year</u>	<u>General Fund</u>	<u>Total Governmental</u>	<u>Environmental Services</u>	<u>Metro Transit Bus</u>	<u>Total Business-type</u>
2009	\$ 64	\$ 64	\$ 198	\$ 280	\$ 478
2010	64	64	123	222	345
2011	37	37	28	210	238
2012				179	179
2013				152	152
2014-2018				344	344
2019-2023				411	411
Total	\$ 165	\$ 165	\$ 349	\$ 1,798	\$ 2,147

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. In 2006, the facilities were completed and the Council's administrative headquarters were relocated.

The Certificates of Participation are not an obligation of the Council and the lease is subject to non-appropriation by the Council in which event the lease is terminated and there is no obligation of the Council for future lease payments. The Council intends to continue the lease through its entire term.

<i><u>Dollars in thousands</u></i>	
<u>Year Ending</u>	<u>Nonmajor Governmental Fund</u>
2009	\$ 1,033
2010	1,035
2011	1,032
2012	1,032
2013	1,030
2014-2018	5,140
2019-2023	5,119
2024-2025	2,039
Total minimum lease payments	17,460
Less amount representing interest	(4,965)
Present value of minimum lease payments	<u>\$ 12,495</u>

H. Long-term obligations

1. General obligation debt

The Council has issued general obligation bonds for parks, solid waste, transportation and sewers. General obligation bonds have been issued for both governmental and business-type activities.

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 20-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 \$787,335,000. During the year, \$40,300,000 of general obligation bonds; no general obligation refunding bonds; \$80,000,000 of general obligation sewer bonds; \$8,955,000 of general obligation sewer refunding bonds; and no general obligations certificates of indebtedness were issued.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Dollars in thousands</u>
Governmental activities	2.00 - 5.20%	\$ 149,195
Governmental activities - refunding	2.50 - 5.00%	34,175
Business-type activities	2.00 - 5.00%	272,925
Business-type activities - refunding	3.00 - 5.25%	108,710
Total general obligation bonds		<u>\$ 565,005</u>

The original amount of Minnesota Public Facilities Authority (PFA) loans drawn down in prior years was \$729,134,000. During the year, \$54,987,000 of Minnesota PFA loans were drawn down--\$10,000,000 by Governmental activities and \$44,987,000 by business-type activities.

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

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<u>Purpose</u>	<u>Interest Rates</u>	<u>Dollars in thousands</u>
Governmental activities	1.79 - 2.71%	\$ 16,210
Business-type activities	0.00 - 5.38%	576,213
Total Public Facilities Authority loans		<u>\$ 592,423</u>

The following is a summary of bond transactions of the Council for the year ended December 31, 2008:

	<u>Dollars in thousands</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Balance, January 1, 2008	\$ 211,755	\$ 907,009
Bonds issued, net of discount/premium	51,141	92,021
PFA drawdown		44,987
Amortization of discount/premium	(553)	(1,330)
Amortization of deferred amount on refunding		80
Less principal payments	(55,560)	(72,390)
Balance, December 31, 2008	<u>\$ 206,783</u>	<u>\$ 970,377</u>

As of December 31, 2008, the annual debt service requirements to amortize all general obligation bonds and loans outstanding, including interest of \$40,482,000 on the governmental activities debt and \$322,401,000 on the business-type activities debt, are as follows:

	<u>Dollars in thousands</u>					
<u>Year Ending</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 33,650	\$ 7,600	\$ 41,250	\$ 56,390	\$ 35,485	\$ 91,875
2010	25,745	6,401	32,146	55,458	33,237	88,695
2011	33,150	5,139	38,289	49,682	31,169	80,851
2012	17,515	4,068	21,583	48,460	30,450	78,910
2013	13,460	3,452	16,912	49,300	26,198	75,498
2014-2018	51,110	10,142	61,252	307,521	106,673	414,194
2019-2023	18,935	3,146	22,081	282,404	49,775	332,179
2024-2028	6,015	534	6,549	108,633	9,414	118,047
Subtotal	199,580	40,482	240,062	957,848	322,401	1,280,249
Net unamortized:						
Discounts/premiums	7,203		7,203	12,732		12,732
Deferred on refunding				(203)		(203)
Total payments	<u>\$ 206,783</u>	<u>\$ 40,482</u>	<u>\$ 247,265</u>	<u>\$ 970,377</u>	<u>\$ 322,401</u>	<u>\$ 1,292,778</u>

2. Loans payable

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

3. Revenue Bonds

On November 1, 1999, the Council, on behalf of the Metropolitan Radio Board, issued \$14,280,000 of Revenue Bonds. The bonds were to be paid over a 15-year period. The proceeds were used to purchase the elements of the first phase of a region-wide public safety radio communications system. On June 30, 2005, the Metropolitan Radio Board ceased operations with the remaining principal and interest payments being transferred to the Council.

METROPOLITAN COUNCIL

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On March 15, 2007, the Council issued \$7,265,000 of Revenue Refunding Bonds. These bonds bear interest from 4.00 to 5.00 percent and are being repaid over a 6 year period. Principal and interest are payable from revenues derived from the collection of emergency telephone service fees ("911 fees"). Proceeds were used to refund the remaining maturities of the Council's \$14,280,000 revenue bonds mentioned previously.

The following is a summary of revenue bond transactions of the Council for the year ended December 31, 2008:

	<i>Dollars in thousands</i>
Balance, January 1, 2008	\$ 7,319
Less principal payment	(1,030)
Amortization of discount	(10)
Balance, December 31, 2008	<u>\$ 6,279</u>

As of December 31, 2008, the annual requirements to amortize all revenue bonds outstanding, including interest of \$697,000, are as follows:

	<i>Dollars in thousands</i>		
<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,135	\$ 252	\$ 1,387
2010	1,185	199	1,384
2011	1,245	138	1,383
2012	1,305	81	1,386
2013	1,365	27	1,392
Subtotal	6,235	697	6,932
Net unamortized discount/premium	44		44
Balance, December 31, 2008	<u>\$ 6,279</u>	<u>\$ 697</u>	<u>\$ 6,976</u>

4. Refunded Bonds

The Council sold one refunding bond in 2008:

		<i>Dollars in thousands</i>				
<u>Bond Number</u>	<u>Type</u>	<u>Present Par Value</u>	<u>Debt Value Savings</u>	<u>Service Savings</u>	<u>Refunded Loan</u>	<u>Loan Maturities</u>
2008D	Sewer	\$ 8,955	\$ 544	\$ 583	1993 PFA	2008-2014

5. 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 2008, \$189,000 of principal was retired. The unpaid balance was \$803,000 at December 31, 2008.

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.

6. Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

	<i>Dollars in thousands</i>				
<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds/loans payable:					
General obligation debt	\$ 204,840	\$ 50,300	\$ (55,560)	\$ 199,580	\$ 33,650
Less discounts/premiums	6,915	841	(553)	7,203	
Net general obligation debt	211,755	51,141	(56,113)	206,783	33,650
Revenue bonds (see Note IV.H.3.)	7,265	-	(1,030)	6,235	1,135
Less discounts/premiums	54	-	(10)	44	
Net revenue bonds	7,319	-	(1,040)	6,279	1,135
Total bonds/loans payable	219,074	51,141	(57,153)	213,062	34,785
Capital lease	13,020		(525)	12,495	540
Compensated absences	2,621	2,263	(2,100)	2,784	2,784
Arbitrage liability		186		186	58
OPEB liability	511	640		1,151	
Governmental long-term liabilities	\$ 235,226	\$ 54,230	\$ (59,778)	\$ 229,678	\$ 38,167

	<i>Dollars in thousands</i>				
<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds/loans payable					
General obligation debt	\$ 896,296	\$ 133,942	\$ (72,390)	\$ 957,848	\$ 56,390
Loans payable	1,405			1,405	
Discounts/premiums	10,996	3,066	(1,330)	12,732	
Deferred on refunding	(283)		80	(203)	
Total bonds/loans payable	908,414	137,008	(73,640)	971,782	56,390
Compensated absences	4,966	1,626	(1,762)	4,830	
Due to other governments	991	183	(371)	803	183
OPEB liability	13,969	14,459		28,428	
Accrued claims	15,931	6,180	(6,793)	15,318	5,783
Business-type activity long-term liabilities	\$ 944,271	\$ 159,456	\$ (82,566)	\$ 1,021,161	\$ 62,356

For governmental activities, capital leases and compensated absences are generally liquidated by the general fund.

I. Compensated absences

1. Primary government

In 2008 the General fund liability for compensated absences earned but not taken increased from \$2,621,000 to \$2,784,000. This liability is reported in the government-wide statement of net assets. The following summary of changes during 2008 includes \$198,000 in payroll taxes:

	<i>Dollars in thousands</i>
Balance, January 1, 2008	\$ 2,621
Transferred to Enterprise Funds	(9)
Leave Earned	2,263
Leave Taken or Paid Off	(2,091)
Balance, December 31, 2008	\$ 2,784

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, 2008, was:

<i>Dollars in thousands</i>				
Beginning			Ending	Due Within
<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
\$ 228	\$ 223	\$ 181	\$ 270	\$ 142

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 \$400,000 per claim and \$1,200,000 per occurrence for a claim arising on or after January 1, 2008. For claims arising earlier, the limits are \$300,000 per claim and up to \$1,000,000 per occurrence. In addition, an amount equal to twice these limits applies if the claim arises out of the release or threatened release of a hazardous substance.

2. Automobile

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

3. Errors and omissions

The Council self-insures for errors and omissions risk. There were no claims for 2007 or 2008.

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 occurred. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a discount rate of 3.44 percent.

The self-insurance retention limit for workers' compensation is \$1,720,000 per single loss. For claims above the retention limit, the Workers' Compensation Reinsurance Association reimburses the Council.

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Changes in the balances of workers compensation liabilities during 2007 and 2008 are as follows:

	<i>Dollars in thousands</i>			
	Metro Transit		Environmental	
	Bus	Light Rail	Services	Total
2007 Balance:				
Beginning Balance	\$ 15,692	\$ 1,013	\$ 627	\$ 17,332
Current year claims and changes in estimates	3,696	8	543	4,247
Payments on claims	(5,053)		(595)	(5,648)
Ending balance	\$ 14,335	\$ 1,021	\$ 575	\$ 15,931
2008 Balance:				
Beginning Balance	\$ 14,335	\$ 1,021	\$ 575	\$ 15,931
Current year claims and changes in estimates	5,198	4	978	6,180
Payments on claims	(6,001)	(15)	(777)	(6,793)
Ending balance	\$ 13,532	\$ 1,010	\$ 776	\$ 15,318

6. Component Unit

The MSFC purchases general and umbrella liability insurance to protect against various risks related to, among others, torts; theft of, damage to, and destruction of assets; errors and omissions; work related injuries; and natural disasters. 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. Employee retirement plans

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".

1. General employees plan (GEP)

Plan description

The MSRS-GEP is a cost-sharing, multiple-employer public employee retirement plan. A majority of the employees of the Council, and MSFC are covered by this defined benefit plan administered by MSRS. MSRS provides retirement, disability, and death benefits to plan members and their beneficiaries. 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 Minnesota State Retirement System, 60 Empire Drive, Suite 300, St. Paul, Minnesota 55103-3000.

Funding policy

Minnesota Statutes, Chapter 352 sets the rate for employee and employer contributions and may be amended by the State. Plan members are required to contribute a specified percent of their annual covered salary, and the Council is also required to contribute the same specified percent of covered payroll. For January through June 2008, the specified percentage was 4.25 percent. The rate changed to 4.5 percent on July 1, 2008. Employer contributions to MSRS (which equaled the required contributions for each year) were:

Year	<i>Dollars in thousands</i>	
	Component Unit	
	Council	MSFC
2006	\$ 6,951	\$ 86
2007	7,274	91
2008	8,049	98

2. Unclassified employees plan (UEP)

Plan Description

The MSRS-UEP is a cost-sharing, multiple employer defined contribution plan administered by MSRS. Membership is limited to a specific number of employees of the Council (currently 27), and MSFC (currently 1). 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.

