



# Comprehensive Annual Financial Report

Year ended December 31, 2010



A component unit of the State of Minnesota

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

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED DECEMBER 31, 2010

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

Prepared by the Finance Unit

Issued June 2011



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE METROPOLITAN COUNCIL  
A COMPONENT UNIT OF THE STATE OF MINNESOTA  
FOR THE YEAR ENDING DECEMBER 31, 2010**

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# **INTRODUCTORY SECTION**







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## 2010 Comprehensive Annual Financial Report Transmittal Letter from the Chief Financial Officer

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June 27, 2011

Chair Susan Haigh  
And Members of the Metropolitan Council  
390 Robert Street North  
St. Paul, MN 55101

Dear Chair Haigh and Council Members,

In accordance with Minnesota Statute 473.13, subd. 4, I am pleased to submit the Comprehensive Annual Financial Report for the Metropolitan Council for the fiscal year ended December 31, 2010. This report includes the financial statements for the Council and the disclosures necessary to accurately present the financial condition and results of operations for the year then ended. The report has been prepared in accordance with generally accepted accounting principles (GAAP) for government units.

The report is divided into three sections:

- **Introductory Section** – includes this letter of transmittal, the certificate of achievement, the Council's organization chart, and a list of Council members, officers, and financial administrative officials.
- **Financial Section** – includes the auditor's opinion, the management's discussion and analysis, the basic financial statements, the combining and individual fund statements for nonmajor funds and general obligation bond schedules. The Notes to the Financial Statements, in the basic financial statements, are necessary for an understanding of the information included in the statements. The notes include a Summary of Significant Accounting Policies and other necessary disclosure of matters relating to the financial position of the Council.
- **Statistical Section** – includes mainly trend data and nonfinancial information useful in assessing a government's financial condition.

Management assumes full responsibility for the completeness and reliability of all information contained in this report based on a comprehensive framework of internal 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 independent 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, 2010. The independent auditor's report is presented as the first component of the financial section of this report.

As a part of the financial statement audit, the Office of the State Auditor is conducting a single audit of federal programs. This audit meets the requirements of the federal Single Audit Act and is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and requirements involving the administration of federal awards. These reports, included in the Metropolitan Council's separately issued Management and Compliance Report, will be available in July 2011.

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 2.85 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. Budgetary Comparison Schedules are presented in this report for each governmental fund for which an annual budget has been prepared.

For the General Fund and the Metro Mobility Special Revenue Fund, these comparisons are included in the Required Supplementary Information section. Budgetary Comparison Schedules for the nonmajor governmental funds are presented in the Combining and Individual Fund Financial Statements and Schedules section.

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

## **Economic Condition and Outlook**

While the end of the Great Recession has brought gradual job growth to the region, Twin Cities' employment has recovered at a slightly lower rate than national employment. Between March 2010 and March 2011, total payroll employment in the Minneapolis-St. Paul area grew 0.80 percent; national employment, by contrast, grew 1.03 percent. According to the National Bureau of Economic Research, the Great Recession began in December 2007 and ended June of 2009; however, seasonally adjusted employment levels in the Twin Cities began to slip as early as April 2007. The Twin Cities lost a total of 115,900 jobs between this pre-recession peak and the employment trough in September 2009 (the month before the region experienced job growth). This amounted to an overall job loss of 6.44 percent, which was comparable to a national peak-to-trough job loss of 6.34 percent. Although the overall regional percentage of job losses mirrored the nation, unemployment in the Twin Cities remains lower than the national average. The seven-county Metropolitan Area unemployment rate was 6.5 percent in March; this was lower than the national unemployment rate of 9.2 percent and a significant improvement over the Twin Cities' unemployment rate from last year (7.4 percent).

In contrast to last year, a number of Twin Cities industry sectors experienced job growth between March 2010 and March 2011. Total employment growth (seasonally adjusted) for all industries in the thirteen-county Minneapolis-St. Paul Metropolitan Statistical Area (MSA) was 14,900 jobs. Professional and Business Services experienced the largest gain of 8,200 jobs. Education and Health Services, the only industry to gain jobs for two straight years, followed with a gain of 3,900 new jobs, a reflection of the growing demand for health care workers. The beleaguered Mining, Logging, and Construction sector – which lost 7,100 jobs between March 2009 and 2010 – gained 1,700 jobs from 2010 to 2011. The Financial Industry experienced the biggest drop with a loss of 1,900 jobs, followed by Other Services, which lost 900 jobs. The Trade, Transportation and Utilities sector and the Information Services sector experienced less significant declines of 500 and 200 jobs, respectively.

After stabilizing briefly from 2009 to 2010, median home prices began to drop again by the middle of 2010. According to the Minneapolis Area Association of Realtors (MAAR), year-to-date median home prices fell 11.7 percent, from \$162,000 in March 2010 to \$143,000 in March 2011. Some of this drop may be attributed to the expiration of the federal homebuyer's tax credit in the summer of 2010. This drop in prices may also be partially due to sales of foreclosed and other distressed properties, which drive down the price of traditional home sales. Including both short-sales, lender-mediated sales, and traditional sales, the median home price in March was \$140,000; when lender-mediated and short-sales are filtered out, the March median for traditional homes sales is \$192,000. At their peak in 2007 (third quarter), median traditional home prices rose to \$236,500. According to Standard & Poor's/Case-Shiller Home Price Index, prices in the Twin Cities Metropolitan Area have fallen 34 percent between their peak in 2006 and January 2011, the 9th largest drop among the 20 Metropolitan Areas covered in this index.

The U.S. Department of Commerce reported that 4,956 residential building permits were issued in the seven-county area during 2010, a 26 percent increase from 2009. Although higher than last year, housing starts, while stabilizing, remain near historic lows. At this time last year, the housing market was plagued

by both a sluggish economy and an oversupply of unfinished and vacant new housing. While the housing market still struggles with slow job growth and consumer uncertainty, housing inventories have dropped to healthier levels. According to MetroStudy, a consulting firm which tracks residential development, this oversupply of housing in the Twin Cities has dropped to market equilibrium levels. By the fourth quarter of 2010 inventories of new single-family homes – both finished vacant and under-construction – dropped to 6 months (7 months is considered at equilibrium). The monthly inventory of finished vacant homes, at about 2 months, was also below the equilibrium level (i.e. 3 months).

Nonresidential building occupancy showed signs of slight improvement as employers have tentatively begun to add to their payrolls. According to a report from Colliers Turley, office vacancy rates in the region dropped from 20.7 percent last year to 19.4 percent during the fourth quarter of 2010. For the first time in two years, fourth quarter 2010 office absorption rates, at just under 650,000 square feet, were positive. On a more negative side, all of this positive absorption occurred in the Minneapolis Central Business District and the Southwest office sectors; fourth quarter office absorption rates in the rest of the region were negative. In their 2011 Market Report, Colliers Turley attributed some of this absorption to companies taking advantage of incentives to attract tenants and attempts to lock in low market rates. The retail market continued to struggle as fourth quarter vacancy rates reached 7.6 percent in 2010. While 2010 fourth quarter industrial vacancy rates remained elevated at 13 percent, vacancy rates appeared to stabilize during 2010. Between the fourth quarters of 2008 and 2009, by contrast, industrial vacancy rates climbed 3 percentage points.

Per capita personal income for Minneapolis-St. Paul declined slightly to \$45,750 in 2009, placing the Twin Cities 25<sup>th</sup> among the nation's 366 Metropolitan Statistical Areas, and 8<sup>th</sup> among the 25 largest MSAs. Per capita personal income in the Twin Cities declined 4 percent from 2008 to 2009, compared to a 2.8 percent decline nationally. The real gross metropolitan product per capita dropped from \$55,222 in 2008 to \$52,974 (in 2005 dollars) in 2009; this was a 4.1 percent decrease.

During 2010, both national and regional employment began to lift. At the national level, March 2011 marked 12 consecutive months of private sector job growth. In the first three months of 2011, private sector job growth across the nation averaged 188,000 jobs per month. The Minneapolis-St. Paul MSA averaged just under 3,500 new private sector jobs per month from January to March 2011. And, despite some cautionary signals – such as shrinking government payrolls, lower than expected labor force participation rates, and persistently sluggish new building permits – many economists are cautiously optimistic that job growth will continue throughout 2011. Employment growth in Minnesota appears to be exceeding these national gains. According to the Minnesota Department of Employment and Economic Development (DEED), Minnesota is regaining jobs at a faster pace than the nation. Although employment growth in the Twin Cities has lagged national growth slightly, the region steadily gained jobs in 2010. According to some economic measures, such as the unemployment rate and consumer confidence, economic growth in the Twin Cities has been competitive relative to other regions. If regional trends continue to mirror national trends, the Twin Cities could continue to see gradual but steady job growth through 2011.

### **Delivering High-Performance Regional Services**

**Transit** - Metro Transit is one of the country's largest transit systems, providing roughly 90 percent of the 80 million bus trips taken annually in the Twin Cities. Each weekday customers board Metro Transit buses and trains an average of 256,000 times.

Metro Transit operates 123 bus routes, the Hiawatha light-rail line, and the Northstar Commuter Rail line, using a fleet of 896 buses, 27 light-rail passenger cars, 18 commuter rail passenger cars and six commuter rail locomotives.

The Hiawatha light-rail line operates between downtown Minneapolis, the MSP Airport, and the Mall of America in Bloomington. In 2010, the Hiawatha line carried 10.5 million passengers, an increase from a record high 10.2 million in 2008.

The Northstar Commuter Rail opened for service between Big Lake in Sherburne County and downtown Minneapolis in November 2009. The new service offers five morning trips and five afternoon return trips on weekdays, with one reverse commute trip each morning and afternoon. Weekend service includes three roundtrips on both Saturdays and Sundays. Each train consists of a locomotive and four passenger cars, and has seating for 560 people. Trains travel at speeds up to 79 miles per hour, making the trip from Big Lake to Minneapolis in about 50 minutes. Trains also stop at stations in Elk River, Anoka, Coon Rapids and Fridley. In 2010, the Northstar Commuter Rail carried 710,000 passengers.

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

The Metro Mobility program is the metropolitan area's designated Americans with Disabilities Act (ADA) complementary paratransit service. In 2010, Metro Mobility provided 1.4 million rides. Contracted Regular Routes are bus transit services managed through transit provider contracts and consist primarily of commuter routes from the suburbs to the Twin Cities. In 2010, these routes carried 2.8 million passengers. Transit Link is a region-wide dial-a-ride program that assists people outside areas served by fixed-route transit and provided 402,000 rides in 2010. Suburban Transit Authority Providers comprise 12 communities selecting to manage their own transit service providing 4.7 million rides in 2010.

In late summer 2009, the Federal Transit Administration (FTA) approved the Final Environmental Impact Statement for the \$957 million Central Corridor Light Rail Transit project and allowed the Council to proceed with utility relocation work in downtown St. Paul and enter into Final Design in early 2010. In April 2011 the FTA approved the Central Corridor Full Funding Grant Agreement (FFGA), moving the project to full construction with plans to begin passenger service in 2014. The 11 mile line will link downtown St. Paul and downtown Minneapolis along University and Washington Avenues via the State Capitol and the University of Minnesota.

**Wastewater collection and treatment** - The Council's Environmental Services division collects and treats an average of 260 million gallons of wastewater every day from 105 directly served communities in the region. Almost 600 miles of sewer pipes carry wastewater to one of seven regional treatment plants. The plants operate 24 hours a day, 365 days a year.

The Environmental Service treatment plants have an outstanding record of compliance with state and national clean water discharge permits. Through December 2010, all seven plants had gone 47 consecutive months without a single violation of their discharge permit limits. In 2010, all seven plants received Peak Performance Awards from the National Association of Clean Water Agencies (NACWA) for clean-water discharge permit compliance in 2009. Special recognition went to the Hastings, St. Croix Valley, and Seneca plants with Peak Performance Platinum Awards for 19, 18, and 9 consecutive years, respectively, of 100 percent compliance.

The 2010 annual budget for Environmental Services included \$177 million operating revenue primarily from municipal wastewater charges (\$167 million). Municipal sewer rates to local homes and businesses are low in comparison to similar-sized utilities nationally and municipal customer satisfaction is high. In addition, operating performance resulted in about a \$9 million surplus in 2010.

During 2010, Sewer Availability Charge (SAC) receipts (from development) were very low compared to historical receipts but recovered a bit from the all time low in 2009. A combination of a technical change

in the amount charged to this fund; use of reserves designated for SAC; and for the future, a new law that allows shifting some of the costs ordinarily paid by SAC – the “future users” of the system – to current users (either through increases to the municipal wastewater charges or use of operating reserves) has mitigated concern about the long-term viability of this revenue source.

Approximately \$118 million was spent on about 52 capital projects that were underway in 2010. These projects support regional goals of accommodating growth and protecting the environment while maintaining a cost-effective infrastructure. Highlights of the major ongoing capital improvement program in 2010 for the wastewater system follow:

- Quality improvements underway included the Blue Lake (in Shakopee) and Seneca (Eagan) Plants retrofitting to remove phosphorus.
- Regional growth projects completed included a new sewer serving the Victoria area. Also, construction is underway on a sewer across Richfield, another to add service to Elko/New Market and a third to the City of Carver.
- Rehabilitation work is underway at the Metro, Seneca and Blue Lake plants, as well as many of our sewers in Minneapolis, St. Paul, South St. Paul, Brooklyn Park and others.

**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 51 regional parks and park reserves, 38 trails and 7 special recreation areas. Parks are operated by 10 partnering cities, counties and special districts. These partners work with the Metropolitan Council to acquire and develop parks and trails to protect natural resources and to provide outdoor recreation for public enjoyment.

The Council also works with these regional partners to develop park policies that protect the 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 6,100 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 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 2010 unified operating budget was adopted by the Council in December 2009. The original adopted budget for operations, pass-through expenditures and debt service was \$738 million, representing a one and a half percent increase from the budget adopted for 2009. During the year, the budget was revised to \$768 million primarily to recognize increased costs related to service adjustments that were largely offset by local and federal funding sources and retirement of refunded bond principal funded by escrow.

The Council relies on several funding sources. In the 2010 budget, 43 percent of the Council's revenue came from user fees for wastewater treatment and transit services, and 43 percent from state and federal funds. About two percent of revenue came from a seven-county property tax and twelve 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 percent of its portion of forecasted MVST revenues, with five percent unbudgeted in the event that actual receipts fall short of projections.

The Council also adopted its 2010 Unified Capital Program in December 2009. The Capital Program includes a six-year capital improvement plan (CIP) recognizing the Council's commitment to maintain and preserve regional investments in wastewater services, transit and parks and open space. The CIP includes both the portion of spending on authorized capital projects and capital investments and funding sources that are planned within the six-year period, but not currently authorized to be implemented by the Council. The 2010-2015 CIP defines \$2.7 billion in capital projects, of which \$486 million was authorized for spending in 2010.

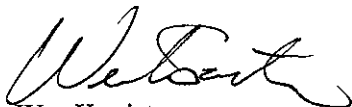
### **Awards and Acknowledgements**

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, 2009. This was the twenty-seventh 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,

A handwritten signature in black ink, appearing to read 'Wes Kooistra', written in a cursive style.

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, 2009

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.

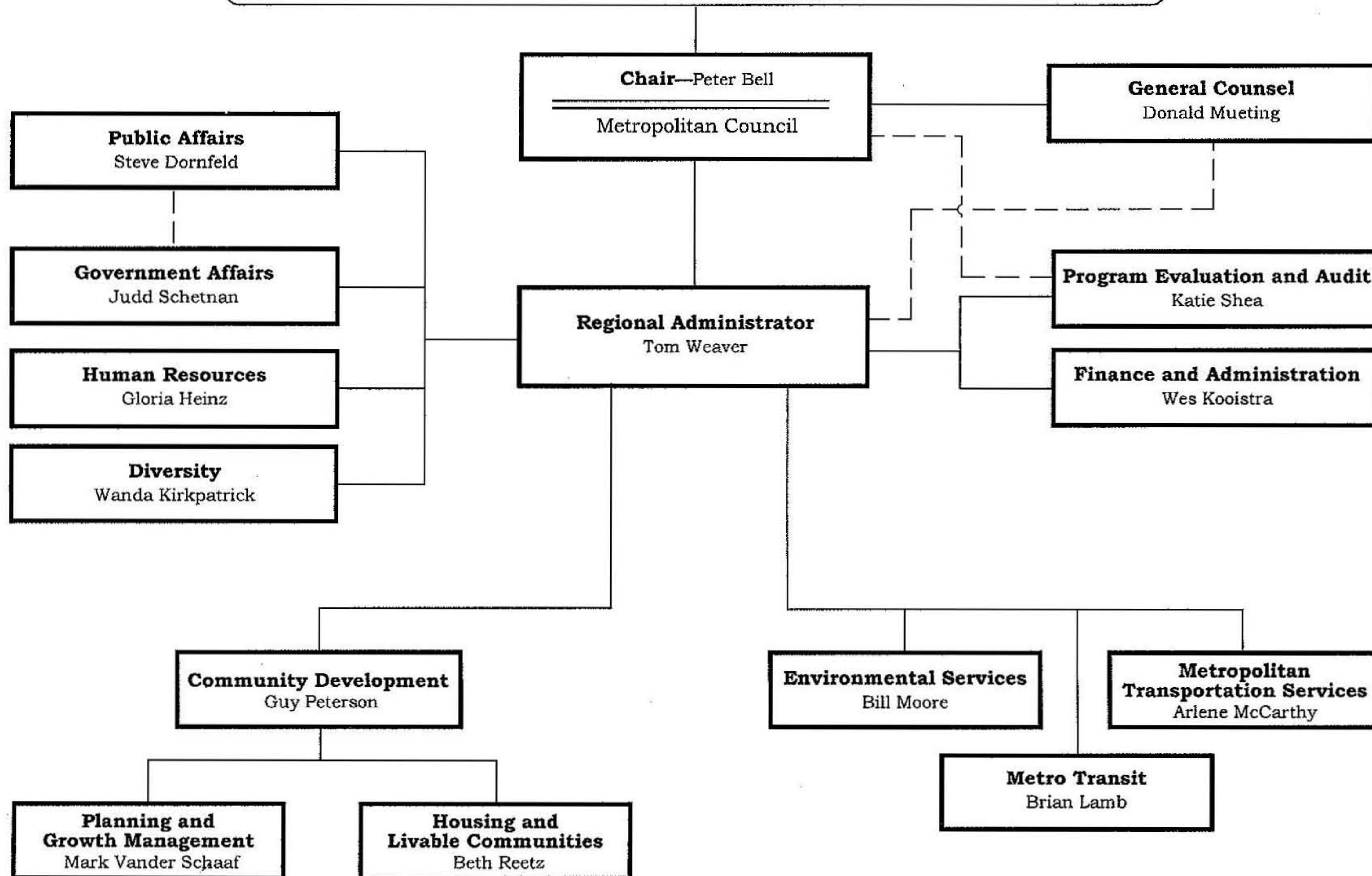


President

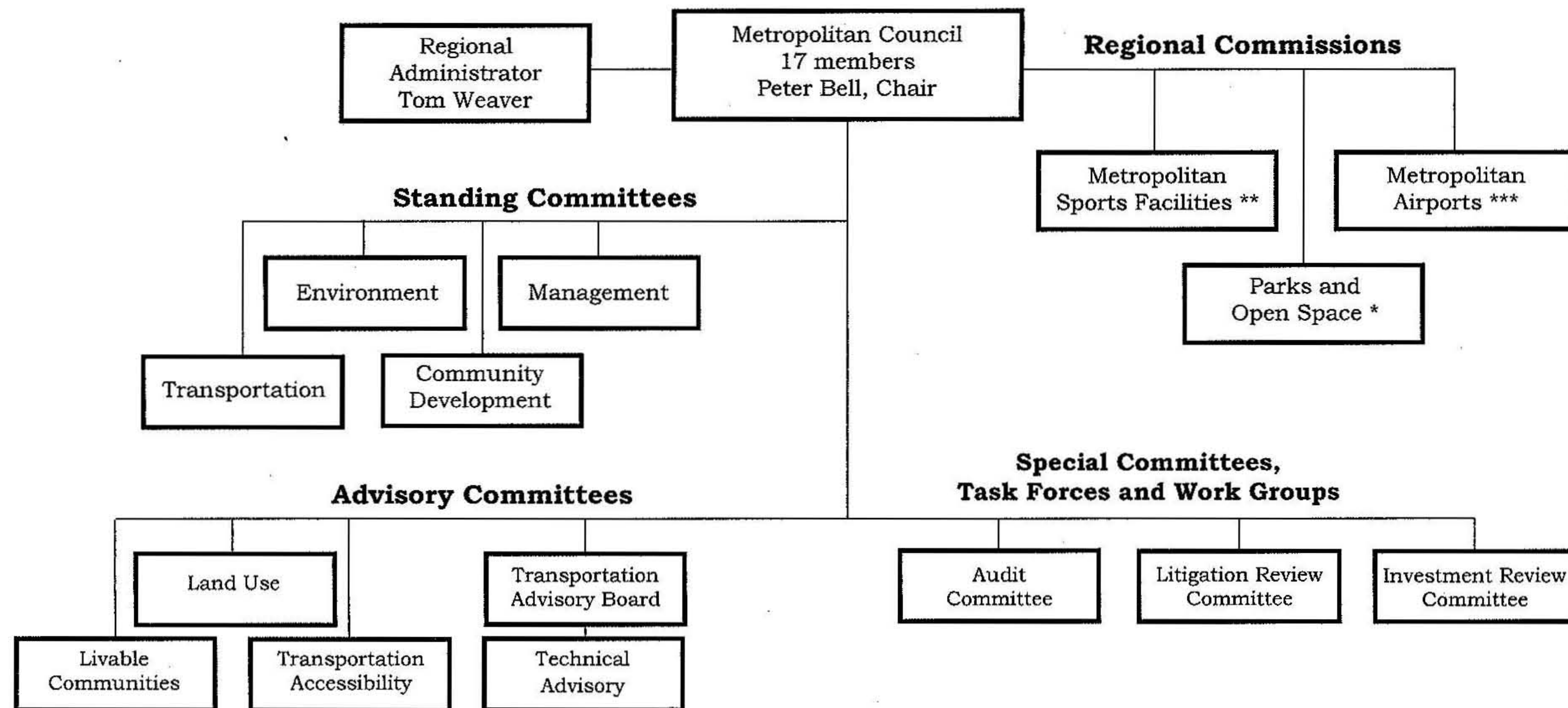
Executive Director



**METROPOLITAN COUNCIL**



# Metropolitan Council Policymaking Structure



December 2010

\* 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.



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
<b><i>COUNCIL MEMBERS:</i></b>		
<b>Chair -</b>		
Peter Bell	Jan. 8, 2003	Jan. 1, 2011
<b>District Members -</b>		
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 -		
Robert McFarlin	Jan. 14, 2009	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 -		
Wendy Wulff	Apr. 22, 2009	Jan. 1, 2011

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***OFFICERS***

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

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***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

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

### INDEPENDENT AUDITOR'S REPORT

Metropolitan Council of the Twin Cities Area  
Saint Paul, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2010, which collectively comprise the Metropolitan Council's basic financial statements as listed in the table of contents. These 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 upon the report of the 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 the 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, 2010, 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.

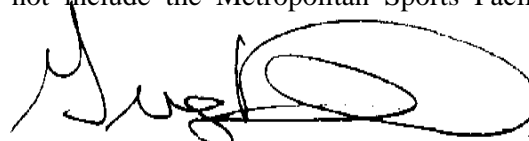
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metropolitan Council's basic financial statements as a whole. The introductory section, the combining and individual fund statements and schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2011, 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, 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 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 27, 2011



## 2010 Comprehensive Annual Financial Report

### Management's Discussion and Analysis (Unaudited)

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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, 2010. 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 \$2 billion. Approximately 88 percent of this amount is invested in capital assets (net of related debt).

During the year, the Council's total net assets increased by \$145 million (8 percent) from the prior year. Net assets from business-type activities added \$114 million, while governmental activities contributed \$31 million. Program revenues decreased by \$72 million: capital grants by \$25 million and operating grants by \$49 million; charges for services increased by \$2 million. Business-type activities decreased due to lower grants for Metro Transit's Bus and Commuter Rail activities. Grants for Metro Transit's Light Rail increased by \$85 million due to the Central Corridor Light Rail Project.

The Council's governmental funds reported a combined ending fund balance of \$339 million as of the end of the year. This represents an increase of \$57.2 million (20.3 percent) compared to the previous year.

At the close of the fiscal year, the General fund reported a total fund balance of \$22.9 million, an increase of \$2.9 million over the previous year. The General fund assigned fund balance increased \$1.8 million while the committed balance increased by \$700 thousand and the unassigned balance increased by \$400 thousand.

