

**COMMUNITIES**

**PARKS**

**TRANSPORTATION**

**WASTEWATER & WATER**

**HOUSING**

**PLANNING**

Twin Cities Area, Minnesota

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

Year Ended December 31, 2021  
A Component Unit of the State of Minnesota



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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

FISCAL YEAR ENDED DECEMBER 31, 2021

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

Prepared by the Finance Unit

Issued June 2022



390 Robert Street North, St. Paul, Minnesota 55101



*The mission of the Metropolitan Council is to foster efficient and economic growth for a prosperous metropolitan region.*

*The Council provides these essential services to enhance the region's quality of life and economic competitiveness:*

- *Operate Metro Transit, serving 34.70 million bus and rail passengers in 2021 with award-winning, energy-efficient fleets. Our strategic investments support a growing network of bus and rail Transitways, and transit-oriented development.*
- *Collect and treat wastewater at rates 35 percent lower than peer agencies, while winning national awards for excellence.*
- *Work to ensure adequate clean water for the future, through our water supply planning and lake and river monitoring programs.*
- *Plan for future growth in partnership with communities and the public.*
- *Plan, acquire and develop a world-class regional parks and trails system.*
- *Provide affordable housing for qualifying low-income residents.*



**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE METROPOLITAN COUNCIL  
A COMPONENT UNIT OF THE STATE OF MINNESOTA  
FOR THE YEAR ENDING DECEMBER 31, 2021**

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# INTRODUCTORY SECTION







**METROPOLITAN COUNCIL**

**Metropolitan Council**  
**2021 Annual Comprehensive Financial Report**  
**Transmittal Letter from the Deputy Regional Administrator and Chief Financial Officer**

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June 27, 2022

Chair Charles Zelle and Members of the Metropolitan Council  
390 Robert Street North  
St. Paul, MN 55101

Dear Chair Zelle and Council Members,

In accordance with Minnesota Statute 473.13, subd. 4, I am pleased to submit the Annual Comprehensive Financial Report for the Metropolitan Council for the fiscal year ended December 31, 2021. This report includes the financial statements for the Council and the disclosures necessary to accurately present the financial condition and results of operations for the year then ended. The report has been prepared in accordance with generally accepted accounting principles (GAAP) for government units.

The report is divided into three sections:

- **Introductory Section** – includes this letter of transmittal, the certificate of achievement, the Council’s organization chart, and a list of Council members, officers, and financial administrative officials.
- **Financial Section** – includes the auditor’s opinion, the management’s discussion and analysis, the basic financial statements, budgetary comparison schedules, pension schedules, Other Post-Employment Benefits (OPEB) schedules, required supplementary information, combining and individual fund statements for nonmajor funds, bonds/loans/notes outstanding schedule, and the schedule of expenditures of federal awards. The notes to the financial statements, in the basic financial statements, are necessary for an understanding of the information included in the statements. The notes include a summary of significant accounting policies and other necessary disclosure of matters relating to the financial position of the Council.
- **Statistical Section** – includes mainly trend data and nonfinancial information useful in assessing a government’s financial condition.

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



The independent Office of the State Auditor, State of Minnesota has issued an unmodified (clean) audit opinion on the Metropolitan Council's financial statements for the year ended December 31, 2021. The independent auditor's report is presented as the first component of the financial section of this report.

As a part of the financial statement audit, the Office of the State Auditor is conducting a single audit of federal programs. This audit meets the requirements of the federal Single Audit Act and is designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and requirements involving the administration of federal awards. These reports, included in the Metropolitan Council's separately issued Management and Compliance Report, will be available in June 2022.

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

### **Profile of the Government**

The Minnesota Legislature established the Metropolitan Council in 1967 to coordinate planning and development within the Twin Cities metropolitan area and to address issues that could not be adequately addressed with existing governmental arrangements. The area over which the Council has responsibility includes the counties of Anoka, Carver, Dakota (excluding the city of Northfield), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague), and Washington. The area includes 189 cities and townships and has a population of 3.66 million people. Additional legislative acts in 1974, 1976 and 1994 strengthened the Council's planning and policy roles and merged the functions of three operating agencies (the Metropolitan Transit Commission, the Regional Transit Board, and the Metropolitan Waste Control Commission) into the Metropolitan Council. Note that the operating agencies serve geographic areas less than the full jurisdictional area of the Council.

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

The Metropolitan Council is a component unit of the State of Minnesota. A component unit should be included in the reporting entity financial statements using the blending method in any of these circumstances, (a) the component unit's governing body is substantively the same as the governing body of the primary government and there is a financial benefit or burden relationship between the primary government and the component unit or management of the primary government has operational responsibility for the component unit, (b) the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. Usually, the services provided by a blended component unit are financing services provided solely to the primary government.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund, all budgeted Special Revenue Funds, Metro Transit Bus, Light Rail, and Commuter Rail, and the Metropolitan Housing and Redevelopment Authority enterprise funds. The budget for the Environmental Services enterprise fund is prepared in conformity with the "cost allocation" system described in Minnesota Statute 473.517. Positive variances in revenues and expenses are accumulated for contingency reserves. All annual appropriations lapse at year end. Budgets are prepared in May and are reviewed by the Council committees in June and July. The Council approves a preliminary budget in August and approves public comment drafts of the operating and capital budgets in October. The public comment period extends through the final adoption of the budget in mid-December.



Budgetary Comparison Schedules are presented in this report for each governmental fund for which an annual budget has been prepared. For the General Fund and the Metro Mobility and Suburban Transit Providers Special Revenue Funds, these comparisons are included in the Required Supplementary Information section. Budgetary Comparison Schedules for the nonmajor governmental funds are presented in the Combining and Individual Fund Financial Statements and Schedules section.

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

### **Economic Condition and Outlook**

The Twin Cities metro area experienced mixed economic and employment growth in 2021. Some segments of the economy are bouncing back from the pandemic, while others are slow in their recoveries or challenged by new problems. In the Minneapolis-St. Paul MSA, the construction sector, manufacturing sector, and other industries have fully recovered employment, back to 2019 levels. (There is variation within these sectors.) At the same time, local-demand-serving or service industries continue to struggle with reduced demand, reduced activity, and unused capacity. Industries that have not regained their past employment include accommodation and food services, arts, entertainment and recreation, health care and assistance services, and temporary employment agencies (U.S. Bureau of Labor Statistics, Current Employment Statistics). The metro area economic performance is tied to the national and global economies.

Annual gross domestic product (GDP) for Minnesota was estimated at \$429.4 billion in 4<sup>th</sup> Quarter 2021. This amounts to annual growth of 12.1 percent, or 5.6 percent in real, inflation-adjusted terms. GDP for the Minneapolis-St. Paul MSA will be similar. The state's GDP bounce-back in 2021 was average compared to the nation and peer states (U.S. Bureau of Economic Analysis, Quarterly GDP, 4<sup>th</sup> Quarter 2021).

Total nonfarm employment in the Minneapolis-St. Paul metropolitan statistical area increased 6.20 percent for the year ending December 2021 from year ending December 2020. Job openings rates in Minnesota have been at record-levels, 6.00 percent to 8.00 percent of all jobs being open, in every month since April 2021. This is an above-average job openings rate compared to the nation and peer states (U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey). The Minneapolis-St. Paul metropolitan area is still recovering from the COVID-19 pandemic and its economic stresses. The metro and national economics are recovering, still variously challenged the Minneapolis-St. Paul metropolitan statistical area (MSA) employment annual average for 2021 was 1,902,817 jobs compared to the annual average for 2020 was 1,884,128 jobs. This is still below the pre-pandemic employment peak of 1,962,496 in 2019. (Minnesota DEED, Local area Employment Statistics, December 2021).

Monthly unemployment rates for the seven-county metro area have been decreasing in 2021. Unemployment rate was 4.50 percent in December 2020 and 2.40 percent in December 2021 (Minnesota DEED, Local Area Unemployment Statistics, December 2021). Not everyone has returned to work, employees have left the workforce and are no longer reflected in the unemployment rates. The seven-county metro area workforce in December 2021 was 1,682,094 up from December 2020 at 1,667,820 but down from December 2019 at 1,731,024. (Minnesota DEED, Local Area Unemployment Statistics).