Funding Policy

Minnesota Statutes Chapter 352D sets the rates for employee and employer contributions and may be amended by the State. Plan members are required to contribute 4.0 percent of their annual covered salary. The employer (the Council or the MSFC) is required to contribute 6.0 percent of the covered payroll. Employer contributions to MSRS (which equaled the required contributions for each year) were:

<i>Dollars in thousands</i>			
<u>Year</u>	<u>Component Unit</u>		
	<u>Council</u>	<u>MSFC</u>	
2006	\$ 115	\$ 3	
2007	124	3	
2008	126	4	

C. Other post-employment benefits

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

Benefit provisions are established and amended through negotiations between the Council and the respective unions representing its employees. Only employees hired prior to OPEB benefit sunset dates established within those union agreements are entitled to receive employer paid OPEB benefits. Employees' percentage of OPEB benefit participation is further dependent upon meeting certain hire date, length of service, retirement age and other criteria established within their collective bargaining agreements.

The Council does not issue a separate financial report for its OPEB plan. Activity for the plan is reported for the primary government and in enterprise funds for Metro Transit Bus and Environmental Services.

Funding Policy: Currently, the Council does not fund its OPEB benefits in an irrevocable trust. However, the Council has separately invested \$49.3 million as of December 31, 2008 with the Minnesota State Board of Investment for this purpose. This funding arrangement does not meet the requirements of GASB Statement 45; accordingly, these funds are not included in the OPEB plan's assets. The Council's internal funding policy includes investing the plan's normal cost and continuing pay-as-you go benefit payments until invested funds are adequate to cover all future benefits. The normal cost represents that portion of the Actuarial Present Value of the OPEB plan's benefits which is allocated to employee service in the current fiscal year.

Annual OPEB Cost and Net OPEB Obligation: The annual OPEB cost is calculated based on the Council's *annual required contribution*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC of \$28.4 million is 12.2 percent of annual covered payroll. The Council's OPEB cost for the current year and related information are as follows (dollars in thousands):

	<u>Metro Transit</u>	<u>Environmental Services</u>	<u>General Fund</u>	<u>Total</u>
Annual Required Contribution (ARC)	\$ 21,239	\$ 6,239	\$ 926	\$ 28,404
Interest on net OPEB obligation	586	184	23	793
Adjustments to Annual Required Contribution (ARC)	(1,074)	(319)	(48)	(1,441)
Annual OPEB cost (expense)	20,751	6,104	901	27,756
Contributions made	(9,182)	(3,214)	(261)	(12,657)
Increase in Net OPEB Obligation	11,569	2,890	640	15,099
Net OPEB obligation beginning of year	10,849	3,120	511	14,480
Net OPEB obligation end of year	\$ 22,418	\$ 6,010	\$ 1,151	\$ 29,579

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The Council's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2008, were as follows (dollars in thousands):

	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Metro Transit				
12/31/2007	\$ 19,365	\$ 8,516	44%	\$ 10,849
12/31/2008	20,751	9,182	44%	22,418
Environmental Services				
12/31/2007	5,999	2,879	48%	3,120
12/31/2008	6,104	3,214	53%	6,010
General Fund				
12/31/2007	741	230	31%	511
12/31/2008	901	261	29%	1,151
Total				
12/31/2007	26,105	11,625	45%	14,480
12/31/2008	27,756	12,657	46%	29,579

Funding Status and Funding Progress: As of December 31, 2008, the actuarial accrued liability (AAL) for benefits was \$301.3 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$232.2 million, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 129.7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumption about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the historical pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consist with the long-term perspective of the calculations.

The actuarial valuation completed January 31, 2008, used the projected unit credit actuarial cost method with service prorated. Under this method, the total present value of benefits is determined by projecting the benefit to be paid after the expected retirement date (or other event) and discounting those amounts to the valuation date. The actuarial assumptions include a percent investment rate of return per annum (compounded annually) composed of 5.4 percent for Metro Transit, 5.9 percent for Environmental Services, and 4.5 percent for General Fund net of administrative expenses. The projected annual health care cost trend rate is 8.58 percent initially, reduced by decrements to an ultimate rate of 5 percent for the year 2023 and beyond. The initial UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at December 31, 2008, was 28 years.

D. Sub-grantee programs

During the year ended December 31, 2008, the Council was involved with the following sub-grantee programs:

General Fund:

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)
Federal Transit Administration (Capital and Operating Assistance Grant Programs)
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 proceeds 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. On December 31, 2008, the Council had a total arbitrage rebate liability of \$186,000, which \$58,000 is due in 2009.

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 \$180.7 million as of December 31, 2008. These commitments will be paid from the Metro Transit Bus enterprise fund. Future commitments for Metro Transit Light Rail enterprise fund contracts of approximately \$54.3 million will be paid from the Metro Transit Light Rail fund. Future commitments for commuter rail transit services of approximately \$36.4 million as of December 31, 2008 will be paid from the Metro Transit Commuter Rail fund. Future commitments for regional transit services are approximately \$133.1 million as of December 31, 2008. These commitments will be paid from Regional Transit special revenue funds. Future commitments for Environmental Services enterprise fund construction contracts totaled approximately \$21.1 million as of December 31, 2008. 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 \$2,696,000, 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 May 2009, Nils Grossman, the Council's General Counsel, left the Council. A replacement has not been named.

Council Member Mary Hill Smith, District 3, retired in November 2008. Robert McFarlin was appointed to fill the vacancy effective January 2009.

Council Member Brian McDaniel, District 16, resigned in December 2008. Wendy Wulff was appointed to fill the vacancy effective April 2009.

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REQUIRED SUPPLEMENTARY INFORMATION

**METROPOLITAN COUNCIL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Over (Under)
REVENUES				
Taxes	\$ 9,759	\$ 9,759	\$ 9,921	\$ 162
Intergovernmental revenue:				
State	9,016	9,016	8,913	(103)
Local/other	76	76	107	31
Investment income	868	868	162	(706)
Other			71	71
Total revenues	<u>19,719</u>	<u>19,719</u>	<u>19,174</u>	<u>(545)</u>
EXPENDITURES				
Current:				
General government	8,227	9,221	7,966	(1,255)
Intergovernmental:				
Culture and recreation	8,630	8,630	8,591	(39)
Debt service:				
Principal	525	525	525	0
Interest and other charges	509	509	539	30
Capital outlay	428	428	118	(310)
Total expenditures	<u>18,319</u>	<u>19,313</u>	<u>17,739</u>	<u>(1,574)</u>
Excess (deficiency) of revenues over (under) expenditures	1,400	406	1,435	1,029
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,825)	(1,825)	(1,530)	295
Total other financing sources (uses)	<u>(1,825)</u>	<u>(1,825)</u>	<u>(1,530)</u>	<u>295</u>
Net change in fund balance	(425)	(1,419)	(95)	1,324
Fund balance, beginning	17,657	17,657	17,657	0
Fund balance, ending	<u>\$ 17,232</u>	<u>\$ 16,238</u>	<u>\$ 17,562</u>	<u>\$ 1,324</u>

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

**METROPOLITAN COUNCIL
BUDGETARY COMPARISON SCHEDULE
METRO MOBILITY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Over (Under)
REVENUES				
Intergovernmental revenue:				
Federal	\$ 4,250	\$ 5,301	\$ 4,808	\$ (493)
State	26,458	26,418	24,173	(2,245)
Other			10	10
Investment income	202	202	421	219
Other	4,034	4,034	4,481	447
Total revenues	<u>34,944</u>	<u>35,955</u>	<u>33,893</u>	<u>(2,062)</u>
EXPENDITURES				
Current:				
General government	19	19	19	0
Transportation	35,363	36,249	35,505	(744)
Debt service:				
Interest and other charges			17	17
Total expenditures	<u>35,382</u>	<u>36,268</u>	<u>35,541</u>	<u>(727)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(438)</u>	<u>(313)</u>	<u>(1,648)</u>	<u>(1,335)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	21	21		(21)
Total other financing sources (uses)	<u>21</u>	<u>21</u>	<u>0</u>	<u>(21)</u>
Net change in fund balance	(417)	(292)	(1,648)	(1,356)
Fund balance, beginning	18,830	18,830	18,830	0
Fund balance, ending	<u>\$ 18,413</u>	<u>\$ 18,538</u>	<u>\$ 17,182</u>	<u>\$ (1,356)</u>

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

METROPOLITAN COUNCIL

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2008

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, and all budgeted special revenue funds. All annual appropriations lapse at year-end.

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

B. General Fund - Budget to Actual Comparison by Division

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

	Dollars in thousands			Variance with Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
Regional Administration	\$ 5,945	\$ 6,276	\$ 4,434	\$ (1,842)
Community Development	12,374	13,037	13,305	268
Total General Fund	<u>\$ 18,319</u>	<u>\$ 19,313</u>	<u>\$ 17,739</u>	<u>\$ (1,574)</u>

C. Excess of expenditures over appropriations

The following fund had expenditures in excess of budget for the year ended December 31, 2008:

	Dollars in thousands			Variance with Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
General fund				
Community Development Division	\$12,374	\$13,037	\$13,305	\$ 268

Excess expenditures in the General Fund-Community Development Division were funded by General Fund reserves.

METROPOLITAN COUNCIL

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2008

D. Postemployment Benefits

The following schedules present the Council's actuarially determined funding progress and required contributions for the Post-Retirement Plan (using the projected unit credit method).

Schedule of Funding Progress						
Dollars In Thousands						
	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date – January 1, 2008	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll (c/e)
<u>Metro Transit</u>						
1/1/06	\$ 0	\$ 200,409	\$ 200,409	0.00%	\$ 152,769	131.18%
1/1/08	0	219,529	219,529	0.00%	154,302	142.27%
<u>Environmental Services</u>						
1/1/06	\$ 0	\$ 65,513	\$ 65,513	0.00%	\$ 53,830	121.70%
1/1/08	0	70,726	70,726	0.00%	53,875	131.28%
<u>General Fund</u>						
1/1/06	\$ 0	\$ 9,045	\$ 9,045	0.00%	\$ 24,043	37.62%
1/1/08	0	11,023	11,023	0.00%	24,067	45.80%
<u>Total</u>						
1/1/06	\$ 0	\$ 274,967	\$ 274,967	0.00%	\$ 230,642	119.22%
1/1/08	0	301,278	301,278	0.00%	232,244	129.72%

Schedule of Employer Contributions (Dollars in Thousands)			
<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percentage Contribution</u>
<u>Metro Transit</u>			
12/31/07	\$ 19,365	\$ 8,516	44%
12/31/08	20,751	9,182	44%
<u>Environmental Services</u>			
12/31/07	\$ 5,999	\$ 2,879	48%
12/31/08	6,104	3,214	53%
<u>General Fund</u>			
12/31/07	\$ 741	\$ 230	31%
12/31/08	901	261	29%
<u>Total</u>			
12/31/07	\$ 26,105	\$ 11,625	45%
12/31/08	27,756	12,657	46%

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

METROPOLITAN COUNCIL

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES DECEMBER 31, 2008

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues 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.

Contracted Transit Services, and Suburban Transit Providers 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.