The Council added \$244 million in bonds and loans while paying down \$131 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 17-19 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that are 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 governmental 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 20-23 of this report.

Proprietary funds – These funds are used to account for functions that are 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 24-26 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 statement can be found on page 27 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 29-57 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 60-63.

## 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 and bond statements and schedules can be found on pages 66-81 of this report.

Additionally, the statistical section, which provides mostly trend data and non-financial information useful in assessing the Metropolitan Council's financial condition, can be found on pages 83-106 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 \$2 billion on December 31, 2010.

### Metropolitan Council Net Assets December 31, 2009 and 2010 (In Thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Current and other assets	\$314,767	\$372,702	\$ 370,648	\$ 436,696	\$ 685,415	\$809,398
Capital assets	<u>85,339</u>	<u>82,237</u>	<u>2,550,861</u>	<u>2,720,327</u>	<u>2,636,200</u>	<u>2,802,564</u>
Total assets	<u>400,106</u>	<u>454,939</u>	<u>2,921,509</u>	<u>3,157,023</u>	<u>3,321,615</u>	<u>3,611,962</u>
Long-term liabilities outstanding	259,250	283,810	1,023,203	1,126,155	1,282,453	1,409,965
Other liabilities	<u>33,557</u>	<u>33,285</u>	<u>160,969</u>	<u>179,348</u>	<u>194,526</u>	<u>212,633</u>
Total liabilities	<u>292,807</u>	<u>317,095</u>	<u>1,184,172</u>	<u>1,305,503</u>	<u>1,476,979</u>	<u>1,622,598</u>
Net assets:						
Invested in capital assets, net of related debt	28,613	55,868	1,590,590	1,695,361	1,619,203	1,751,229
Restricted	162,814	246,986	4,205	28,180	167,019	275,166
Unrestricted	<u>(84,128)</u>	<u>(165,010)</u>	<u>142,542</u>	<u>127,979</u>	<u>58,414</u>	<u>(37,031)</u>
Total net assets	<u>\$ 107,299</u>	<u>\$137,844</u>	<u>\$1,737,337</u>	<u>\$1,851,520</u>	<u>\$1,844,636</u>	<u>\$1,989,364</u>

By far the largest portion of the Metropolitan Council's net assets (\$1.8 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 (\$275 million) represents 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 increase (\$108 million) came primarily from Transit and Environmental Services Capital project programs.

Unrestricted net assets for the governmental activities are a negative \$165 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 \$35 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 three categories of net assets. Governmental activities had positive balances in two of the three categories and business-type activities had positive balances in all three categories.

The Metropolitan Council's combined net assets for governmental and business-type activities increased by \$145 million, an 8 percent increase for the year. Business-type activities contributed \$114 million (79 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, 2009 and 2010**  
(In Thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,652	\$ 7,723	\$ 301,229	\$ 303,286	\$ 308,881	\$ 311,009
Operating grants and contributions	45,563	50,720	160,747	106,929	206,310	157,649
Capital grants and contributions	49,379	38,315	195,827	181,429	245,206	219,744
General revenues:						
Property taxes	71,281	73,140	-	-	71,281	73,140
Property tax related state revenues	2,130	2,278	-	-	2,130	2,278
Motor vehicle sales tax	35,694	33,061	95,151	119,718	130,845	152,779
Investment earnings	4,831	6,027	16,302	15,581	21,133	21,608
Gain on sale of capital assets	97	-	-	-	97	-
Total revenues	<u>216,627</u>	<u>211,264</u>	<u>769,256</u>	<u>726,943</u>	<u>985,883</u>	<u>938,207</u>
Expenses:						
General government	9,067	8,961	-	-	9,067	8,961
Transportation	107,715	107,087	-	-	107,715	107,087
Culture and recreation	28,151	31,860	-	-	28,151	31,860
Economic development	4,488	6,767	-	-	4,488	6,767
Environment	3,560	2,216	-	-	3,560	2,216
Housing	594	2,380	-	-	594	2,380
Interest and other charges	8,491	7,413	-	-	8,491	7,413
Environmental services	-	-	192,990	190,406	192,990	190,406
Transit bus	-	-	302,669	301,905	302,669	301,905
Transit light rail	-	-	51,895	58,334	51,895	58,334
Transit commuter rail	-	-	6,834	19,576	6,834	19,576
Housing	-	-	56,201	56,574	56,201	56,574
Total expenses	<u>162,066</u>	<u>166,684</u>	<u>610,589</u>	<u>626,795</u>	<u>772,655</u>	<u>793,479</u>
Increase (decrease) in net assets before transfers	54,561	44,580	158,667	100,148	213,228	144,728
Transfers	<u>(11,967)</u>	<u>(14,035)</u>	<u>11,967</u>	<u>14,035</u>	-	-
Increase (decrease) in net assets	42,594	30,545	170,634	114,183	213,228	144,728
Net assets, beginning	<u>64,705</u>	<u>107,299</u>	<u>1,566,703</u>	<u>1,737,337</u>	<u>1,631,408</u>	<u>1,844,636</u>
Net assets, ending	<u>\$ 107,299</u>	<u>\$137,844</u>	<u>\$1,737,337</u>	<u>\$1,851,520</u>	<u>\$1,844,636</u>	<u>\$1,989,364</u>

## Governmental Activities

Governmental activities increased the Council's net assets by \$30.5 million, compared to \$42.6 million in 2009. The primary contributors to this change are discussed in the following paragraphs.

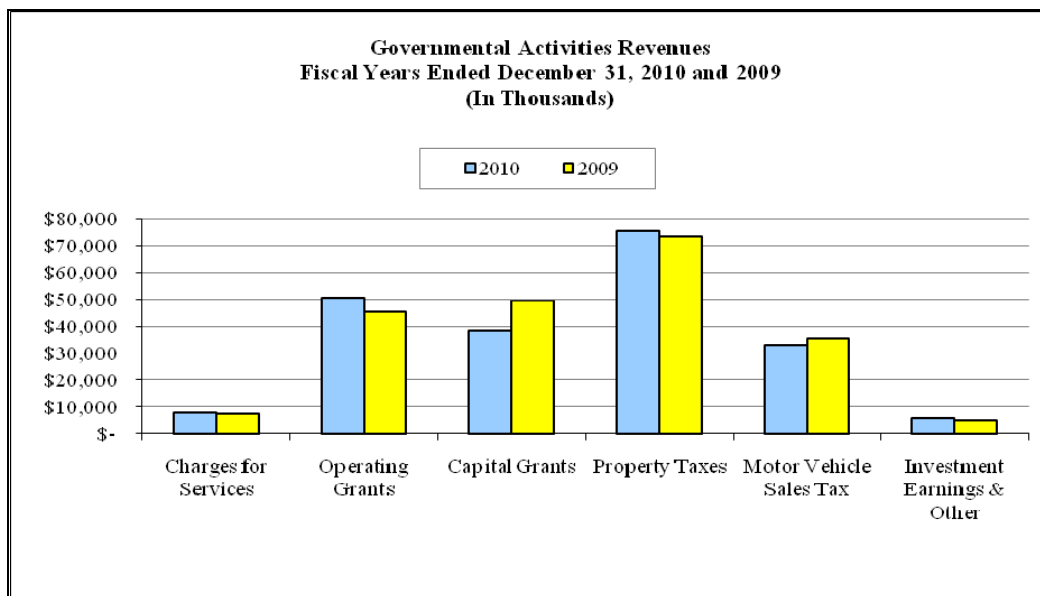
## Revenues

Governmental activities are supported by charges for services, grants, and contributions. Additionally, general revenues cover any expenses after program specific revenues are applied. In 2010, the Council relied primarily on property taxes, motor vehicle sales tax (MVST), and investment earnings for funding governmental activities. Specifically, property taxes supported the Council's debt service activity, while MVST 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 \$97 million, decreased by \$6 million (6 percent) compared to 2009. Charges for services remained flat at \$8 million. Operating grants increased by \$5 million due primarily from increased allocation of state transportation appropriation funding. Capital Grant program revenues from the Federal Section 5307 program (\$14 million) decreased by \$3 million. State capital reimbursements decreased by \$1 million for the parks program and the transportation program decreased by \$7 million.

Total general revenues remained level with 2009 at \$114 million. The investment earnings increased slightly by \$1 million to \$6 million as interest rates remained at record lows. Allocation of MVST receipts to governmental activities decreased by \$3 million (7 percent) to \$33 million compared to 2009.



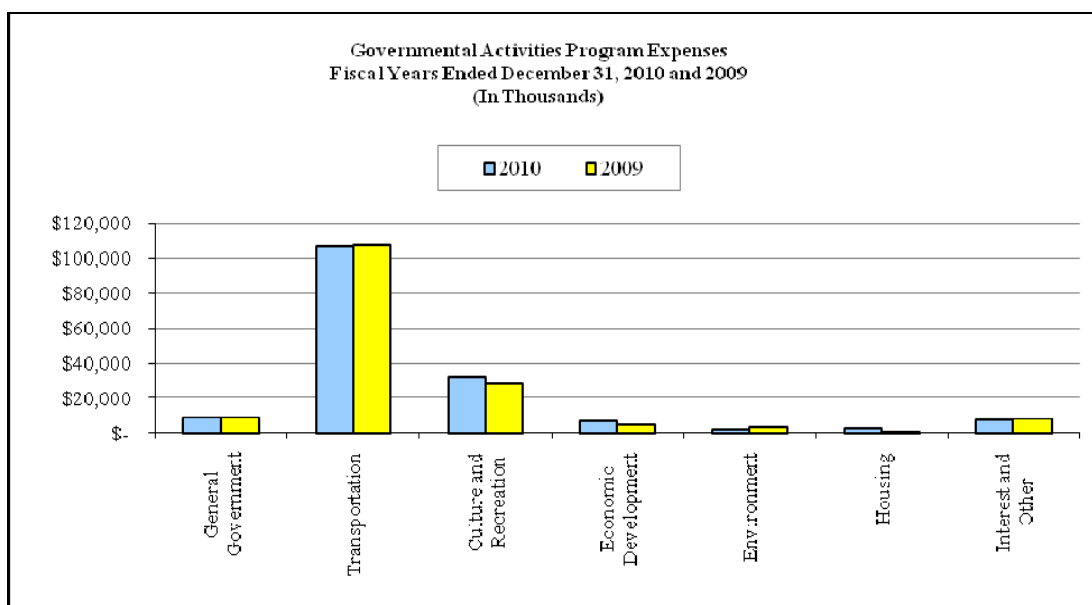
## Expenses

In 2010, expenses for governmental activities increased by \$5 million (3 percent) to \$167 million. Culture and recreation expenses increased by \$4 million (13 percent) as the Council's regional parks received increased reimbursement requests under existing grants. The Council's livable communities programs for economic development and housing increased, while the environmental program had a reduction. The unexpended balances of all livable communities grants are recognized as restricted net assets.

Depreciation for the year was \$14 million, an increase of \$2 million over 2009 due to the increased regional bus fleet size.

Net transfers to business-type activities increased by \$2 million to \$14 million for the year. Metro Transit Bus was the primary recipient of these transfers.

Net salaries and benefits decreased by \$1 million to \$9 million. Payments to outside transit providers decreased by \$4 million.



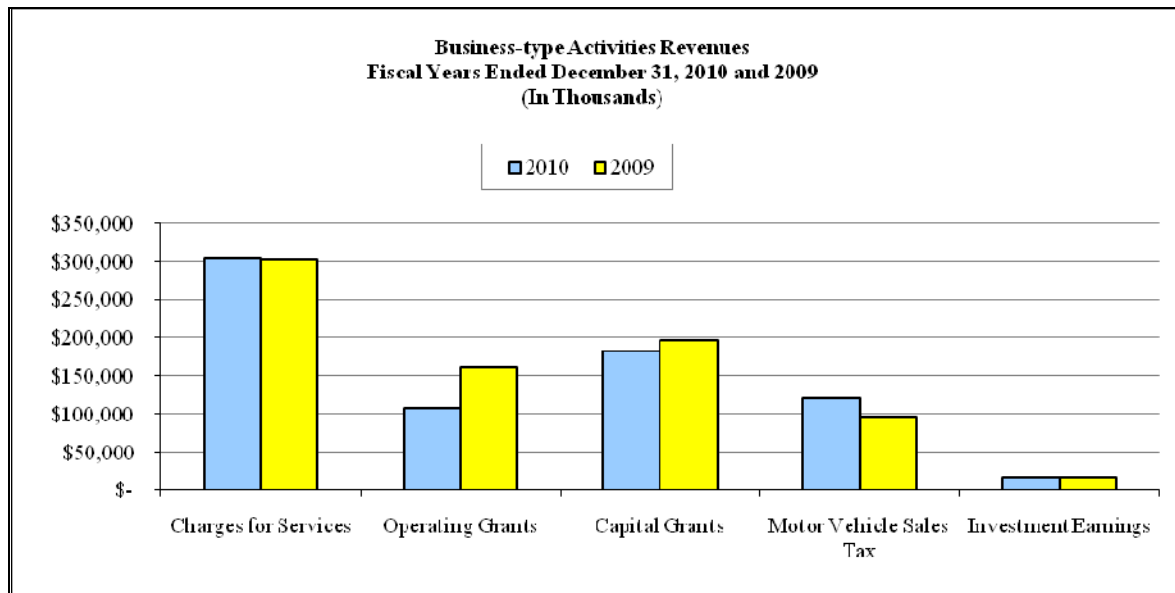
## Business-Type Activities

## Revenues

Program revenues for the Council's business-type activities totaled \$592 million, or 94 percent of related expenses for fiscal year 2010 compared to \$658 million (108 percent of related expenses) in the prior year. Reductions in state and local operating grant revenues for Metro Transit Bus were partially offset with an increased allocation of MVST revenues.

General revenues used to cover extra program expenses come from two sources: MVST and investment earnings. For 2010, MVST revenues increased by \$25 million to \$120 million. Investment earnings remained at \$16 million.

Net transfers increased slightly by \$2 million to \$14 million as stated previously. Transfers are primarily capital expense reimbursements from governmental funds.



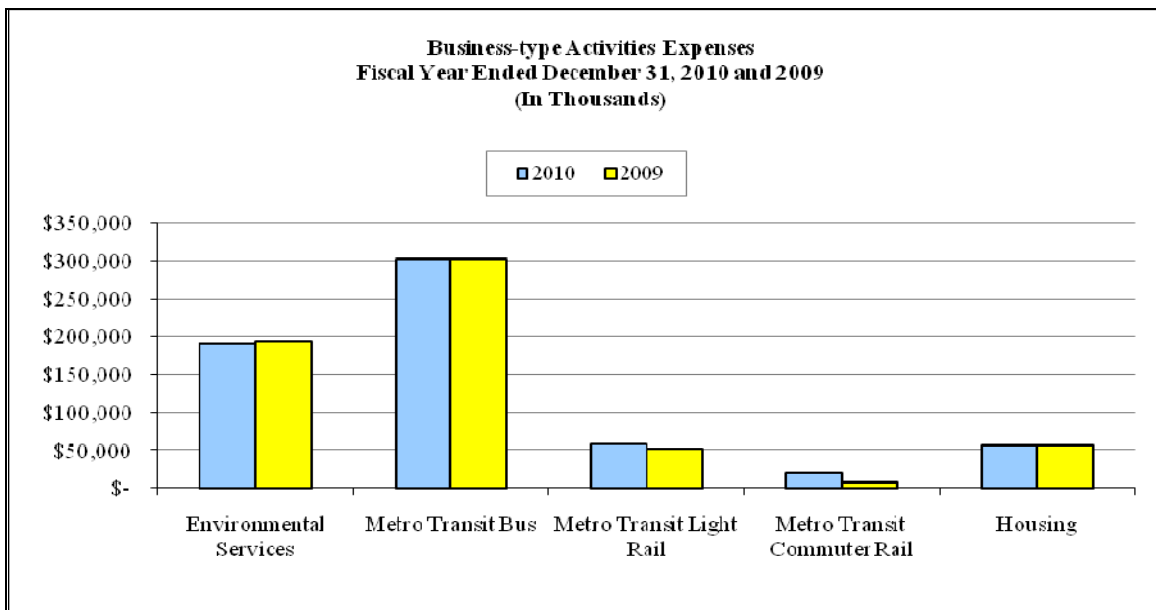
## Expenses

Business-type activities in 2010 incurred expenses of \$627 million, an increase of \$16.2 million (3 percent) over the prior year. The Environmental Services program expenses decreased by \$2.6 million (1 percent) and Housing and Redevelopment Authority increased slightly by \$400 thousand. Taken together the three Metro Transit programs—Bus, Light Rail, and Commuter Rail—experienced an increase of \$18.4 million (5 percent) due mainly to full-year operation of the commuter rail.

Overall salaries and wage related expenses increased \$10 million (4 percent) to \$285 million. Metro Transit was accountable for \$9 million of the increase due to increased service.

Depreciation expense for 2010 was \$136 million—an \$11 million increase over 2009, due primarily to increased capital items in Metro Transit Bus and Metro Transit Commuter Rail.

Contracted Services increased in Metro Transit Bus and Commuter Rail and insurance costs increased slightly in most funds. These increases were partially offset by decreases in materials and supplies and utilities. Once salary and depreciation expenses are removed, the net increase for all other expenses was less than \$2 million.



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

During 2009, the Council adopted the Governmental Accounting Standards Board (GASB) Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The new standard has no effect on the total amount reported as fund balances; however, it alters the categories and terminology used to present the amounts on the governmental fund balance sheet. As of the end of the current fiscal year, the Council's governmental funds reported combined total fund balances of \$339 million, an increase of \$57 million compared to the prior year. Of that total fund balance, \$319 million is considered restricted (an increase of \$116 million over 2009), \$37 million is committed, and \$5 million is assigned, leaving an unassigned balance of a negative \$22 million.

During 2010, the Council issued \$77.6 million of new general obligation bonds.

Revenues from all governmental funds for the current year were \$211 million, a slight decrease of \$6 million from the previous year. State funding decreased by \$9 million and taxes and investment earnings increased by \$1.5 million and \$1.2 million, respectively. Other small variances in federal, local and miscellaneous revenues made up the balance.

Expenditures for all governmental funds in the current year were \$218 million, an increase of \$14 million from the previous year. Culture and recreational program expenditures increased by \$4 million as the Council's regional parks increased reimbursement requests. The Council's livable communities programs (housing, economic development, and environment rehabilitation) spending increased by \$3 million, reflecting the housing market and regional government budget changes. Transportation expenditures increased by \$2 million to \$94 million due primarily to increased fuel cost and transit provider expenses. Debt service principal and interest payments increased by \$18 million (total of \$62 million), influenced by an extra \$10 million due to a refunding bond and \$8 million reflecting payment for bonds issued in 2009. Capital outlay decreased by \$8 million (total of \$11 million).

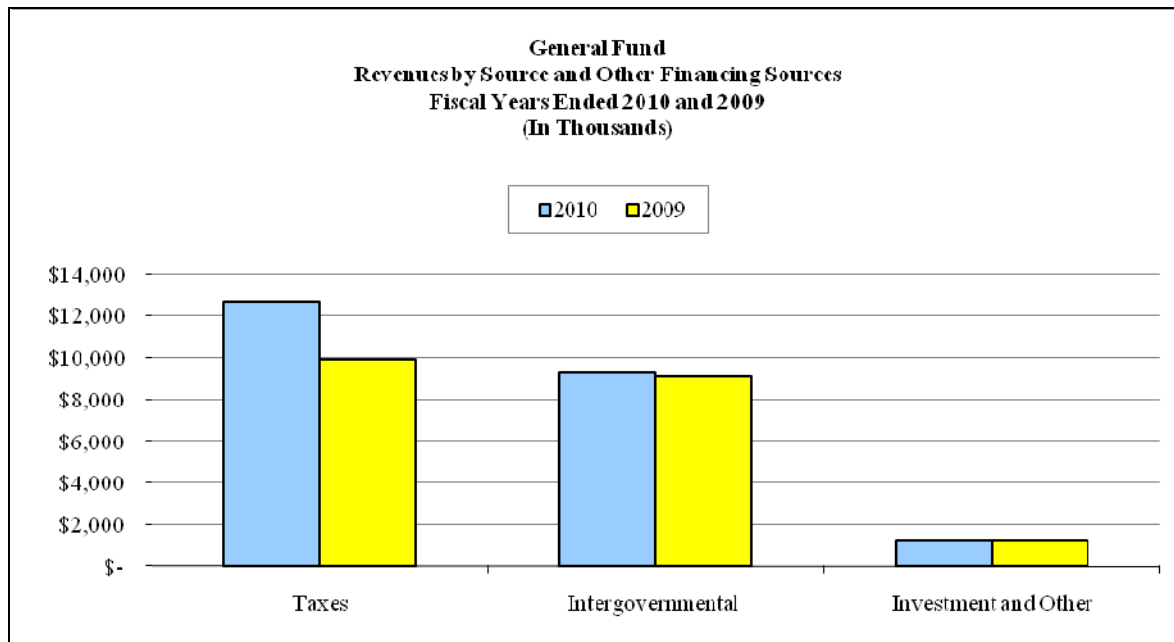
The General Fund is the Council's principal governmental operating fund. During the current year, the fund balance in the General Fund increased by \$3 million (15 percent) to \$23 million. Actual general government expenditures were less than budgeted accounting for the majority of the increase in fund balance. At the end of 2010, \$5 million was committed for specific purposes, and \$5 million was assigned for existing obligations, leaving \$13 million unassigned.

The following table provides the changes in revenues by source from 2009 to 2010.

**General Fund  
Revenues by Source and Other Financing Sources  
Fiscal Years Ended December 31, 2009 and 2010  
(In Thousands)**

	2009		2010		Increase (Decrease)
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
<b><u>Revenues by Source</u></b>					
Taxes	\$ 9,911	49%	\$ 12,621	55%	\$ 2,710
Intergovernmental Revenues	9,051	45%	9,253	40%	202
Investment Income and Other	1,220	6%	1,273	5%	53
Total Revenue	\$20,182	100%	\$23,147	100%	\$ 2,965
Transfers In	-	0%	-	0%	-
Total Revenue and Other Financing Sources	\$20,182	100%	\$23,147	100%	\$ 2,965

General Fund revenues increased by \$3 million over the previous year due to an increase in the operating portion of the Council's property tax levy. This increase was mostly offset by a decrease to the debt retirement portion of the levy. Both investment income and intergovernmental revenues remained flat compared to 2009. There have been no transfers in activity in the past two years.





The following table provides the changes in expenditures by function from 2009 to 2010.

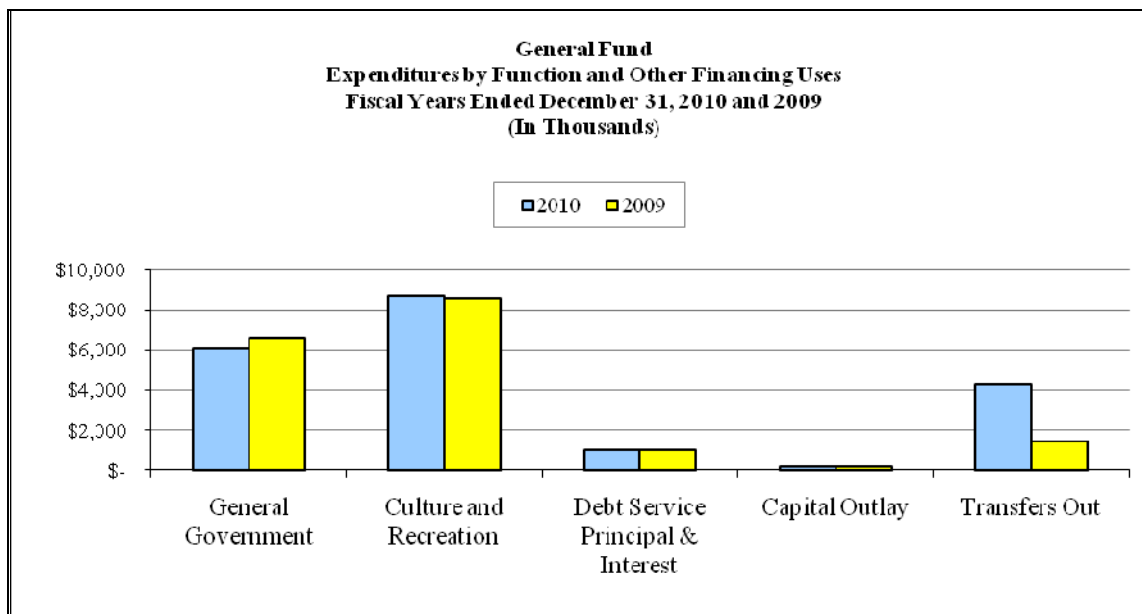
**General Fund  
Expenditures by Function and Other Financing Uses  
Fiscal Years Ended December 31, 2009 and 2010  
(In Thousands)**

	2009		2010		Increase (Decrease)
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
<u>Expenditures by Function</u>					
General Government	\$ 6,558	37%	\$ 6,096	30%	\$ (462)
Culture and Recreation	8,540	48%	8,704	43%	164
Debt Service (Principal Only)	540	3%	560	3%	20
Debt Service (Interest Only)	493	3%	475	2%	(18)
Capital Outlay	<u>153</u>	<u>1%</u>	<u>172</u>	<u>1%</u>	<u>19</u>
Total Expenditures	\$16,284	92%	\$16,007	79%	\$ (277)
Transfers Out	<u>1,429</u>	<u>8%</u>	<u>4,253</u>	<u>21%</u>	<u>2,824</u>
Total Expenditures and Other Financing Uses	<u>\$17,713</u>	<u>100%</u>	<u>\$20,260</u>	<u>100%</u>	<u>\$ 2,547</u>

General fund expenditures (net of allocations) during the current year were \$16 million, a marginal decrease of \$300 thousand from the previous year. Other financing uses--transfers out--were increased by \$3 million. The increases were \$2 million to Metro Transit Bus and \$1 million to Metro Transit Commuter Rail due to budgeted operating transfers and were offset by increased operating levy. In addition, the General fund budgeted and transferred out \$1 million for livable communities as required by State legislation, \$154 thousand for reimbursement transfers to Environmental Services (a business-type activity) for reimbursement of expenditures in maintaining a water supply planning program, and \$25 thousand in rental expenditure reimbursements to two divisions. As a result of Council-wide cost containment measures, actual expenditures for general government expenses were under budget.