The job vacancy rate in the seven-county metro area has grown to 7.60 percent, or 119,505 positions open. The highest occupation sector is food preparation and serving related occupations with 19,112 open positions. (Minnesota DEED, Job Vacancy Survey).

Housing prices continue to rise in the Twin Cities metro area, due to inflation in construction costs, and the continuation of seller's market conditions. According to the Minneapolis Area Association of Realtors (MAAR), the median sale price rose 11.40 percent in 2021 to \$339,900. The number of new listings decreased from 74,217 in 2021 to 75,106 in 2020 or a 1.20 percent decrease. (MAAR, 2021 Annual Housing Market Report). The inventory of homes for sale remained low, as home seller activity did not rise proportionally to meet this demand.

In the rental market, at the end of 2021 the average monthly rent was \$1,354 per month, a 2.50 percent increase from the end of 2020. Vacancy rates declined to 3.60 percent during the fourth quarter of 2021 from 4.40 percent a year earlier. Adding in new buildings still in the initial leasing phase, the vacancy rate was slightly higher at 4.80 percent. (Star Tribune February 28, 2022)

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

**Transit** – Due to the COVID-19 outbreak in March 2020, Metro Transit experienced unprecedented sudden loss of ridership of 75.00 percent to 90.00 percent while incurring extensive maintenance cleaning expenses for all vehicles, customer facilities and support facilities. In late 2020, operations were slowly rebuilding as the region emerged from the impacts of the pandemic. In 2021, ridership continued to slowly improve with year-end ridership on Metro Transit Bus and Light Rail at approximately 50.00 percent of pre-pandemic levels.

Metro Transit is one of the country's largest transit systems, providing nearly 34.70 million regional bus and train trips taken annually in the Twin Cities in 2021. Each weekday, customers board Metro Transit regional buses and trains an average of 99,000 times. Metro Transit operates over 120 bus routes, the METRO Blue Line Light Rail, the METRO Green Line Light Rail, and the NorthStar Commuter Rail Line, using a fleet of 805 buses, 91 light-rail passenger cars, 18 commuter rail passenger cars and 6 commuter rail locomotives.

The METRO Blue Line operates service between downtown Minneapolis, the MSP Airport, and the Mall of America in Bloomington, Minnesota. In 2021, the METRO Blue Line carried 4.50 million passengers with an average weekday ridership of 12,431.

The METRO Green Line Light Rail is an 11-mile line and links five major centers of activity in the Twin Cities Region – downtown Minneapolis, the University of Minnesota, the Midway area, the State Capitol complex, and downtown St. Paul. In 2021 the METRO Green Line carried 6.17 million passengers and experienced average weekday ridership of 17,881.

The NorthStar Commuter Rail provides service between Big Lake in Sherburne County and downtown Minneapolis. The service currently offers two morning and two afternoon trips on weekdays with no weekend service. Each train consists of a locomotive and four passenger cars and has seating for 560 people. Trains travel at speeds up to 79 miles per hour, making the trip from Big Lake to Minneapolis in about 50 minutes. Trains stop at stations in Elk River, Ramsey, Anoka, Coon Rapids, and Fridley. In 2021, the NorthStar Commuter Rail carried 50,433 passengers, with an average weekday ridership of 199.

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, Transit Link, Contracted Regular Routes, and Suburban Transit Authority Providers.

Metro Mobility provides on-demand transit service for certified riders whose disabilities prevent them from using the regular-route transit system. Metro Mobility provides service in the region to complement regular-route service, as required by the Americans with Disabilities Act (ADA). In 2021, Metro Mobility provided over 1.8 million rides. Transit Link is a region-wide dial-a-ride program that assists people outside areas served by fixed-route transit and provided 117,000 rides in 2021. Contracted Regular Routes are bus transit services consisting primarily of lower productivity routes that can be operated in vehicles smaller than the standard 40-foot transit bus. In 2021, these routes carried over 1 million passengers. The Council passes through funding for Suburban Transit Providers. Suburban Transit Providers consist of 12 communities that have chosen to provide their own transit service as separate transit authorities. Suburban Transit Providers provide regular-route and dial-a-ride programs. Suburban Transit Providers provided nearly 1.0 million rides in 2021.

**Water services** - Metropolitan Council Environmental Services (MCES) provides wastewater treatment directly to 111 connected local municipalities within the Twin Cities seven-county region. MCES owns and operates over 600 miles of interceptor collection sewers along with nine treatment plants that treat an average 225 million gallons of wastewater per day. The system, which operates 24 hours a day, 365 days a year, has capacity to treat 358 million gallons per day.

All nine MCES wastewater treatment plants continue to perform at a high level in complying with clean water discharge permits. System-wide, wastewater was treated to 100.00 percent National Pollutant Discharge Elimination System (NPDES) compliance and all air emissions permits, and stack tests were successfully passed. The interceptor system had no notices of violations.

Six MCES wastewater treatment plants earned Platinum Awards for the National Association of Clean Water Agencies (NACWA) for six consecutive years or more of perfect discharge permit compliance through 2020. The awards were given in 2021 and include: Hastings (30 years), St. Croix Valley (29 years), Blue Lake (15 years), Eagles Point (15 years), Empire (13 years), and Metro (9 years). These compliance records are among the highest in the nation.

The 2021 annual budget for Environmental Services operations was funded primarily from the metropolitan wastewater charge allocated to municipalities (\$240.3 million) pursuant to Minnesota Statute 473.517. Municipal sewer rates to local homes and businesses in the metro region are relatively low, approximately 35.00 percent lower than the national average. The metropolitan wastewater charge, while limited to wastewater and certain total watershed management expenses, is not limited by statute; this allows the Council to set rates as needed to maintain the approximately \$7 billion (replacement cost) in infrastructure.

Sewer availability charge (SAC) units remain strong. The 26,035 SAC units in 2021 were 2.87 percent higher than the 35-year high of 25,309 in 2019. They were 291.33 percent higher than the all-time low of 6,653 units in 2009.

MCES also provides water supply research and planning for the region. Expenses for this program are not funded from wastewater fees, but from various other sources. In 2021, program expenses were \$1.04 million, and expenses are budgeted at \$1.50 million in 2022.

Approximately \$103.00 million was spent on capital projects in 2021 to support the regional goals of maintaining infrastructure, accommodating growth, and protecting the environment. Approximately \$54.00 million (52.00 percent) was spent on improvements to the regional interceptor system and \$49.00 million (48.00 percent) was spent on improvements to the nine wastewater treatment plants that are operated by Environmental Services. Capital projects are based on three needs: improvements to treatment or wastewater conveyance technology, expansion of the capacity within the regional treatment and conveyance system, and preservation of our existing facilities. In 2021, 14.00 percent of capital expenses were categorized as improvements, 21.00 percent as expansion, and 65.00 percent as preservation.

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

The regional parks system, which includes 56 regional parks and park reserves, 55 trails and 8 special recreation areas had 63.3 million visitors last year. Parks are operated by 10 partnering cities, counties, and special districts. These partners work with the Metropolitan Council to acquire and develop parks and trails to protect natural resources and to provide outdoor recreation for public enjoyment.

The Council also works with these regional partners to develop park policies that protect the park system, improve water quality, promote best management practices, help integrate the park systems with housing and transportation and ensure that the park system is available to all residents of the region.