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

**METROPOLITAN COUNCIL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008
IN THOUSANDS**

	Total Special Revenue	Total Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 62,441	\$ 15,114	\$ 77,555
Delinquent taxes receivable	496		496
Interest receivable	387	95	482
Due from other funds		545	545
Due from other governmental units	7,902	12,765	20,667
Loans and advances	42,137		42,137
Total assets	<u>\$ 113,363</u>	<u>\$ 28,519</u>	<u>\$ 141,882</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts/contracts/subgrantees payable	\$ 5,707	\$ 15,481	\$ 21,188
Due to other funds		3,817	3,817
Deferred revenue	322		322
Total liabilities	<u>6,029</u>	<u>19,298</u>	<u>25,327</u>
Fund balances:			
Reserved for:			
Grants and loans	78,746	38,392	117,138
Unreserved, designated for:			
Grants and loans	18,296		18,296
Capital projects		425	425
Unreserved, undesignated	10,292	(29,596)	(19,304)
Total fund balances	<u>107,334</u>	<u>9,221</u>	<u>116,555</u>
Total liabilities and fund balances	<u>\$ 113,363</u>	<u>\$ 28,519</u>	<u>\$ 141,882</u>

**METROPOLITAN COUNCIL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
DECEMBER 31, 2008
IN THOUSANDS**

	Highway Right-of-Way Acquisition Loan	Livable Communities	Suburban Transit Providers	Contracted Transit Services	Other Special Revenue	Total Special Revenue
ASSETS						
Cash and cash equivalents	\$ 5,003	\$ 49,194	\$ 1,176	\$ 6,185	\$ 883	\$ 62,441
Delinquent taxes receivable	136	360				496
Interest receivable	30	308		43	6	387
Due from other governmental units			1,361	6,541		7,902
Loans and advances	41,875				262	42,137
Total assets	<u>\$ 47,044</u>	<u>\$ 49,862</u>	<u>\$ 2,537</u>	<u>\$ 12,769</u>	<u>\$ 1,151</u>	<u>\$ 113,363</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts/contracts/subgrantees payable		\$ 693	\$ 2,537	\$ 2,477		\$ 5,707
Deferred revenue	\$ 86	236				322
Total liabilities	<u>86</u>	<u>929</u>	<u>2,537</u>	<u>2,477</u>	<u>\$ 0</u>	<u>6,029</u>
Fund balances:						
Reserved for:						
Grants and loans	41,875	36,609			262	78,746
Unreserved, designated for :						
Grants and loans	5,083	12,324			889	18,296
Unreserved, undesignated				10,292		10,292
Total fund balances	<u>46,958</u>	<u>48,933</u>	<u>0</u>	<u>10,292</u>	<u>1,151</u>	<u>107,334</u>
Total liabilities and fund balances	<u>\$ 47,044</u>	<u>\$ 49,862</u>	<u>\$ 2,537</u>	<u>\$ 12,769</u>	<u>\$ 1,151</u>	<u>\$ 113,363</u>

**METROPOLITAN COUNCIL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS
DECEMBER 31, 2008
IN THOUSANDS**

	North Mississippi Park	Parks and Open Space Grants	Transit	Total Capital Projects
ASSETS				
Cash and cash equivalents	\$ 1,422	\$ 3,467	\$ 10,225	\$ 15,114
Interest receivable	7	24	64	95
Due from other funds			545	545
Due from other governmental units		9,525	3,240	12,765
Total assets	<u>\$ 1,429</u>	<u>\$ 13,016</u>	<u>\$ 14,074</u>	<u>\$ 28,519</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts/contracts/subgrantees payable	\$ 307	\$ 12,759	\$ 2,415	\$ 15,481
Due to other funds			3,817	3,817
Total liabilities	<u>307</u>	<u>12,759</u>	<u>6,232</u>	<u>19,298</u>
Fund balances:				
Reserved for:				
Grants and loans	697	37,695		38,392
Unreserved, designated for:				
Capital projects	425			425
Unreserved, undesignated		(37,438)	7,842	(29,596)
Total fund balances	<u>1,122</u>	<u>257</u>	<u>7,842</u>	<u>9,221</u>
Total liabilities and fund balances	<u>\$ 1,429</u>	<u>\$ 13,016</u>	<u>\$ 14,074</u>	<u>\$ 28,519</u>

METROPOLITAN COUNCIL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS

	Total Special Revenue	Total Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 16,041		\$ 16,041
Intergovernmental revenue:			
Federal	9,201		9,201
State	41,648	\$ 22,247	63,895
Local/other	810		810
Investment income	2,515	897	3,412
Other	1,161		1,161
Total revenues	<u>71,376</u>	<u>23,144</u>	<u>94,520</u>
EXPENDITURES			
Current:			
General government	867		867
Transportation	23,812	1,151	24,963
Intergovernmental:			
Transportation	27,133	4,483	31,616
Culture and recreation		30,416	30,416
Economic development	1,136		1,136
Environment	3,313		3,313
Housing	1,504		1,504
Debt service:			
Interest and other charges	115	23	138
Capital outlay	2	5,676	5,678
Total expenditures	<u>57,882</u>	<u>41,749</u>	<u>99,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,494</u>	<u>(18,605)</u>	<u>(5,111)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,021	2,932	3,953
Transfers out	(3,582)	(26,129)	(29,711)
Bonds issued		50,300	50,300
Premium on bonds and capital related debt		841	841
Sale of capital assets		177	177
Total other financing sources (uses)	<u>(2,561)</u>	<u>28,962</u>	<u>26,401</u>
Net change in fund balances	10,933	10,357	21,290
Fund balances, beginning	<u>96,401</u>	<u>(295)</u>	<u>96,106</u>
Fund balances, ending	<u>\$ 107,334</u>	<u>\$ 10,062</u>	<u>\$ 117,396</u>

METROPOLITAN COUNCIL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS

	Highway Right-of-Way Acquisition Loan	Livable Communities	Suburban Transit Providers	Contracted Transit Services	Other Special Revenue	Total Special Revenue
REVENUES						
Taxes	\$ 3,171	\$ 12,870				\$ 16,041
Intergovernmental revenue:						
Federal			\$ 53	\$ 9,148		9,201
State	103	256	24,097	17,192		41,648
Local/other				810		810
Investment income	226	1,851		342	\$ 96	2,515
Other				1,161		1,161
Total revenues	<u>3,500</u>	<u>14,977</u>	<u>24,150</u>	<u>28,653</u>	<u>96</u>	<u>71,376</u>
EXPENDITURES						
Current:						
General government				867		867
Transportation				23,812		23,812
Intergovernmental:						
Transportation			24,150	2,983		27,133
Economic development		1,136				1,136
Environment		3,313				3,313
Housing		1,504				1,504
Debt service:						
Interest and other charges	10	83		16	6	115
Capital outlay				2		2
Total expenditures	<u>10</u>	<u>6,036</u>	<u>24,150</u>	<u>27,680</u>	<u>6</u>	<u>57,882</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,490</u>	<u>8,941</u>	<u>0</u>	<u>973</u>	<u>90</u>	<u>13,494</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		1,000		21		1,021
Transfers out				(1,082)	(2,500)	(3,582)
Total other financing sources (uses)	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>(1,061)</u>	<u>(2,500)</u>	<u>(2,561)</u>
Net change in fund balances	3,490	9,941	0	(88)	(2,410)	10,933
Fund balances, beginning	<u>43,468</u>	<u>38,992</u>	<u>0</u>	<u>10,380</u>	<u>3,561</u>	<u>96,401</u>
Fund balances, ending	<u>\$ 46,958</u>	<u>\$ 48,933</u>	<u>\$ 0</u>	<u>\$ 10,292</u>	<u>\$ 1,151</u>	<u>\$ 107,334</u>

METROPOLITAN COUNCIL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS

	North Mississippi Park	Parks and Open Space Grants	Transit	Total Capital Projects
REVENUES				
Intergovernmental revenue:				
State		\$ 22,247		\$ 22,247
Investment income	\$ 48	348	\$ 501	897
Total revenues	<u>48</u>	<u>22,595</u>	<u>501</u>	<u>23,144</u>
EXPENDITURES				
Current:				
Transportation			1,151	1,151
Intergovernmental:				
Transportation			4,483	4,483
Culture and recreation	363	30,053		30,416
Debt service:				
Interest and other charges	3	18	2	23
Capital outlay			5,676	5,676
Total expenditures	<u>366</u>	<u>30,071</u>	<u>11,312</u>	<u>41,749</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(318)</u>	<u>(7,476)</u>	<u>(10,811)</u>	<u>(18,605)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	432		2,500	2,932
Transfers out		(432)	(25,697)	(26,129)
Bonds issued			50,300	50,300
Premium on bonds and capital related debt			841	841
Sale of capital assets			177	177
Total other financing sources (uses)	<u>432</u>	<u>(432)</u>	<u>28,121</u>	<u>28,121</u>
Net change in fund balances	114	(7,908)	17,310	9,516
Fund balances, beginning	<u>1,008</u>	<u>8,165</u>	<u>(9,468)</u>	<u>(295)</u>
Fund balances, ending	<u><u>\$ 1,122</u></u>	<u><u>\$ 257</u></u>	<u><u>\$ 7,842</u></u>	<u><u>\$ 9,221</u></u>

**METROPOLITAN COUNCIL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND BY DIVISION
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS**

	General Fund- Regional Administration			General Fund- Community Development			General Fund- Total		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ 9,759	\$ 9,921	\$ 162				\$ 9,759	\$ 9,921	\$ 162
Intergovernmental revenue:									
State	386	322	(64)	\$ 8,630	\$ 8,591	\$ (39)	9,016	8,913	(103)
Local/other	76	107	31				76	107	31
Investment income	868	162	(706)				868	162	(706)
Other		71	71					71	71
Total revenues	<u>11,089</u>	<u>10,583</u>	<u>(506)</u>	<u>8,630</u>	<u>8,591</u>	<u>(39)</u>	<u>19,719</u>	<u>19,174</u>	<u>(545)</u>
EXPENDITURES									
Current:									
Wages and fringe	4,599	2,830	(1,769)	3,078	3,830	752	7,677	6,660	(1,017)
Other governmental	215	422	207	1,329	884	(445)	1,544	1,306	(238)
Intergovernmental:									
Culture and recreation				8,630	8,591	(39)	8,630	8,591	(39)
Debt service:									
Principal	525	525					525	525	0
Interest and other charges	509	539	30				509	539	30
Capital outlay	428	118	(310)				428	118	(310)
Total expenditures	<u>6,276</u>	<u>4,434</u>	<u>(1,842)</u>	<u>13,037</u>	<u>13,305</u>	<u>268</u>	<u>19,313</u>	<u>17,739</u>	<u>(1,574)</u>
Excess (deficiency) of revenues over (under) expenditures	4,813	6,149	1,336	(4,407)	(4,714)	(307)	406	1,435	1,029
OTHER FINANCING SOURCES (USES)									
Transfers out	(1,825)	(1,530)	295				(1,825)	(1,530)	295
Total other financing sources (uses)	<u>(1,825)</u>	<u>(1,530)</u>	<u>295</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,825)</u>	<u>(1,530)</u>	<u>295</u>
Net change in fund balance	<u>\$ 2,988</u>	<u>\$ 4,619</u>	<u>\$ 1,631</u>	<u>\$ (4,407)</u>	<u>\$ (4,714)</u>	<u>\$ (307)</u>	<u>\$ (1,419)</u>	<u>\$ (95)</u>	<u>\$ 1,324</u>

**METROPOLITAN COUNCIL
BUDGETARY COMPARISON SCHEDULE
LIVABLE COMMUNITIES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Over (Under)
REVENUES				
Taxes	\$ 12,754	\$ 12,754	\$ 12,870	\$ 116
Intergovernmental revenue:				
State	307	307	256	(51)
Investment income	665	665	1,851	1,186
Total revenues	<u>13,726</u>	<u>13,726</u>	<u>14,977</u>	<u>1,251</u>
EXPENDITURES				
Intergovernmental:				
Economic development	9,500	9,500	1,136	(8,364)
Environment	5,500	5,500	3,313	(2,187)
Housing	1,850	1,850	1,504	(346)
Debt service:				
Interest and other charges			83	83
Total expenditures	<u>16,850</u>	<u>16,850</u>	<u>6,036</u>	<u>(10,814)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,124)</u>	<u>(3,124)</u>	<u>8,941</u>	<u>12,065</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	1,000	1,000	0
Total other financing sources (uses)	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Net change in fund balance	(2,124)	(2,124)	9,941	12,065
Fund balance, beginning	38,992	38,992	38,992	0
Fund balance, ending	<u>\$ 36,868</u>	<u>\$ 36,868</u>	<u>\$ 48,933</u>	<u>\$ 12,065</u>