The Metro Mobility fund balance decreased by \$1 million to \$17 million. Metro Mobility's total revenues remained the same at \$38 million. State appropriations increased by \$6 million and were offset by a state MVST decrease of \$6 million. Total Metro Mobility expenditures increased by \$3 million to \$39 million, an increase of 8 percent, due to increased fuel costs and transit provider expense.

The Debt Retirement fund balance of \$77 million decreased by \$12 million as anticipated for debt repayments. Property tax related revenues were \$1 million less at \$47 million. Investment earnings were flat. Total retirement payments were \$61 million, an increase of \$18 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 \$1.9 billion at December 31, 2010. Total net assets for all enterprise funds increased by \$114 million during 2010. Capital contributions and net transfers were the largest positive contributors.

The following table summarizes the total assets, total liabilities, operating income (loss), changes in net assets, and net asset balance for each of the five enterprise funds from 2009 to 2010.

<b>Enterprise Funds</b> <b>Key Balance Sheet Account Balances and Revenue and Expense Activities</b> <b>December 31, 2010 and 2009</b> <b>(In Thousands)</b>							
	Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total 2010	Total 2009
		Bus	Light Rail	Commuter Rail			
Assets	\$1,784,350	\$617,667	\$659,007	\$69,905	\$ 26,754	\$3,157,683	\$2,940,072
Liabilities	1,126,590	104,560	67,433	5,575	2,005	1,306,163	1,202,735
Operating Income (Loss)	19,843	(221,134)	(47,030)	(17,118)	(56,089)	(321,528)	(308,899)
Changes in Net Assets	28,003	14,281	61,259	10,286	354	114,183	170,634
Net Assets	657,760	513,107	591,574	64,330	24,749	1,851,520	1,737,337

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. Net capital assets increased by \$70 million.

Metro Transit Bus is the region's largest provider of directly provided bus transit service. Invested in capital assets, net of related debt was \$440 million, an increase of \$28 million. Capital contributions from the Federal grant programs contributed significantly to the increase.

The Metro Transit Light Rail fund provides the region's light rail transit service. For December 31, 2010, the invested in capital assets, net of related debt was \$585 million, an increase of \$60 million. Capital and operating grants of \$105 million were received due mostly to the Central Corridor project which was in pre-construction phase at December 31, 2010.

The Metro Transit Commuter Rail, which provides the region's commuter rail transit service, began operations on November 16, 2009. For December 31, 2010, the invested in capital assets, net of related debt was \$62 million, an increase of \$11 million.

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, 2010, was \$25 million, of which \$18 million was invested in capital assets, net of related debt.

## General Fund Budgetary Highlights

The original budget was increased by \$1.8 million to arrive at the final budget of \$19.9 million. The increase came from:

- \$337 thousand in additional budget carryovers from 2009 and
- \$1.8 million in increased general government activities, which was partially offset by
- \$441 thousand increase in expense allocation charge outs to other operating divisions within the Council

During the year, however, actual expenditures were \$4 million less than the final budget due primarily to lower consultant expenses (\$2 million) and salaries (\$1 million). The balance was spread between various expense categories.

## 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, 2010, was \$2.8 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, 2009 and 2010**  
**(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Land and land improvements	\$ 6,630	\$ 6,955	\$ 86,964	\$ 96,015	\$ 93,594	\$ 102,970
Buildings and infrastructure	14,914	14,505	1,985,905	1,929,591	2,000,819	1,944,096
Vehicles and other equipment	62,467	60,613	300,651	330,752	363,118	391,365
Construction in progress	<u>1,328</u>	<u>164</u>	<u>177,341</u>	<u>363,969</u>	<u>178,669</u>	<u>364,133</u>
Total	<u>\$85,339</u>	<u>\$82,237</u>	<u>\$2,550,861</u>	<u>\$2,720,327</u>	<u>\$2,636,200</u>	<u>\$2,802,564</u>

The Metropolitan Council's net capital assets for governmental activities decreased by \$3 million for the year.

The business-type activities had an increase of \$169 million. Environmental Services had an increase of \$70 million, most of which was in construction in progress of capital improvement projects. Metro Transit Light Rail had a \$60 million increase related to the Central Corridor project, Metro Transit Bus an increase of \$28 million spread over all areas and Metro Transit Commuter Rail had an increase of \$11 million as it became operational.

Additional information on the Metropolitan Council's capital assets can be found in Note IV.E on pages 44-45 of this report.

### Debt Administration

At the end of the fiscal year, the Metropolitan Council had total bonds and loans outstanding of \$1.3 billion, similar to the amount at the end of 2009. Of this amount, \$680 million was for general obligation bonds issued by the Metropolitan Council, and \$609 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 \$4 million at year end.

**Metropolitan Council Outstanding Debt**  
**General Obligation Bonds and Loans**  
**December 31, 2009 and 2010**  
**(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
General obligation bonds	\$216,560	\$244,655	\$353,520	\$435,415	\$570,080	\$ 680,070
State of Minnesota loans	<u>12,860</u>	<u>10,635</u>	<u>592,293</u>	<u>598,107</u>	<u>605,153</u>	<u>608,742</u>
Subtotal of general obligation bonds and loans	229,420	255,290	945,813	1,033,522	1,175,233	1,288,812
Revenue Bonds	<u>5,100</u>	<u>3,915</u>	<u>-</u>	<u>-</u>	<u>5,100</u>	<u>3,915</u>
Total bonds and loans	<u>\$234,520</u>	<u>\$259,205</u>	<u>\$945,813</u>	<u>\$1,033,522</u>	<u>\$1,180,333</u>	<u>\$1,292,727</u>

The Metropolitan Council's total debt increased by \$112 million (10 percent) during the current year. General obligation bonds increased by \$110 million. During the year, the Council issued \$195 million of new bonds including one refunding bond, while retiring \$23 million of general obligation bonds (original issue value of \$108 million). During the year, the Metropolitan Council drew down \$49 million in State of Minnesota loans and repaid \$46 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 wastewater bonds. The state statutes limit the amount of general obligation debt the Metropolitan Council may issue for regional recreation open space at \$40 million. Currently, the Council has unused authority of \$26 million.

Transit debt is subject to limited amounts as authorized by statute. At the end of the year, the Metropolitan Council had unused authority of \$56.5 million of transit general obligation bonds.

Additional information on the Metropolitan Council's long-term debt can be found in Note IV.H on pages 47-49 of this report.

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

The certified property tax levy approved by the Council for 2011 represents a 0.04 percent increase over the previous year's levy, which is 80.5 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.

## **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**

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**METROPOLITAN COUNCIL**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2010**  
**IN THOUSANDS**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Metropolitan Sports Facilities Commission</b>
<b>ASSETS</b>				
Cash and investments	\$ 256,994	\$ 214,651	\$ 471,645	\$ 12,464
Cash with fiscal agent	10,101	-	10,101	-
Receivables, net	4,294	12,623	16,917	5,157
Internal balances	(559)	559	-	-
Due from other governmental units	54,243	25,296	79,539	-
Inventory	-	26,347	26,347	-
Prepays and other	437	5,272	5,709	249
Loans and advances	47,192	1,912	49,104	-
Restricted assets:				
Cash and cash equivalents	-	120,508	120,508	-
Receivables, net	-	4,783	4,783	59
Due from other governmental units	-	23,247	23,247	-
Deferred charges	-	1,498	1,498	-
Capital assets not being depreciated:				
Land	6,955	96,015	102,970	8,700
Construction in progress	164	363,969	364,133	-
Capital assets (net of accumulated depreciation)				
Buildings and infrastructure	14,505	1,929,591	1,944,096	2,037
Vehicles	56,249	281,812	338,061	-
Equipment	4,364	48,940	53,304	218
Total assets	<u>454,939</u>	<u>3,157,023</u>	<u>3,611,962</u>	<u>28,884</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	30,257	57,955	88,212	2,370
Accrued interest payable	3,028	-	3,028	-
Unearned revenue	-	6,334	6,334	21
Liabilities payable from restricted assets	-	94,345	94,345	-
Unearned revenue-restricted	-	20,714	20,714	-
Noncurrent liabilities:				
Due within one year	36,453	62,246	98,699	124
Due in more than one year	247,357	1,063,909	1,311,266	88
Total liabilities	<u>317,095</u>	<u>1,305,503</u>	<u>1,622,598</u>	<u>2,603</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	55,868	1,695,361	1,751,229	10,955
Restricted for:				
Debt service	40,148	-	40,148	-
Capital projects	91,371	28,180	119,551	-
Grants and loans	115,467	-	115,467	-
Unrestricted	(165,010)	127,979	(37,031)	15,326
Total net assets	<u>\$ 137,844</u>	<u>\$ 1,851,520</u>	<u>\$ 1,989,364</u>	<u>\$ 26,281</u>

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

**METROPOLITAN COUNCIL  
STATEMENT OF ACTIVITIES  
DECEMBER 31, 2010  
IN THOUSANDS**

Function/program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 8,961	\$ 180	\$ 26	\$ -
Transportation	107,087	7,543	40,538	13,861
Culture and recreation	31,860	-	8,704	24,454
Economic development	6,767	-	-	-
Environment	2,216	-	-	-
Housing	2,380	-	-	-
Interest and other charges	7,413	-	1,452	-
Total governmental activities	<u>166,684</u>	<u>7,723</u>	<u>50,720</u>	<u>38,315</u>
Business-type activities:				
Environmental services	190,406	209,960	2,112	-
Transit bus	301,905	78,823	28,452	77,101
Transit light rail	58,334	11,304	12,428	90,641
Transit commuter rail	19,576	2,410	7,923	13,687
Housing	56,574	789	56,014	-
Total business-type activities	<u>626,795</u>	<u>303,286</u>	<u>106,929</u>	<u>181,429</u>
<b>Total primary government</b>	<u>\$ 793,479</u>	<u>\$ 311,009</u>	<u>\$ 157,649</u>	<u>\$ 219,744</u>
<b>Component unit:</b>				
Sports facilities	<u>\$ 24,232</u>	<u>\$ 19,896</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:  
Property taxes  
Market value credit  
Motor vehicle sales tax  
Investment earnings  
Transfers  
Total general revenues and transfers  
Extraordinary item  
Insurance recovery  
Change in net assets  
Net assets, beginning  
Net assets, ending

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



Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Metropolitan Sports Facilities Commission
\$ (8,755)	\$ -	\$ (8,755)	\$ -
(45,145)	-	(45,145)	-
1,298	-	1,298	-
(6,767)	-	(6,767)	-
(2,216)	-	(2,216)	-
(2,380)	-	(2,380)	-
(5,961)	-	(5,961)	-
(69,926)	-	(69,926)	-
-	21,666	21,666	-
-	(117,529)	(117,529)	-
-	56,039	56,039	-
-	4,444	4,444	-
-	229	229	-
-	(35,151)	(35,151)	-
(69,926)	(35,151)	(105,077)	-
-	-	-	(4,336)
73,140	-	73,140	-
2,278	-	2,278	-
33,061	119,718	152,779	-
6,027	15,581	21,608	723
(14,035)	14,035	-	-
100,471	149,334	249,805	723
-	-	-	2,229
30,545	114,183	144,728	(1,384)
107,299	1,737,337	1,844,636	27,665
\$ 137,844	\$ 1,851,520	\$ 1,989,364	\$ 26,281

**METROPOLITAN COUNCIL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010  
IN THOUSANDS**

	<b>General</b>	<b>Metro Mobility Special Revenue</b>	<b>Debt Retirement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 25,403	\$ 7,463	\$ 66,026	\$ 158,102	\$ 256,994
Cash with fiscal agent	-	-	10,101	-	10,101
Receivables, (net)	23	25	-	-	48
Delinquent taxes receivable	620	-	2,221	580	3,421
Interest receivable	68	25	330	402	825
Due from other funds	744	-	-	-	744
Due from other governmental units	43	13,815	141	40,244	54,243
Loans and advances	225	-	-	46,967	47,192
Total assets	<u>\$ 27,126</u>	<u>\$ 21,328</u>	<u>\$ 78,819</u>	<u>\$ 246,295</u>	<u>\$ 373,568</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts/contracts/subgrantees payable	\$ 1,975	\$ 3,906	\$ -	\$ 23,049	\$ 28,930
Salaries payable	1,826	-	-	-	1,826
Due to other funds	-	-	-	1,303	1,303
Deferred revenue	407	-	1,562	387	2,356
Total liabilities	<u>4,208</u>	<u>3,906</u>	<u>1,562</u>	<u>24,739</u>	<u>34,415</u>
Fund balances:					
Restricted	-	-	77,257	241,981	319,238
Committed	4,537	17,422	-	14,718	36,677
Assigned	4,796	-	-	-	4,796
Unassigned	13,585	-	-	(35,143)	(21,558)
Total fund balances	<u>22,918</u>	<u>17,422</u>	<u>77,257</u>	<u>221,556</u>	<u>339,153</u>
Total liabilities and fund balances	<u>\$ 27,126</u>	<u>\$ 21,328</u>	<u>\$ 78,819</u>	<u>\$ 246,295</u>	<u>\$ 373,568</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, 2010  
IN THOUSANDS**

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

Fund balances-total governmental funds (page 20)	\$ 339,153
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	82,237
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	3,292
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(286,838)
Net assets of governmental activities (page 17)	<u>\$ 137,844</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, 2010**  
**IN THOUSANDS**

	<b>General</b>	<b>Metro Mobility Special Revenue</b>	<b>Debt Retirement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 12,621	\$ -	\$ 43,844	\$ 16,287	\$ 72,752
Intergovernmental revenue:					
Federal	19	4,250	-	15,838	20,107
Build America bonds interest subsidy	-	-	423	-	423
State	9,126	27,853	2,931	63,673	103,583
Local/other	108	-	-	1,000	1,108
Investment income	1,273	270	1,648	2,836	6,027
Other	-	5,283	-	1,593	6,876
Total revenues	<u>23,147</u>	<u>37,656</u>	<u>48,846</u>	<u>101,227</u>	<u>210,876</u>
<b>EXPENDITURES</b>					
Current:					
General government	6,096	332	-	1,210	7,638
Transportation	-	38,599	-	24,825	63,424
Intergovernmental:					
Transportation	-	-	-	30,474	30,474
Culture and recreation	8,704	-	-	23,156	31,860
Economic development	-	-	-	6,767	6,767
Environment	-	-	-	2,216	2,216
Housing	-	-	-	2,380	2,380
Debt service:					
Principal	560	-	52,915	-	53,475
Interest and other charges	475	-	8,077	-	8,552
Capital outlay	172	14	-	10,759	10,945
Total expenditures	<u>16,007</u>	<u>38,945</u>	<u>60,992</u>	<u>101,787</u>	<u>217,731</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,140</u>	<u>(1,289)</u>	<u>(12,146)</u>	<u>(560)</u>	<u>(6,855)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	21	-	1,129	1,150
Transfers out	(4,253)	-	-	(10,932)	(15,185)
Bonds issued	-	-	-	77,600	77,600
Premium on bonds and capital related debt	-	-	-	296	296
Sale of capital assets	-	-	-	146	146
Total other financing sources (uses)	<u>(4,253)</u>	<u>21</u>	<u>-</u>	<u>68,239</u>	<u>64,007</u>
Net change in fund balances	2,887	(1,268)	(12,146)	67,679	57,152
Fund balances, beginning	20,031	18,690	89,403	153,877	282,001
Fund balances, ending	<u>\$ 22,918</u>	<u>\$ 17,422</u>	<u>\$ 77,257</u>	<u>\$ 221,556</u>	<u>\$ 339,153</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, 2010  
IN THOUSANDS**

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

Net change in fund balances--total governmental funds (page 22)	\$ 57,152
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.	(2,802)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, transfers, and donations) is to increase net assets.	(300)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	388
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.	(22,964)
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.	(929)
Change in net assets of governmental activities (page 19)	<u><u>\$ 30,545</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, 2010  
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	\$ 81,122	\$ 121,997	\$ 1,531	\$ 3,435	\$ 6,566	\$ 214,651
Receivables, net	4,801	7,396	259	13	154	12,623
Due from other governmental units	295	20,416	2,772	1,605	208	25,296
Due from restricted assets	-	-	-	660	-	660
Inventory	8,663	12,837	4,289	558	-	26,347
Prepays and other	164	5,032	51	25	-	5,272
Restricted assets:						
Cash and cash equivalents	69,228	3,100	47,678	-	502	120,508
Receivables, net	4,652	8	123	-	-	4,783
Due from other funds	-	315	244	-	-	559
Due from other governmental units	-	4,714	17,333	1,082	-	23,129
Total current assets	168,925	175,815	74,280	7,378	7,430	433,828
Noncurrent assets:						
Capital assets:						
Land	19,256	33,431	28,394	8,528	6,406	96,015
Buildings and infrastructure	2,238,185	303,284	467,522	11,161	21,367	3,041,519
Vehicles	7,523	332,547	95,058	46,237	-	481,365
Equipment	42,813	90,123	271	621	100	133,928
Construction in progress	180,756	13,104	170,109	-	-	363,969
Less accumulated depreciation	(875,248)	(332,025)	(176,627)	(4,020)	(8,549)	(1,396,469)
Net capital assets	1,613,285	440,464	584,727	62,527	19,324	2,720,327
Due from other governments-restricted	118	-	-	-	-	118
Deferred charges-restricted	1,498	-	-	-	-	1,498
Advances and loans	524	1,388	-	-	-	1,912
Total noncurrent assets	1,615,425	441,852	584,727	62,527	19,324	2,723,855
Total assets	1,784,350	617,667	659,007	69,905	26,754	3,157,683
LIABILITIES						
Current liabilities:						
Accounts payable	5,743	10,302	484	1,241	384	18,154
Salaries payable	8,486	25,495	895	148	216	35,240
Compensated absences payable	700	500	-	-	-	1,200
Due to other governmental units	-	-	109	-	-	109
Unearned revenue	5,263	1,071	-	-	-	6,334
Accrued claims	259	3,956	64	-	-	4,279
Other	164	4,288	-	-	-	4,452
Restricted liabilities:						
Payables from restricted assets	15,352	3,466	22,054	518	-	41,390
Accrued interest payable from restricted assets	9,920	-	-	-	-	9,920
Bonds/loans payable from restricted assets	56,767	-	-	-	-	56,767
Due to other governmental units from restricted assets	-	-	292	8	-	300
Due to current assets	-	-	-	660	-	660
Unearned revenue from restricted assets	20,373	341	-	-	-	20,714
Other liabilities from restricted assets	-	282	42,453	-	-	42,735
Total current liabilities	123,027	49,701	66,351	2,575	600	242,254
Noncurrent liabilities:						
Compensated absences payable	2,792	1,389	-	-	-	4,181
Accrued claims	278	10,107	1,082	3,000	-	14,467
Bonds/loans payable after one year (net of unamortized discounts and deferred amount on refunding)	988,450	-	-	-	1,405	989,855
OPEB liability	12,043	43,363	-	-	-	55,406
Total noncurrent liabilities	1,003,563	54,859	1,082	3,000	1,405	1,063,909
Total liabilities	1,126,590	104,560	67,433	5,575	2,005	1,306,163
NET ASSETS						
Invested in capital assets, net of related debt	589,724	440,464	584,727	62,527	17,919	1,695,361
Restricted for:						
Capital projects	23,155	4,048	579	(104)	502	28,180
Unrestricted	44,881	68,595	6,268	1,907	6,328	127,979
Total net assets	\$ 657,760	\$ 513,107	\$ 591,574	\$ 64,330	\$ 24,749	\$ 1,851,520

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, 2010**  
**IN THOUSANDS**

<b>Business-type Activities--Enterprise Funds</b>						
	<b>Environmental Services</b>	<b>Metro Transit</b>			<b>Metropolitan Housing and Redevelopment Authority</b>	<b>Total</b>
		<b>Bus</b>	<b>Light Rail</b>	<b>Commuter Rail</b>		
Operating revenues:						
Charges for services:						
Wastewater and industrial strength charges	\$ 179,993	\$ -	\$ -	\$ -	\$ -	\$ 179,993
Transit fares	-	75,922	10,361	2,458	-	88,741
Tenant rent	-	-	-	-	485	485
Advertising and auxiliary	-	2,314	943	-	-	3,257
Total operating revenues	<u>179,993</u>	<u>78,236</u>	<u>11,304</u>	<u>2,458</u>	<u>485</u>	<u>272,476</u>
Operating expenses:						
Salaries and employee benefits	63,602	194,813	18,780	4,753	2,976	284,924
Contracted services	11,322	8,422	930	5,654	2,639	28,967
Materials and supplies	5,671	37,013	6,191	1,160	59	50,094
Insurance	1,019	2,429	295	3,000	107	6,850
Utilities	17,035	4,265	2,281	599	198	24,378
Advertising	-	766	-	-	-	766
Housing related expenses	-	-	-	-	49,256	49,256
Other	8,722	1,310	1,455	878	270	12,635
Depreciation	52,779	50,352	28,402	3,532	1,069	136,134
Total operating expenses	<u>160,150</u>	<u>299,370</u>	<u>58,334</u>	<u>19,576</u>	<u>56,574</u>	<u>594,004</u>
Operating income (loss)	<u>19,843</u>	<u>(221,134)</u>	<u>(47,030)</u>	<u>(17,118)</u>	<u>(56,089)</u>	<u>(321,528)</u>
Nonoperating revenues (expenses):						
Intergovernmental	2,112	145,140	18,783	12,960	56,014	235,009
Pass-through grants	-	(2,865)	-	-	-	(2,865)
Sewer availability charges	28,600	-	-	-	-	28,600
Investment income	7,546	8,935	342	-	125	16,948
Interest and fiscal charges	(27,128)	-	-	-	-	(27,128)
Gain/(loss) on sale of capital assets	(159)	330	-	-	-	171
Other	(2,969)	587	(41)	(48)	304	(2,167)
Total nonoperating revenues (expenses)	<u>8,002</u>	<u>152,127</u>	<u>19,084</u>	<u>12,912</u>	<u>56,443</u>	<u>248,568</u>
Income (loss) before contributions and transfers	<u>27,845</u>	<u>(69,007)</u>	<u>(27,946)</u>	<u>(4,206)</u>	<u>354</u>	<u>(72,960)</u>
Capital contributions	-	73,095	86,490	13,523	-	173,108
Transfers in	158	10,206	2,715	969	-	14,048
Transfers out	-	(13)	-	-	-	(13)
Total contributions and transfers	<u>158</u>	<u>83,288</u>	<u>89,205</u>	<u>14,492</u>	<u>-</u>	<u>187,143</u>
Change in net assets	28,003	14,281	61,259	10,286	354	114,183
Total net assets, beginning	<u>629,757</u>	<u>498,826</u>	<u>530,315</u>	<u>54,044</u>	<u>24,395</u>	<u>1,737,337</u>
Total net assets, ending	<u>\$ 657,760</u>	<u>\$ 513,107</u>	<u>\$ 591,574</u>	<u>\$ 64,330</u>	<u>\$ 24,749</u>	<u>\$ 1,851,520</u>

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

**METROPOLITAN COUNCIL  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
IN THOUSANDS**

	Business-type Activities--Enterprise Funds					
	Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total
		Bus	Light Rail	Commuter Rail		
<b>Cash flows from operating activities</b>						
Receipts from customers and users	\$ 179,913	\$ 75,070	\$ 11,104	\$ 2,458	\$ 477	\$ 269,022
Payments to suppliers	(43,052)	(51,602)	(12,301)	(10,075)	(52,777)	(169,807)
Payments to employees	(60,336)	(182,643)	(19,124)	(1,704)	(2,975)	(266,782)
Receipts from (payments to) others	765	2,900	902	(48)	304	4,823
Net cash provided (used) by operating activities	77,290	(156,275)	(19,419)	(9,369)	(54,971)	(162,744)
<b>Cash flows from noncapital financing activities</b>						
Transfers in	158	-	-	-	-	158
Cash deficit implicitly financed	-	-	(5,002)	(13,561)	-	(18,563)
Intergovernmental receipts	2,112	156,589	25,500	15,313	52,052	251,566
Transfers out	-	(13)	-	-	-	(13)
Pass-through grant payments	-	(2,865)	-	-	-	(2,865)
Net cash provided by non-capital financing activities	2,270	153,711	20,498	1,752	52,052	230,283
<b>Cash flows from capital and related financing activities</b>						
Transfers in - for capital purposes	-	10,206	2,715	(11,045)	-	1,876
Capital contributions	-	100,149	116,761	26,785	-	243,695
Proceeds from capital debt	180,786	-	-	-	-	180,786
Proceeds from sewer availability charges	15,846	-	-	-	-	15,846
Proceeds from sale of capital assets	49	-	-	-	-	49
Purchase of capital assets	(125,621)	(90,529)	(76,085)	(4,674)	-	(296,909)
Principal paid on capital debt	(79,168)	-	-	-	-	(79,168)
Interest paid on capital debt	(33,366)	-	-	-	-	(33,366)
Net cash provided by (used in) capital and related financing activities	(41,474)	19,826	43,391	11,066	-	32,809
<b>Cash flows from investing activities</b>						
Investment purchase/sale	6,912	-	-	-	-	6,912
Interest received/paid	7,845	9,017	341	(14)	132	17,321
Net cash provided by (used in) investing activities	14,757	9,017	341	(14)	132	24,233
Net increase (decrease) in cash and cash equivalents	52,843	26,279	44,811	3,435	(2,787)	124,581
Balances, beginning	97,507	98,818	4,398	-	9,855	210,578
Balances, ending	\$ 150,350	\$ 125,097	\$ 49,209	\$ 3,435	\$ 7,068	\$ 335,159
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>						
Operating income (loss)	\$ 19,843	\$ (221,134)	\$ (47,030)	\$ (17,118)	\$ (56,089)	\$ (321,528)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	52,779	50,352	28,402	3,532	1,069	136,134
Other non-operating	765	587	(41)	(48)	302	1,565
Change in assets and liabilities:						
Accounts receivable	(159)	(518)	743	-	250	316
Due from employees	20	-	-	-	-	20
Due from other governments	(181)	-	-	-	-	(181)
Materials and supplies (inventory)	(439)	(1,087)	(900)	(409)	-	(2,835)
Prepaid expenses and other current assets	451	(3,790)	(22)	1,312	-	(2,049)
Accounts payable	1,337	3,948	(227)	313	(505)	4,866
Accrued payroll liabilities	(47)	2,659	(344)	3,049	2	5,319
Accrued OPEB liabilities	3,293	9,510	-	-	-	12,803
Unearned revenues	79	(334)	-	-	-	(255)
Other liabilities	(451)	3,532	-	-	-	3,081
Net cash provided (used) by operating activities	\$ 77,290	\$ (156,275)	\$ (19,419)	\$ (9,369)	\$ (54,971)	\$ (162,744)
<b>Non-cash capital and related financing activities:</b>						
Environmental Services had a non-cash loss of \$228 thousand related to the disposition of property, plant, and equipment.						