**Housing** - An adequate supply of affordable housing for the region’s workforce is essential for economic vitality. The Council supports affordable housing in the region through various programs and initiatives. The Council’s Housing and Redevelopment Authority (HRA) operates the state’s largest federal Housing Choice Voucher rent assistance program. The Council ensures all available federal funds provided are used to assist just over 7,000 very low to extremely low-income households. This includes 150 Council owned and operated housing units known as the Family Affordable Housing Program in 11 suburban cities throughout Anoka, Ramsey, and Hennepin Counties. Additionally, the Council provides rent assistance to around 100 households through other state and federally funded rent assistance programs serving households with specialized needs such as disabled, homeless, or working toward self-sufficiency. In April 2021, the Metro HRA and Minneapolis Public Housing Authority were one of nine agencies awarded in partnership to participate in US Department of Housing and Urban Development’s (HUD) Housing Choice Voucher Mobility Demonstration Program. The Metro HRA also received 218 Emergency Housing Vouchers through the American Rescue Plan Act.

Working in partnership with cities, counties and municipal development authorities, the Council, through its Livable Communities Programs, provides grants to projects that: clean up contaminated land for redevelopment; promote efficient, connected development; and support the development and preservation of affordable and lifecycle housing. In 2021, 59 metropolitan area communities are participating in the voluntary Livable Communities Act Local Housing Incentives program.

## **Financial Information**

The 2021 unified budget was adopted by the Council on December 9, 2020. The original adopted budget for operations, pass-through expenditures and debt service was \$1.16 billion, representing a 0.87 percent increase from the budget adopted in 2020. During the year, the budget was revised to \$1.19 billion, primarily to recognize carry forward of budgeted expenses for projects initiated in the prior year but that are expected to be completed during 2021 and to recognize additional pass-through expenditures supported by federal pandemic relief funds in 2021.

The Council budget relies on several funding sources. In the 2021 amended budget, \$379.71 million in revenues and transfers from other funds come from wastewater treatment service fees and transit fare revenues. Intergovernmental revenues from federal, state, and local sources total \$502.07 million and \$88.74 million of revenues comes from property tax levies.

## METROPOLITAN COUNCIL

The Council receives a percentage of the state Motor Vehicle Sales Tax (MVST) to fund transit expenditures. In 2021, MVST revenues were projected at \$296.32 million. The sales tax on motor vehicle sales is a single sector tax and has historically experienced significant volatility in the amount generated from year to year. To address this volatility, the Council only budgets 95.00 percent of its share of forecasted revenues and does not budget the additional 5.00 percent until the following budget year if it is received.

The Council also adopted its 2021 capital program as part of the unified budget adopted in December 2020. The capital program includes an authorized capital program (ACP) and a six-year capital improvement plan (CIP) reflecting the Council's commitment to maintain and preserve regional investments in wastewater services, transit services, and regional parks and trails. The adopted 2021 capital program totaled \$9.54 billion, including \$4.90 billion in projects in the authorized capital program and \$4.64 billion in planned projects in the capital improvement plan. The adopted 2021 capital program included an annual capital budget of \$3.47 billion.

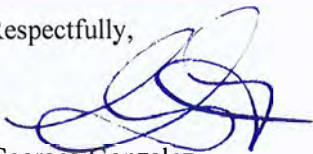
### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Council for its annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the thirty-eighth consecutive year the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both GAAP and applicable legal requirements.

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

This report is prepared with the professional and dedicated services of the finance staff. Support from the entire staff is required to produce the report in a timely manner. Staff in many other departments of the Metropolitan Council also provided data. I want to express my appreciation for the dedication of the staff members for their contribution in preparation of this report.

Respectfully,



Georges Gonzalez  
Deputy Regional Administrator and Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

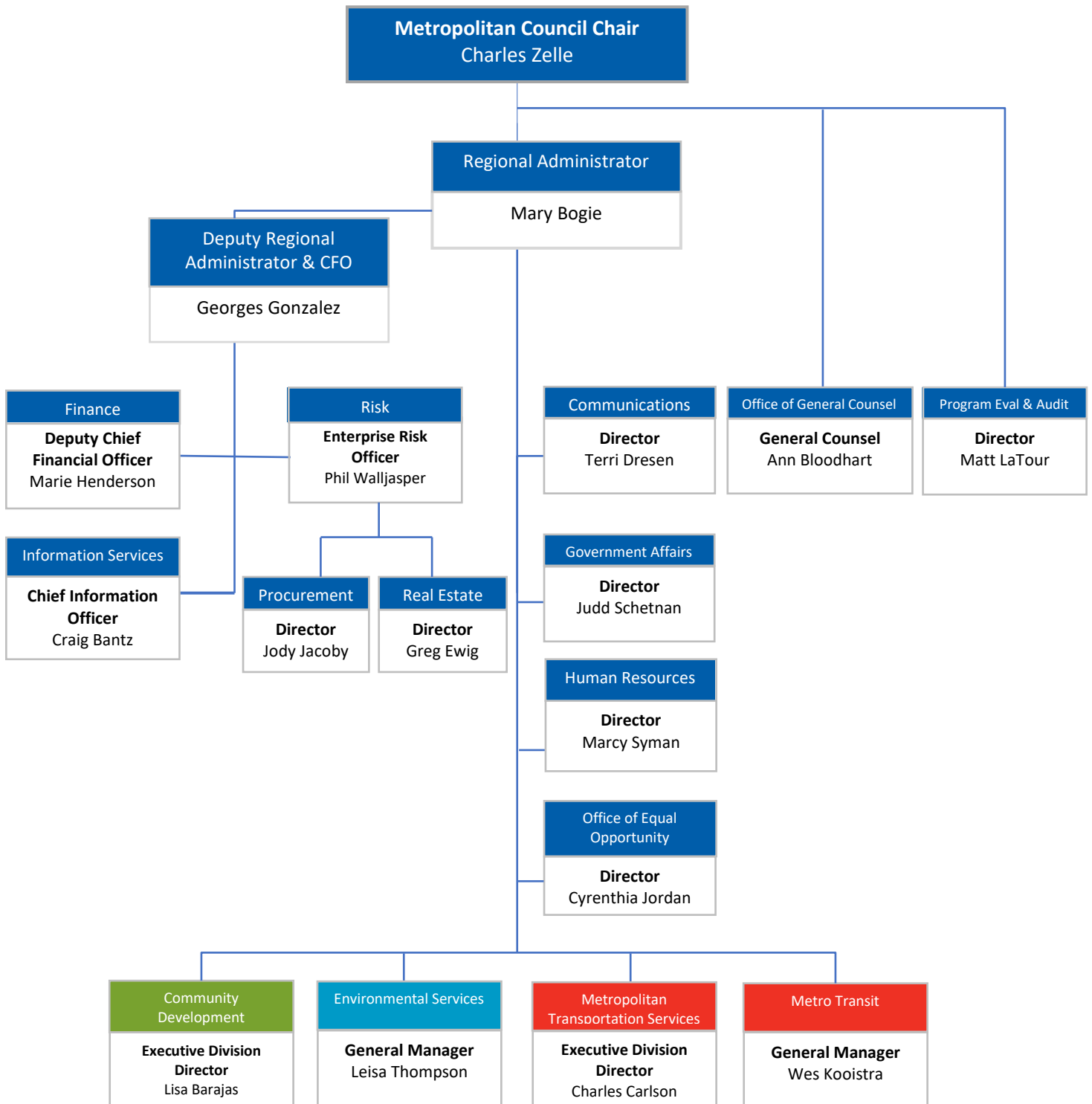
*Christopher P. Morill*

Executive Director/CEO



# Metropolitan Council Organizational Chart

December 2021



		Term of Office	
<b><i>COUNCIL MEMBERS</i></b>		<b>First Appointed</b>	<b>End of Term</b>
<b>Chair:</b>	Charles Zelle	January 6, 2020	January 2, 2023
<b>District Members:</b>			
District No. 1	Judy Johnson	March 6, 2019	January 2, 2023
District No. 2	Reva Chamblis	March 6, 2019	January 2, 2023
District No. 3	Christopher Ferguson	March 6, 2019	January 31, 2022
District No. 4	Deb Barber	March 8, 2015	January 2, 2023
District No. 5	Molly Cummings	March 6, 2019	January 2, 2023
District No. 6	Lynnea Atlas-Ingebretson Vacant	March 6, 2019 October 8, 2021	October 7, 2021 February 28, 2022
District No. 7	Robert Lilligren	March 6, 2019	January 2, 2023
District No. 8	Abdirahman Muse	March 6, 2019	January 2, 2023
District No. 9	Raymond Zeran	March 6, 2019	January 2, 2023
District No. 10	Peter Lindstrom	March 6, 2019	January 2, 2023
District No. 11	Susan Vento	March 6, 2019	January 2, 2023
District No. 12	Francisco J. Gonzalez	March 6, 2019	January 2, 2023
District No. 13	Chai Lee	March 6, 2019	January 2, 2023
District No. 14	Kris Fredson	March 6, 2019	January 2, 2023
District No. 15	Phillip Sterner	March 6, 2019	January 2, 2023
District No. 16	Wendy Wulff	April 22, 2009	January 2, 2023