**METROPOLITAN COUNCIL
BUDGETARY COMPARISON SCHEDULE
CONTRACTED TRANSIT SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Over (Under)
REVENUES				
Intergovernmental revenue:				
Federal	\$ 6,639	\$ 8,863	\$ 9,148	\$ 285
State	13,309	13,581	17,192	3,611
Local/Other	742	900	810	(90)
Investment income			342	342
Other	1,079	1,030	1,161	131
Total revenues	<u>21,769</u>	<u>24,374</u>	<u>28,653</u>	<u>4,279</u>
EXPENDITURES				
Current:				
General government	1,035	944	867	(77)
Transportation	20,734	23,508	23,812	304
Intergovernmental:				
Transportation			2,983	2,983
Debt service:				
Interest and other charges			16	16
Capital outlay			2	2
Total expenditures	<u>21,769</u>	<u>24,452</u>	<u>27,680</u>	<u>3,228</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(78)</u>	<u>973</u>	<u>1,051</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			21	21
Transfers out			(1,082)	(1,082)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(1,061)</u>	<u>(1,061)</u>
Net change in fund balance	0	(78)	(88)	(10)
Fund balance, beginning	<u>10,380</u>	<u>10,380</u>	<u>10,380</u>	<u>0</u>
Fund balance, ending	<u>\$ 10,380</u>	<u>\$ 10,302</u>	<u>\$ 10,292</u>	<u>\$ (10)</u>

**METROPOLITAN COUNCIL
BUDGETARY COMPARISON SCHEDULE
SUBURBAN TRANSIT PROVIDERS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Over (Under)
REVENUES				
Intergovernmental revenue:				
Federal		\$ 75	\$ 53	\$ (22)
State	\$ 25,016	25,016	24,097	(919)
Total revenues	25,016	25,091	24,150	(941)
EXPENDITURES				
Intergovernmental:				
Transportation	25,016	25,091	24,150	(941)
Total expenditures	25,016	25,091	24,150	(941)
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Net change in fund balance	0	0	0	0
Fund balance, beginning	0	0	0	0
Fund balance, ending	\$ 0	\$ 0	\$ 0	\$ 0

**METROPOLITAN COUNCIL
BUDGETARY COMPARISON SCHEDULE
OTHER SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Over (Under)
REVENUES				
Investment income	\$ 50	\$ 50	\$ 96	\$ 46
Total revenues	<u>50</u>	<u>50</u>	<u>96</u>	<u>46</u>
EXPENDITURES				
Debt service:				
Interest and other charges			6	6
Total expenditures	<u>0</u>	<u>0</u>	<u>6</u>	<u>6</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50</u>	<u>50</u>	<u>90</u>	<u>40</u>
OTHER FINANCING SOURCES (USES)				
Transfers out			(2,500)	(2,500)
Total other financing sources and uses	<u>0</u>	<u>0</u>	<u>(2,500)</u>	<u>(2,500)</u>
Net change in fund balance	50	50	(2,410)	(2,460)
Fund balance, beginning	<u>3,561</u>	<u>3,561</u>	<u>3,561</u>	<u>0</u>
Fund balance, ending	<u><u>\$ 3,611</u></u>	<u><u>\$ 3,611</u></u>	<u><u>\$ 1,151</u></u>	<u><u>\$ (2,460)</u></u>

METROPOLITAN COUNCIL
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
ASSETS				
Cash and cash equivalents	<u>\$ 19</u>	<u>\$ 1</u>	<u>\$ 7</u>	<u>\$ 13</u>
 LIABILITIES				
Accounts Payable	\$ 7		\$ 7	
Due to participants	<u>12</u>	<u>\$ 1</u>	<u></u>	<u>\$ 13</u>
Total Liabilities	<u>\$ 19</u>	<u>\$ 1</u>	<u>\$ 7</u>	<u>\$ 13</u>

METROPOLITAN COUNCIL
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
DECEMBER 31, 2008 AND 2007
IN THOUSANDS

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 5,618	\$ 4,785
Buildings	16,344	16,344
Vehicles	94,634	91,285
Equipment	3,077	2,944
Total governmental funds capital assets	<u>\$ 119,673</u>	<u>\$ 115,358</u>

Investments in governmental funds capital assets by source:

General fund	\$ 2,333	\$ 2,207
Special revenue funds	5,645	4,812
Capital projects funds	111,695	108,339
Total governmental funds capital assets	<u>\$ 119,673</u>	<u>\$ 115,358</u>

METROPOLITAN COUNCIL
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2008
IN THOUSANDS

<u>Function and Activity</u>	<u>Land</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Building</u>	<u>Total</u>
General government:					
Council			\$ 46	\$ 16,344	\$ 16,390
Information services			2,306		2,306
Total general government	<u>\$ 0</u>	<u>\$ 0</u>	<u>2,352</u>	<u>16,344</u>	<u>18,696</u>
Transportation:					
Metro mobility		14,913	716		15,629
Contracted Transit Services	5,618	21,378	9		27,005
Suburban Transit Providers		58,343			58,343
Total transportation	<u>5,618</u>	<u>94,634</u>	<u>725</u>	<u>0</u>	<u>100,977</u>
Total governmental funds capital assets	<u>\$ 5,618</u>	<u>\$ 94,634</u>	<u>\$ 3,077</u>	<u>\$ 16,344</u>	<u>\$ 119,673</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, 2008
IN THOUSANDS

Function and Activity	Governmental Funds Capital Assets January 1, 2008	Additions	Deductions and Adjustments	Governmental Funds Capital Assets December 31, 2008
General government:				
Council	\$ 16,383	\$ 7		\$ 16,390
Information services	2,180	126		2,306
Total general government	<u>18,563</u>	<u>133</u>	<u>\$ 0</u>	<u>18,696</u>
 Metro Mobility	13,119	3,924	1,414	15,629
Contracted Transit Services	25,367	833	(805)	27,005
Suburban Transit Providers	58,309	906	872	58,343
Total transportation	<u>96,795</u>	<u>5,663</u>	<u>1,481</u>	<u>100,977</u>
 Total governmental funds capital assets	<u>\$ 115,358</u>	<u>\$ 5,796</u>	<u>\$ 1,481</u>	<u>\$ 119,673</u>

**METROPOLITAN COUNCIL
BONDS/LOANS OUTSTANDING
AS OF DECEMBER 31, 2008**

Issues	Date	Final Maturity Date	Original Issue	Payments Prior Years	Payments Year Ended 12/31/08
GENERAL OBLIGATION BONDS AND LOANS PAYABLE					
G.O. Park Bonds:					
2003B, Refunding	1-Oct-03	1-Jan-11	\$ 7,240	\$ 2,850	\$ 1,030
2004C	1-Apr-04	1-Feb-09	6,000	4,355	815
2005D	1-May-05	1-Feb-10	6,000	3,135	930
2007C	15-Feb-07	1-Feb-12	9,500		7,000
Subtotal: G. O. Park Bonds			<u>28,740</u>	<u>10,340</u>	<u>9,775</u>
G.O. Radio Bonds:					
1997B	1-May-97	1-Feb-08	3,000	2,625	375
Subtotal: G. O. Radio Bonds					
G.O. Transit Bonds:					
1998A	1-May-98	1-Feb-09	13,500	10,050	1,690
1998D, Refunding	1-Dec-98	1-Feb-13	1,365	915	65
2000A	1-Mar-00	1-Feb-20 (a)	42,000	25,975	16,025
2001B	1-Aug-01	1-Feb-21	44,000	25,450	2,575
2002C	1-Nov-02	1-Feb-22 (a)	50,000	26,950	3,240
2002E, Refunding	1-Nov-02	1-Feb-10	11,825	8,150	1,550
2003C, Refunding	1-Sep-03	1-Feb-17	3,355	615	295
2004A	1-Apr-04	1-Feb-24	41,375	15,740	4,555
2004F, Refunding	1-Nov-04	1-Feb-13	2,910		445
2005C	1-May-05	1-Feb-25	32,000	10,070	3,655
2005C, Refunding	1-May-05	1-Feb-20	13,285		
2007A	15-Feb-07	1-Feb-24	36,400		9,670
2007E, Refunding	15-Mar-07	1-Feb-22	10,110		
2008B	12-Mar-08	1-Mar-28	40,300		
Subtotal: G. O. Transit Bonds			<u>342,425</u>	<u>123,915</u>	<u>43,765</u>
Minnesota Public Facilities Authority Loans--Transit (Backed by General Obligation Notes):	12-Mar-99	15-Feb-20	21,025	13,170	1,425
(Backed by General Obligation Notes):	24-Jan-08	15-Feb-18	10,000		220
Subtotal: Minnesota Public Facility Authority Loans--Transit			<u>31,025</u>	<u>13,170</u>	<u>1,645</u>
Total Bonds-General Long Term Obligations			<u>\$ 405,190</u>	<u>\$ 150,050</u>	<u>\$ 55,560</u>
G.O.Sewer Bonds:					
1999B	1-Jul-99	1-Dec-14 (a)	\$ 14,000	\$ 4,925	\$ 9,075
2001A, Refunding	1-Sep-01	1-Dec-09	31,525	27,425	2,100
2001D	1-Aug-01	1-Dec-16	14,000	4,485	880
2002A, Refunding	1-Sep-02	1-Dec-10	32,395	29,760	1,680
2002B, Refunding	1-Jul-02	1-Dec-16	19,735	3,825	1,740
2003A, Refunding	1-Sep-03	1-Mar-16	121,490	43,545	12,250
2004B	1-Apr-04	1-Dec-23	25,000	400	100
2005A, Refunding	1-Jun-05	1-Sep-12	17,395	5,040	2,945
2005B	1-May-05	1-May-25	90,405	2,725	2,890
2005B, Refunding	1-May-05	1-May-14	7,525		
2007B	15-Feb-07	1-Dec-27	80,000		5,000
2008C	12-Mar-08	1-Mar-28	80,000		
2008D, Refunding	12-Mar-08	1-Mar-14	8,955		
Subtotal: G. O. Sewer Bonds			<u>542,425</u>	<u>122,130</u>	<u>38,660</u>
Minnesota Public Facilities Authority Loans--Sewer: (Backed by General Obligation Notes)	12-Jul-89	20-Feb-09	40,000	34,400	2,800
	20-Jul-93	20-Feb-14 (a)	20,000	9,820	10,180
	30-Sep-96	20-Aug-16	40,000	18,500	2,050
	3-Oct-97	20-Aug-17	40,000	14,000	950
	31-Dec-98	20-Aug-19	60,000	15,825	1,105
	27-Jul-00	20-Aug-20	60,000	9,875	1,845
	14-Nov-01	20-Aug-21	75,000	10,300	3,200
	20-Dec-02	20-Feb-22	100,000	8,300	3,500
	1-Sep-03	20-Feb-16	4,954	1,883	500
	26-Nov-03	20-Aug-23	100,000	11,000	500
	20-Oct-04	20-Feb-25	50,000	7,500	1,800
	10-Nov-05	20-Feb-25	40,000	1,000	2,000
	30-Aug-06	20-Aug-26	50,000	750	3,250
	11-Oct-07	20-Aug-27	73,142		50
Subtotal: Minnesota Public Facility Authority Loans--Sewer			<u>753,096</u>	<u>143,153</u>	<u>33,730</u>
Total G.O.Sewer Bonds/Loans Payable			<u>\$ 1,295,521</u>	<u>\$ 265,283</u>	<u>\$ 72,390</u>
Total General Obligation Bonds and Loans Payable			<u>\$ 1,700,711</u>	<u>\$ 415,333</u>	<u>\$ 127,950</u>
REVENUE BONDS (Not tax supported)					
(Radio Board, Series 2007D, Ref)	15-Mar-07	1-Feb-13	\$ 7,265	\$ 0	\$ 1,030

(a) Called prior to final maturity

(b) Escrowed.