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, 2010  
IN THOUSANDS**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	<u><u>\$          793</u></u>
 <b>LIABILITIES</b>	
Due to participants	<u><u>\$          793</u></u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

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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 unit**

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 5<sup>th</sup> 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 function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect costs including salaries, contracted services, rent, utilities, postage, printing and other overhead costs are included in the program expense reported for the individual functions and activities on the statement of activities. *Program revenues* include 1) charges to customers or applicants 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. Interfund services, such as administrative and financial services, provided and used are not eliminated in the process of consolidation.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. 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. The principal operating revenues of the Metro Transit Commuter Rail enterprise fund are fares charged to customers for rail transportation. The 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 they are neither cash on hand nor demand deposits. Council bank deposits, at December 31, 2010, 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.

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

Where appropriate, account receivables are reported net of allowance for doubtful accounts. As of December 31, 2010, the allowances for doubtful accounts were (dollars in thousands):

<u>Enterprise Funds</u>	<u>Balance</u>
Environmental Services	\$ 20
Metro Transit Bus	181
Total	<u>\$ 201</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, 2010, the allowances for obsolete inventory accounts were (dollars in thousands):

<u>Enterprise Funds</u>	<u>Balance</u>
Environmental Services	\$ 50
Metro Transit Bus	641
Total	<u>\$ 691</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:

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

### **6. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the 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 the asset's life are not capitalized.



Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by Environmental Services during the current fiscal year was \$31,626,000. Of this amount, \$4,499,000 was included as part of the cost of capital assets under construction with the wastewater treatment facilities construction projects.

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

<u>Assets</u>	<u>Useful Life</u>
Treatment plants and interceptors	15 to 80 years
Buildings	25 to 45 years
Vehicles	5 to 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 balances that are nonspendable and spendable. Nonspendable balances contain legal restraints that by nature cannot be spent by the government. For example, long term loans are not available for spending. Spendable balances are further classified by the relative strength of the constraints that control how amounts can be spent. Those classifications are: restricted, committed, assigned and unassigned.

## 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 as of December 31, 2010 (dollars in thousands):

<u>Unrestricted net asset account</u>	<u>Balance</u>
Operating account	\$ 11,198
Repairs, replacements and improvements account	2,500
Concessions reserve account	1,628
Total unrestricted net assets	<u>\$ 15,326</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 \$82,237,000 difference are as follows:

	<i>In thousands</i>
Land	\$ 6,955
Building - net of accumulated depreciation	14,505
Equipment - net of accumulated depreciation	4,364
Vehicles - net of accumulated depreciation	56,249
Construction in progress	164
Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 82,237</u>

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 \$3,292,000 difference are as follows:

	<i>In thousands</i>
Receivables - delinquent property taxes	\$ 2,356
Other assets - bond issuance costs	936
Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 3,292</u>

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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 \$(286,838,000) difference are as follows:

	<u><i>In thousands</i></u>
General obligation bonds payable	<u>\$(255,290)</u>
Revenue bonds	(3,915)
Net issuance premiums (to be amortized as interest expense)	(6,943)
Accrued interest and arbitrage payable	(3,675)
Compensated absences	(3,078)
Capital lease payable	(11,395)
OPEB liability	<u>(2,542)</u>
Net adjustment to reduce <i>fund balances - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$(286,838)</u></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 \$2,802,000 difference are as follows:

	<u><i>In thousands</i></u>
Capital outlay	<u>\$ 10,945</u>
Depreciation expense	(13,747)
Net adjustment to reduce net changes in <i>fund balances - total governmental funds</i> to arrive at changes in <i>net assets of governmental activities</i>	<u><u>\$ (2,802)</u></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 \$300,000 difference are as follows:

	<u><i>In thousands</i></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	<u><u>\$ (300)</u></u>

Another element of that reconciliation explains that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.” The detail of this \$388,000 difference is as follows:

	<u><i>In thousands</i></u>
Property tax revenue for year-end delinquent taxes	<u><u>\$ 388</u></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 \$(22,964,000) difference are as follows:

	<i>In thousands</i>
Issuance of general obligation bonds	\$ (77,600)
Premium on new bonds	(296)
Cost of issuance on new bonds	318
Bond discount/(premium) amortization	604
Change in accrued interest	605
Amortization of cost of issuance	(70)
Principal payments of general obligation bonds/loans	52,915
Capital lease payment	560
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in <i>net assets of governmental activities</i>	<u>\$ (22,964)</u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this (\$929,000) difference are as follows:

	<i>In thousands</i>
Change in compensated absences for year	\$ (185)
Change in OPEB liability	(744)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in <i>net assets of governmental activities</i>	<u>\$ (929)</u>

### III. Stewardship, compliance, and accountability

#### A. Budgetary information

Annual budgets, as required by state statutes, are adopted on a basis consistent with generally accepted accounting principles for the General fund, all budgeted special revenue funds, and the Metro Transit Light Rail, Metro Transit Bus, Metro Transit Commuter Rail, and Metropolitan Housing and Redevelopment Authority enterprise funds. The Highway Right-of-Way Acquisition Loan special revenue fund (a nonmajor fund) does not have a legally adopted annual budget. Budgets for the Environmental Services enterprise fund are prepared in conformity with the “cost allocation” system described in Minnesota Statute 473.517. Under this system, annual revenues are budgeted to equal annual expenses. Variances in revenues are accumulated for working capital and are limited to 5 percent of the operating expenses. Variances in expenses are accumulated for contingency reserves. All annual appropriations lapse at year-end.

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

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

## B. Excess of expenditures over appropriations

The following nonmajor governmental funds had expenditures in excess of their budgets for the year ended December 31, 2010:

	<i>Dollars in thousands</i>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over/(Under)</b>
<b>Special Revenue:</b>				
Contracted Transit Services - a nonmajor fund	\$ 25,457	\$ 33,688	\$ 34,485	\$ 797
Other Special Revenue - a nonmajor fund	-	-	10	10

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

## 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 \$31,000 of petty cash and mutilated coin, the amount of the Council's bank accounts was \$878,000 of which \$341,000 was covered by Federal depository insurance (FDIC) and \$537,000 was collateralized at least 110 percent with securities held by the Federal Reserve Bank.

At December 31, 2010, the carrying amount of the MSFC's bank accounts was \$1,149,000. Bank balances were \$1,671,000 of which \$250,000 was covered by Federal depository insurance and the remaining \$1,421,000 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 \$81,002,000 United States Treasury and agency investments, the Council has a custodial credit risk exposure of \$3,010,000 because the related securities are held by a custodial agent in the broker's name.

The Council has no foreign currency exposure.

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

Following is a summary of the fair values of securities at December 31, 2010:

<u>Metropolitan Council</u>	<b>Credit Risk</b>	<b>Custodial Credit Risk</b>	<i>Dollars in thousands</i>		
			<b>Par</b>	<b>Fair Value</b>	<b>Portfolio</b>
U.S. Treasury Securities:					
Escrow Account, Debt (SLGS and Cash)	n.a.	Escrow (a)	\$ 10,101	\$ 10,101	1.7%
U.S. Agency Securities:					
Federal Home Loan Bank	Aaa	Custody (a)	10,000	10,001	1.7%
Federal National Mortgage Association	Aaa	Custody (a)	43,000	42,986	7.1%
Federal National Mortgage Association	Aaa	Broker Held (b)	3,000	3,010	0.5%
Federal Home Loan Mortgage Corporation	Aaa	Custody (a)	15,000	14,904	2.5%
Certificates of Participation (U.S. GSA)	N.R. (c)	Custody (a)	3,380	3,410	0.6%
Commercial Paper (each <5%)	A1/P1/F1	Custody (a)	45,000	44,946	7.5%
Municipal Bonds (each <5%)	Aa3 (d)	Custody (a)	135,416	123,184	20.4%
State Board of Investments (OPEB, Equities, etc.)	N.R.(c)	Custody (e)	95,209	95,384	15.8%
Money Market Funds	Aaa	n.a.	255,278	255,278	42.2%
Cash for Fuel Hedging Margin Account	n.a.	Broker Held (f)	2,943	2,943	0.5%
Cash for Operations (g)	n.a.	Collateralized (h)	(3,131)	(3,131)	-0.5%
Petty Cash/Coin & Mutilated Coins	n.a.	Council Held	31	31	0.0%
Total Cash and Investments			<u>\$ 615,227</u>	<u>\$ 603,047</u>	<u>100.0%</u>

<u>Component Units:</u>	<b>Credit Risk</b>	<b>Custodial Credit Risk</b>	<i>Dollars in thousands</i>		
			<b>Par</b>	<b>Fair Value</b>	<b>Portfolio</b>
<b>MSFC:</b>					
U.S. Agency Securities	Aaa	Custody(i)	\$ 71	\$ 86	0.7%
Federal National Mortgage Association	Aaa	Custody (i)	4,428	5,097	40.9%
Federal Home Loan Mortgage Corporation	Aaa	Custody (i)	3,377	3,841	30.8%
Governmental National Mortgage Association	Aaa	Custody (i)	1,656	1,874	15.0%
Money Market Funds	(j)	(k)	1,469	1,469	11.8%
Cash for Operations & Petty Cash	n.a.	(k)	97	97	0.8%
Total Cash and Investments			<u>\$ 11,098</u>	<u>\$ 12,464</u>	<u>100.0%</u>

- (a) Securities held in custody/escrow are in the Council's name.
- (b) Securities held by the Bank of NYC are in the broker's name.
- (c) N.R. = Not Rated.
- (d) Municipal bond ratings range from Aaa to A3, average rating is Aa3.
- (e) Pool investments held by custodian and include stocks (S&P 500) bonds, (Shearson-Lehman Aggregate), and cash equivalents.
- (f) Held by the broker in the Council's name.
- (g) Outstanding checks.
- (h) Individual balances less than or equal to \$250,000 are FDIC insured. Individual balances greater than \$250,000 are collateralized with securities held by the Federal Reserve Bank in the Council's name.
- (i) Securities held in custody/escrow are in the Commission's name.
- (j) \$417,000 invested in Aaa money market fund and \$1,052,000 invested in U.S. Bank money market account.
- (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 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, 2010. Excluding the OPEB equity portfolio the remaining investment portfolio has an average market yield of 1.6 percent, modified duration of 1.7 years, effective duration of 2.1 years and convexity of (0.08).

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

	<i>Dollars in thousands</i>			
	<b>Estimated Fair Value, Parallel Shift of Yield Curve</b>			
	<b>+50 Basis</b>	<b>+100 Basis</b>	<b>+150 Basis</b>	<b>+200 Basis</b>
	<b>Points</b>	<b>Points</b>	<b>Points</b>	<b>Points</b>
<b><u>Metropolitan Council</u></b>				
U.S. Treasury Securities:				
Escrow Account, Debt (SLGS and Cash)	\$ 10,101	\$ 10,101	\$ 10,101	\$ 10,101
U.S. Agency Securities				
Federal Home Loan Bank	10,001	10,001	10,001	10,001
Federal National Mortgage Association	42,935	42,599	42,110	41,562
Federal National Mortgage Association	2,949	2,881	2,815	2,750
Federal Home Loan Mortgage Corporation	5,007	5,007	5,007	5,007
Certificates of Participation (U.S. GSA)	3,399	3,339	3,280	3,223
Commercial Paper (each <5%)	44,946	44,946	44,946	44,946
Municipal Bonds (each <5%)	115,178	111,926	108,806	105,824
State Board of Investments (OPEB, Equities, etc.)	95,384	95,384	95,384	95,384
Money Market Funds	255,278	255,278	255,278	255,278
Cash for Fuel Hedging Margin Account	2,943	2,943	2,943	2,943
Cash for Operations	(3,131)	(3,131)	(3,131)	(3,131)
Petty Cash/Coin & Mutilated Coins	31	31	31	31
Total Cash and Investments	<u>\$ 585,021</u>	<u>\$ 581,305</u>	<u>\$ 577,571</u>	<u>\$ 573,919</u>

The Commission has adopted a simulation model of reporting 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, 2010. The investment portfolio has an average yield of 3.46 percent, modified duration of 1.82 years, effective duration of 1.82 years and convexity of (0.6) as of December 31 2010.

	<i>Dollars in thousands</i>			
	<b>Estimated Fair Value, Parallel Shift of Yield Curve</b>			
	<b>+50 Basis</b>	<b>+100 Basis</b>	<b>+150 Basis</b>	<b>+200 Basis</b>
	<b>Points</b>	<b>Points</b>	<b>Points</b>	<b>Points</b>
<b><u>Component Units:</u></b>				
<b><u>MSFC:</u></b>				
U.S. Agency Securities	\$ 86	\$ 85	\$ 84	\$ 83
Federal National Mortgage Association	5,072	5,026	4,979	4,924
Federal Home Loan Mortgage Corporation	3,826	3,791	3,755	3,714
Government National Mortgage Association	1,887	1,888	1,853	1,832
Money Market Funds	1,469	1,469	1,469	1,469
Cash for Operations & Petty Cash	97	97	97	97
Total Cash and Investments	<u>\$ 12,437</u>	<u>\$ 12,356</u>	<u>\$ 12,237</u>	<u>\$ 12,119</u>

## B. Energy Forward Pricing Mechanisms

Pursuant to Minnesota Statute 473.1293, the Council may enter into Energy Forward Pricing Mechanisms (EFPs) as a budget risk reduction strategy. Such EFPs are solely commodity-based and are comprised of futures, options, contracts, and similar serving derivative instruments. Since inception of 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 percent of the projected consumption of any of its commodities. Anticipating unplanned reductions in actual consumption relative to amounts budgeted the Council has reduced the hedge ceiling to 90 percent of projected diesel-related fuel consumption and 80 percent of natural gas consumption. The Council can hedge its projected consumption up to 23 months into the future. The hedging transactions are completely separate from the physical fuel purchase transactions. The Council does not take delivery of fuel via its EFPs. The initial cash value of each contract is zero; thereafter, the change in the value of each contract is directly correlated with the simultaneous and offsetting increase/decrease in the cost of the fuel in the marketplace and at the time of delivery. At the end of 2010, these values are reported in the "Prepays and Other" and offset in "Accounts Payable and Other Current Liabilities."

Since 2004, the Council has hedged most of its annual 9 million gallons of diesel fuel consumed by the Metro Transit-Bus—a business-type unit, and Metro Mobility—a governmental unit. In 2006, the Council began hedging natural gas consumption for its Environmental Services, Metro Transit-Bus, and Metro Transit Commuter Rail— business-type units, which annually, in total, consume about five million therms.

In 2009, the Council adopted GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This Statement addresses the recognition, measurement and disclosure of information regarding derivative instruments. GASB Statement No. 53 requires an evaluation of effectiveness of the hedge at the end of each reporting period. A hedge is considered effective if the changes in fair value of the hedged item and hedging derivative offset each other to a significant extent. For 2010, the Council performed a retrospective statistical analysis test and determined that the liquidated hedges were essentially effective.

As of December 31, 2010, the Council had 301 New York Mercantile Exchange (NYMEX) heating oil futures contracts (13.8 million gallons) with acquisition (effective) dates ranging from 01/07/2009 through 12/21/2010. Termination dates range from 01/31/2011 to 10/31/2012. The Council also had 55 natural gas futures contracts (560,000 MMBtu) with acquisition dates ranging from 01/20/2009 through 10/19/2010. Termination dates for these contracts range from 01/27/2011 to 09/26/2012. As of December 31, 2010, the heating oil and natural gas futures contracts had a fair value of \$4,155,000 and \$(704,000), respectively. The Council can hedge its projected consumption (up to 80 percent in natural gas and 90 percent in diesel) up to 23 months into the future.

The following risks are generally associated with futures contracts:

*Credit risk.* To reduce the potential impact of credit risk, the exchanges require both parties of a futures transaction to post margin amounts in their respective accounts and to daily maintain equity sufficient to cover unrealized losses. As of December 31, 2010, the Council's futures accounts at Royal Bank of Canada (RBC) Wealth Management contained cash and a money market fund with a value of \$2,943,000, and a U.S. agency security with a fair value of \$3,010,000.

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

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

## C. Receivables

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

	<i>Dollars in thousands</i>				
	<b>Accounts</b>	<b>Allowance for Uncollectable</b>	<b>Delinquent Taxes</b>	<b>Interest</b>	<b>Total Receivable</b>
<b>Receivables - current</b>					
<b><u>Governmental Activities:</u></b>					
General Fund	\$ 23	\$ -	\$ 620	\$ 68	\$ 711
Metro Mobility	25	-	-	25	50
Debt Retirement	-	-	2,221	330	2,551
Nonmajor Governmental	-	-	580	402	982
Total Governmental	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 3,421</u>	<u>\$ 825</u>	<u>\$ 4,294</u>
<b><u>Business-type Activities:</u></b>					
Environmental Services	\$ 4,682	\$ (20)	\$ -	\$ 139	\$ 4,801
Metro Transit - Bus	7,321	(181)	-	256	7,396
Metro Transit - Light Rail	254	-	-	5	259
Metro Transit Commuter Rail	-	-	-	13	13
Metropolitan Housing and Redevelopment Authority	136	-	-	18	154
Total Business-type	<u>\$ 12,393</u>	<u>\$ (201)</u>	<u>\$ -</u>	<u>\$ 431</u>	<u>\$ 12,623</u>
<b>Receivables - restricted</b>					
<b><u>Business-type Activities:</u></b>					
Environmental Services	\$ 3,647	\$ -	\$ -	\$ 1,005	\$ 4,652
Metro Transit - Bus	-	-	-	8	8
Metro Transit - Light Rail	1	-	-	122	123
Total Business-type	<u>\$ 3,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,135</u>	<u>\$ 4,783</u>



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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)	\$ 407
Delinquent property taxes receivable (Debt Retirement fund)	1,562
Delinquent property taxes receivable (Nonmajor governmental funds)	387
Total deferred/unearned revenue for governmental funds	<u>\$ 2,356</u>

**D. Property taxes**

Minnesota State Law requires the State of Minnesota Commissioner of Revenue to determine property tax levy limits. The levy limit generally represents the prior year's levy limit multiplied by the percentage increase in total market value of taxable property. There is no property tax levy limits for the debt service levy, or for the transit Tax Anticipation Certificate levy. In 2010, the Council levied \$13,139,000 for the General Operating levy; \$8,184,000 for the Livable Communities Demonstration Account levy; \$3,807,000 for Parks Debt Retirement; \$3,532,000 for Highway Right-Of-Way Acquisition Loan; and \$41,732,000 in Transit Debt Retirement levies upon all taxable property within the Twin Cities Metropolitan Area. The Council also levied \$5,000,000 for Livable Communities Tax Base Revitalization upon taxable property included in the Metropolitan Fiscal Disparities contribution tax pool.