***OFFICERS***

---

Chair	Charles Zelle
Vice-Chair	Molly Cummings
Treasurer	Georges Gonzalez
Secretary	Elizabeth Sund

***FINANCIAL ADMINISTRATIVE OFFICIALS***

---

Regional Administrator	Mary Bogie
Chief Financial Officer	Georges Gonzalez



**METROPOLITAN COUNCIL**

# FINANCIAL SECTION







**METROPOLITAN COUNCIL**





## INDEPENDENT AUDITOR'S REPORT

Members of the Council and Audit Committee  
Metropolitan Council of the Twin Cities Area  
Saint Paul, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Council of the Twin Cities, a component unit of the State of Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Metropolitan Council's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Council, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Metropolitan Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Metropolitan Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Metropolitan Council's internal control. Accordingly, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Metropolitan Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules for the General Fund and each major special revenue fund, Pension Schedules, Other Postemployment Benefit Plan schedule, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metropolitan Council's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules, Budgetary Comparison Schedules for nonmajor funds and the General Fund by Division, Bonds/Loans/Notes Outstanding, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

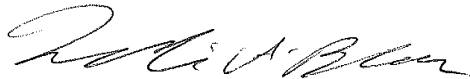
### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the Metropolitan Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Metropolitan Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Metropolitan Council's internal control over financial reporting and compliance.



JULIE BLAHA  
STATE AUDITOR



DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

June 27, 2022



## 2021 Annual Comprehensive Financial Report Management's Discussion and Analysis (Unaudited)

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The following discussion and analysis of the Metropolitan Council financial performance provides an overview of the Council's financial activities for the fiscal year ending December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information furnished in our preceding transmittal letter and the Metropolitan Council's basic financial statements following this section.

### Financial Highlights

- The assets and deferred outflows of resources of the Metropolitan Council exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5.04 billion. Of this amount, \$3.83 billion or 76.14 percent represents net investment in capital assets.
- The Metropolitan Council's total net position increased by \$771.02 million, or 18.08 percent compared to the prior year's net position. Net position from business-type activities increased by \$784.13 million, mainly due to increased activity on the Metro Transit Bus and Metro Transit Light Rail lines. Governmental activities net position decreased by \$13.11 million, mainly due to an increase in transfers to Metro Transit for capital activities.
- At the close of the current fiscal year, the Metropolitan Council's governmental funds reported combined fund balances of \$487.92 million, a decrease of \$88.11 million, or 15.30 percent.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$42.90 million, an increase of \$4.07 million or 10.48 percent compared to the previous year's fund balance. Approximately \$26.62 million of this amount is unassigned fund balance and available for spending on the general purpose needs of the Council.
- The Metropolitan Council's total outstanding long-term debt increased by \$209.49 million. The Council issued \$519.01 million in bonds, notes, and loans while paying down \$309.52 million during the current fiscal year.

### Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Metropolitan Council's basic financial statements. The Council's basic financial statements consist of three components:

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

This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

### Government-wide Financial Statements

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

The Statement of Net Position presents financial information on all the Council's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increase or decrease in net positions may serve as a useful indicator of whether the financial condition of the Metropolitan Council is improving or deteriorating.

The Statement of Activities presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes, accounts receivable and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Metropolitan Council that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Metropolitan Council include general government, housing, transportation, environment, economic development, and culture and recreation. The business-type activities of the Metropolitan Council include wastewater treatment, public transportation, housing and redevelopment, and internal service fund.

The government-wide financial statements can be found on pages 20-21 of this report.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Metropolitan Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Metropolitan Council can be divided into two categories: governmental funds and proprietary funds.

### Governmental funds

Governmental funds are used to account for essentially the same functions as reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing the Council's near-term financing requirements.

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

The Metropolitan Council maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Metro Mobility Special Revenue Fund, Suburban Transit Providers Special Revenue Fund, and Debt Retirement Fund, which 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 in the combining and individual fund statements and schedules section of this report.

The Metropolitan Council adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

### Proprietary funds

The Metropolitan Council maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Metropolitan Council uses enterprise funds to account for its wastewater treatment, bus transportation, light rail transportation, commuter rail transportation and housing operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Metropolitan Council's various functions. The Metropolitan Council uses internal service funds to account for its self-insurance. Because this service predominantly benefits business-type functions rather than governmental functions, it has been included within business-type activities in the government-wide financial statements, with a small portion allocated to governmental funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary funds utilize accrual basis accounting which is the same method used by private-sector businesses. The proprietary fund financial statements provide separate information for wastewater treatment, bus transportation, light rail transportation, commuter rail transportation and housing operations, all five funds are considered to be major funds of the Metropolitan Council.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

## Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-68 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Metropolitan Council funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 69-82 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements, bonds/loans/notes outstanding statement, and schedules can be found on pages 83-100 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 101-127 of this report.

## Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Metropolitan Council, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5.04 billion, at the end of 2021.

### Metropolitan Council Net Position December 31, 2021 and 2020 (In Thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 525,572	\$ 635,591	\$ 1,888,344	\$ 1,409,777	\$ 2,413,916	\$ 2,045,368
Capital assets	120,735	122,574	5,614,788	5,124,876	5,735,523	5,247,450
Total assets	646,307	758,165	7,503,132	6,534,653	8,149,439	7,292,818
Deferred outflows of resources:						
Outflows – derivative instrument	-	-	-	1,495	-	1,495
Outflows - pension	17,211	1,899	145,939	24,341	163,150	26,240
Outflows – OPEB	1,576	1,705	54,967	60,777	56,543	62,482
Total deferred outflows of resources	18,787	3,604	200,906	86,613	219,693	90,217
Long-term liabilities outstanding	235,565	302,537	2,319,733	2,069,077	2,555,298	2,321,614
Other liabilities	37,358	58,905	387,834	383,254	425,192	442,159
Total liabilities	273,923	361,442	2,707,567	2,452,331	2,980,490	2,813,773
Deferred inflows of resources:						
Inflows – derivative instrument	-	-	6,196	-	6,196	-
Inflows - pension	36,126	31,080	303,938	260,572	340,064	291,652
Inflows - OPEB	168	264	6,378	12,531	6,546	12,795
Total deferred inflows of resources	36,294	31,344	316,512	273,103	352,806	304,447
Net position:						
Net investment in capital assets	77,929	75,276	3,756,183	3,548,318	3,834,112	3,623,594
Restricted	403,371	355,823	778,460	287,424	1,181,831	643,247
Unrestricted	(125,423)	(62,116)	145,316	60,090	19,893	(2,026)
Total net position	\$ 355,877	\$ 368,983	\$ 4,679,959	\$ 3,895,832	\$ 5,035,836	\$ 4,264,815

By far, the largest portion of the Metropolitan Council's net position, \$3.83 billion or 76.14 percent reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The Metropolitan Council uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the Metropolitan Council's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Metropolitan Council's net position, \$1.18 billion or 23.47 percent reflects resources that are subject to external restrictions on how they may be used. Net position restrictions are primarily due to State legislation and bond covenants. These components of net position consist of debt service, capital projects, highway right-of-way, economic revitalization, environment development, housing, and regional land use. The increase in the restricted net position, \$538.58 million, came primarily from capital project activities.