Bonds/Loans Issued/ Drawn Down in 2008	Bonds/Loans Outstanding 12/31/2008	Refunded Bonds	Maturing in 2009	Future Maturities
	\$ 3,360		\$ 1,065	\$ 2,295
	830		830	
	1,935		955	980
	2,500		645	1,855
<u>0</u>	<u>8,625</u>	<u>0</u>	<u>3,495</u>	<u>5,130</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	1,760		1,760	
	385		70	315
	15,975		2,575	13,400
	19,810	10,090 (b)	3,240	6,480
	2,125		1,620	505
	2,445		290	2,155
	21,080		2,395	18,685
	2,465		465	2,000
	18,275		3,740	14,535
	13,285		2,450	10,835
	26,730		1,000	25,730
	10,110			10,110
40,300	40,300		7,200	33,100
<u>40,300</u>	<u>174,745</u>	<u>10,090</u>	<u>26,805</u>	<u>137,850</u>
	6,430		1,460	4,970
10,000	9,780		1,890	7,890
<u>10,000</u>	<u>16,210</u>	<u>0</u>	<u>3,350</u>	<u>12,860</u>
<u>\$ 50,300</u>	<u>\$ 199,580</u>	<u>\$ 10,090</u>	<u>\$ 33,650</u>	<u>\$ 155,840</u>
	2,000		2,000	
	8,635		920	7,715
	955		620	335
	14,170		1,785	12,385
	65,695		12,750	52,945
	24,500		650	23,850
	9,410		3,280	6,130
	84,790		2,540	82,250
	7,525		980	6,545
	75,000		7,000	68,000
80,000	80,000		1,000	79,000
8,955	8,955		1,310	7,645
<u>88,955</u>	<u>381,635</u>	<u>0</u>	<u>34,835</u>	<u>346,800</u>
	2,800		2,800	
	19,450		2,150	17,300
	25,050		1,000	24,050
	43,070		1,760	41,310
	48,280		1,250	47,030
	61,500		2,500	59,000
	88,200		3,700	84,500
	2,571		595	1,976
	88,500		1,000	87,500
	40,700		1,800	38,900
	37,000		1,000	36,000
	46,000		1,500	44,500
44,987	73,092		500	72,592
<u>44,987</u>	<u>576,213</u>	<u>0</u>	<u>21,555</u>	<u>554,658</u>
<u>\$ 133,942</u>	<u>\$ 957,848</u>	<u>\$ 0</u>	<u>\$ 56,390</u>	<u>\$ 901,458</u>
<u>\$ 184,242</u>	<u>\$ 1,157,428</u>	<u>\$ 10,090</u>	<u>\$ 90,040</u>	<u>\$ 1,057,298</u>
<u>\$ 0</u>	<u>\$ 6,235</u>	<u>\$ 0</u>	<u>\$ 1,135</u>	<u>\$ 5,100</u>

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STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	82-86
Revenue Capacity These schedules contain information to help the reader assess the Council's most significant local revenue source, the property tax.	87-90
Debt Capacity These schedules present information to help the reader assess the affordability of the Council's current levels of outstanding debt and the Council's ability to issue additional debt in the future.	91-99
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Council's financial activities take place.	100-101
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Council's financial report relates to the services the Council provides and the activities it performs.	102-104

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Council implemented GASB 34 in 2001. Schedules presenting government-wide information include information beginning in that year.

METROPOLITAN COUNCIL
NET ASSETS BY COMPONENT
LAST EIGHT YEARS ENDED DECEMBER 31, 2008
IN THOUSANDS
(accrual basis of accounting)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 17,069	\$ 17,060	\$ 22,463	\$ 14,392	\$ 2,742	\$ 2,910	\$ 3,206	\$ 4,670
Restricted	152,325	107,253	105,856	113,196	119,696	91,617	110,340	84,305
Unrestricted	(104,689)	(62,054)	(102,565)	(130,916)	(120,950)	(102,726)	(138,815)	(85,497)
Total governmental activities net assets	<u>\$ 64,705</u>	<u>\$ 62,259</u>	<u>\$ 25,754</u>	<u>\$ (3,328)</u>	<u>\$ 1,488</u>	<u>\$ (8,199)</u>	<u>\$ (25,269)</u>	<u>\$ 3,478</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 1,451,577	\$ 1,376,046	\$ 1,390,948	\$ 1,353,995	\$ 1,369,820	\$ 1,284,499	\$ 1,089,774	\$ 888,338
Restricted	38,715	19,751	3,212	31,187	36,239	24,942	26,202	6,661
Unrestricted	76,411	139,993	105,006	77,035	57,429	43,881	64,893	99,631
Total business-type activities net assets	<u>\$ 1,566,703</u>	<u>\$ 1,535,790</u>	<u>\$ 1,499,166</u>	<u>\$ 1,462,217</u>	<u>\$ 1,463,488</u>	<u>\$ 1,353,322</u>	<u>\$ 1,180,869</u>	<u>\$ 994,630</u>
Primary government								
Invested in capital assets, net of related debt	\$ 1,468,646	\$ 1,393,106	\$ 1,413,411	\$ 1,368,387	\$ 1,372,562	\$ 1,287,409	\$ 1,092,980	\$ 893,008
Restricted	191,040	127,004	109,068	144,383	155,935	116,559	136,542	90,966
Unrestricted	(28,278)	77,939	2,441	(53,881)	(63,521)	(58,845)	(73,922)	14,134
Total primary government net assets	<u>\$ 1,631,408</u>	<u>\$ 1,598,049</u>	<u>\$ 1,524,920</u>	<u>\$ 1,458,889</u>	<u>\$ 1,464,976</u>	<u>\$ 1,345,123</u>	<u>\$ 1,155,600</u>	<u>\$ 998,108</u>

Unaudited

METROPOLITAN COUNCIL
CHANGES IN NET ASSETS
LAST EIGHT YEARS ENDED DECEMBER 31, 2008
IN THOUSANDS
(accrual basis of accounting)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Expenses								
Governmental activities:								
General government	\$ 9,823	\$ 9,848	\$ 8,613	\$ 8,263	\$ 9,682	\$ 10,007	\$ 12,606	\$ 12,554
Transportation	102,476	92,732	88,510	89,662	84,197	77,622	71,005	63,199
Culture and recreation	39,007	26,377	16,084	18,752	21,149	30,521	25,675	20,927
Economic development	1,136	4,548	4,036	9,401	7,550	8,036	6,965	6,299
Environment	3,313	9,302	5,201	6,629	2,904	4,516	5,349	5,034
Housing	1,504	1,831	2,136	1,819	524	1,958	2,738	2,788
Interest and other charges	9,606	12,969	11,753	21,152	8,755	8,891	7,298	6,899
Total governmental activities expenses	<u>166,865</u>	<u>157,607</u>	<u>136,333</u>	<u>155,678</u>	<u>134,761</u>	<u>141,551</u>	<u>131,636</u>	<u>117,700</u>
Business-type activities:								
Environmental Services	218,856	190,763	173,090	161,748	161,054	153,373	154,842	149,149
Transit bus	299,435	264,612	246,264	237,695	218,748	226,769	229,342	222,484
Transit light rail	55,766	49,524	45,795	44,620	29,311	15,114	26,241	11,563
Transit commuter rail	770							
Housing	53,880	55,432	56,595	56,198	57,604	56,222	50,398	38,034
Total business-type activities	<u>628,707</u>	<u>560,331</u>	<u>521,744</u>	<u>500,261</u>	<u>466,717</u>	<u>451,478</u>	<u>460,823</u>	<u>421,230</u>
Total primary government expenses	<u>\$ 795,572</u>	<u>\$ 717,938</u>	<u>\$ 658,077</u>	<u>\$ 655,939</u>	<u>\$601,478</u>	<u>\$593,029</u>	<u>\$ 592,459</u>	<u>\$ 538,930</u>
Program Revenues								
Governmental activities:								
Charges for service	\$ 6,568	\$ 7,461	\$ 7,048	\$ 5,905	\$ 5,525	\$ 4,924	\$ 3,985	\$ 5,299
Operating grants and contributions	46,842	53,051	42,835	42,542	42,411	43,022	27,897	50,586
Capital grants and contributions	32,812	38,336	19,791	13,483	9,578	18,074	8,831	12,648
Total governmental activities program revenues	<u>86,222</u>	<u>98,848</u>	<u>69,674</u>	<u>61,930</u>	<u>57,514</u>	<u>66,020</u>	<u>40,713</u>	<u>68,533</u>
Business-type activities:								
Charges for service								
Environmental services	203,292	190,491	187,374	177,995	160,498	174,747	171,716	168,460
Transit bus	76,436	70,929	68,592	62,342	53,588	65,943	68,847	67,949
Transit light rail	9,857	9,182	8,630	7,516	2,595	14	0	0
Housing	744	661	798	405	570	460	184	96
Operating grants and contributions	119,785	145,775	127,209	126,290	118,413	111,230	111,755	85,865
Capital grants and contributions	129,184	57,603	54,651	13,214	130,792	165,227	218,428	184,225
Total business-type activities program revenues	<u>539,298</u>	<u>474,641</u>	<u>447,254</u>	<u>387,762</u>	<u>466,456</u>	<u>517,621</u>	<u>570,930</u>	<u>506,595</u>
Total primary government program revenues	<u>\$ 625,520</u>	<u>\$ 573,489</u>	<u>\$ 516,928</u>	<u>\$ 449,692</u>	<u>\$523,970</u>	<u>\$583,641</u>	<u>\$ 611,643</u>	<u>\$ 575,128</u>
Net (Expense)/Revenue								
Governmental activities	\$ (80,643)	\$ (58,759)	\$ (66,659)	\$ (93,748)	\$ (77,247)	\$ (75,531)	\$ (90,923)	\$ (49,167)
Business-type activities	(89,409)	(85,690)	(74,490)	(112,499)	(261)	66,143	110,107	85,365
Total primary government net expense	<u>\$ (170,052)</u>	<u>\$ (144,449)</u>	<u>\$ (141,149)</u>	<u>\$ (206,247)</u>	<u>\$ (77,508)</u>	<u>\$ (9,388)</u>	<u>\$ 19,184</u>	<u>\$ 36,198</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 70,217	\$ 68,825	\$ 68,026	\$ 67,315	\$ 65,013	\$ 66,483	\$ 55,672	\$ 53,736
Market value and other credits	2,120	2,267	2,691	3,158	2,276	3,055	3,914	9,413
Motor vehicle excise tax	31,785	27,216	27,459	31,606	32,384	35,799	15,327	
Other government receipts not restricted to specific programs							280	
Investment earnings	5,981	14,249	10,013	5,574	4,518	2,647	4,936	7,571
Gain on sale of capital assets	83	446	170				91	116
Transfers	(27,097)	(17,739)	(12,618)	(18,721)	(15,831)	(19,536)	(22,385)	(24,099)
Total governmental activities	<u>83,089</u>	<u>95,264</u>	<u>95,741</u>	<u>88,932</u>	<u>88,360</u>	<u>88,448</u>	<u>57,835</u>	<u>46,737</u>
Business-type activities:								
Taxes								
Property taxes							723	60,923
Market value and other credits								12,032
Motor vehicle excise tax	92,020	91,663	86,981	87,463	90,797	88,308	48,311	
Investment earnings	1,205	12,912	11,840	5,045	3,798	3,514	4,708	5,805
Gain on sale of capital assets							6	
Transfers	27,097	17,739	12,618	18,721	15,831	19,536	22,385	24,099
Total business-type activities	<u>120,322</u>	<u>122,314</u>	<u>111,439</u>	<u>111,229</u>	<u>110,426</u>	<u>111,358</u>	<u>76,133</u>	<u>102,859</u>
Total primary government	<u>\$ 203,411</u>	<u>\$ 217,578</u>	<u>\$ 207,180</u>	<u>\$ 200,161</u>	<u>\$198,786</u>	<u>\$199,806</u>	<u>\$ 133,968</u>	<u>\$ 149,596</u>
Changes in Net Assets								
Governmental activities	\$ 2,446	\$ 36,505	\$ 29,082	\$ (4,816)	\$ 11,113	\$ 12,917	\$ (33,088)	\$ (2,430)
Business-type activities	30,913	36,624	36,949	(1,270)	110,165	177,501	186,240	188,224
Total primary government	<u>\$ 33,359</u>	<u>\$ 73,129</u>	<u>\$ 66,031</u>	<u>\$ (6,086)</u>	<u>\$121,278</u>	<u>\$190,418</u>	<u>\$ 153,152</u>	<u>\$ 185,794</u>