Council levies are reduced by Market Value Credits (MVC). The MVC is a property tax reduction taken by 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</u>	<u>Adjusted Levy</u>
Operating levy	\$13,139	\$13,139	\$ (413)	\$12,726
Tax Base Revitalization	5,000	5,000	-	5,000
Highway Right-of-Way	3,532	3,532	(111)	3,421
Livable Communities	10,313	8,184	(257)	7,927
Parks Debt Retirement	3,807	3,807	(120)	3,687
Transit Debt Retirement	41,732	41,732	(1,351)	40,381
Total	<u>\$77,523</u>	<u>\$75,394</u>	<u>\$(2,252)</u>	<u>\$73,142</u>

**E. Capital assets**

**1. Primary government**

Capital asset activity for the year ended December 31, 2010, was as follows:

	<i>Dollars in thousands</i>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,630	\$ 325	\$ -	\$ 6,955
Construction in progress	1,328	164	(1,328)	164
Total capital assets, not being depreciated	7,958	489	(1,328)	7,119
Capital assets, being depreciated:				
Building	16,344	-	-	16,344
Vehicles	112,723	7,000	(6,136)	113,587
Equipment	3,568	4,808	-	8,376
Total capital assets, being depreciated	132,635	11,808	(6,136)	138,307
Less accumulated depreciation for:				
Building	1,430	409	-	1,839
Vehicles	50,824	12,326	(5,812)	57,338
Equipment	3,000	1,012	-	4,012
Total accumulated depreciation	55,254	13,747	(5,812)	63,189
Total capital assets, being depreciated, net	77,381	(1,939)	(324)	75,118
Governmental activities capital assets, net	<u>\$ 85,339</u>	<u>\$ (1,450)</u>	<u>\$ (1,652)</u>	<u>\$ 82,237</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 86,964	\$ 9,051	\$ -	\$ 96,015
Construction in progress	177,341	220,251	(33,623)	363,969
Total capital assets, not being depreciated	264,305	229,302	(33,623)	459,984
Capital assets, being depreciated:				
Buildings and infrastructure	3,010,970	34,688	(4,139)	3,041,519
Vehicles	471,395	57,631	(47,661)	481,365
Equipment	122,392	17,929	(6,393)	133,928
Total capital assets, being depreciated	3,604,757	110,248	(58,193)	3,656,812
Less accumulated depreciation for:				
Buildings and infrastructure	1,025,065	90,720	(3,857)	1,111,928
Vehicles	214,349	32,817	(47,613)	199,553
Equipment	78,787	12,597	(6,396)	84,988
Total accumulated depreciation	1,318,201	136,134	(57,866)	1,396,469
Total capital assets, being depreciated, net	2,286,556	(25,886)	(327)	2,260,343
Business-type activities capital assets, net	<u>\$2,550,861</u>	<u>\$203,416</u>	<u>\$ (33,950)</u>	<u>\$2,720,327</u>

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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

	<i>Dollars In thousands</i>
<b>Governmental activities:</b>	
General government	\$ 558
Transportation	13,189
Total depreciation expense-governmental activities	<u>\$ 13,747</u>
<b>Business-type activities:</b>	
Environmental Services	\$ 52,779
Metro Transit – Bus	50,352
Metro Transit - Light Rail	28,402
Metro Transit - Commuter Rail	3,532
Metropolitan Housing and Redevelopment Authority	1,069
Total depreciation expense-business-type activities	<u>\$ 136,134</u>

**2. Discretely presented component unit**

Activity for Metropolitan Sports Facilities Commission for the year ended December 31, 2010, was as follows:

	<i>Dollars in thousands</i>			
<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 8,700	\$ -	\$ -	\$ 8,700
Capital assets, being depreciated:				
Buildings	98,699	1,324	(1,438)	98,585
Equipment	12,262	303	(275)	12,290
Total capital assets, being depreciated	110,961	1,627	(1,713)	110,875
Less accumulated depreciation for:				
Buildings	96,787	1,020	(1,259)	96,548
Equipment	10,705	1,613	(246)	12,072
Total accumulated depreciation	107,492	2,633	(1,505)	108,620
Total capital assets, being depreciated, net	3,469	(1,006)	(208)	2,255
Metropolitan Sports Facilities Commission, capital assets, net	<u>\$ 12,169</u>	<u>\$ (1,006)</u>	<u>\$ (208)</u>	<u>\$ 10,955</u>

**F. Inter-fund receivables, payables, and transfers**

During normal operations, the Council processes routine transactions between funds, including loans, expenditures, and transfers of resources for administrative and program services and compliance with legal mandates. In the fund financial statements, these transactions are generally recorded as transfers in/transfers out and due from other funds/due to other funds. The outstanding balances between funds mainly result from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund balances as of December 31, 2010, is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<i>Dollars In thousands</i>
General Fund	Nonmajor Governmental	\$ 744
Metro Transit Bus	Nonmajor Governmental	315
Metro Transit Light Rail	Nonmajor Governmental	244
		<u>\$ 1,303</u>

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

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

*Dollars in Thousands*

Transfers In	Transfers Out			Total
	General Fund	Nonmajor Governmental	Metro Transit Bus	
Nonmajor governmental	\$ 1,000	\$ 129	\$ -	\$ 1,129
Metro Mobility	21	-	-	21
Environmental Services	158	-	-	158
Metro Transit Bus	2,118	8,088	-	10,206
Metro Transit Light Rail	-	2,715	-	2,715
Metro Transit Commuter Rail	956	-	13	969
Total	<u>\$ 4,253</u>	<u>\$ 10,932</u>	<u>\$ 13</u>	<u>\$ 15,198</u>

### G. Leases

#### 1. Operating leases

The Council leases building and office facilities, storage facilities, and other operating equipment under non-cancelable operating leases. Total operating lease costs in fiscal year 2010 were \$496,000 for Metro Transit Bus enterprise fund, \$542,000 for Metro Transit Light Rail enterprise fund, \$176,000 for Metro Transit Commuter Rail enterprise fund, and \$217,000 for Environmental Services enterprise fund. Commitments under operating lease agreements provide for minimum annual rental payments as follows:

*Dollars in Thousands*

Year	General Fund	Environmental Services	Metro Transit			Total
			Bus	Light Rail	Commuter Rail	
2011	\$ 37	\$ 153	\$ 323	\$ 587	\$ 110	\$ 1,210
2012	-	125	276	582	18	1,001
2013	-	125	217	582	9	933
2014	-	124	93	411	8	636
2015	-	62	96	34	4	196
2016-2020	-	-	256	30	-	286
2021-2025	-	-	100	-	-	100
2026-2030	-	-	100	-	-	100
2031-2035	-	-	100	-	-	100
2036-2040	-	-	27	-	-	27
Total	<u>\$ 37</u>	<u>\$ 589</u>	<u>\$ 1,588</u>	<u>\$ 2,226</u>	<u>\$ 149</u>	<u>\$ 4,589</u>

#### 2. Capital leases

On December 1, 2004, the Council entered into an annual appropriation lease purchase agreement for land and facilities to be renovated thereon. The Council granted a leasehold interest in the land and facilities to a trustee and proceeds from the issuance and sale of Certificates of Participation in the lease purchase agreement provided a portion of the funds to renovate, improve and equip the facilities for use as the Council's administrative headquarters. In 2006, the facilities were completed and the Council's administrative headquarters were relocated. 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.

*Dollars in thousands*

Year Ending	Nonmajor Governmental Fund
2011	\$ 1,032
2012	1,032
2013	1,030
2014	1,031
2015	1,026
2016-2020	5,132
2021-2025	5,109
Total minimum lease payments	15,392
Less amount representing interest	(3,997)
Present value of minimum lease payments	<u>\$ 11,395</u>

## H. Long-term obligations

### 1. General obligation debt

The Council issues general obligation bonds for parks, wastewater, and transit. General obligation bonds have been issued for both governmental and business-type activities.

The original amount of general obligation bonds issued in prior years was \$876,775,000. During the year, \$8,600,000 of general obligation parks bonds; \$69,000,000 of general obligation transit bonds; \$101,000,000 general obligation wastewater bonds; \$16,035,000 of general obligation wastewater refunding bonds; and no general obligation certificates of indebtedness were issued. General obligation bonds are direct obligations and pledge the Council's full faith and credit and taxing powers.

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

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

General obligation bonds currently outstanding are as follows:

<b>Purpose</b>	<b>Interest Rates</b>	<i>Dollars in Thousands</i>
Governmental activities	0.60 - 5.50%	\$ 210,825
Governmental activities - refunding	2.50 - 5.00%	33,830
Business-type activities	2.00 - 5.00%	346,470
Business-type activities - refunding	2.00 - 5.25%	88,945
Total general obligation bonds		<u>\$ 680,070</u>

The original amount of Minnesota Public Facilities Authority (PFA) loans drawn down in prior years was \$761,755,000. During the year, \$49,223,000 of Minnesota PFA loans was drawn down--entirely by business-type activities.

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

<b>Purpose</b>	<b>Interest Rates</b>	<i>Dollars in Thousands</i>
Governmental activities	1.79 - 2.71%	\$ 10,635
Business-type activities	0.00 - 5.38%	598,107
Total Public Facilities Authority loans		<u>\$ 608,742</u>

The following is a summary of bond transactions of the Council for the year ended December 31, 2010:

	<i>Dollars in thousands</i>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Balance, January 1, 2010	\$ 236,637	\$ 957,410
Bonds issued, net of discount/premium	77,896	118,491
PFA drawdown	-	49,223
Amortization of discount/premium	(593)	(1,433)
Amortization of deferred amount on refunding	-	74
Less principal payments	(51,730)	(78,548)
Balance, December 31, 2010	<u>\$ 262,210</u>	<u>\$ 1,045,217</u>

As of December 31, 2010, the annual debt service requirements to amortize all general obligation bonds and loans outstanding, including interest of \$53,368,000 on the governmental activities debt and \$328,413,000 on the business-type activities debt, are as follows:

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

Year Ending December 31	<i>Dollars in thousands</i>					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 41,645	\$ 7,544	\$ 49,189	\$ 56,767	\$ 34,872	\$ 91,639
2012	44,980	7,036	52,016	59,687	34,454	94,141
2013	22,340	6,087	28,427	60,438	33,186	93,624
2014	21,715	5,359	27,074	59,785	31,168	90,953
2015	19,115	4,672	23,787	62,954	29,125	92,079
2016-2020	67,340	14,809	82,149	364,296	109,855	474,151
2021-2025	24,145	5,962	30,107	277,760	46,969	324,729
2026-2030	12,420	1,858	14,278	91,835	8,784	100,619
2031	1,590	41	1,631	-	-	-
Subtotal	255,290	53,368	308,658	1,033,522	328,413	1,361,935
Net unamortized:						
Discounts/premiums	6,920	-	6,920	11,743	-	11,743
Deferred on refunding	-	-	-	(48)	-	(48)
Total payments	\$ 262,210	\$ 53,368	\$ 315,578	\$ 1,045,217	\$ 328,413	\$ 1,373,630

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), the Council issued \$43,000,000 (2009A) and \$69,000,000 (2010E) of General Obligation Transit bonds, \$36,000,000 (2010B) and \$65,000,000 (2010F) of General Obligation Wastewater bonds, and entered into two wastewater loans (2009C, 2009D) totaling \$80,000,000 with the Minnesota Public Facilities Authority. The loans are on an eligible reimbursement basis and have been fully drawn as of December 31, 2010. The bonds and 2009C loan are direct pay tax credit Build America Bonds (BAB), in which the Council receives a 35% credit on bond interest paid. The Council has complied with all requirements of ARRA to be eligible for the BAB interest credit.

Taking into consideration the above BAB interest credit, as of December 31, 2010, the Council's net annual debt service requirements to amortize all general obligation bonds and loans outstanding, including interest of \$43,536,000 on the governmental activities debt and \$304,169,000 on the business-type activities debt, are as follows:

Governmental Activities: Year Ending December 31	<i>Dollars in thousands</i>				
	Principal	Interest	Federal Subsidy	Net Interest	Total Payment
2011	\$ 41,645	\$ 7,544	\$ (825)	\$ 6,719	\$ 48,364
2012	44,980	7,036	(1,042)	5,994	50,974
2013	22,340	6,087	(978)	5,109	27,449
2014	21,715	5,359	(926)	4,433	26,148
2015	19,115	4,672	(863)	3,809	22,924
2016-2020	67,340	14,809	(3,107)	11,702	79,042
2021-2025	24,145	5,962	(1,487)	4,475	28,620
2026-2030	12,420	1,858	(590)	1,268	13,688
2031	1,590	41	(14)	27	1,617
Subtotal	255,290	53,368	(9,832)	43,536	298,826
Net unamortized:					
Discounts/premiums	6,920	-	-	-	6,920
Total payments	\$ 262,210	\$ 53,368	\$ (9,832)	\$ 43,536	\$ 305,746

Business-type Activities:					
Year Ending December 31					
2011	\$ 56,767	\$ 34,872	\$ (1,849)	\$ 33,023	\$ 89,790
2012	59,687	34,454	(1,876)	32,578	92,265
2013	60,438	33,186	(1,829)	31,357	91,795
2014	59,785	31,168	(1,774)	29,394	89,179
2015	62,954	29,125	(1,723)	27,402	90,356
2016-2020	364,296	109,855	(7,823)	102,032	466,328
2021-2025	277,760	46,969	(5,362)	41,607	319,367
2026-2030	91,835	8,784	(2,008)	6,776	98,611
Subtotal	1,033,522	328,413	(24,244)	304,169	1,337,691
Net unamortized:					
Discounts/premiums	11,743	-	-	-	11,743
Deferred on refunding	(48)	-	-	-	(48)
Total payments	\$ 1,045,217	\$ 328,413	\$ (24,244)	\$ 304,169	\$ 1,349,386

## 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.

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, 2010:

	<i>Dollars in thousands</i>
Balance, January 1, 2010	\$ 5,134
Less principal payment	(1,185)
Amortization of discount	(11)
Balance, December 31, 2010	<u>\$ 3,938</u>

As of December 31, 2010, the annual requirements to amortize all revenue bonds outstanding, including interest of \$246,000, are as follows:

	<i>Dollars in thousands</i>		
<b>Year Ending December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 1,245	\$ 138	\$ 1,383
2012	1,305	81	1,386
2013	1,365	27	1,392
Subtotal	3,915	246	4,161
Net unamortized discount/premium	23	-	23
Balance, December 31, 2010	<u>\$ 3,938</u>	<u>\$ 246</u>	<u>\$ 4,184</u>

## 4. Refunded bonds

The Council sold one refunding bond in 2010 as follows:

<i>Dollars in thousands</i>						
<b>Bond Number</b>	<b>Type</b>	<b>Par Value</b>	<b>Present Value Savings</b>	<b>Debt Service Savings</b>	<b>Refunded Loan</b>	<b>Loan Maturities</b>
2010A	Wastewater	\$ 16,035	\$ 1,582	\$ 1,740	1996 PFA Note	2011-2015

## 5. Current value and facilities cost credits

Prior to 2010, Environmental Services, an enterprise fund, was indebted to various municipalities for equity in treatment works and interceptors in service when the fund acquired the facilities. This liability was a component of due to other governments. During 2010, remaining principal of \$621,000 was retired.

MSFC created the facilities cost credit in 1998 to assist the major users with enhancing revenues and/or reducing event day cost of operations 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 team. Facilities cost credit was \$4,294,000 in 2010 for the Minnesota Vikings.

**6. Changes in long-term liabilities**

Long-term liability activity for the year ended December 31, 2010, was as follows:

	<i>Dollars in thousands</i>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Bonds/loans payable:					
General obligation debt	\$ 229,420	\$ 77,600	\$ (51,730)	\$ 255,290	\$ 31,555
Discounts/premiums	7,217	296	(593)	6,920	-
Net general obligation debt	236,637	77,896	(52,323)	262,210	31,555
Revenue bonds (see Note IV.H.3.)	5,100	-	(1,185)	3,915	1,245
Discounts/premiums	34	-	(11)	23	-
Net revenue bonds	5,134	-	(1,196)	3,938	1,245
Total bonds/loans payable	241,771	77,896	(53,519)	266,148	32,800
Capital lease	11,955	-	(560)	11,395	575
Compensated absences	2,893	2,348	(2,163)	3,078	3,078
Arbitrage liability	833	-	(186)	647	-
OPEB liability	1,798	744	-	2,542	-
Governmental long-term liabilities	<u>\$ 259,250</u>	<u>\$ 80,988</u>	<u>\$ (56,428)</u>	<u>\$ 283,810</u>	<u>\$ 36,453</u>
<b>Business-type activities:</b>					
Bonds/loans payable					
General obligation debt	\$ 945,812	\$ 166,258	\$ (78,548)	\$ 1,033,522	\$ 56,767
Loans payable	1,405	-	-	1,405	-
Discounts/premiums	11,721	1,455	(1,433)	11,743	-
Deferred on refunding	(123)	1	74	(48)	-
Total bonds/loans payable	958,815	167,714	(79,907)	1,046,622	56,767
Compensated absences	5,356	1,284	(1,259)	5,381	1,200
Due to other governments	621	-	(621)	-	-
OPEB liability	42,602	12,804	-	55,406	-
Accrued claims	15,809	10,106	(7,169)	18,746	4,279
Business-type long-term liabilities	<u>\$ 1,023,203</u>	<u>\$ 191,908</u>	<u>\$ (88,956)</u>	<u>\$ 1,126,155</u>	<u>\$ 62,246</u>

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

**I. Compensated absences**

**1. Primary government**

In 2010 the General fund liability for compensated absences earned but not taken increased from \$2,893,000 to \$3,078,000. This liability is reported in the government-wide statement of net assets. The following summary of changes during 2010 includes \$219,000 in payroll taxes:

	<i>Dollars in thousands</i>
Balance, January 1, 2010	\$ 2,893
Transferred from Enterprise Funds	145
Leave Earned	2,203
Leave Taken or Paid Off	(2,163)
Balance, December 31, 2010	<u>\$ 3,078</u>



## 2. Discretely presented component unit

The MSFC separately reports compensated absences and salaries and benefits payable. Long-term activity consists entirely of the compensated absences. The compensated absences for the year ended December 31, 2010, was:

<i>Dollars in thousands</i>				
<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
\$ 110	\$ 217	\$ 115	\$ 212	\$ 124

## J. Fund balance

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The new standard has no effect on the total amount reported as fund balances; however, it alters the categories and terminology used to present the amounts on the governmental fund balance sheet. The statement establishes an initial distinction between what is considered *nonspendable* and what is *spendable*. The statement also provides for additional classifications for *spendable* items. These classifications are based upon the relative strength of the constraints that control how specific amounts can be spent.

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

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

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

*Committed.* Net fund balances that represent resources that can be used only for the specific purposes determined by formal action of the Council are deemed to be *committed*. The Council's formal actions are the highest decision making level and remain binding unless removed in the same manner. Additionally, any Council action, either binding or unbinding, need be taken prior to the end of the calendar year. The entire fund balances of the Metro Mobility Special Revenue fund and the Suburban Transit Providers and Contracted Transit Services special revenue funds (both nonmajor funds) are considered *committed*. Additionally, within the General fund, the Council has identified amounts for self-insurance, OPEB and regional water supply to be *committed*.

*Assigned.* Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. In the General fund, amounts intended to be used for encumbrances and compensated absences are *assigned*. The amount recognized as encumbrances are approved by the Council in the carry forward budget amendment. All other assigned items are approved by the Chief Financial Officer.

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

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

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

The summary of fund balance classifications is as follows:

	<i>Dollars in thousands</i>				
	<b>General Fund</b>	<b>Major Funds Metro Mobility Special Revenue</b>	<b>Debt Retirement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Fund Balances:</b>					
<b>Spendable:</b>					
Restricted for:					
Debt Retirement Reserve	\$ -	\$ -	\$ 77,257	\$ -	\$ 77,257
Highway Right-of-Way Program	-	-	-	54,213	54,213
Economic Revitalization	-	-	-	37,401	37,401
Environment Development	-	-	-	19,561	19,561
Incentive Housing	-	-	-	3,105	3,105
Regional Land Use	-	-	-	1,187	1,187
North Mississippi Park Improvements	-	-	-	545	545
Regional Parks Capital Improvements	-	-	-	62,440	62,440
Transit Capital Improvements	-	-	-	63,529	63,529
Committed for:					
Self Insurance	1,500	-	-	-	1,500
Other Post Employment Benefits	2,542	-	-	-	2,542
Regional Water Supply Program	495	-	-	-	495
Regional ADA Transit Service	-	17,422	-	-	17,422
Regional Transit Provider Services	-	-	-	14,718	14,718
Assigned to:					
Encumbrances	1,718	-	-	-	1,718
Compensated Absences	3,078	-	-	-	3,078
Unassigned	13,585	-	-	(35,143)	(21,558)
Total fund balances	<u>\$ 22,918</u>	<u>\$ 17,422</u>	<u>\$ 77,257</u>	<u>\$ 221,556</u>	<u>\$ 339,153</u>

## V. Other information

### A. Risk management

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

#### 1. Liability

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

#### 2. Automobile

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

#### 3. Errors and omissions

The Council self-insures for errors and omissions risk. There were no claims for 2009 or 2010.

#### 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 4.34 percent.

The self-insurance retention limit for workers' compensation is \$1,800,000 per single loss. For claims above the retention limit, the Workers' Compensation Reinsurance Association reimburses the Council.

Changes in the balances of workers compensation liabilities during 2009 and 2010 are as follows:

<i>Dollars in thousands</i>					
	<b>Metro Transit</b>				<b>Total</b>
	<b>Bus</b>	<b>Light Rail</b>	<b>Commuter Rail</b>	<b>Environmental Services</b>	
<b>2009 Balance:</b>					
Beginning Balance	\$ 13,532	\$ 1,010	\$ -	\$ 776	\$ 15,318
Current year claims and changes in estimates	6,616	687	-	539	7,842
Payments on claims	(6,466)	(173)	-	(712)	(7,351)
Ending balance	<u>\$ 13,682</u>	<u>\$ 1,524</u>	<u>\$ -</u>	<u>\$ 603</u>	<u>\$ 15,809</u>
<b>2010 Balance:</b>					
Beginning Balance	\$ 13,682	\$ 1,524	\$ -	\$ 603	\$ 15,809
Current year claims and changes in estimates	6,797	(268)	3,000	577	10,106
Payments on claims	(6,416)	(110)	-	(643)	(7,169)
Ending balance	<u>\$ 14,063</u>	<u>\$ 1,146</u>	<u>\$ 3,000</u>	<u>\$ 537</u>	<u>\$ 18,746</u>

#### 6. Component Unit

The MSFC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omission; work related injuries; and natural disasters. The MSFC purchased all-risk property insurance, terrorism insurance, general and umbrella liability insurance, automobile insurance, crime insurance, workers compensation insurance, and public officials and employee liability insurance. There have been no significant reductions in insurance coverage from the prior year. Within the past three fiscal years, no settled claims have exceeded commercial coverage.

#### 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; from July 1, 2008 thru June 30, 2009 the rate was 4.50 percent; from July 1, 2009 to June 30, 2010 the rate was 4.75 percent; and on July 1, 2010 the rate changed to 5.0 percent. Employer contributions to MSRS (which equaled the required contributions for each year) were:

Year	<i>Dollars in thousands</i>	
	Component Unit	
	Council	MSFC
2008	\$ 8,049	\$ 98
2009	8,799	114
2010	9,516	75

**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. Prior to July 1, 2010, plan members were required to contribute 4.0 percent of their annual covered salary. On July 1, 2010, the plan member contribution was changed to 5.0 percent. 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:

Year	<i>Dollars in thousands</i>	
	Component Unit	
	Council	MSFC
2008	\$ 126	\$ 4
2009	126	4
2010	141	4

**C. Other postemployment 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.

# METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

**Funding Policy:** Currently, the Council does not fund its OPEB benefits in an irrevocable trust. However, the Council has separately invested assets with a fair market value of \$95,384,000 as of December 31, 2010, 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 (ARC)*, 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 \$29,711,000 is 10.9 percent of annual covered payroll. The Council's OPEB cost for the current year and related information are as follows (dollars in thousands):

	<b>Metro Transit</b>	<b>Environmental Services</b>	<b>General Fund</b>	<b>Total</b>
Annual Required Contribution (ARC)	\$ 21,181	\$ 7,360	\$ 1,170	\$ 29,711
Interest on net OPEB obligation	1,828	518	80	2,426
Adjustments to Annual Required Contribution (ARC)	(3,350)	(895)	(167)	(4,412)
Annual OPEB cost (expense)	19,659	6,983	1,083	27,725
Contributions made	(10,149)	(3,689)	(339)	(14,177)
Increase in Net OPEB Obligation	9,510	3,294	744	13,548
Net OPEB obligation beginning of year	33,853	8,749	1,798	44,400
Net OPEB obligation end of year	\$ 43,363	\$ 12,043	\$ 2,542	\$ 57,948

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, 2010, were as follows (dollars in thousands):

	<b>Annual OPEB Cost</b>	<b>Employer Contribution</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
Metro Transit				
12/31/2007	\$ 19,365	\$ 8,516	44%	\$ 10,849
12/31/2008	20,751	9,182	44%	22,418
12/31/2009	21,309	9,874	46%	33,853
12/31/2010	19,659	10,149	52%	43,363
Environmental Services				
12/31/2007	5,999	2,879	48%	3,120
12/31/2008	6,104	3,214	53%	6,010
12/31/2009	6,213	3,474	56%	8,749
12/31/2010	6,983	3,689	53%	12,043
General Fund				
12/31/2007	741	230	31%	511
12/31/2008	901	261	29%	1,151
12/31/2009	909	262	29%	1,798
12/31/2010	1,083	339	31%	2,542
Total				
12/31/2007	26,105	11,625	45%	14,480
12/31/2008	27,756	12,657	46%	29,579
12/31/2009	28,431	13,610	48%	44,400
12/31/2010	27,725	14,177	51%	57,948

**Funded Status and Funded Progress:** As of December 31, 2010, the actuarial accrued liability (AAL) for benefits was \$328,428,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$272,088,000, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 120.7 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 assumptions 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, consistent with the long-term perspective of the calculations.

The actuarial valuation completed January 1, 2010, 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 9.5 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, 2010, was 27 years.

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

During the year ended December 31, 2010, the Council was involved with the following sub-grantee programs:

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

Parks (Maintenance and Operation Grants)

##### **Nonmajor 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, 2010, the Council had a total arbitrage rebate liability of \$647,000.

As part of its operations, the Council enters into contracts for various purposes including construction projects and transit services, among others. The majority of the Council's contracts are renegotiated annually with terms generally coinciding with the calendar year. However, some of the contracts span several years. Unpaid commitments for bus transit services totaled approximately \$115,304,000 as of December 31, 2010. These commitments will be paid from the Metro Transit Bus enterprise fund. Future commitments for Metro Transit Light Rail enterprise fund contracts of approximately \$62,273,000 will be paid from the Metro Transit Light Rail fund. Future commitments for commuter rail transit services of approximately \$6,985,000 as of December 31, 2010, will be paid from the Metro Transit Commuter Rail fund. Future commitments for regional transit services are approximately \$240,715,000 as of December 31, 2010. These commitments will be paid from Regional Transit special revenue funds. Future commitments for Environmental Services enterprise fund construction contracts totaled approximately \$51,852,000 as of December 31, 2010. 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.