The remaining balance of \$19.89 million is unrestricted net position. The increase of \$21.92 million came primarily from lower actuarial pension expenses. Negative unrestricted net position results from debt obligations being reported in governmental activities, while related capital assets are recognized in the business-type activities.

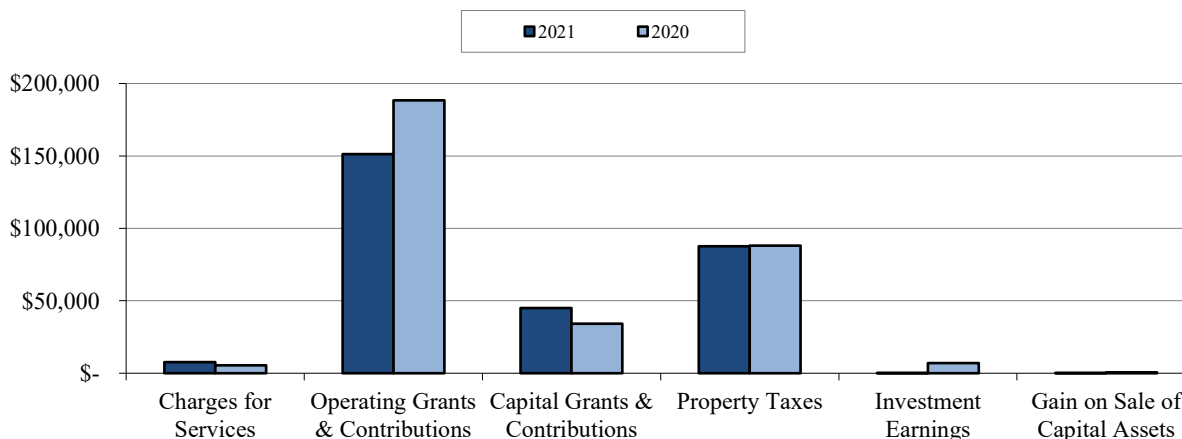
At the end of the current fiscal year, the Metropolitan Council is able to report positive balances in all three categories of net position. Governmental activities had positive balances in two of the three categories, and business-type activities had positive in all three categories. The Metropolitan Council's combined net position for governmental and business-type activities increased by \$771.02 million, or 18.08 percent from the prior year's net position. The reasons for this overall increase are discussed in the following sections for the governmental activities and business-type activities.

**Changes in Net Position**  
**Fiscal Years Ended December 31, 2021 and 2020**  
(In Thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 7,659	\$ 5,440	\$ 348,440	\$ 345,128	\$ 356,099	\$ 350,568
Operating grants and contributions	151,250	188,276	403,014	581,316	554,264	769,592
Capital grants and contributions	44,961	34,096	669,904	517,959	714,865	552,055
General revenues:						
Property taxes	87,640	88,027	-	-	87,640	88,027
Investment earnings	56	6,951	55,811	44,227	55,867	51,178
Gain on sale of capital assets	218	639	-	-	218	639
Total revenues	291,784	323,429	1,477,169	1,488,630	1,768,953	1,812,059
Expenses:						
General government	(7,781)	15,655	-	-	(7,781)	15,655
Transportation	194,361	194,598	-	-	194,361	194,598
Culture and recreation	27,473	43,375	-	-	27,473	43,375
Economic revitalization	8,810	12,464	-	-	8,810	12,464
Environment development	3,467	5,363	-	-	3,467	5,363
Housing	1,050	1,358	-	-	1,050	1,358
Interest and other charges	5,305	7,290	-	-	5,305	7,290
Environmental services	-	-	214,675	270,791	214,675	270,791
Transit bus	-	-	300,492	410,907	300,492	410,907
Transit light rail	-	-	146,813	148,492	146,813	148,492
Transit commuter rail	-	-	14,317	23,208	14,317	23,208
Housing	-	-	88,950	84,740	89,950	84,740
Total expenses	232,685	280,103	765,247	938,138	997,932	1,218,241
Increase (decrease) in net position before transfers	59,099	43,326	711,922	550,492	771,021	593,818
Transfers	(72,205)	(42,104)	72,205	42,104	-	-
Increase (decrease) in net position	(13,106)	1,222	784,127	592,596	771,021	593,818
Net position, beginning	368,983	367,761	3,895,832	3,303,236	4,264,815	3,670,997
Net position, ending	\$ 355,877	\$ 368,983	\$ 4,679,959	\$ 3,895,832	\$ 5,035,836	\$ 4,264,815

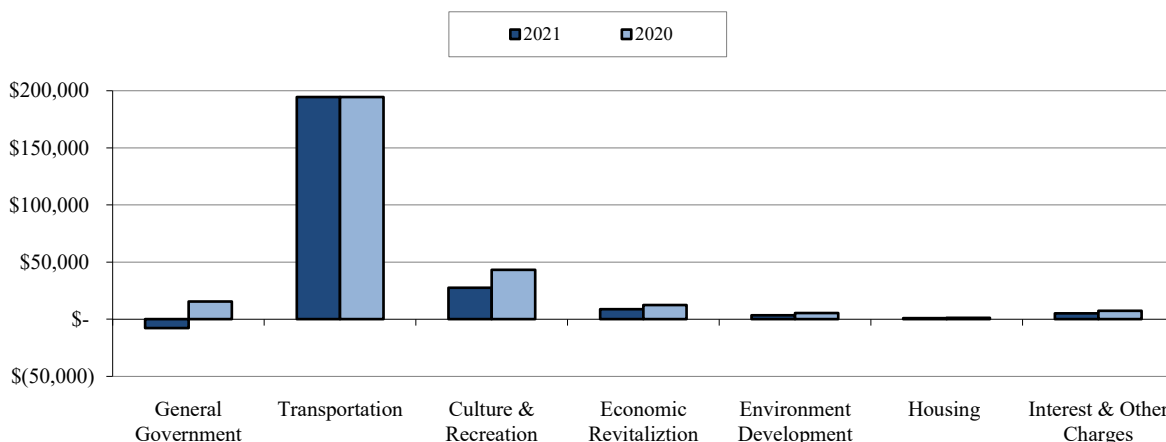
**Governmental Activities.** During the current fiscal year, net position for governmental activities decreased \$13.11 million or 3.55 percent of the difference from the prior fiscal year for an ending balance of \$355.88 million.

**Governmental Activities Revenues**  
**Fiscal Years Ended December 31, 2021 and 2020**  
(In Thousands)



Governmental activities are supported by charges for services, operating grants, and capital grants and contributions. Additionally, general revenues cover any expenses after program specific revenues are applied. In 2021, the Council relied primarily on property taxes for funding governmental activities beyond program revenues. Specifically, property taxes supported the Council’s General Fund activity and parks debt service activity. Some revenues for the Council’s governmental activities are derived directly from the program itself (referred to as charges for services), parties outside the government, taxpayers, or citizenry. As a whole, these revenues reduce the net cost of the function to be financed from the government’s general revenue. Governmental activities program revenues totaled \$203.87 million, a decrease of \$23.94 million, or 10.51 percent, compared to 2020. A decrease in operating grant revenues of \$37.03 million, an increase in charges for services revenues of \$2.22 million, and an increase in capital grant revenues of \$10.87 million account for this change. The change in operating grant revenue reflects a decrease in federal COVID-19 pandemic funding received in 2021 compared to 2020. The increase in charges for services was due to increases in ridership as the pandemic slowly improved during the year. The change in capital grant revenue was due to an increase in both parks and transit projects. Total governmental activities general revenues were \$87.91 million, a decrease of \$7.70 million or 8.06 percent under the prior year. This is largely due to a decrease in investment earnings, reflecting lower market yields. Property taxes supporting general fund activity and parks debt service activity decreased slightly, by \$0.39 million.