Unaudited

**METROPOLITAN COUNCIL
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT YEARS ENDED DECEMBER 31, 2008
IN THOUSANDS
(modified accrual basis of accounting)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Fund								
Reserved	\$ 328	\$ 744	\$ 853	\$ 559	\$ 656	\$ 1,325	\$ 474	\$ 1,218
Unreserved	17,234	16,913	15,080	13,462	9,284	8,939	7,602	7,816
Total general fund	<u>\$ 17,562</u>	<u>\$ 17,657</u>	<u>\$ 15,933</u>	<u>\$ 14,021</u>	<u>\$ 9,940</u>	<u>\$ 10,264</u>	<u>\$ 8,076</u>	<u>\$ 9,034</u>
All Other Governmental Funds								
Reserved	\$ 117,408	\$ 75,414	\$ 69,586	\$ 58,906	\$ 68,112	\$ 63,522	\$ 67,626	\$ 61,516
Unreserved, reported in:								
Special revenue funds	45,770	46,750	38,194	43,425	31,591	30,117	13,858	45,225
Debt service funds	72,030	89,464	76,912	76,760	63,904	66,325	57,045	22,790
Capital projects funds	(29,171)	(6,958)	(17,767)	22,351	24,613	(7,740)	41,090	37,971
Total all other governmental funds	<u>\$ 206,037</u>	<u>\$ 204,670</u>	<u>\$ 166,925</u>	<u>\$ 201,442</u>	<u>\$ 188,220</u>	<u>\$ 152,224</u>	<u>\$ 179,619</u>	<u>\$ 167,502</u>

Unaudited

METROPOLITAN COUNCIL
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT YEARS ENDED DECEMBER 31, 2008
IN THOUSANDS
(modified accrual basis of accounting)

	2008	2007	2006	2005	2004	2003	2002	2001
REVENUES								
Taxes	\$ 70,161	\$ 68,383	\$ 68,178	\$ 66,944	\$ 65,916	\$ 64,820	\$ 55,274	\$ 53,678
Intergovernmental revenue:								
Federal	14,009	20,046	15,902	12,409	12,311	9,707	3,249	11,583
State	99,548	97,324	76,864	76,076	74,338	90,245	52,195	60,345
Local/other	927	3,759	188	259	211	278	631	943
Investment income	5,981	14,249	10,013	5,574	4,518	2,647	4,936	7,867
Other	5,713	7,202	6,870	7,950	5,315	4,645	4,164	5,227
Total revenues	<u>196,339</u>	<u>210,963</u>	<u>178,015</u>	<u>169,212</u>	<u>162,609</u>	<u>172,342</u>	<u>120,449</u>	<u>139,643</u>
EXPENDITURES								
Current:								
General government	8,862	8,817	8,185	7,613	9,190	9,716	12,313	12,159
Transportation	60,468	54,233	51,112	51,281	48,383	46,900	43,467	42,442
Culture and recreation				26	71	143	121	222
Intergovernmental:								
General government								143
Transportation	31,616	30,262	29,780	31,615	29,488	25,994	24,723	19,032
Culture and recreation	39,007	26,377	16,084	18,726	21,078	30,378	25,554	20,705
Economic development	1,136	4,548	4,036	9,401	2,904	4,517	5,349	5,034
Environment	3,313	9,302	5,201	6,629	524	1,958	2,739	2,787
Housing	1,504	1,831	2,136	1,819	7,550	8,036	6,965	6,299
Debt service:								
Principal	43,515	44,295	40,870	39,670	31,855	34,245	22,940	19,290
Interest and other charges	10,280	13,217	13,625	10,555	8,511	8,983	7,233	6,393
Capital outlay	5,796	22,198	26,998	16,908	8,434	21,717	7,220	8,034
Total expenditures	<u>205,497</u>	<u>215,080</u>	<u>198,027</u>	<u>194,243</u>	<u>167,988</u>	<u>192,587</u>	<u>158,624</u>	<u>142,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,158)</u>	<u>(4,117)</u>	<u>(20,012)</u>	<u>(25,031)</u>	<u>(5,379)</u>	<u>(20,245)</u>	<u>(38,175)</u>	<u>(2,897)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	3,953	3,832	1,667	5,704	7,349	1,585	3,352	3,293
Transfers out	(31,241)	(21,805)	(14,362)	(24,778)	(23,387)	(21,948)	(25,737)	(27,393)
Bonds issued	51,141	45,900		38,000	47,375		71,550	49,728
Refunding bonds issued	-	17,375		13,285	2,910	10,726		
Certificates of indebtedness issued				7,885				
Capital lease issued					13,464			
Premium on bonds and capital related debt	-	698		1,965	3,570			
Payment to refunded bond escrow agent	(13,600)	(2,860)			(10,395)			
Sale of capital assets	177	446	102	274	165	27	169	116
Total other financing sources (uses)	<u>10,430</u>	<u>43,586</u>	<u>(12,593)</u>	<u>42,335</u>	<u>41,051</u>	<u>(9,610)</u>	<u>49,334</u>	<u>25,744</u>
Net change in fund balances	<u>\$ 1,272</u>	<u>\$ 39,469</u>	<u>\$ (32,605)</u>	<u>\$ 17,304</u>	<u>\$ 35,672</u>	<u>\$ (29,855)</u>	<u>\$ 11,159</u>	<u>\$ 22,847</u>
Debt service as a percentage of noncapital expenditures	26.9%	29.8%	31.9%	28.3%	25.3%	25.3%	19.9%	19.1%

Unaudited

**METROPOLITAN COUNCIL
GENERAL GOVERNMENTAL REVENUES AND
OTHER FINANCING SOURCES BY SOURCE
LAST TEN YEARS ENDED DECEMBER 31, 2008 ¹
IN THOUSANDS**

Year	Taxes			Intergovernmental Revenue			Investment Income		Other Revenue and Financing Sources ²	Total Revenue and Other Financing Sources
	General Fund	Special Revenue Funds	Debt Service Funds	Federal	State	Local/Other	General & Special Revenue Funds	Debt Service Funds		
1999	\$ 8,310	\$ 19,239	\$ 22,018	\$ 28,161	\$ 45,981	\$ 1,541	\$ 1,343	\$ 467	\$ 32,895	\$ 159,955
2000	8,167	20,280	22,388	29,497	43,769	1,903	7,439	1,541	28,995	163,979
2001	8,266	21,919	23,493	11,582	51,235	944	4,604	1,315	8,160	131,518
2002	9,821	14,456	30,997	3,249	43,364	631	3,013	886	22,331	128,748
2003	10,363	15,611	38,846	9,707	72,171	278	1,607	839	16,763	166,185
2004	9,709	15,349	40,858	12,311	64,761	211	2,828	1,172	16,099	163,298
2005	9,730	15,377	41,837	12,409	70,212	259	4,409	1,165	75,063	230,461
2006	9,840	12,845	45,493	15,902	69,380	188	2,190	3,384	8,639	167,861
2007	9,862	14,891	43,630	20,046	78,936	259	8,110	5,116	10,462	191,312
2008	9,921	16,041	44,199	14,009	77,301	927	3,098	1,986	6,734	174,216

Unaudited

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

² For 1999 and 2000, other revenue and financing sources included transfers from proprietary funds to the general fund for administrative programs.

**METROPOLITAN COUNCIL
MARKET VALUE AND NET TAX CAPACITY
VALUE OF TAXABLE PROPERTY
LAST TEN YEARS ENDED DECEMBER 31, 2008
IN THOUSANDS (EXCEPT PERCENTAGES)**

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>		<u>Ratio of Net Tax Capacity Value to Market Value</u>	<u>Total Direct Tax Rate</u>
	<u>Market Value</u>	<u>Market Value</u>	<u>Market Value</u>	<u>Net Tax Capacity Value</u>		
1999	\$ 124,696,038	\$ 1,970,769	\$ 126,666,807	\$ 2,270,485	1.8%	\$ 0.05
2000	135,670,772	2,050,153	137,720,925	2,437,139	1.8	0.05
2001	150,978,503	2,068,362	153,046,865	2,742,161	1.8	0.05
2002	168,702,915	2,101,262	170,804,177	2,124,742	1.2	0.04
2003	211,748,717	2,292,856	214,041,573	2,568,680	1.2	0.03
2004	239,909,253	2,378,888	242,288,141	2,875,255	1.2	0.01
2005	269,969,068	2,431,347	272,400,415	3,214,565	1.2	0.01
2006	300,283,964	2,563,238	302,847,202	3,584,479	1.2	0.01
2007	321,253,465	2,598,414	323,851,879	3,862,772	1.2	0.01
2008	323,122,709	2,629,555	325,752,264	3,915,642	1.2	0.01

Unaudited

Source: State of Minnesota, Department of Revenue.

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

METROPOLITAN COUNCIL
PROPERTY TAX RATES AND LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS ENDED DECEMBER 31, 2008
IN THOUSANDS

<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>	<u>Total Direct Tax Rate</u>	<u>School Districts</u>	<u>Counties</u>	<u>Cities and Townships</u>	<u>Other</u>
1999	0.00	0.00	0.04	0.01	0.05	0.53	0.31	0.22	0.28
2000	0.00	0.00	0.04	0.01	0.05	0.52	0.29	0.22	0.27
2001	0.00	0.00	0.04	0.01	0.05	0.50	0.27	0.21	0.26
2002	0.01	0.00	0.01	0.02	0.04	0.30	0.37	0.33	0.47
2003	0.00	0.00	0.01	0.02	0.03	0.31	0.34	0.29	0.39
2004	0.00	0.00	0.00	0.01	0.01	0.29	0.31	0.28	0.37
2005	0.00	0.00	0.00	0.01	0.01	0.27	0.30	0.27	0.33
2006	0.00	0.00	0.00	0.01	0.01	0.29	0.28	0.26	0.31
2007	0.00	0.00	0.00	0.01	0.01	0.29	0.28	0.26	0.32
2008	0.00	0.00	0.00	0.01	0.01	0.30	0.29	0.28	0.34

Unaudited

Source: State of Minnesota, Department of Revenue.

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

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

Largest taxpayers in Hennepin and Ramsey counties

<u>Taxpayer</u>	2008			1999		
	Net Tax Capacity	Rank	Percentage of Total Tax Capacity^{1,3}	1999 Tax Capacity	Rank	Percentage of Total Tax Capacity^{2,3}
MOAC Mall Holdings LLC	\$ 11,999	1	0.31%			
Xcel Energy / NSP	8,717	2	0.23	\$ 15,485	1	0.68%
3M Company	5,724	3	0.15	8,441	3	0.37
MB Minneapolis 8th St. LLC	4,679	4	0.12			
Minneapolis 225 Holdings LLC	4,309	5	0.11			
NWC Limited Partnership	4,147	6	0.11	6,547	5	0.29
First Minneapolis - Hines Co.	3,611	7	0.09			
Wells Reit-800 Nicollett	3,453	8	0.09			
Compass Retail Inc.	3,379	9	0.09			
Best Buy Co. Inc.	3,064	10	0.08			
SI Minn Developers LPS				15,195	2	0.67
601 Second Avenue LTD Partnership				7,628	4	0.34
Heitman Controller/IDS				5,696	7	0.25
U.S. Bancorp				6,053	6	0.27
City Center Associates				5,564	8	0.25
Federal Reserve Bank of Minneapolis				3,341	9	0.15
Heitman Financial				3,079	10	0.14
Total	<u>\$ 53,082</u>		<u>1.38%</u>	<u>\$ 77,029</u>		<u>3.39%</u>

Unaudited

Source: Hennepin County abstract of property taxes (2008)
Ramsey County abstract of property taxes (2008)
Evensen Dodge, Inc. (1999)

Notes ¹ Net tax capacity value for 2008 = \$3,915,642
² Net tax capacity value for 1999 = \$2,270,485
³ Net tax capacity value is determined by multiplying market value by class rates set by Minnesota state law. Between 1996 and 2005, the State of Minnesota reduced the class rates for all classes of properties. The effective class rate for all classes of properties combined was reduced from 2.1% in 1996 to 0.9% in 2005. As a result, net tax capacities have increased at an average annual rate of 1.3% over the ten years while market values increased at an average annual rate of 10.3%.