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. Extraordinary Item – Component Unit**

**Metrodome Roof Collapse and Restoration** – On December 12, 2010, a combination of record snowfall and high winds led to the accumulation of large amounts of snow and ice on the Metrodome roof. The snow and ice slid across the roof and ruptured three roof panels which caused it to collapse. Subsequent to the initial collapse two additional roof panels ruptured. Due to the unsafe condition created by the excessive snow loads on several roof panels, the impossibility of safely re-inflating the roof, and the need to assess damage to the roof system, the Commission determined that the Metrodome was unsuitable for playing the two remaining home games for the Vikings 2010 football season which were scheduled for December 12, 2010, and December 20, 2010. All other December events that were scheduled after December 12, 2010 were canceled.

Remediation efforts began immediately to remove the unsafe ice and snow loads and stabilize the roof structure. A team of leading engineers who specialize in air-supported roof structures were hired to assess the extent of the roof damage and to evaluate all of the repair options. In February 2011 the Commission determined that as a result of the movement of snow and ice both during and after the roof collapse, the entire roof fabric membrane must be replaced. A contract was signed with the original roof fabricator and roof restoration efforts being in March 2011 with a contractually required substantial completion date of August 1, 2011.

Insurance coverage for the Metrodome includes both property damage and business interruption. The property policies have a net deductible of \$25,000. Property damage expenses that were incurred in 2010 were \$569,000 and business interruption losses due to the cancellation of the remaining December 2010 events was \$1,660,000. A receivable and an extraordinary item of \$2,229,000 were recognized in the financial statements.

## **G. Subsequent events**

On January 12, 2011, the Governor appointed Susan Haigh as Chair of the Council. On February 2, 2011, the Council appointed Patrick Born as Regional Administrator. On March 7, 2011, the Governor appointed 16 Council Members; one of the members (District No. 16) was re-appointed and the remaining are new appointees. Appointments for the Chair and Council Members end on January 4, 2015.

Chair	Susan Haigh
District No. 1	Roxanne Smith
District No. 2	Lona Schreiber
District No. 3	Jennifer Munt
District No. 4	Gary Van Eyll
District No. 5	Steve Elkins
District No. 6	James Brimeyer
District No. 7	Gary L. Cunningham
District No. 8	Adam Duininck
District No. 9	Edward Reynoso
District No. 10	John Doan
District No. 11	Sandy Rummel
District No. 12	Harry Melander
District No. 13	Richard Kramer
District No. 14	Jon Commers
District No. 15	Steven T. Chávez
District No. 16	Wendy Wulff

On January 13, 2011, the Council agreed to a \$70,000,000 loan (2011A) from the Minnesota Public Facilities Authority for financing eligible wastewater capital expenditures.

On February 14, 2011, the Council issued General Obligation Wastewater revenue refunding bonds totaling \$9,230,000.

On April 26, 2011, the Federal Transit Administration signed a Full Funding Grant agreement with the Council committing the federal government to paying \$478,000,000 or half the cost of building the \$957,000,000 Central Corridor Light Rail Transit project.

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# **REQUIRED SUPPLEMENTARY INFORMATION**

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010  
IN THOUSANDS**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Taxes	\$ 12,556	\$ 12,556	\$ 12,621	\$ 65
Intergovernmental revenue:				
Federal	-	50	19	(31)
State	9,266	9,266	9,126	(140)
Local/other	76	76	108	32
Investment income	626	626	1,273	647
Total revenues	<u>22,524</u>	<u>22,574</u>	<u>23,147</u>	<u>573</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,918	9,730	6,096	(3,634)
Intergovernmental:				
Culture and recreation	8,880	8,880	8,704	(176)
Debt service:				
Principal	560	560	560	-
Interest and other charges	475	475	475	-
Capital outlay	257	257	172	(85)
Total expenditures	<u>18,090</u>	<u>19,902</u>	<u>16,007</u>	<u>(3,895)</u>
Excess (deficiency) of revenues over (under) expenditures	4,434	2,672	7,140	4,468
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(4,495)	(4,401)	(4,253)	148
Total other financing sources (uses)	<u>(4,495)</u>	<u>(4,401)</u>	<u>(4,253)</u>	<u>148</u>
Net change in fund balance	(61)	(1,729)	2,887	4,616
Fund balance, beginning	<u>20,031</u>	<u>20,031</u>	<u>20,031</u>	<u>-</u>
Fund balance, ending	<u>\$ 19,970</u>	<u>\$ 18,302</u>	<u>\$ 22,918</u>	<u>\$ 4,616</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, 2010  
IN THOUSANDS**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal	\$ 5,750	\$ 5,750	\$ 4,250	\$ (1,500)
State	28,320	28,270	27,853	(417)
Investment income	150	150	270	120
Other	5,227	5,227	5,283	56
Total revenues	<u>39,447</u>	<u>39,397</u>	<u>37,656</u>	<u>(1,741)</u>
<b>EXPENDITURES</b>				
Current:				
General government	372	372	332	(40)
Transportation	39,096	39,341	38,599	(742)
Capital outlay	-	-	14	14
Total expenditures	<u>39,468</u>	<u>39,713</u>	<u>38,945</u>	<u>(768)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21)</u>	<u>(316)</u>	<u>(1,289)</u>	<u>(973)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>21</u>	<u>21</u>	<u>21</u>	<u>-</u>
Total other financing sources (uses)	<u>21</u>	<u>21</u>	<u>21</u>	<u>-</u>
Net change in fund balance	-	(295)	(1,268)	(973)
Fund balance, beginning	<u>18,690</u>	<u>18,690</u>	<u>18,690</u>	<u>-</u>
Fund balance, ending	<u>\$ 18,690</u>	<u>\$ 18,395</u>	<u>\$ 17,422</u>	<u>\$ (973)</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, 2010

### 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	\$ 5,250	\$ 5,767	\$ 2,938	\$ (2,829)
Community Development	12,840	14,135	13,069	(1,066)
Total General Fund	<u>\$ 18,090</u>	<u>\$ 19,902</u>	<u>\$ 16,007</u>	<u>\$ (3,895)</u>

#### C. 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).

# METROPOLITAN COUNCIL

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2010

### Schedule of Funding Progress Dollars In Thousands

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date – January 1, 2010	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	\$ -	\$ 200,409	\$ 200,409	0.00%	\$ 152,769	131.18%
1/1/08	-	219,529	219,529	0.00%	154,302	142.27%
1/1/10	-	233,054	233,054	0.00%	184,796	126.11%
<u>Environmental Services</u>						
1/1/06	-	65,513	65,513	0.00%	53,830	121.70%
1/1/08	-	70,726	70,726	0.00%	53,875	131.28%
1/1/10	-	82,328	82,328	0.00%	58,430	140.90%
<u>General Fund</u>						
1/1/06	-	9,045	9,045	0.00%	24,043	37.62%
1/1/08	-	11,023	11,023	0.00%	24,067	45.80%
1/1/10	-	13,046	13,046	0.00%	28,862	45.20%
<u>Total</u>						
1/1/06	-	274,967	274,967	0.00%	230,642	119.22%
1/1/08	-	301,278	301,278	0.00%	232,244	129.72%
1/1/10	-	328,428	328,428	0.00%	272,088	120.71%

### 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%
12/31/09	21,309	9,874	46%
12/31/10	19,659	10,149	52%
<u>Environmental Services</u>			
12/31/07	5,999	2,879	48%
12/31/08	6,104	3,214	53%
12/31/09	6,213	3,474	56%
12/31/10	6,983	3,689	53%
<u>General Fund</u>			
12/31/07	741	230	31%
12/31/08	901	261	29%
12/31/09	909	262	29%
12/31/10	1,083	339	31%
<u>Total</u>			
12/31/07	26,105	11,625	45%
12/31/08	27,756	12,657	46%
12/31/09	28,431	13,610	48%
12/31/10	27,725	14,177	51%

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

# **METROPOLITAN COUNCIL**

## **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES DECEMBER 31, 2010**

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### **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.

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

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

#### **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.

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**METROPOLITAN COUNCIL  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2010  
IN THOUSANDS**

	<b>Total Special Revenue</b>	<b>Total Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 82,270	\$ 75,832	\$ 158,102
Delinquent taxes receivable	580	-	580
Interest receivable	205	197	402
Due from other governmental units	9,377	30,867	40,244
Loans and advances	46,967	-	46,967
Total assets	<u>\$ 139,399</u>	<u>\$ 106,896</u>	<u>\$ 246,295</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts/contracts/subgrantees payable	\$ 8,083	\$ 14,966	\$ 23,049
Due to other funds	744	559	1,303
Deferred revenue	387	-	387
Total liabilities	<u>9,214</u>	<u>15,525</u>	<u>24,739</u>
Fund balances:			
Restricted	115,467	126,514	241,981
Committed	14,718	-	14,718
Unassigned	-	(35,143)	(35,143)
Total fund balances	<u>130,185</u>	<u>91,371</u>	<u>221,556</u>
Total liabilities and fund balances	<u>\$ 139,399</u>	<u>\$ 106,896</u>	<u>\$ 246,295</u>

**METROPOLITAN COUNCIL  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE  
DECEMBER 31, 2010  
IN THOUSANDS**

	<b>Highway Right-of-Way Acquisition Loan</b>	<b>Livable Communities</b>	<b>Suburban Transit Providers</b>	<b>Contracted Transit Services</b>	<b>Other Special Revenue</b>	<b>Total Special Revenue</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,214	\$ 60,062	\$ -	\$ 11,816	\$ 1,178	\$ 82,270
Delinquent taxes receivable	167	413	-	-	-	580
Interest receivable	24	154	-	24	3	205
Due from other governmental units	-	-	2,189	7,188	-	9,377
Loans and advances	44,917	2,044	-	-	6	46,967
Total assets	<u>\$ 54,322</u>	<u>\$ 62,673</u>	<u>\$ 2,189</u>	<u>\$ 19,028</u>	<u>\$ 1,187</u>	<u>\$ 139,399</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts/contracts/subgrantees payable	\$ -	\$ 2,328	\$ 1,445	\$ 4,310	\$ -	\$ 8,083
Due to other funds	-	-	744	-	-	744
Deferred revenue	109	278	-	-	-	387
Total liabilities	<u>109</u>	<u>2,606</u>	<u>2,189</u>	<u>4,310</u>	<u>-</u>	<u>9,214</u>
Fund balances:						
Restricted	54,213	60,067	-	-	1,187	115,467
Committed	-	-	-	14,718	-	14,718
Total fund balances	<u>54,213</u>	<u>60,067</u>	<u>-</u>	<u>14,718</u>	<u>1,187</u>	<u>130,185</u>
Total liabilities and fund balances	<u>\$ 54,322</u>	<u>\$ 62,673</u>	<u>\$ 2,189</u>	<u>\$ 19,028</u>	<u>\$ 1,187</u>	<u>\$ 139,399</u>

**METROPOLITAN COUNCIL  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS  
DECEMBER 31, 2010  
IN THOUSANDS**

	<b>North Mississippi Park</b>	<b>Parks and Open Space Grants</b>	<b>Transit</b>	<b>Total Capital Projects</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 678	\$ 8,843	\$ 66,311	\$ 75,832
Interest receivable	1	23	173	197
Due from other governmental units	-	30,867	-	30,867
Total assets	<u>\$ 679</u>	<u>\$ 39,733</u>	<u>\$ 66,484</u>	<u>\$ 106,896</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts/contracts/subgrantees payable	\$ 134	\$ 12,436	\$ 2,396	\$ 14,966
Due to other funds	-	-	559	559
Total liabilities	<u>134</u>	<u>12,436</u>	<u>2,955</u>	<u>15,525</u>
Fund balances:				
Restricted	545	62,440	63,529	126,514
Unassigned	-	(35,143)	-	(35,143)
Total fund balances	<u>545</u>	<u>27,297</u>	<u>63,529</u>	<u>91,371</u>
Total liabilities and fund balances	<u>\$ 679</u>	<u>\$ 39,733</u>	<u>\$ 66,484</u>	<u>\$ 106,896</u>

**METROPOLITAN COUNCIL**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**IN THOUSANDS**

	<b>Total Special Revenue</b>	<b>Total Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 16,287	\$ -	\$ 16,287
Intergovernmental revenue:			
Federal	15,838	-	15,838
State	39,219	24,454	63,673
Local/other	1,000	-	1,000
Investment income	2,077	759	2,836
Other	1,593	-	1,593
Total revenues	<u>76,014</u>	<u>25,213</u>	<u>101,227</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,177	33	1,210
Transportation	22,533	2,292	24,825
Intergovernmental:			
Transportation	25,710	4,764	30,474
Culture and recreation	-	23,156	23,156
Economic development	6,767	-	6,767
Environment	2,216	-	2,216
Housing	2,380	-	2,380
Capital outlay	5,321	5,438	10,759
Total expenditures	<u>66,104</u>	<u>35,683</u>	<u>101,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,910</u>	<u>(10,470)</u>	<u>(560)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,000	129	1,129
Transfers out	(176)	(10,756)	(10,932)
Bonds issued	-	77,600	77,600
Premium on bonds and capital related debt	-	296	296
Sale of capital assets	-	146	146
Total other financing sources (uses)	<u>824</u>	<u>67,415</u>	<u>68,239</u>
Net change in fund balances	10,734	56,945	67,679
Fund balances, beginning	<u>119,451</u>	<u>34,426</u>	<u>153,877</u>
Fund balances, ending	<u>\$ 130,185</u>	<u>\$ 91,371</u>	<u>\$ 221,556</u>

**METROPOLITAN COUNCIL**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**IN THOUSANDS**

	<b>Highway Right-of-Way Acquisition Loan</b>	<b>Livable Communities</b>	<b>Suburban Transit Providers</b>	<b>Contracted Transit Services</b>	<b>Other Special Revenue</b>	<b>Total Special Revenue</b>
<b>REVENUES</b>						
Taxes	\$ 3,401	\$ 12,886	\$ -	\$ -	\$ -	\$ 16,287
Intergovernmental revenue:						
Federal	-	-	-	15,838	-	15,838
State	114	263	20,256	18,586	-	39,219
Local/other	-	7	-	993	-	1,000
Investment income	203	1,567	-	274	33	2,077
Other	-	-	-	1,593	-	1,593
Total revenues	<u>3,718</u>	<u>14,723</u>	<u>20,256</u>	<u>37,284</u>	<u>33</u>	<u>76,014</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	1,177	-	1,177
Transportation	-	-	-	22,533	-	22,533
Intergovernmental:						
Transportation	-	-	20,256	5,454	-	25,710
Economic development	-	6,757	-	-	10	6,767
Environment	-	2,216	-	-	-	2,216
Housing	-	2,380	-	-	-	2,380
Capital outlay	-	-	-	5,321	-	5,321
Total expenditures	<u>-</u>	<u>11,353</u>	<u>20,256</u>	<u>34,485</u>	<u>10</u>	<u>66,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,718</u>	<u>3,370</u>	<u>-</u>	<u>2,799</u>	<u>23</u>	<u>9,910</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	1,000	-	-	-	1,000
Transfers out	-	-	-	(176)	-	(176)
Total other financing sources (uses)	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>(176)</u>	<u>-</u>	<u>824</u>
Net change in fund balances	3,718	4,370	-	2,623	23	10,734
Fund balances, beginning	<u>50,495</u>	<u>55,697</u>	<u>-</u>	<u>12,095</u>	<u>1,164</u>	<u>119,451</u>
Fund balances, ending	<u>\$ 54,213</u>	<u>\$ 60,067</u>	<u>\$ -</u>	<u>\$ 14,718</u>	<u>\$ 1,187</u>	<u>\$ 130,185</u>

**METROPOLITAN COUNCIL**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**IN THOUSANDS**

	<b>North Mississippi Park</b>	<b>Parks and Open Space Grants</b>	<b>Transit</b>	<b>Total Capital Projects</b>
<b>REVENUES</b>				
Intergovernmental revenue:				
State	\$ -	\$ 24,454	\$ -	\$ 24,454
Investment income	15	137	607	759
Total revenues	<u>15</u>	<u>24,591</u>	<u>607</u>	<u>25,213</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	33	-	33
Transportation	-	-	2,292	2,292
Intergovernmental:				
Transportation	-	-	4,764	4,764
Culture and recreation	134	23,022	-	23,156
Capital outlay	-	-	5,438	5,438
Total expenditures	<u>134</u>	<u>23,055</u>	<u>12,494</u>	<u>35,683</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(119)</u>	<u>1,536</u>	<u>(11,887)</u>	<u>(10,470)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	129	-	-	129
Transfers out	-	(129)	(10,627)	(10,756)
Bonds issued	-	8,600	69,000	77,600
Premium on bonds and capital related debt	-	296	-	296
Sale of capital assets	-	-	146	146
Total other financing sources (uses)	<u>129</u>	<u>8,767</u>	<u>58,519</u>	<u>67,415</u>
Net change in fund balances	10	10,303	46,632	56,945
Fund balances, beginning	<u>535</u>	<u>16,994</u>	<u>16,897</u>	<u>34,426</u>
Fund balances, ending	<u>\$ 545</u>	<u>\$ 27,297</u>	<u>\$ 63,529</u>	<u>\$ 91,371</u>

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
LIVABLE COMMUNITIES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010  
IN THOUSANDS**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Taxes	\$ 12,754	\$ 12,754	\$ 12,886	\$ 132
Intergovernmental revenue:				
State	307	307	263	(44)
Local	-	-	7	7
Investment income	1,280	1,280	1,567	287
Total revenues	<u>14,341</u>	<u>14,341</u>	<u>14,723</u>	<u>382</u>
<b>EXPENDITURES</b>				
Intergovernmental:				
Economic development	5,400	5,400	6,757	1,357
Environment	8,361	8,361	2,216	(6,145)
Housing	1,580	1,580	2,380	800
Total expenditures	<u>15,341</u>	<u>15,341</u>	<u>11,353</u>	<u>(3,988)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,000)</u>	<u>(1,000)</u>	<u>3,370</u>	<u>4,370</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,500	1,500	1,000	(500)
Transfers out	<u>(3,968)</u>	<u>(3,968)</u>	<u>-</u>	<u>3,968</u>
Total other financing sources (uses)	<u>(2,468)</u>	<u>(2,468)</u>	<u>1,000</u>	<u>3,468</u>
Net change in fund balance	(3,468)	(3,468)	4,370	7,838
Fund balance, beginning	<u>55,697</u>	<u>55,697</u>	<u>55,697</u>	<u>-</u>
Fund balance, ending	<u>\$ 52,229</u>	<u>\$ 52,229</u>	<u>\$ 60,067</u>	<u>\$ 7,838</u>

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
SUBURBAN TRANSIT PROVIDERS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010  
IN THOUSANDS**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Intergovernmental revenue:				
State	\$ 18,710	\$ 20,757	\$ 20,256	\$ (501)
Total revenues	18,710	20,757	20,256	(501)
<b>EXPENDITURES</b>				
Intergovernmental:				-
Transportation	18,710	20,757	20,256	(501)
Total expenditures	18,710	20,757	20,256	(501)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -



**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
CONTRACTED TRANSIT SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010  
IN THOUSANDS**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal	\$ 7,416	\$ 15,073	\$ 15,838	\$ 765
State	15,273	15,431	18,586	3,155
Local/Other	677	877	993	116
Investment income	175	175	274	99
Other	1,916	1,916	1,593	(323)
Total revenues	<u>25,457</u>	<u>33,472</u>	<u>37,284</u>	<u>3,812</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,121	1,121	1,177	56
Transportation	24,336	32,567	22,533	(10,034)
Intergovernmental:				
Transportation	-	-	5,454	5,454
Capital outlay	-	-	5,321	5,321
Total expenditures	<u>25,457</u>	<u>33,688</u>	<u>34,485</u>	<u>797</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(216)</u>	<u>2,799</u>	<u>3,015</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(176)	(176)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(176)</u>	<u>(176)</u>
Net change in fund balance	-	(216)	2,623	2,839
Fund balance, beginning	<u>12,095</u>	<u>12,095</u>	<u>12,095</u>	<u>-</u>
Fund balance, ending	<u>\$ 12,095</u>	<u>\$ 11,879</u>	<u>\$ 14,718</u>	<u>\$ 2,839</u>

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
OTHER SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010  
IN THOUSANDS**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Over (Under)</b>
<b>REVENUES</b>				
Investment income	\$ 40	\$ 40	\$ 33	\$ (7)
Total revenues	40	40	33	(7)
<b>EXPENDITURES</b>				
Intergovernmental:				
Economic development	-	-	10	10
Total expenditures	-	-	10	10
Excess (deficiency) of revenues over (under) expenditures	40	40	23	(17)
Net change in fund balance	40	40	23	(17)
Fund balance, beginning	1,164	1,164	1,164	-
Fund balance, ending	\$ 1,204	\$ 1,204	\$ 1,187	\$ (17)

**METROPOLITAN COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND BY DIVISION  
FOR THE YEAR ENDED DECEMBER 31, 2010  
IN THOUSANDS**

	<b>Regional Administration</b>			<b>Community Development</b>			<b>Total</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>									
Taxes	\$ 8,767	\$ 8,812	\$ 45	\$ 3,789	\$ 3,809	\$ 20	\$12,556	\$12,621	\$ 65
Intergovernmental revenue:									
Federal	50	19	(31)	-	-	-	50	19	(31)
State	267	422	155	8,999	8,704	(295)	9,266	9,126	(140)
Local/other	76	108	32	-	-	-	76	108	32
Investment income	574	1,167	593	52	106	54	626	1,273	647
Total revenues	<u>9,734</u>	<u>10,528</u>	<u>794</u>	<u>12,840</u>	<u>12,619</u>	<u>(221)</u>	<u>22,574</u>	<u>23,147</u>	<u>573</u>
<b>EXPENDITURES</b>									
Current:									
General Government	4,475	1,731	(2,744)	5,255	4,365	(890)	9,730	6,096	(3,634)
Intergovernmental:									
Culture and recreation	-	-	-	8,880	8,704	(176)	8,880	8,704	(176)
Debt service:									
Principal	560	560	-	-	-	-	560	560	-
Interest and other charges	475	475	-	-	-	-	475	475	-
Capital outlay	257	172	(85)	-	-	-	257	172	(85)
Total expenditures	<u>5,767</u>	<u>2,938</u>	<u>(2,829)</u>	<u>14,135</u>	<u>13,069</u>	<u>(1,066)</u>	<u>19,902</u>	<u>16,007</u>	<u>(3,895)</u>
Excess (deficiency) of revenues over (under) expenditures	3,967	7,590	3,623	(1,295)	(450)	845	2,672	7,140	4,468
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers out	(4,401)	(4,253)	148	-	-	-	(4,401)	(4,253)	148
Total other financing sources (uses)	<u>(4,401)</u>	<u>(4,253)</u>	<u>148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,401)</u>	<u>(4,253)</u>	<u>148</u>
Net change in fund balance	<u>\$ (434)</u>	<u>\$ 3,337</u>	<u>\$ 3,771</u>	<u>\$ (1,295)</u>	<u>\$ (450)</u>	<u>\$ 845</u>	<u>\$ (1,729)</u>	<u>\$ 2,887</u>	<u>\$ 4,616</u>

**METROPOLITAN COUNCIL  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010  
IN THOUSANDS**

	<b>Balance January 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2010</b>
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 13</u>	<u>\$ 780</u>	<u>\$ -</u>	<u>\$ 793</u>
 <b>LIABILITIES</b>				
Due to participants	<u>\$ 13</u>	<u>\$ 780</u>	<u>\$ -</u>	<u>\$ 793</u>

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**METROPOLITAN COUNCIL  
BONDS/LOANS OUTSTANDING  
AS OF DECEMBER 31, 2010  
IN THOUSANDS**