**Governmental Activities Program Expenses**  
**Fiscal Years Ended December 31, 2021 and 2020**  
**(In Thousands)**

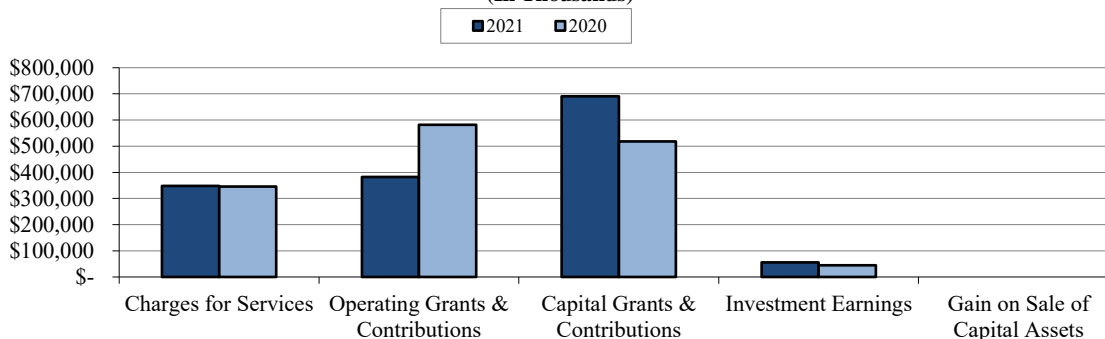


In 2021, expenses for governmental activities decreased by \$47.42 million, 16.93 percent, to \$232.69 million. General government expenses decreased by \$23.44 million primarily due to lower actuarial pension expenses. Transportation expenses decreased \$0.24 million, and culture and recreation expenses decreased by \$15.90 million due to timing of parks projects. In addition, interest expense decreased by 1.99 million, and the Council’s livable communities’ programs for housing, economic revitalization, and environment development decreased by \$5.86 million. The unexpended balances of all livable community grants programs are reported as restricted net position.

Depreciation for the year was \$23.54 million, a decrease of \$1.51 million from 2020. Net transfers to business-type activities increased by \$30.10 million to \$72.21million. Transfers were primarily capital expense reimbursements, with Metro Transit Bus the primary recipient. Net salaries and benefits increased by \$0.04 million and payments to outside transit providers increased by \$7.85 million due to an increase in state motor vehicle sales tax passed through to Suburban Transit Providers.

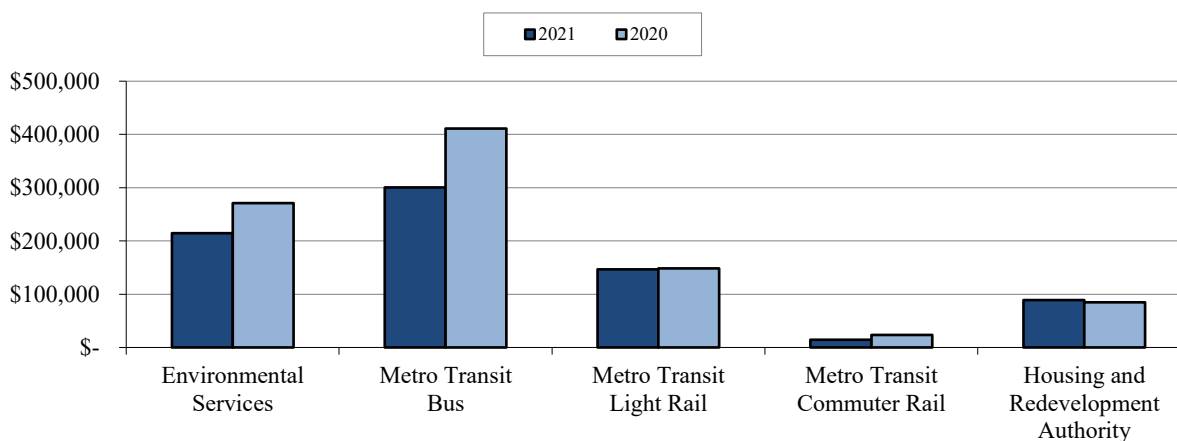
**Business-type Activities.** For the Metropolitan Council’s business-type activities, the results for the current fiscal year increased the overall net position to reach an ending balance of \$4.68 billion. The total increase in net position for business-type activities (Environmental services, Transit bus, Transit light rail, Transit commuter rail, and Housing) was \$784.13 million or 20.13 percent from the prior fiscal year’s net position.

**Business-type Activities Revenues**  
**Fiscal Years Ended December 31, 2021 and 2020**  
**(In Thousands)**



Program revenues for the Council’s business-type activities totaled \$1.42 billion, or 185.74 percent of related expenses for fiscal year 2021 compared to \$1.44 billion, 153.96 percent of related expenses, in the prior year. Capital grants increased by \$151.95 million, primarily due to increased activity on the Minneapolis Bus Garage and Bus Rapid Transit Lines. Operating grants revenue decreased by \$178.30 million, reflecting a decrease in federal pandemic funding received during the year. Charges for services revenues increased by \$3.31 million due to increased wastewater and sewer availability charges. Investment earnings increased by \$11.58 million, reflecting higher investment balances during the year.

**Business-type Activities Expenses**  
**Fiscal Year Ended December 31, 2021 and 2020**  
(In Thousands)



Business-type activities in 2021 incurred expenses of \$765.25 million, a decrease of \$172.89 million, or 18.43 percent, from the prior year. Lower actuarial pension expenses account for the reduced expenditure. Metro Transit Bus expenses decreased by \$110.42 million, Metro Transit Light Rail expenses decreased by \$1.68 million, Metro Transit Commuter Rail expenses decreased by \$8.89 million and Environmental services program expenses decreased by \$56.12 million. These decreases were offset by an increase of \$4.21 million in Housing and Redevelopment Authority expenses, which came from increased average rent costs in the program.

Overall salaries and benefit related expenses decreased by \$205.74 million to \$235.75 million due to lower actuarial pension expenses in all programs as well as several open positions in the Metro Transit and Environmental Services programs. Environmental Service contracted services decreased by \$5.22 million due to reduction in contracts. These decreases were offset by increases in claims (\$11.61 million), housing payments (\$5.54 million), materials (\$4.87 million), and depreciation expense (\$10.80 million). Depreciation expense increased to \$205.19 million from \$194.40 million in 2020. General inflationary factors account for increases to other operating expense categories.

## Financial Analysis of the Governmental Funds

As noted earlier, the Metropolitan Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the Metropolitan Council’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Metropolitan Council’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose at the end of the fiscal year.

As of December 31, 2021, the Metropolitan Council’s governmental funds had combined fund balances of \$487.92 million, a decrease of \$88.11 million in comparison with the prior year. Approximately \$26.62 million of this amount is available for spending at the Council’s discretion as unassigned fund balance in the General Fund. Negative unassigned fund balance, \$52.34 million, in Nonmajor Governmental Funds represents Parks and Open Space Grants and is deemed unassigned because the restricted amounts for future grant payments are to be funded by future bonding and State reimbursements. The remainder of the fund balance is either restricted, committed or assigned to indicate that it is: restricted for particular purposes, \$403.37 million; committed for particular purposes, \$101.88 million; or assigned for particular purposes, \$8.38 million.

Revenues from all governmental funds for the current year were \$291.70 million, a decrease of \$30.86 million, 9.57 percent, from the previous year. Governmental funds share of state appropriation revenue, used to support metro mobility transit operations, decreased by \$13.75 million. Federal operating grant revenues decreased \$24.02 million, reflecting a decrease in federal COVID-19 pandemic funding received in 2021 compared to 2020. Capital grant revenues decreased by \$2.72 million for parks capital projects and increased by \$13.04 million for transit capital projects, due to the timing of project expenses. Taxes decreased by \$0.03 million and investment earnings decreased by \$6.90 million.