**METROPOLITAN COUNCIL
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS ENDED DECEMBER 31, 2008
IN THOUSANDS (EXCEPT PERCENTAGES)**

<u>Year</u>	<u>Total Tax Levy</u>	<u>State Levy Reduction</u>	<u>Net Taxes Levied for the Year</u>	<u>Collected within the Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1999	\$ 122,844	\$ 18,885	\$ 103,959	\$ 101,237	97.38%	\$ 683	\$ 101,920	98.04%
2000	129,067	21,008	108,059	106,660	98.70	515	107,175	99.18
2001	137,648	21,031	116,617	114,784	98.43	701	115,485	99.03
2002	59,587	3,910	55,677	54,994	98.77	267	55,261	99.25
2003	68,206	3,056	65,150	64,475	98.96	240	64,715	99.33
2004	68,561	2,242	66,319	65,652	98.99	341	65,993	99.51
2005	70,648	3,116	67,532	66,615	98.64	520	67,135	99.41
2006	71,354	2,677	68,677	67,709	98.59	646	68,355	99.53
2007	71,067	2,267	68,800	67,750	98.47	664	68,414	99.44
2008	72,788	2,103	70,685	69,355	98.12		69,355	98.12

Unaudited

**METROPOLITAN COUNCIL
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS ENDED IN DECEMBER 31, 2008
IN THOUSANDS (EXCEPT PERCENTAGE AND PER CAPITA)**

	Governmental Activities							Business-Type Activities						
Fiscal Year	General Obligation Bonds- Transit	General Obligation Bonds- Parks	General Obligation Bonds- Other	Revenue Bonds ²	PFA- Transit Loan ¹	Capital Leases	Total- Government Activities	General Obligation Bonds- Sewer	PFA- Sewer	Capital Leases	Total- Business-Type Activities	Total Primary Government	Percentage of Personal Income ³	Per Capita ³
1999	\$ 68,930	\$ 24,870	\$ 4,975		\$ 14,961		\$ 113,736	\$ 222,050	\$ 327,470	\$ 1,247	\$ 550,767	\$ 664,503	0.66%	\$ 257.76
2000	95,530	27,345	4,385		19,039		146,299	169,595	355,248	1,010	525,853	672,152	0.61	254.40
2001	127,180	26,705	3,775		18,655		176,315	160,300	402,504	773	563,577	739,892	0.65	276.60
2002	174,455	27,670	3,145		16,430		221,700	159,205	448,285	648	608,138	829,838	0.72	306.34
2003	152,015	29,405	2,485		14,145		198,050	261,895	419,940	441	682,276	880,326	0.74	321.17
2004	170,490	21,910	1,790		11,895	\$ 13,530	219,615	263,865	506,747	376	770,988	990,603	0.78	357.49
2005	192,780	21,145	1,075	\$ 10,760	10,585	13,530	249,875	310,090	515,332		825,422	1,075,297	0.81	382.64
2006	162,415	13,170	735	9,915	9,240	13,530	209,005	277,925	552,943		830,868	1,039,873	0.74	368.52
2007	178,210	18,400	375	7,265	7,855	13,020	225,125	331,340	564,956		896,296	1,121,421	0.75	393.62
2008	174,745	8,625	-	6,235	16,210	12,495	218,310	381,635	576,213		957,848	1,176,158	0.79	412.83

Unaudited

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

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

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

³ See the demographic and economic statistics schedule for personal income and population data. All ratios are calculated using personal income and population from prior calendar year.

METROPOLITAN COUNCIL
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS ENDED DECEMBER 31, 2008
IN THOUSANDS (EXCEPT PERCENTAGE AND PER CAPITA)

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Taxable Value ¹ of Property	Per Capita ²
	General Obligation Bonds- Transit	General Obligation Bonds-Parks	General Obligation Bonds- Other	General Obligation Bonds- Sewer	Total		
1999	\$ 68,930	\$ 24,870	\$ 4,975	\$ 222,050	\$ 320,825	14.13%	\$ 124.45
2000	95,530	27,345	4,385	169,595	296,855	12.18	112.36
2001	127,180	26,705	3,775	160,300	317,960	11.60	118.87
2002	174,455	27,670	3,145	159,205	364,475	17.15	134.55
2003	152,015	29,405	2,485	261,895	445,800	17.36	162.64
2004	170,490	21,910	1,790	263,865	458,055	15.93	165.30
2005	192,780	21,145	1,075	310,090	525,090	16.33	186.85
2006	162,415	13,170	735	277,925	454,245	12.67	160.98
2007	178,210	18,400	375	331,340	528,325	13.68	185.44
2008	174,745	8,625	-	381,635	565,005	14.43	198.32

Unaudited

Notes: Details regarding the Metropolitan Council's outstanding debt can be found in the notes to the financial statements.
Ratios are calculated using population from prior year.

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

² See demographics and economic statistics schedule for population data.

METROPOLITAN COUNCIL
COMPILATION OF OVERLAPPING DEBT ¹
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS

Page (1 of 5)

<u>Jurisdiction</u>	<u>Debt Outstanding</u>
Counties:	
Anoka	\$ 143,551
Carver	33,089
Dakota	110,425
Hennepin	877,275
Ramsey	195,917
Scott	87,760
Washington	120,760
Total counties	<u>\$ 1,568,777</u>
School districts:	
SSD #1 Minneapolis	\$ 337,921
SSD #6 South St. Paul	23,080
ISD #11 Anoka	202,962
ISD #12 Centennial	99,690
ISD #13 Columbia Heights	26,380
ISD #14 Fridley	38,585
ISD #15 St. Francis	44,845
ISD #16 Spring Lake Park	119,515
ISD #108 Norwood-Young America	1,875
ISD #110 Waconia	62,920
ISD #111 Watertown-Mayer	51,785
ISD #112 Chaska	238,900
ISD #191 Burnsville	77,895
ISD #192 Farmington	283,640
ISD #194 Lakeville	188,527
ISD #195 Randolph	5,410
ISD #196 Rosemount	147,453
ISD #197 West St. Paul	60,250
ISD #199 Inver Grove Heights	47,530
ISD #200 Hastings	39,310
ISD #252 Cannon Falls	21,260
ISD #270 Hopkins-Golden Valley	131,155
ISD #271 Bloomington	214,915
ISD #272 Eden Prairie	74,180
ISD #273 Edina	91,580
ISD #276 Minnetonka	87,725
ISD #277 Westonka	5,785
ISD #278 Orono	60,010
ISD #279 Osseo	233,000
ISD #280 Richfield	47,750
ISD #281 Robbinsdale	254,635
ISD #282 St Anthony-New Brighton	24,990
ISD #283 St. Louis Park	82,560
ISD #284 Wayzata	101,255
ISD #286 Brooklyn Center	29,160
ISD #424 Lester Prairie	578
ISD #621 Mounds View	144,949
ISD #622 North St. Paul-Maplewood-Oakdale	120,080
ISD #623 Roseville	36,325
ISD #624 White Bear Lake	115,250
ISD #625 St. Paul	367,641
ISD #659 Northfield	64,060
ISD #716 Belle Plaine	36,175

METROPOLITAN COUNCIL
COMPILATION OF OVERLAPPING DEBT ¹
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS

Page (2 of 5)

Jurisdiction	Debt Outstanding
School districts (continued):	
ISD #717 Jordan	33,285
ISD #719 Prior lake	176,060
ISD #720 Shakopee	171,290
ISD #721 New Prague	65,160
ISD #728 Elk River	323,430
ISD #831 Forest Lake	34,010
ISD #832 Mahtomedi	25,998
ISD #833 South Washington	288,760
ISD #834 Stillwater	58,785
ISD #916 Special Intermediate-Vo Tech	9,710
ISD #2144 Chisago Lakes	29,875
ISD #2397 LeSueur-Henderson	18,990
ISD #2687 Howard Lake-Waverly-Winsted	27,540
Total school districts	<u>\$ 5,706,384</u>
Cities:	
Afton	\$ 3,925
Andover	31,165
Anoka	8,810
Apple Valley	51,960
Arden Hills	1,770
Bayport	995
Belle Plaine	17,825
Bethel	1,755
Birchwood	510
Blaine	44,115
Bloomington	49,845
Brooklyn Center	29,525
Brooklyn Park	43,685
Burnsville	58,902
Carver	15,456
Centerville	8,827
Champlin	17,075
Chanhassen	33,475
Chaska	122,125
Circle Pines	5,145
Cologne	10,484
Columbia Heights	18,160
Columbus	11,298
Coon Rapids	25,315
Corcoran	1,382
Cottage Grove	27,705
Crystal	10,752
Dayton	39,083
Eagan	22,140
East Bethel	3,930
Eden Prairie	38,634
Edina	76,295
Elko/New Market	11,865
Excelsior	1,005
Falcon Heights	910
Farmington	43,610

METROPOLITAN COUNCIL
COMPILATION OF OVERLAPPING DEBT ¹
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS

(Page 3 of 5)

<u>Jurisdiction</u>	<u>Debt Outstanding</u>
Cities (continued):	
Forest Lake	18,395
Fridley	17,455
Gem Lake	1,534
Golden Valley	78,960
Grant	211
Greenfield	6,135
Hamburg	1,387
Ham Lake	3,240
Hampton	1,945
Hastings	39,670
Hopkins	24,090
Hugo	16,680
Independence	2,071
Inver Grove Heights	47,416
Jordan	31,482
Lake Elmo	9,125
Lakeland	2,400
Lake St. Croix Beach	325
Lakeville	98,955
Landfall	392
Lauderdale	1,880
Lexington	1,264
Lilydale	2,065
Lino Lakes	24,079
Little Canada	8,030
Long Lake	2,701
Loretto	860
Mahtomedi	13,460
Maple Grove	108,075
Maple Plain	3,492
Maplewood	75,352
Marine	200
Mayer	16,145
Medina	12,580
Mendota	43
Mendota Heights	12,935
Minneapolis	1,132,216
Minnetonka	18,860
Minnetonka Beach	1,070
Minnetrissa	3,035
Mound	34,889
Mounds View	4,351
New Brighton	61,795
New Germany	2,095
New Hope	9,625
New Prague	56,405
Newport	3,505
North St. Paul	19,515
Northfield	64,646
Norwood-Young America	17,665
Nowthen	1,145
Oakdale	26,080
Oak Grove	2,628
Oak Park Heights	6,300

METROPOLITAN COUNCIL
COMPILATION OF OVERLAPPING DEBT ¹
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS

(Page 4 of 5)

<u>Jurisdiction</u>	<u>Debt Outstanding</u>
Cities (continued):	
Orono	10,347
Osseo	6,083
Plymouth	28,645
Prior Lake	38,395
Ramsey	13,155
Richfield	41,840
Robbinsdale	18,645
Rogers	23,130
Rosemount	26,285
Roseville	12,570
St. Anthony	21,820
St. Bonifacius	4,654
St. Francis	17,588
St. Louis Park	40,483
St. Paul	376,707
St. Paul Park	4,381
Savage	93,370
Scandia	2,105
Shakopee	46,285
Shoreview	16,540
Shorewood	25,330
South St. Paul	16,430
Spring Lake Park	7,726
Stillwater	34,170
Sunfish Lake	160
Vadnais Heights	3,960
Vermillion	525
Victoria	34,265
Waconia	50,703
Watertown	9,950
Wayzata	7,055
West St. Paul	16,246
White Bear Lake	5,045
Woodbury	66,179
Woodland	495
Total cities	<u>\$ 4,161,579</u>
Townships:	
Cedar Lake	\$ 116
Dahlgren	17
Empire	1,880
Greenvale	150
Hassan	2,865
Laketown	359
Marshan	5
New Market	233
Sand Creek	675
Spring Lake	4,235
White Bear	8,025
Total townships	<u>\$ 18,560</u>