Issues	Date	Final Maturity Date	Original Issue	Payments Prior Years	Payments Year Ended 12/31/2010
<b>GENERAL OBLIGATION BONDS AND LOANS PAYABLE</b>					
G.O. Park Bonds:					
2003B, Refunding	1-Oct-03	1-Jan-11	\$ 7,240	\$ 4,945	\$ 1,120
2005D	1-May-05	1-Feb-10	6,000	5,020	980
2007C	15-Feb-07	1-Feb-12	9,500	7,645	600
2009B	1-Sep-09	1-Mar-14	10,000	-	7,505
2010D	22-Dec-10	1-Mar-14	8,600	-	-
Subtotal: G. O. Park Bonds			41,340	17,610	10,205
G.O. Transit Bonds:					
1998D, Refunding	1-Dec-98	1-Feb-13	1,365	1,050	75
2001B	1-Aug-01	1-Feb-21 (a)	44,000	30,600	13,400
2002C	1-Nov-02	1-Feb-22 (a)	50,000	33,430	3,240
2002E, Refunding	1-Nov-02	1-Feb-10	11,825	11,320	505
2003C, Refunding	1-Sep-03	1-Feb-17	3,355	1,200	285
2004A	1-Apr-04	1-Feb-24	41,375	22,690	2,450
2004F, Refunding	1-Nov-04	1-Feb-13	2,910	910	475
2005C	1-May-05	1-Feb-25	32,000	17,465	1,625
2005C, Refunding	1-May-05	1-Feb-20	13,285	2,450	2,415
2007A	15-Feb-07	1-Feb-24	36,400	10,670	4,010
2007E, Refunding	15-Mar-07	1-Feb-22	10,110	-	-
2008B	15-Mar-08	1-Mar-28	40,300	7,200	3,165
2009A	1-Sep-09	1-Mar-29	43,000	-	7,655
2009E, Refunding	1-Dec-09	1-Feb-18	10,490	-	-
2010E	22-Dec-10	1-Feb-31	69,000	-	-
Subtotal: G. O. Transit Bonds			409,415	138,985	39,300
Minnesota Public Facilities Authority Loans--Transit (Backed by General Obligation Notes):					
	12-Mar-99	15-Feb-20	21,025	16,055	1,380
	24-Jan-08	15-Feb-18	10,000	2,110	845
Subtotal: Minnesota Public Facility Authority Loans--Transit			31,025	18,165	2,225
<b>Total Bonds-General Long Term Obligations</b>			<b>481,780</b>	<b>174,760</b>	<b>51,730</b>
G.O.Wastewater Bonds:					
2001D	1-Aug-01	1-Dec-16 (a)	14,000	6,285	7,715
2002A, Refunding	1-Sep-02	1-Dec-10	32,395	32,060	335
2002B, Refunding	1-Jul-02	1-Dec-16	19,735	7,350	1,860
2003A, Refunding	1-Sep-03	1-Mar-16	121,490	68,545	12,110
2004B	1-Apr-04	1-Dec-23	25,000	1,150	500
2005A, Refunding	1-Jun-05	1-Sep-12	17,395	11,265	2,910
2005B	1-May-05	1-May-25	90,405	8,155	1,130
2005B, Refunding	1-May-05	1-May-14	7,525	980	1,210
2007B	15-Feb-07	1-Dec-27	80,000	12,000	2,000
2008C	12-Mar-08	1-Mar-28	80,000	1,000	4,000
2008D, Refunding	12-Mar-08	1-Mar-14	8,955	1,310	1,370
2009F, Refunding	1-Dec-09	1-Dec-15	6,720	-	-
2010A, Refunding	22-Feb-10	1-Feb-15	16,035	-	-
2010B	22-Feb-10	1-Feb-30	36,000	-	-
2010F	22-Dec-10	1-Dec-30	65,000	-	-
Subtotal: G. O. Wastewater Bonds			620,655	150,100	35,140
Minnesota Public Facilities Authority Loans--Wastewater: (Backed by General Obligation Notes)					
	30-Sep-96	20-Aug-16 (a)	40,000	22,700	17,300
	3-Oct-97	20-Aug-17	40,000	15,950	1,850
	31-Dec-98	20-Aug-19	60,000	18,690	3,000
	27-Jul-00	20-Aug-20	60,000	12,970	2,620
	14-Nov-01	20-Aug-21	75,000	16,000	2,000
	20-Dec-02	20-Feb-22	100,000	15,500	3,825
	1-Sep-03	20-Feb-16	4,954	2,979	563
	26-Nov-03	20-Aug-23	100,000	12,500	4,500
	20-Oct-04	20-Feb-25	50,000	11,100	1,900
	10-Nov-05	20-Feb-25	40,000	4,000	600
	30-Aug-06	20-Aug-26	50,000	5,500	2,000
	11-Oct-07	20-Aug-27	80,000	550	2,250
	10-Sep-09	20-Aug-29	49,411	-	616
	28-Oct-09	20-Aug-29	30,589	-	384
Subtotal: Minnesota Public Facility Authority Loans--Wastewater			779,954	138,439	43,408
Total G.O.Wastewater Bonds/Loans Payable			<u>1,400,609</u>	<u>288,539</u>	<u>78,548</u>
Total General Obligation Bonds and Loans Payable			<u>\$ 1,882,389</u>	<u>\$ 463,299</u>	<u>\$ 130,278</u>
REVENUE BONDS (Not tax supported)					
(Radio Board, Series 2007D, Ref)	15-Mar-07	1-Feb-13	<u>\$ 7,265</u>	<u>\$ 2,165</u>	<u>\$ 1,185</u>

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

<b>Bonds/Loans Issued/ Drawn Down in 2010</b>	<b>Bonds/ Loans Outstanding 12/31/2010</b>	<b>Refunded Bonds</b>	<b>Maturing in 2011</b>	<b>Future Maturities</b>
\$ -	\$ 1,175	\$ -	\$ 1,175	\$ -
-	-	-	-	-
-	1,255	-	630	625
-	2,495	-	820	1,675
8,600	8,600	-	-	8,600
8,600	13,525	-	2,625	10,900
-	240	-	75	165
-	-	-	-	-
-	13,330	10,090 (b)	3,240	-
-	-	-	-	-
-	1,870	-	285	1,585
-	16,235	-	2,515	13,720
-	1,525	-	500	1,025
-	12,910	-	1,675	11,235
-	8,420	-	885	7,535
-	21,720	-	4,990	16,730
-	10,110	-	-	10,110
-	29,935	-	3,340	26,595
-	35,345	-	7,365	27,980
-	10,490	-	2,885	7,605
69,000	69,000	-	-	69,000
69,000	231,130	10,090	27,755	193,285
-	3,590	-	320	3,270
-	7,045	-	855	6,190
-	10,635	-	1,175	9,460
77,600	255,290	10,090	31,555	213,645
-	-	-	-	-
-	-	-	-	-
-	10,525	-	1,935	8,590
-	40,835	-	9,635	31,200
-	23,350	-	500	22,850
-	3,220	-	2,345	875
-	81,120	-	2,685	78,435
-	5,335	-	1,270	4,065
-	66,000	-	500	65,500
-	75,000	-	1,500	73,500
-	6,275	-	1,445	4,830
-	6,720	-	1,880	4,840
16,035	16,035	-	2,220	13,815
36,000	36,000	-	1,200	34,800
65,000	65,000	-	-	65,000
117,035	435,415	-	27,115	408,300
-	-	-	-	-
-	22,200	-	2,475	19,725
-	38,310	-	3,345	34,965
-	44,410	-	2,965	41,445
-	57,000	-	3,500	53,500
-	80,675	-	4,215	76,460
-	1,412	-	352	1,060
-	83,000	-	3,500	79,500
-	37,000	-	2,000	35,000
-	35,400	-	600	34,800
-	42,500	-	700	41,800
-	77,200	-	1,000	76,200
30,564	48,795	-	3,090	45,705
18,659	30,205	-	1,910	28,295
49,223	598,107	-	29,652	568,455
166,258	1,033,522	-	56,767	976,755
\$ 243,858	\$ 1,288,812	\$ 10,090	\$ 88,322	\$ 1,190,400
\$ -	\$ 3,915	\$ -	\$ 1,245	\$ 2,670

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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.

<b>Contents</b>	<b>Page</b>
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.	84-88
Revenue Capacity These schedules contain information to help the reader assess the Council's most significant local revenue source, the property tax.	89-92
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.	93-101
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.	102-103
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.	104-106
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

**METROPOLITAN COUNCIL**  
**NET ASSETS BY COMPONENT**  
**LAST TEN YEARS ENDED DECEMBER 31, 2010**  
**IN THOUSANDS**  
**(accrual basis of accounting)**

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Governmental activities										
Invested in capital assets, net of related debt	\$ 55,868	\$ 28,613	\$ 17,069	\$ 17,060	\$ 22,463	\$ 14,392	\$ 2,742	\$ 2,910	\$ 3,206	\$ 4,670
Restricted	246,986	162,814	152,325	107,253	105,856	113,196	119,696	91,617	110,340	84,305
Unrestricted	(165,010)	(84,128)	(104,689)	(62,054)	(102,565)	(130,916)	(120,950)	(102,726)	(138,815)	(85,497)
Total governmental activities net assets	<u>\$ 137,844</u>	<u>\$ 107,299</u>	<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	\$ 1,695,361	\$ 1,590,590	\$ 1,451,577	\$ 1,376,046	\$ 1,390,948	\$ 1,353,995	\$ 1,369,820	\$ 1,284,499	\$ 1,089,774	\$ 888,338
Restricted	28,180	4,205	38,715	19,751	3,212	31,187	36,239	24,942	26,202	6,661
Unrestricted	127,979	142,542	76,411	139,993	105,006	77,035	57,429	43,881	64,893	99,631
Total business-type activities net assets	<u>\$ 1,851,520</u>	<u>\$ 1,737,337</u>	<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	\$ 1,751,229	\$ 1,619,203	\$ 1,468,646	\$ 1,393,106	\$ 1,413,411	\$ 1,368,387	\$ 1,372,562	\$ 1,287,409	\$ 1,092,980	\$ 893,008
Restricted	275,166	167,019	191,040	127,004	109,068	144,383	155,935	116,559	136,542	90,966
Unrestricted	(37,031)	58,414	(28,278)	77,939	2,441	(53,881)	(63,521)	(58,845)	(73,922)	14,134
Total primary government net assets	<u>\$ 1,989,364</u>	<u>\$ 1,844,636</u>	<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 TEN YEARS ENDED DECEMBER 31, 2010**  
**IN THOUSANDS**  
**(accrual basis of accounting)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Expenses</b>										
Governmental activities:										
General government	\$ 8,961	\$ 9,067	\$ 9,823	\$ 9,848	\$ 8,613	\$ 8,263	\$ 9,682	\$ 10,007	\$ 12,606	\$ 12,554
Transportation	107,087	107,715	102,476	92,732	88,510	89,662	84,197	77,622	71,005	63,199
Culture and recreation	31,860	28,151	39,007	26,377	16,084	18,752	21,149	30,521	25,675	20,927
Economic development	6,767	4,488	1,136	4,548	4,036	9,401	7,550	8,036	6,965	6,299
Environment	2,216	3,560	3,313	9,302	5,201	6,629	2,904	4,516	5,349	5,034
Housing	2,380	594	1,504	1,831	2,136	1,819	524	1,958	2,738	2,788
Interest and other charges	7,413	8,491	9,606	12,969	11,753	21,152	8,755	8,891	7,298	6,899
Total governmental activities expenses	166,684	162,066	166,865	157,607	136,333	155,678	134,761	141,551	131,636	117,700
Business-type activities:										
Environmental services	190,406	192,990	218,856	190,763	173,090	161,748	161,054	153,373	154,842	149,149
Transit bus	301,905	302,669	299,435	264,612	246,264	237,695	218,748	226,769	229,342	222,484
Transit light rail	58,334	51,895	55,766	49,524	45,795	44,620	29,311	15,114	26,241	11,563
Transit commuter rail	19,576	6,834	770	-	-	-	-	-	-	-
Housing	56,574	56,201	53,880	55,432	56,595	56,198	57,604	56,222	50,398	38,034
Total business-type activities expenses	626,795	610,589	628,707	560,331	521,744	500,261	466,717	451,478	460,823	421,230
Total primary government expenses	\$ 793,479	\$ 772,655	\$ 795,572	\$ 717,938	\$ 658,077	\$ 655,939	\$ 601,478	\$ 593,029	\$ 592,459	\$ 538,930
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Transit fares	\$ 7,514	\$ 7,443	\$ 6,396	\$ 7,254	\$ 6,836	\$ 5,812	\$ 5,376	\$ 4,856	\$ 3,791	\$ 5,255
Insurance reimbursements	180	203	172	118	169	73	109	68	119	44
Other activities	29	6	-	89	43	20	40	-	75	-
Operating grants and contributions	50,720	45,563	46,842	53,051	42,835	42,542	42,411	43,022	27,897	50,586
Capital grants and contributions	38,315	49,379	32,812	38,336	19,791	13,483	9,578	18,074	8,831	12,648
Total governmental activities program revenues	96,758	102,594	86,222	98,848	69,674	61,930	57,514	66,020	40,713	68,533
Business-type activities:										
Charges for services										
Wastewater	209,960	210,535	203,292	190,491	187,374	177,995	160,498	174,747	171,716	168,460
Transit fares	92,537	89,913	86,293	80,111	77,222	69,858	56,183	65,957	68,847	67,949
Other activities	789	781	744	661	798	405	570	460	184	96
Operating grants and contributions	106,929	160,747	119,785	145,775	127,209	126,290	118,413	111,230	111,755	85,865
Capital grants and contributions	181,429	195,827	129,184	57,603	54,651	13,214	130,792	165,227	218,428	184,225
Total business-type activities program revenues	591,644	657,803	539,298	474,641	447,254	387,762	466,456	517,621	570,930	506,595
Total primary government program revenues	\$ 688,402	\$ 760,397	\$ 625,520	\$ 573,489	\$ 516,928	\$ 449,692	\$ 523,970	\$ 583,641	\$ 611,643	\$ 575,128
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (69,926)	\$ (59,472)	\$ (80,643)	\$ (58,759)	\$ (66,659)	\$ (93,748)	\$ (77,247)	\$ (75,531)	\$ (90,923)	\$ (49,167)
Business-type activities	(35,151)	47,214	(89,409)	(85,690)	(74,490)	(112,499)	(261)	66,143	110,107	85,365
Total primary government net (expenses) revenues	\$ (105,077)	\$ (12,258)	\$ (170,052)	\$ (144,449)	\$ (141,149)	\$ (206,247)	\$ (77,508)	\$ (9,388)	\$ 19,184	\$ 36,198
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 73,140	\$ 71,281	\$ 70,217	\$ 68,825	\$ 68,026	\$ 67,315	\$ 65,013	\$ 66,483	\$ 55,672	\$ 53,736
Market value and other credits	2,278	2,130	2,120	2,267	2,691	3,158	2,276	3,055	3,914	9,413
Motor vehicle sales tax	33,061	35,694	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	6,027	4,831	5,981	14,249	10,013	5,574	4,518	2,647	4,936	7,571
Gain on sale of capital assets	-	97	83	446	170	-	-	-	91	116
Transfers	(14,035)	(11,967)	(27,097)	(17,739)	(12,618)	(18,721)	(15,831)	(19,536)	(22,385)	(24,099)
Total governmental activities	100,471	102,066	83,089	95,264	95,741	88,932	88,360	88,448	57,835	46,737
Business-type activities:										
Taxes										
Property taxes	-	-	-	-	-	-	-	-	723	60,923
Market value and other credits	-	-	-	-	-	-	-	-	-	12,032
Motor vehicle sales tax	119,718	95,151	92,020	91,663	86,981	87,463	90,797	88,308	48,311	-
Investment earnings	15,581	16,302	1,205	12,912	11,840	5,045	3,798	3,514	4,708	5,805
Gain on sale of capital assets	-	-	-	-	-	-	-	-	6	-
Transfers	14,035	11,967	27,097	17,739	12,618	18,721	15,831	19,536	22,385	24,099
Total business-type activities	149,334	123,420	120,322	122,314	111,439	111,229	110,426	111,358	76,133	102,859
Total primary government	\$ 249,805	\$ 225,486	\$ 203,411	\$ 217,578	\$ 207,180	\$ 200,161	\$ 198,786	\$ 199,806	\$ 133,968	\$ 149,596
<b>Changes in Net Assets</b>										
Governmental activities	\$ 30,545	\$ 42,594	\$ 2,446	\$ 36,505	\$ 29,082	\$ (4,816)	\$ 11,113	\$ 12,917	\$ (33,088)	\$ (2,430)
Business-type activities	114,183	170,634	30,913	36,624	36,949	(1,270)	110,165	177,501	186,240	188,224
Total primary government	\$ 144,728	\$ 213,228	\$ 33,359	\$ 73,129	\$ 66,031	\$ (6,086)	\$ 121,278	\$ 190,418	\$ 153,152	\$ 185,794

Unaudited

**METROPOLITAN COUNCIL**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS ENDED DECEMBER 31, 2010**  
**IN THOUSANDS**  
**(modified accrual basis of accounting)**

	<u>2010</u>	<u>2009</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>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22	\$ 199	\$ 52	\$ 41
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	4,537	3,793	2,899	2,612	4,751	4,546	1,000	1,000	949	871
Assigned	4,796	3,025	2,915	3,279	3,207	2,778	2,820	3,503	2,688	3,651
Unassigned	13,585	13,213	11,748	11,766	7,975	6,697	6,098	5,562	4,387	4,472
Total general fund	<u>\$ 22,918</u>	<u>\$ 20,031</u>	<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>\$ 9,035</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ 45,724	\$ 41,875	\$ 37,712	\$ 35,861	\$ 26,505	\$ 29,705	\$ 27,433	\$ 27,320	\$ 20,455
Restricted	319,238	203,039	174,126	147,216	125,586	151,200	138,608	112,281	143,913	111,231
Committed	32,140	30,785	27,474	29,210	25,401	23,737	20,347	21,092	15,445	38,709
Unassigned	(35,143)	(17,578)	(37,438)	(9,468)	(19,923)	-	(440)	(8,582)	(2,412)	(2,894)
Total all other governmental funds	<u>\$ 316,235</u>	<u>\$ 261,970</u>	<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>\$ 184,266</u>	<u>\$ 167,501</u>
Total all governmental funds	<u>\$ 339,153</u>	<u>\$ 282,001</u>	<u>\$ 223,599</u>	<u>\$ 222,327</u>	<u>\$ 182,858</u>	<u>\$ 215,463</u>	<u>\$ 198,160</u>	<u>\$ 162,488</u>	<u>\$ 192,342</u>	<u>\$ 176,536</u>
Unaudited										

**METROPOLITAN COUNCIL**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS ENDED DECEMBER 31, 2010**  
**IN THOUSANDS**  
**(modified accrual basis of accounting)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>REVENUES</b>										
Taxes	\$ 72,752	\$ 71,223	\$ 70,161	\$ 68,383	\$ 68,178	\$ 66,944	\$ 65,916	\$ 64,820	\$ 55,274	\$ 53,678
Intergovernmental revenue:										
Federal	20,107	19,947	14,009	20,046	15,902	12,409	12,311	9,707	3,249	11,583
Build America bonds interest subsidy	423	-	-	-	-	-	-	-	-	-
State	103,583	112,758	99,548	97,324	76,864	76,076	74,338	90,245	52,195	60,345
Local/other	1,108	1,101	927	3,759	188	259	211	278	631	943
Investment income	6,027	4,831	5,981	14,249	10,013	5,574	4,518	2,647	4,936	7,867
Other	6,876	6,612	5,713	7,202	6,870	7,950	5,315	4,645	4,164	5,227
Total revenues	210,876	216,472	196,339	210,963	178,015	169,212	162,609	172,342	120,449	139,643
<b>EXPENDITURES</b>										
Current:										
General government	7,638	7,932	8,862	8,817	8,185	7,613	9,190	9,716	12,313	12,159
Transportation	63,424	58,175	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	30,474	38,100	31,616	30,262	29,780	31,615	29,488	25,994	24,723	19,032
Culture and recreation	31,860	28,151	39,007	26,377	16,084	18,726	21,078	30,378	25,554	20,705
Economic development	6,767	4,488	1,136	4,548	4,036	9,401	2,904	4,517	5,349	5,034
Environment	2,216	3,560	3,313	9,302	5,201	6,629	524	1,958	2,739	2,787
Housing	2,380	594	1,504	1,831	2,136	1,819	7,550	8,036	6,965	6,299
Debt service:										
Principal	53,475	35,325	43,515	44,295	40,870	39,670	31,855	34,245	22,940	19,290
Interest and other charges	8,552	8,560	10,280	13,217	13,625	10,555	8,511	8,983	7,233	6,393
Capital outlay	10,945	18,916	5,796	22,198	26,998	16,908	8,434	21,717	7,220	8,034
Total expenditures	217,731	203,801	205,497	215,080	198,027	194,243	167,988	192,587	158,624	142,540
Excess (deficiency) of revenues over (under) expenditures	(6,855)	12,671	(9,158)	(4,117)	(20,012)	(25,031)	(5,379)	(20,245)	(38,175)	(2,897)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	1,150	1,101	3,953	3,832	1,667	5,704	7,349	1,585	3,352	3,293
Transfers out	(15,185)	(19,632)	(31,241)	(21,805)	(14,362)	(24,778)	(23,387)	(21,948)	(25,737)	(27,393)
Bonds issued	77,600	53,000	50,300	45,900	-	38,000	47,375	-	71,550	49,728
Refunding bonds issued	-	10,490	-	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	296	588	841	698	-	1,965	3,570	-	-	-
Payment to refunded bond escrow agent	-	-	(13,600)	(2,860)	-	-	(10,395)	-	-	-
Sale of capital assets	146	184	177	446	102	274	165	27	169	116
Total other financing sources (uses)	64,007	45,731	10,430	43,586	(12,593)	42,335	41,051	(9,610)	49,334	25,744
Net change in fund balances	\$ 57,152	\$ 58,402	\$ 1,272	\$ 39,469	\$ (32,605)	\$ 17,304	\$ 35,672	\$ (29,855)	\$ 11,159	\$ 22,847
Debt service as a percentage of noncapital expenditures	30.0%	23.7%	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, 2010 <sup>1</sup>  
IN THOUSANDS**

	Taxes			Intergovernmental Revenue				Investment Income			
					Build America Bonds Interest Subsidy			General & Special Revenue Funds	Debt Service Funds	Other Revenue and Financing Sources	Total Revenue and Other Financing Sources
Year	General	Special Revenue	Debt Service	Federal		State	Local/Other				
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
2009	9,911	16,165	45,147	19,947	-	80,125	1,101	3,133	1,313	7,633	184,475
2010	12,621	16,287	43,844	20,107	423	79,129	1,108	3,620	1,648	7,897	186,684

Unaudited

Notes: <sup>1</sup> Includes general, special revenue, and debt service funds.



**METROPOLITAN COUNCIL  
MARKET VALUE AND NET TAX CAPACITY  
VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS ENDED DECEMBER 31, 2010  
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>		
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
2009	309,773,933	2,668,987	312,442,920	3,768,981	1.2%	0.01
2010	291,973,299	2,900,339	294,873,638	3,510,991	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, 2010  
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>
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
2009	0.00	0.00	0.00	0.01	0.01	0.34	0.32	0.30	0.38
2010	0.00	0.00	0.00	0.01	0.01	0.37	0.35	0.33	0.40

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*

<b>Taxpayer</b>	<b>2010</b>			<b>2001</b>		
	<b>Net Tax Capacity</b>	<b>Rank</b>	<b>Percentage of Total Tax Capacity<sup>1,3</sup></b>	<b>2001 Tax Capacity</b>	<b>Rank</b>	<b>Percentage of Total Tax Capacity<sup>2,3</sup></b>
MOAC Mall Holdings LLC	\$ 10,953	1	0.31%	\$ 16,917	2	0.62%
Xcel Energy / Northern States Power Co	5,618	2	0.16%	27,258	1	0.99%
3M Company	4,681	3	0.13%	12,177	3	0.44%
MB Minneapolis 8th St. LLC	4,185	4	0.12%	-	-	-
Minneapolis 225 Holdings LLC	4,167	5	0.12%	-	-	-
NWC Limited Partnership	3,775	6	0.11%	5,908	4	0.22%
U S Bank NA BC-MN-H21N	3,191	7	0.09%	-	-	-
Wells Reit-800 Nicollett	3,139	8	0.09%	-	-	-
Best Buy Co. Inc.	2,758	9	0.08%	-	-	-
Flanagan-AMEX	2,657	10	0.08%	-	-	-
601 Second Avenue LTD Partnership	-	-	-	5,507	5	0.20%
First Minneapolis - Hines Co.	-	-	-	5,177	6	0.19%
RREEF Funds	-	-	-	4,776	7	0.17%
City Center Associates	-	-	-	4,544	8	0.17%
Federal Reserve Bank of Minneapolis	-	-	-	3,625	9	0.13%
Ridgedale Joint Venture	-	-	-	3,460	10	0.13%
Total	<u>\$ 45,124</u>		<u>1.29%</u>	<u>\$ 89,349</u>		<u>3.26%</u>

Unaudited

Source: Hennepin County abstract of property taxes (2010)  
Ramsey County abstract of property taxes (2010)  
Evensen Dodge, Inc. (2000)

Notes <sup>1</sup> Net tax capacity value for 2010 = \$3,510,991

<sup>2</sup> Net tax capacity value for 2001 = \$2,742,161

<sup>3</sup> 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, 2010  
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>
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	356	66,008	99.53%
2005	70,648	3,116	67,532	66,615	98.64	533	67,148	99.43%
2006	71,354	2,677	68,677	67,709	98.59	703	68,412	99.61%
2007	71,067	2,267	68,800	67,750	98.47	822	68,572	99.67%
2008	72,788	2,103	70,685	69,355	98.12	904	70,259	99.40%
2009	73,886	2,101	71,785	70,248	97.86	764	71,012	98.92%
2010	75,394	2,252	73,142	71,815	98.19	-	71,815	98.19%

Unaudited

**METROPOLITAN COUNCIL  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS ENDED DECEMBER 31, 2010  
IN THOUSANDS (EXCEPT PERCENTAGE AND PER CAPITA)**

Fiscal Year	Governmental Activities							Business-Type Activities						
	General Obligation Bonds- Transit	General Obligation Bonds- Parks	General Obligation Bonds- Other	Revenue Bonds <sup>2</sup>	PFA Transit Loan <sup>1</sup>	Capital Leases	Total- Governmental Activities	General Obligation Bonds Wastewater	PFA Wastewater	Capital Leases	Total Business- Type Activities	Total Primary Government	Percentage of Personal Income <sup>3</sup>	Per Capita <sup>3</sup>
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	0.73%	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	0.76%	409.78
2009	201,430	15,130	-	5,100	12,860	11,955	246,475	353,520	592,293	-	945,813	1,192,288	0.80%	413.73
2010	231,130	13,525	-	3,915	10,635	11,395	270,600	435,415	598,107	-	1,033,522	1,304,122	0.87%	452.54

Unaudited

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

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

<sup>2</sup> \$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.