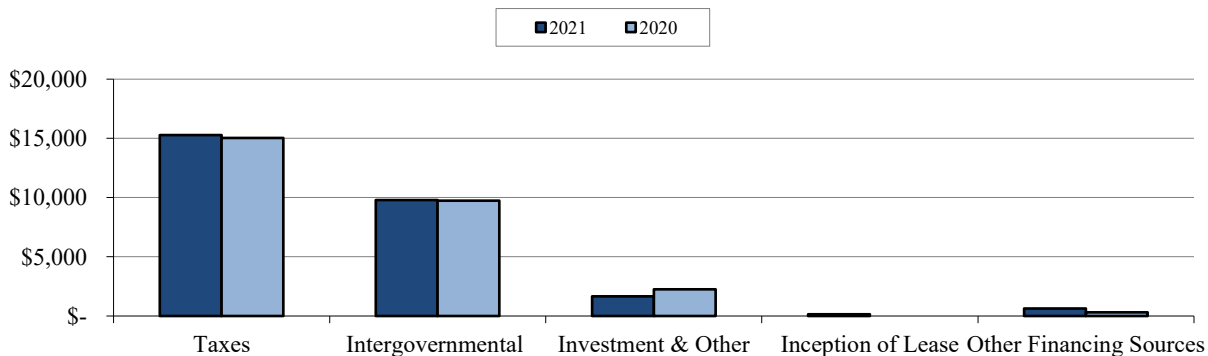
Expenditures for all governmental funds in the current year were \$314.43 million, an increase of \$9.0 million from the previous year. Culture and recreational program expenditures decreased by \$15.90 million primarily due to the timing of regional parks activity. The Council’s livable communities programs (housing, economic revitalization, and environment development) spending decreased by \$5.86 million, reflecting environment and economic development projects in a planning phase during the year. Transportation expenditures increased by \$5.94 million to \$170.87 million, due to increases in operating expenses and pass-through grants. Debt service principal and interest payments increased by \$14.06 million, to a total of \$68.45 million. Capital outlay increased by \$10.90 million to \$22.41 million due to the large bus fleet replacement schedule.

The General Fund is the main operating fund of the Metropolitan Council. At the end of 2021, \$8.46 million was committed for specific purposes and \$7.81 million was assigned for existing obligations, leaving \$26.62 million unassigned. The General Fund reserve balance increased by \$4.07 million to \$42.90 million, or 10.48 percent over the prior year. Approximately \$3.22 million of the increase is due to incomplete projects carried over to 2022, with the difference due to decreased consulting costs.

**General Fund  
Revenues by Source and Other Financing Sources  
Fiscal Years Ended December 31, 2021 and 2020  
(In Thousands)**

	2021		2020		Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	
<b>Revenues by Source</b>					
Taxes	\$15,285	55%	\$15,033	55%	\$ 252
Intergovernmental Revenues	9,787	36%	9,745	36%	42
Investment Income and Other	1,649	6%	2,242	8%	(593)
Inception of Lease	143	1%	-	-	143
Other Financing Sources	633	2%	314	1%	319
<b>Total Revenue and Other Financing Sources</b>	<b>\$27,497</b>	<b>100%</b>	<b>\$27,334</b>	<b>100%</b>	<b>\$ 163</b>

**General Fund  
Revenues by Source and Other Financing Sources  
Fiscal Years Ended 2021 and 2020  
(In Thousands)**



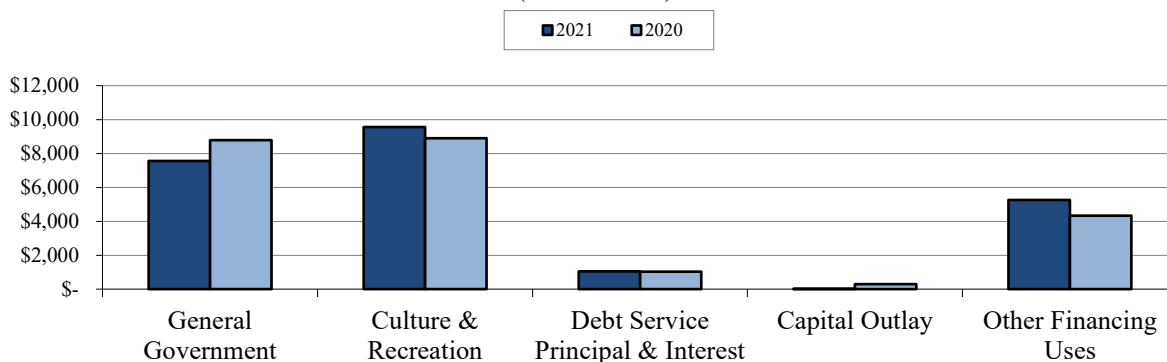


General Fund revenues increased by \$0.02 million over the previous year. Investment and other income decreased by \$0.59 million primarily due to market yields. Tax revenue increased by \$0.25 million and intergovernmental revenue increased by \$0.04 million. General Fund operating transfers-in, used primarily for water supply planning in 2021, increased by \$0.32 million to \$0.63 million.

**General Fund  
Expenditures by Function and Other Financing Uses  
Fiscal Years Ended December 31, 2021 and 2020  
(In Thousands)**

	2021		2020		Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	
<b>Expenditures by Function</b>					
General Government	\$ 7,560	32%	\$ 8,790	38%	\$ (1,230)
Culture and Recreation	9,565	41%	8,903	38%	662
Debt Service (Principal Only)	947	4%	900	4%	47
Debt Service (Interest Only)	96	1%	123	1%	(27)
Capital Outlay	7	-	296	1%	(289)
Total Expenditures	\$ 18,175	78%	\$ 19,012	82%	\$ (837)
Other Financing Uses	5,254	22%	4,336	18%	918
Total Expenditures and Other Financing Uses	\$ 23,429	100%	\$ 23,348	100%	\$ 81

**General Fund  
Expenditures by Function and Other Financing Uses  
Fiscal Years Ended December 31, 2021 and 2020  
(In Thousands)**



General Fund expenditures (net of allocations) during the current year were \$18.18 million, a decrease of \$0.84 million under the previous year. Other financing uses, transfers out, increased by \$0.92 million. The General Fund budgeted and transferred out \$1.00 million for livable communities as required by State statute, \$4.0 million to further support affordable housing initiatives. Transfers out for business-type activities included \$0.25 million to Environmental Services for reimbursement of water supply program expenditures. Actual expenditures for general government expenses were under budget due to lower than anticipated spending on contracted services, capital outlays.

In 2021, the Metro Mobility Fund balance decreased by \$20.64 million to \$53.58 million. Metro Mobility’s total revenues decreased by \$21.75 million to \$64.13 million. State revenues decreased by \$13.75 million due to a change in state legislation. Federal revenues decreased \$9.48 million due to fewer CARES Act operating grant dollars used to support the Metro Mobility programs. The number of passenger trips and passenger miles increased by 30.19 percent and 21.83 percent respectively, and fare revenues increased by 53.71 percent to \$6.12 million due to the increase usage of public transportation as cities opened back up from the pandemic. Total Metro Mobility expenditures were \$84.77 million for the year, an increase of \$2.66 million compared to 2020. The increase was primarily due to increased fuel costs related to improved ridership and higher fuel prices during the year.

The Suburban Transit Providers Special Revenue Fund is a pass-through fund. Suburban Transit Provider’s total revenues increased by \$5.02 million to \$53.35 million. State motor vehicle sales tax revenue increased by \$7.25 million, reflecting an improvement in auto sales over the lows experienced in 2020 due to the COVID-19 pandemic. Federal revenue decreased by \$2.23 million due to reduced reliance on federal COVID-19 grant funding compared to the prior year. Total expenditures for the year, consisting of pass-through payments to regional transportation programs, were \$54.03 million or equal to total revenues.



The Debt Retirement Fund balance decreased by \$22.94 million to \$121.67 million as anticipated for debt repayments. Property tax related revenues decreased \$0.51 million under the prior year to \$54.85 million. Investment earnings decreased by \$1.82 million. Total debt service payments were \$67.41 million, an increase of \$14.04 million from the prior year.

## Financial Analysis of Proprietary Funds

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

### Proprietary Funds

The Council has five enterprise funds: Environmental Services, Metro Transit Bus, Metro Transit Light Rail, Metro Transit Commuter Rail, and Metropolitan Housing and Redevelopment Authority. Additionally, the Council has one Internal Service fund. Each enterprise fund is reported as a major fund. The Internal Service fund accounts for self-insured medical and dental insurance related to Regional Administration, Metro Transit, and Environmental Services. The Regional Administration related portion of the Internal Service fund is allocated to the governmental activities, which is accounted for in the governmental funds through governmental activities reconciliation.