METROPOLITAN COUNCIL
COMPILATION OF OVERLAPPING DEBT ¹
FOR THE YEAR ENDED DECEMBER 31, 2008
IN THOUSANDS

(Page 5 of 5)

<u>Jurisdiction</u>	<u>Debt Outstanding</u>
Miscellaneous:	
Anoka Tax Increment	\$ 7,835
Blaine EDA\HRA	4,375
Bloomington Port Authority	40,335
Brooklyn Park EDA	17,100
Capital Region Watershed District	1,510
Carver County CDA	23,576
Cedar Lake Sewer Sanitary District	2,037
Chanhassen HRA	1,450
Circle Pines HRA	485
Circle Pines Tax Increment	4,435
Columbia Heights Tax Increment	150
Coon Rapids Tax Increment	2,510
Dakota County CDA	439,196
Hennepin County Regional Park	91,060
Hennepin Regional Railroad Authority	43,895
Hilltop Tax Increment	155
Hopkins HRA	2,565
HRA of St. Paul	199,717
Maple Grove HRA	2,780
Metropolitan Airports Commission	1,790,917
Minnesota Municipal Power Agency	190,384
Mound HRA	8,793
North Suburban Hospital District	4,465
Norwood Young America EDA	6,470
Prior Lake-Spring Lake Watershed District	1,595
Plymouth HRA	14,530
Ramsey-Washington Metro Watershed District	1,107
Regional Railroad Authority-Anoka County	31,795
Scott County CDA	37,390
South Washington Watershed District	3,945
St. Anthony HRA	10,375
St. Paul Port Authority	58,937
Vadnais Heights EDA	600
Waconia HRA	14,645
Washington County HRA	50,840
Total miscellaneous	<u>\$ 3,111,954</u>
 TOTAL	 <u><u>\$ 14,567,254</u></u>

Unaudited

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

Notes: ¹ Jurisdictions in two counties are included if the assessed property value is greater than 50% (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 using this method is significantly less than 1 %

**METROPOLITAN COUNCIL
LEGAL DEBT MARGIN INFORMATION
LAST EIGHT YEARS ENDED DECEMBER 31, 2008
IN THOUSANDS EXCEPT PERCENTAGE**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Debt limit	\$ 330,655	\$ 306,495	\$ 317,995	\$ 316,905	\$ 274,635	\$ 300,230	\$ 274,205	\$ 237,685
Total net debt applicable to limit	<u>199,580</u>	<u>198,870</u>	<u>169,100</u>	<u>209,125</u>	<u>199,945</u>	<u>184,375</u>	<u>209,515</u>	<u>176,315</u>
Legal debt margin	<u>\$ 131,075</u>	<u>\$ 107,625</u>	<u>\$ 148,895</u>	<u>\$ 107,780</u>	<u>\$ 74,690</u>	<u>\$ 115,855</u>	<u>\$ 64,690</u>	<u>\$ 61,370</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>60.36%</u>	<u>64.89%</u>	<u>53.18%</u>	<u>65.99%</u>	<u>72.80%</u>	<u>61.41%</u>	<u>76.41%</u>	<u>74.18%</u>

Unaudited

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

**METROPOLITAN COUNCIL
PLEDGED-REVENUE COVERAGE
FOR FOUR YEARS ENDED DECEMBER 31, 2008
IN THOUSANDS (EXCEPT COVERAGE)**

Radio Revenue Bonds					
<u>Year</u>	<u>Total Bond Outstanding^{1,3}</u>	<u>911 Fee Revenue²</u>	<u>Principal^{1,5}</u>	<u>Interest</u>	<u>Coverage⁴</u>
2005	\$ 10,760	\$ 843		\$ 275	3.07
2006	9,915	1,408	\$ 845	518	1.03
2007	7,265	1,410	9,915	476	1.03
2008	6,235	1,128	1,030	298	0.85

Unaudited

Note: Detail regarding the outstanding debt can be found in the notes to the financial statements.

¹ Bonds were originally issued in 1999 on behalf of the Metropolitan Radio Board (MRB), in the amount of \$14,280. The MRB ceased operations on June 30, 2005, at which time, the Metropolitan Council assumed the remaining liability. Principal payment in 2005 was paid by MRB before ceasing operations.

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

³ Original bond was refunded on March 15, 2007. Remaining original bond outstanding balance was repaid in 2007. Bond balance in 2007, is for refund bond only

⁴ Coverage for 2007 only was calculated by using the scheduled principal payment of original bond--\$890 plus interest for the year --\$476.

⁵ In 2007, the original bond principal payment was \$890. The remaining \$9,025 payments came from refund proceeds and old debt service fund required reserve balance.

**METROPOLITAN COUNCIL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS ENDED DECEMBER 31, 2008**

Year	Population ¹	Personal Income ¹ (In Millions)	Per Capita ¹ Income	Unemployment Rate ²
1999	2,578,000	101,063	\$ 34,466	2.10%
2000	2,642,056	109,818	36,840	2.60%
2001	2,674,927	113,012	37,407	3.10%
2002	2,708,916	115,607	37,787	4.10%
2003	2,740,985	119,741	38,836	4.60%
2004	2,771,030	127,365	40,915	4.50%
2005	2,810,179	132,708	42,377	3.80%
2006	2,821,779	140,158	44,295	3.80%
2007	2,849,003	149,496	46,752	4.30%
2008	2,849,003	149,496	46,752	5.20%

Unaudited

Source: ¹ U.S. Commerce Department, Bureau of Economic Analysis for the Minneapolis-St. Paul Metropolitan Statistical Area. (1998-2002). Other years internally updated.

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

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

Employers in Minnesota by number of Minnesota only employees

Employer	2008			1999		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
State of Minnesota	56	1	3.20%	55	1	3.24%
Mayo Foundation	37	2	2.11	19	7	1.12
United States Federal Government	32	3	1.83	33	2	1.94
Target Corp.	28	4	1.60			
Allina Health System	24	5	1.37	22	5	1.29
Wells Fargo Minnesota	21	6	1.20			
Fairview Health Services	20	7	1.14	13	10	0.76
Wal-Mart Stores Inc.	20	9	1.14			
University of Minnesota	19	8	1.09	31	4	1.82
3M Co.	16	10	0.91	19	8	1.12
Dayton Hudson Corp.				32	3	1.88
Northwest Airlines Inc.				21	6	1.24
Norwest Bank Minnesota N.A.				14	9	0.82
Hennepin County						
Total	273		15.61%	259		15.23%

Unaudited

Source: Business Journal, Book of Lists, December 26, 2008 and December 24, 1999.

Note: Available list covers employment for entire State of Minnesota. Data for seven county area not available.

**METROPOLITAN COUNCIL
EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT YEARS ENDED DECEMBER 31, 2008**

	Full-time Equivalent Employees as of December 31							
	2008	2007	2006	2005	2004	2003	2002	2001
<u>Regional Administration</u>								
Human Resources	33	33	31	33	32	25	26	26
Information Services	62	54	56	66	66	81	81	83
Fiscal/Central Services	37	38	35	25	26	30	28	26
Other	67	77	57	75	74	86	78	79
Total Regional Administration	199	202	179	199	198	222	213	214
<u>Community Development</u>								
Metro HRA	33	34	34	33	32	32	34	33
Other	42	45	44	51	51	60	58	56
Total Community Development	75	79	78	84	83	92	92	89
<u>Environmental Services Division</u>								
Environmental Quality Assurance	109	110	106	121	122	122	128	133
Treatment Services	501	502	490	565	582	594	606	620
Other	28	28	30	15	15	16	21	21
Total Environmental Services Division	638	640	626	701	719	732	755	774
<u>Transportation Division</u>								
Metro Mobility	15	13	13	13	13	13	13	13
Transportation Planning	26	28	24	17	17	17	20	20
Other				13	13	14	14	14
Total Transportation Planning	41	41	37	43	43	44	47	47
<u>Metro Transit Bus</u>								
Operators	1,291	1,273	1,280	1,413	1,474	1,475	1,592	1,738
Mechanics	442	437	420	432	456	457	469	479
Administration/Clerical	540	545	505	590	683	628	676	673
Total Metro Transit	2,273	2,255	2,205	2,435	2,613	2,560	2,737	2,890
<u>Metro Transit Light Rail</u>								
Operators	44	44	44	45	45			
Mechanics	69	60	57	51	51			
Administration/Clerical	42	39	35	30	30			
Total Metro Transit	155	143	136	126	126			
Total	3,381	3,360	3,261	3,588	3,782	3,650	3,844	4,014

Unaudited

Source: Metropolitan Council budget department and Metro Transit

Note: Metro Transit-Light Rail began operations in 2004

**METROPOLITAN COUNCIL
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST EIGHT YEARS ENDED DECEMBER 31, 2008**

Function/Program	2008	2007	2006	2005	2004	2003	2002	2001
Governmental activities								
Metro Mobility-passenger miles	13,452,124	11,470,739	12,923,008	11,527,114	12,887,085	11,392,031	11,018,524	11,489,543
Metro Mobility-passenger trips	1,220,775	1,162,872	1,222,821	1,104,879	1,153,983	1,125,857	1,088,192	1,010,452
Parks visits to Metro Parks System	33,047,700	33,171,200	33,235,000	33,437,100	30,473,900	30,513,600	30,068,500	29,070,500
Business-type activities								
Wastewater								
Average daily sewage treatment (millions of gallons)	249	250	256	255	255	266	290	290
Transit-bus								
Total route miles	30,268,310	28,416,623	29,048,980	29,979,730	27,113,045	30,969,504	32,291,090	32,207,416
Passenger trips	71,614,056	67,865,688	64,398,724	61,797,145	53,962,653	67,235,776	69,589,375	73,347,859
Transit-light rail								
Total passenger car miles	2,024,493	1,931,754	1,817,930	1,565,965	512,110			
Passengers trips	10,221,682	9,098,297	9,356,982	7,901,668	2,938,777			
Housing								
Metro HRA unit months leased	78,658	81,634	81,273	80,575	80,770	79,617	78,828	76,691

Unaudited

Sources: Various Metropolitan Council Divisions

Note: Transit-light rail began limited operation mid year 2004.

**METROPOLITAN COUNCIL
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
FOR THE LAST EIGHT YEARS ENDED DECEMBER 31, 2008**

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Governmental activities								
Metro Mobility								
Total fleet size	265	262	264	257	245	229	244	243
Number of Parks/Trails	85	83	82	77	74	71	70	67
Acres of Regional Parks and Trails open to the public	52,918	52,661	52,617	52,299	50,356	50,276	48,916	48,015
Business-type activities								
Wastewater								
Treatment Plants	8	8	8	8	8	8	8	8
Miles of MCES Interceptors	615	585	586	578	569	569	569	563
Wastewater Treatment Plant Capacities (millions of gallons)	370	370	370	358	358	358	351	351
Transit-bus								
Total fleet size	1,093	979	940	930	942	982	980	953
Transit-light rail								
Total fleet size	27	27	25	23	22			
Housing								
Metro HRA unit months available	79,270	83,732	83,592	82,709	81,976	82,769	79,428	76,691
Family Affordable Housing Units	150	150	150	150	136	104	40	N/A

Unaudited

Source: Metropolitan Council external and internal reports.

Note: Transit-light rail began limited operation mid year 2004.



Metropolitan Council

2008 Comprehensive Annual Financial Report

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