<sup>3</sup> 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, 2010**  
**IN THOUSANDS (EXCEPT PERCENTAGE AND PER CAPITA)**

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Taxable Value <sup>1</sup> of Property	Per Capita <sup>2</sup>
	General Obligation Bonds Transit	General Obligation Bonds Parks	General Obligation Bonds Other	General Obligation Bonds Wastewater	Total		
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%	196.85
2009	201,430	15,130	-	353,520	570,080	15.13%	197.82
2010	231,130	13,525	-	435,415	680,070	19.37%	235.99

Unaudited

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

<sup>1</sup> See market value and net tax capacity value of taxable property schedule for property value data.

<sup>2</sup> See demographic and economic statistics schedule for population data.

**METROPOLITAN COUNCIL**  
**COMPILATION OF OVERLAPPING DEBT <sup>1</sup>**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**IN THOUSANDS**

Page (1 of 5)

<b>Jurisdiction</b>	<b>Net G.O. Debt Outstanding</b>	<b>Percent Applicable to Council</b>	<b>Overlapping Debt</b>
<b>Counties:</b>			
Anoka	\$ 157,035	100.0%	\$ 157,035
Carver	28,230	100.0%	28,230
Dakota	89,060	99.7%	88,793
Hennepin	1,129,045	99.9%	1,127,916
Ramsey	205,602	100.0%	205,602
Scott	81,260	97.7%	79,391
Washington	113,525	100.0%	113,525
Total counties	<u>1,803,757</u>		<u>1,800,492</u>
<b>School districts:</b>			
SSD #1 Minneapolis	305,701	100.0%	305,701
SSD #6 South St. Paul	22,725	100.0%	22,725
ISD #11 Anoka	97,186	100.0%	97,186
ISD #12 Centennial	40,390	100.0%	40,390
ISD #13 Columbia Heights	325	100.0%	325
ISD #14 Fridley	29,010	100.0%	29,010
ISD #15 St. Francis	24,550	91.4%	22,439
ISD #16 Spring Lake Park	107,730	100.0%	107,730
ISD #108 Norwood-Young America	11,520	97.6%	11,244
ISD #110 Waconia	62,820	100.0%	62,820
ISD #111 Watertown-Mayer	50,135	90.5%	45,372
ISD #112 Chaska	200,055	100.0%	200,055
ISD #191 Burnsville	89,255	100.0%	89,255
ISD #192 Farmington	268,913	100.0%	268,913
ISD #194 Lakeville	184,622	100.0%	184,622
ISD #195 Randolph	7,940	88.5%	7,027
ISD #196 Rosemount	151,685	100.0%	151,685
ISD #197 West St. Paul	56,040	100.0%	56,040
ISD #199 Inver Grove Heights	45,240	100.0%	45,240
ISD #200 Hastings	54,220	99.9%	54,166
ISD #252 Cannon Falls	21,335	4.9%	1,045
ISD #270 Hopkins-Golden Valley	160,660	100.0%	160,660
ISD #271 Bloomington	153,550	100.0%	153,550
ISD #272 Eden Prairie	81,965	100.0%	81,965
ISD #273 Edina	79,415	100.0%	79,415
ISD #276 Minnetonka	141,880	100.0%	141,880
ISD #277 Westonka	8,075	100.0%	8,075
ISD #278 Orono	58,035	100.0%	58,035
ISD #279 Osseo	276,385	100.0%	276,385
ISD #280 Richfield	58,975	100.0%	58,975
ISD #281 Robbinsdale	207,440	100.0%	207,440
ISD #282 St Anthony-New Brighton	25,305	100.0%	25,305
ISD #283 St. Louis Park	54,130	100.0%	54,130
ISD #284 Wayzata	60,535	100.0%	60,535
ISD #286 Brooklyn Center	31,505	100.0%	31,505
ISD #424 Lester Prairie	275	0.3%	1
ISD #621 Mounds View	179,793	100.0%	179,793
ISD #622 North St. Paul-Maplewood-Oakdale	150,650	100.0%	150,650
ISD #623 Roseville	48,160	100.0%	48,160
ISD #624 White Bear Lake	105,365	100.0%	105,365
ISD #625 St. Paul	347,233	100.0%	347,233
ISD #659 Northfield	80,475	10.6%	8,530

**METROPOLITAN COUNCIL**  
**COMPILATION OF OVERLAPPING DEBT <sup>1</sup>**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

IN THOUSANDS

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<b>Jurisdiction</b>	<b>Net G.O. Debt Outstanding</b>	<b>Percent Applicable to Council</b>	<b>Overlapping Debt</b>
<b>School districts (continued):</b>			
ISD #716 Belle Plaine	39,125	87.5%	34,234
ISD #717 Jordan	31,155	100.0%	31,155
ISD #719 Prior lake	133,350	100.0%	133,350
ISD #720 Shakopee	149,610	100.0%	149,610
ISD #721 New Prague	60,570	45.4%	27,499
ISD #728 Elk River	178,730	34.2%	61,126
ISD #831 Forest Lake	35,735	87.3%	31,197
ISD #832 Mahtomedi	34,117	100.0%	34,117
ISD #833 South Washington	337,570	100.0%	337,570
ISD #834 Stillwater	69,635	100.0%	69,635
ISD # 877 Buffalo-Hanover-Montrose	75,405	14.1%	10,632
ISD # 879 Delano	28,035	38.5%	10,793
ISD #882 Rockford	56,075	66.2%	37,122
ISD #916 Special Intermediate-Vo Tech	7,395	100.0%	7,395
ISD #2144 Chisago Lakes	25,260	4.1%	1,010
ISD #2397 LeSueur-Henderson	16,820	1.2%	202
ISD #2687 Howard Lake-Waverly-Winsted	26,730	0.5%	134
Total school districts	<u>5,446,520</u>		<u>5,017,357</u>
<b>Cities:</b>			
Afton	3,755	100.0%	3,755
Andover	13,841	100.0%	13,841
Anoka	6,400	100.0%	6,400
Apple Valley	45,750	100.0%	45,750
Arden Hills	1,310	100.0%	1,310
Bayport	795	100.0%	795
Belle Plaine	15,115	100.0%	15,115
Bethel	1,433	100.0%	1,433
Birchwood	268	100.0%	268
Blaine	39,670	100.0%	39,670
Bloomington	62,670	100.0%	62,670
Brooklyn Center	23,390	100.0%	23,390
Brooklyn Park	53,625	100.0%	53,625
Burnsville	64,118	100.0%	64,118
Carver	17,065	100.0%	17,065
Centerville	10,809	100.0%	10,809
Champlin	15,605	100.0%	15,605
Chanhassen	33,620	100.0%	33,620
Chaska	82,940	100.0%	82,940
Circle Pines	7,555	100.0%	7,555
Cologne	10,235	100.0%	10,235
Columbia Heights	19,960	100.0%	19,960
Columbus	15,188	100.0%	15,188
Coon Rapids	33,215	100.0%	33,215
Corcoran	1,432	100.0%	1,432
Cottage Grove	24,605	100.0%	24,605
Crystal	13,611	100.0%	13,611
Dayton	39,388	100.0%	39,388
Eagan	23,515	100.0%	23,515
East Bethel	22,544	100.0%	22,544
Eden Prairie	33,865	100.0%	33,865
Edina	96,635	100.0%	96,635
Elko/New Market	10,516	100.0%	10,516
Excelsior	3,630	100.0%	3,630



**METROPOLITAN COUNCIL**  
**COMPILATION OF OVERLAPPING DEBT <sup>1</sup>**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**IN THOUSANDS**

(Page 3 of 5)

<b>Jurisdiction</b>	<b>Net G.O. Debt Outstanding</b>	<b>Percent Applicable to Council</b>	<b>Overlapping Debt</b>
<b>Cities (continued):</b>			
Falcon Heights	500	100.0%	500
Farmington	45,804	100.0%	45,804
Forest Lake	13,905	100.0%	13,905
Fridley	16,280	100.0%	16,280
Gem Lake	1,354	100.0%	1,354
Golden Valley	76,475	100.0%	76,475
Grant	135	100.0%	135
Greenfield	5,005	100.0%	5,005
Hamburg	1,223	100.0%	1,223
Ham Lake	5,000	100.0%	5,000
Hampton	1,845	100.0%	1,845
Hastings	32,625	100.0%	32,625
Hopkins	26,920	100.0%	26,920
Hugo	14,170	100.0%	14,170
Independence	2,379	100.0%	2,379
Inver Grove Heights	60,754	100.0%	60,754
Jordan	24,591	100.0%	24,591
Lake Elmo	11,750	100.0%	11,750
Lakeland	1,960	100.0%	1,960
Lake St. Croix Beach	265	100.0%	265
Lakeville	91,695	100.0%	91,695
Landfall	283	100.0%	283
Lauderdale	1,025	100.0%	1,025
Lexington	2,109	100.0%	2,109
Lilydale	1,280	100.0%	1,280
Lino Lakes	16,946	100.0%	16,946
Little Canada	8,940	100.0%	8,940
Long Lake	1,669	100.0%	1,669
Loretto	719	100.0%	719
Mahtomedi	12,150	100.0%	12,150
Maple Grove	118,765	100.0%	118,765
Maple Plain	3,347	100.0%	3,347
Maplewood	78,972	100.0%	78,972
Marine	168	100.0%	168
Mayer	14,647	100.0%	14,647
Medina	10,840	100.0%	10,840
Mendota	37	100.0%	37
Mendota Heights	11,695	100.0%	11,695
Minneapolis	1,020,422	100.0%	1,020,422
Minnetonka	15,495	100.0%	15,495
Minnetonka Beach	890	100.0%	890
Minnetrista	11,580	100.0%	11,580
Mound	41,082	100.0%	41,082
Mounds View	2,812	100.0%	2,812
New Brighton	53,415	100.0%	53,415
New Germany	3,605	100.0%	3,605
New Hope	9,590	100.0%	9,590
Newport	2,017	100.0%	2,017
North St. Paul	20,770	100.0%	20,770
Norwood-Young America	24,750	100.0%	24,750
Nowthen	952	100.0%	952
Oakdale	22,590	100.0%	22,590

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**METROPOLITAN COUNCIL**  
**COMPILATION OF OVERLAPPING DEBT <sup>1</sup>**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**IN THOUSANDS**

<b>Jurisdiction</b>	<b>Net G.O. Debt Outstanding</b>	<b>Percent Applicable to Council</b>	<b>Overlapping Debt</b>
<b>Cities (continued):</b>			
Oak Grove	2,680	100.0%	2,680
Oak Park Heights	7,110	100.0%	7,110
Orono	13,065	100.0%	13,065
Osseo	12,016	100.0%	12,016
Plymouth	26,570	100.0%	26,570
Prior Lake	36,065	100.0%	36,065
Ramsey	7,240	100.0%	7,240
Richfield	50,600	100.0%	50,600
Robbinsdale	16,086	100.0%	16,086
Rogers	15,655	100.0%	15,655
Rosemount	23,285	100.0%	23,285
Roseville	11,520	100.0%	11,520
St. Anthony	24,165	100.0%	24,165
St. Bonifacius	4,268	100.0%	4,268
St. Francis	13,977	100.0%	13,977
St. Louis Park	44,890	100.0%	44,890
St. Paul	441,407	100.0%	441,407
St. Paul Park	3,609	100.0%	3,609
Savage	101,295	100.0%	101,295
Scandia	1,620	100.0%	1,620
Shakopee	40,180	100.0%	40,180
Shoreview	23,450	100.0%	23,450
Shorewood	13,235	100.0%	13,235
South St. Paul	13,411	100.0%	13,411
Spring Lake Park	5,386	100.0%	5,386
Spring Park	1,065	100.0%	1,065
Stillwater	29,035	100.0%	29,035
Sunfish Lake	350	100.0%	350
Vadnais Heights	10,035	100.0%	10,035
Vermillion	440	100.0%	440
Victoria	37,834	100.0%	37,834
Waconia	47,907	100.0%	47,907
Watertown	7,629	100.0%	7,629
Wayzata	11,830	100.0%	11,830
West St. Paul	23,348	100.0%	23,348
White Bear Lake	3,465	100.0%	3,465
Woodbury	62,329	100.0%	62,329
Woodland	378	100.0%	378
Total cities	3,984,700		3,984,700
<b>Townships:</b>			
Credit River	780	100.0%	780
Dahlgren	6	100.0%	6
Empire	1,585	100.0%	1,585
Greenvale	102	100.0%	102
Hassan	1,905	100.0%	1,905
Laketown	271	100.0%	271
New Market	98	100.0%	98
Sand Creek	645	100.0%	645
Spring Lake	3,284	100.0%	3,284
White Bear	6,455	100.0%	6,455
Total townships	15,131		15,131

**METROPOLITAN COUNCIL**  
**COMPILATION OF OVERLAPPING DEBT <sup>1</sup>**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**IN THOUSANDS**

(Page 5 of 5)

<b>Jurisdiction</b>	<b>Net G.O. Debt Outstanding</b>	<b>Percent Applicable to Council</b>	<b>Overlapping Debt</b>
<b>Miscellaneous:</b>			
Anoka County HRA	18,605	100.0%	18,605
Anoka Tax Increment	7,835	100.0%	7,835
Blaine EDA/HRA	4,125	100.0%	4,125
Bloomington Port Authority	29,070	100.0%	29,070
Brooklyn Park EDA	10,215	100.0%	10,215
Capital Region Watershed District	1,400	100.0%	1,400
Carver County CDA	26,805	100.0%	26,805
Cedar Lake Sewer Sanitary District	1,589	53.8%	854
Chanhassen HRA	1,130	100.0%	1,130
Circle Pines HRA	340	100.0%	340
Circle Pines Tax Increment	4,160	100.0%	4,160
Columbia Heights Tax Increment	580	100.0%	580
Coon Rapids Tax Increment	2,255	100.0%	2,255
Dakota County CDA	393,780	100.0%	393,780
Hastings EDA	2,885	100.0%	2,885
Hennepin County Regional Park	83,155	100.0%	83,155
Hennepin Regional Railroad Authority	41,865	100.0%	41,865
Hilltop Tax Increment	80	100.0%	80
Hopkins HRA	2,315	100.0%	2,315
HRA of St. Paul	186,736	100.0%	186,736
Maple Grove HRA	4,265	100.0%	4,265
Metropolitan Airports Commission	1,777,120	100.0%	1,777,120
Minnehaha Creek Watershed District	3,295	100.0%	3,295
Minnesota Municipal Power Agency	302,381	69.3%	209,550
Mound HRA	8,212	100.0%	8,212
North Suburban Hospital District	3,450	100.0%	3,450
Norwood-Young America EDA	8,460	100.0%	8,460
Prior Lake-Spring Lake Watershed District	1,440	100.0%	1,440
Plymouth HRA	13,875	100.0%	13,875
Ramsey-Washington Metro Watershed District	837	100.0%	837
Regional Railroad Authority-Anoka County	30,155	100.0%	30,155
Scott County CDA	37,375	100.0%	37,375
South Washington Watershed District	3,195	100.0%	3,195
St. Anthony HRA	9,710	100.0%	9,710
St. Paul Port Authority	64,485	100.0%	64,485
Waconia HRA	11,572	100.0%	11,572
Washington County HRA	56,295	100.0%	56,295
Total miscellaneous	<u>3,155,047</u>		<u>3,061,481</u>
<b>TOTAL</b>	<u><u>\$ 14,405,155</u></u>		<u><u>\$ 13,879,161</u></u>

Unaudited

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

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

**METROPOLITAN COUNCIL  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN YEARS ENDED DECEMBER 31, 2010  
IN THOUSANDS (EXCEPT PERCENTAGE)**

	<u>2010</u>	<u>2009</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>
Debt limit	\$ 338,265	\$ 345,190	\$ 330,655	\$ 306,495	\$ 317,995	\$ 316,905	\$ 274,635	\$ 300,230	\$ 274,205	\$ 237,685
Total net debt applicable to limit	<u>255,290</u>	<u>229,420</u>	<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>\$ 82,975</u>	<u>\$ 115,770</u>	<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>75.47%</u>	<u>66.46%</u>	<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  
LAST SIX YEARS ENDED DECEMBER 31, 2010  
IN THOUSANDS (EXCEPT COVERAGE)**

<b>Radio Revenue Bonds</b>						
<b><u>Year</u></b>	<b><u>Total Bond Outstanding<sup>1,3</sup></u></b>	<b><u>911 Fee Revenue<sup>2</sup></u></b>	<b><u>Principal<sup>1,5</sup></u></b>	<b><u>Interest</u></b>	<b><u>Coverage<sup>4</sup></u></b>	
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
2009	5,100	1,410	1,135	252		1.02
2010	3,915	1,452	1,185	199		1.05

Unaudited

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

<sup>1</sup> 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.

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

<sup>3</sup> Original bond was refunded on March 15, 2007. Remaining original bond outstanding balance was repaid in 2007. Bond balance in 2007, and beyond, is for refund bond only.

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

<sup>5</sup> 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, 2010**

<b>Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income <sup>1</sup> (In Millions)</b>	<b>Per Capita <sup>1</sup> Income</b>	<b>Unemployment Rate <sup>2</sup></b>
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	2,870,250	154,282	47,653	5.20%
2009	2,881,812	149,795	45,811	7.80%
2010	2,881,812	149,795	45,811	6.90%

Unaudited

Source: <sup>1</sup> U.S. Commerce Department, Bureau of Economic Analysis for the Minneapolis-St. Paul Metropolitan Statistical Area (2001-2002). Other years internally updated.

<sup>2</sup> 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*

<b>Employer</b>	<b>2010</b>			<b>2001</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>
State of Minnesota	54	1	3.12%	56	1	3.25%
Mayo Foundation	38	2	2.19%	25	5	1.45%
United States Federal Government	32	3	1.85%	35	2	2.03%
Target Corp.	28	4	1.62%	32	3	1.86%
University of Minnesota	25	5	1.44%	31	4	1.80%
Allina Health System	23	6	1.33%	22	6	1.28%
Fairview Health Services	21	7	1.21%	18	8	1.04%
Wal-Mart Stores Inc.	21	8	1.21%	-	-	-
Wells Fargo Minnesota	20	9	1.15%	15	10	0.87%
3M Co.	14	10	0.81%	19	7	1.10%
Northwest Airlines Corp.	-	-	-	18	9	1.04%
Total	<u>276</u>		<u>15.93%</u>	<u>271</u>		<u>15.72%</u>

Unaudited.

Source: Twin Cities Business B.I.G. Book, 2010 and City Business - The Business Journal Book of Lists 2001-02.

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

**METROPOLITAN COUNCIL  
EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN YEARS ENDED DECEMBER 31, 2010**

Full-time Equivalent Employees as of December 31										
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<u>Regional Administration</u>										
Human Resources	33	33	33	33	31	33	32	25	26	26
Information Services	75	64	62	54	56	66	66	81	81	83
Fiscal/Central Services	38	38	37	38	35	25	26	30	28	26
Other	75	75	67	77	57	75	74	86	78	79
Total Regional Administration	221	210	199	202	179	199	198	222	213	214
<u>Community Development</u>										
Metro HRA	33	33	33	34	34	33	32	32	34	33
Other	34	41	42	45	44	51	51	60	58	56
Total Community Development	67	74	75	79	78	84	83	92	92	89
<u>Environmental Services Division</u>										
Environmental Quality Assurance	103	109	109	110	106	121	122	122	128	133
Treatment Services	528	505	501	502	490	565	582	594	606	620
Other	20	32	28	28	30	15	15	16	21	21
Total Environmental Services Division	651	646	638	640	626	701	719	732	755	774
<u>Transportation Division</u>										
Metro Mobility	10	14	15	13	13	13	13	13	13	13
Transportation Planning	29	28	26	28	24	17	17	17	20	20
Other	-	-	-	-	-	13	13	14	14	14
Total Transportation Planning	39	42	41	41	37	43	43	44	47	47
<u>Metro Transit Bus</u>										
Operators	1,500	1,346	1,291	1,273	1,280	1,413	1,474	1,475	1,592	1,738
Mechanics	470	417	442	437	420	432	456	457	469	479
Administration/Clerical	420	439	540	545	505	590	683	628	676	673
Total Metro Transit	2,390	2,202	2,273	2,255	2,205	2,435	2,613	2,560	2,737	2,890
<u>Metro Transit Commuter Rail</u>										
Mechanics	27	28	-	-	-	-	-	-	-	-
Administration/Clerical	10	8	-	-	-	-	-	-	-	-
Total Metro Transit	37	36	-	-	-	-	-	-	-	-
<u>Metro Transit Light Rail</u>										
Operators	57	50	44	44	44	45	45	-	-	-
Mechanics	80	70	69	60	57	51	51	-	-	-
Administration/Clerical	82	45	42	39	35	30	30	-	-	-
Total Metro Transit	219	165	155	143	136	126	126	-	-	-
Total	3,624	3,375	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

Notes: Metro Transit Light Rail began operations in 2004

Metro Transit Commuter Rail began operations in 2009

Metro Transit Commuter Rail operators are non-Metro Transit employees



**METROPOLITAN COUNCIL  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
FOR THE LAST TEN YEARS ENDED DECEMBER 31, 2010**

<b>Function/Program</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Governmental activities										
Metro Mobility-passenger miles	15,534,246	13,634,343	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	1,410,369	1,237,570	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	40,867,500	38,062,600	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)	260	230	249	250	256	255	255	266	290	290
Transit-bus										
Total route miles	28,894,682	29,703,751	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	66,882,361	66,401,218	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-commuter rail										
Total route miles	601,119	69,320	-	-	-	-	-	-	-	-
Passenger trips	710,426	78,782	-	-	-	-	-	-	-	-
Transit-light rail										
Total passenger car miles	2,056,261	2,041,244	2,024,493	1,931,754	1,817,930	1,565,965	512,110	-	-	-
Passenger trips	10,423,862	9,863,042	10,221,682	9,098,297	9,356,982	7,901,668	2,938,777	-	-	-
Housing										
Metro HRA unit months leased	81,455	80,243	78,658	81,634	81,273	80,575	80,770	79,617	78,828	76,691

Unaudited

Sources: Various Metropolitan Council Divisions

Notes: Transit-light rail began limited operation mid year 2004.  
Commuter Rail began limited operation on November 16, 2009.

**METROPOLITAN COUNCIL  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
FOR THE LAST TEN YEARS ENDED DECEMBER 31, 2010**

<b>Function/Program</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Governmental activities										
Metro Mobility										
Total fleet size	314	274	265	262	264	257	245	229	244	243
Number of Parks/Trails	89	89	85	83	82	77	74	71	70	67
Acres of Regional Parks and Trails open to the public	54,633	53,111	52,918	52,661	52,617	52,299	50,356	50,276	48,916	48,015
Business-type activities										
Wastewater										
Treatment Plants	7	7	8	8	8	8	8	8	8	8
Miles of MCES Interceptors	625	624	615	585	586	578	569	569	569	563
Wastewater Treatment Plant Capacities (millions of gallons)	370	370	370	370	370	358	358	358	351	351
Transit-bus										
Total fleet size	888	929	1,093	979	940	930	942	982	980	953
Transit-commuter rail										
Total fleet size	6	6	-	-	-	-	-	-	-	-
Transit-light rail										
Total fleet size	27	27	27	27	25	23	22	-	-	-
Housing										
Metro HRA unit months available	82,668	81,613	79,270	83,732	83,592	82,709	81,976	82,769	79,428	76,691
Family Affordable Housing Units	150	150	150	150	150	150	136	104	40	-

Unaudited

Source: Metropolitan Council external and internal reports.

Note: Transit-light rail began limited operation mid year 2004.  
Commuter Rail began limited operation on November 16, 2009.