Overall, the enterprise funds had a total net position of \$4.64 billion as of December 31, 2021. The total net position for all enterprise funds increased by \$789.64 million during 2021 compared to the prior year's net position. Capital grant revenues account for most of this increase.

**Proprietary Funds**  
**Key Balance Sheet Account Balances and Revenue and Expense Activities**  
**Fiscal Years Ended December 31, 2021 and 2020**  
**(In Thousands)**

	Enterprise Funds					Total 2021	Total 2020	Internal Service
	Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority			
		Bus	Light Rail	Commuter Rail				
Assets	\$ 2,666,242	\$ 1,450,719	\$ 3,145,930	\$ 168,059	\$ 26,186	\$ 7,457,136	\$ 6,482,827	\$ 50,894
Deferred outflows of resources	31,226	144,441	22,403	1,395	1,441	200,906	86,613	-
Liabilities	1,669,174	439,021	587,227	5,430	2,738	2,703,590	2,448,035	9,269
Deferred inflows of resources	74,968	192,611	42,522	3,242	3,169	316,512	273,103	-
Operating Income (Loss)	76,585	(270,979)	(131,428)	(14,170)	(88,094)	(428,086)	(605,870)	(6,796)
Changes in Net Position	121,429	322,823	346,323	(2,808)	1,871	789,638	586,082	(6,606)
Net Position	953,326	963,528	2,538,584	160,782	21,720	4,637,940	3,848,302	41,625

The Environmental Services Fund accounts for the operations, maintenance, and design of the regional wastewater (sanitary sewer) system. Normal operations were positive, mainly due to increased charges for services and operating grants. Net capital assets increased by \$48.16 million.

Metro Transit Bus is the region's largest direct provider of bus transit service. For December 31, 2021, net investment in capital assets was \$707.65 million, an increase of \$110.88 million. This increase was due to investment in buildings, including the new Minneapolis bus garage, buses and the planning and construction in progress of several new bus rapid transit lines.

The Metro Transit Light Rail Fund provides the region's light rail transit service. For December 31, 2021, the net investment in capital assets was \$2.01 billion, no change from the prior year with the continuation of planning and construction in progress for Light Rail extensions.

The Metro Transit Commuter Rail Fund provides the region's commuter rail transit service. For December 31, 2021, the net investment in capital assets was \$150.87 million, a decrease of \$6.94 million mostly from accumulated depreciation.

The Metropolitan Housing and Redevelopment Authority provides affordable housing under the Federal Section 8 housing choice voucher program and other housing programs. The net position balance for the year ended December 31, 2021, was \$21.72 million, of which \$6.17 million was net investment in capital assets.

## General Fund Budgetary Highlights

The original expenditure budget was increased by \$4.02 million to arrive at the final budget of \$27.10 million. The original budget increased due to:

- \$76.95 thousand in additional budget carryovers from 2020 for Enterprise Building Access System Replacement, and
- \$448.00 thousand in additional budget carryovers from 2020 for VMWare server refresh.
- \$425.00 thousand in additional parks operating and maintenance expenses.
- \$3.07 million in salaries, consulting, cost allocations.

During the year, however, actual operating expenditures were \$8.92 million lower than the final budget. This amount includes \$3.22 million in carryover to 2022, the balance was mainly a result of lower consulting costs and salaries saving from open positions.

## 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, 2021, amounted to \$5.74 billion, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, water treatment plants, machinery, equipment, vehicles, and the right-to-use all assets' categories as required by GASB Statement No. 87 "Leases". The total increase in capital assets for the current fiscal year was approximately 9.30 percent.

**Metropolitan Council Capital Assets**  
**(Net of Accumulated Depreciation and Amortization)**  
**Fiscal Years Ended December 31, 2021 and 2020**  
**(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 215	\$ 215	\$ 257,997	\$ 256,838	\$ 258,212	\$ 257,053
Right-to-use land	-	-	3,887	-	3,887	-
Buildings and infrastructure	10,011	10,419	2,879,968	2,870,738	2,889,979	2,881,157
Right-to-use buildings	126	-	8,040	-	8,166	-
Vehicles and other equipment	110,383	111,940	439,342	423,395	549,725	535,335
Construction in progress	-	-	2,025,554	1,573,905	2,025,554	1,573,905
Total	\$ 120,735	\$ 122,574	\$ 5,614,788	\$ 5,124,876	\$ 5,735,523	\$ 5,247,450

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

The Metropolitan Council's net capital assets for governmental activities decreased by 1.84 million for the year.

The business-type activities had an increase of \$489.91 million. Approximately \$477.99 million of the increase relates to council-owned assets and \$11.93 million relates to accounting for right-to-use leased assets required by GASB Statement No. 87 "Leases". Increases of \$334.50 million in Metro Transit Light Rail, \$114.74 million in Metro Transit Bus and \$48.16 million in Environmental Services were offset by decreases of \$6.85 million in Metro Commuter Rail and \$0.64 million in Metropolitan Housing and Redevelopment Authority.

Additional information on the Metropolitan Council's capital assets can be found in Note IV.E on page 46 of this report.

## Debt Administration

At the end of the fiscal year, the Metropolitan Council had total bonds and loans outstanding of \$1.90 billion. Of this amount, \$1.37 billion was for general obligation bonds and notes issued by the Metropolitan Council and \$524.98 million was for loans from the State of Minnesota Public Facilities Authority. General obligation bonds and loans are backed by the full faith and credit of the Metropolitan Council.

**Metropolitan Council Outstanding Debt  
General Obligation Bonds and Loans  
December 31, 2021 and 2020  
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
General obligation bonds and notes	\$ 193,320	\$ 245,380	\$ 1,179,390	\$ 919,115	\$ 1,372,710	\$ 1,164,495
State of Minnesota loans	-	-	524,984	524,131	524,984	524,131
Total of general obligation bonds and loans	\$ 193,320	\$ 245,380	\$1,704,374	\$1,443,246	\$ 1,897,694	\$ 1,688,626

The Metropolitan Council's total debt increased by \$209.07 million, or 12.38 percent, during the year. General obligation bonds and notes increased by \$208.22 million, the State of Minnesota Public Facilities Authority loans increased by \$0.85 million. The Council issued \$463.60 million of new bonds, while retiring \$255.39 million of bonds and loans. Also, during 2021 the Metropolitan Council drew down \$54.99 million in State of Minnesota loans and repaid \$54.14 million on existing State of Minnesota loans.

The Metropolitan Council maintains an “AAA” rating from Standard and Poor's and Fitch Ratings and an “Aaa” rating from Moody's Investors service for general obligation debt.

Minnesota statutes does not limit the amount of general obligation debt on wastewater bonds. The state statutes limit the amount of general obligation debt the Metropolitan Council may issue for regional recreation open space at \$40.00 million. The current unused authority is \$33.88 million. Transit debt is subject to limited amounts as authorized by statute. At the end of the year, the Metropolitan Council had unissued authority of \$212.22 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 50-52 of this report.

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

The following economic factors currently affect the Metropolitan Council and were considered in developing the 2022 fiscal year budget.

- The Council’s operating budget relies on several funding sources. For 2022, total state revenues (state general fund appropriations and motor vehicle sales taxes) are expected to represent 39.48 percent of total revenues and other sources, an increase of 5.10 percent from 2021.
- A major factor that has helped the economic outlook affecting the Council’s operating budget for the Transit funds, is the reliance on the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARP).
- The Council uses the state November forecast to establish budget parameters for motor vehicle sales taxes. The state February forecast projects motor vehicle sales taxes will be 1.18 percent lower than forecasted in November. Receipts in excess of budget fall to reserve balances and are considered in the next budget cycle.
- User fees represent 31.63 percent of total revenues and other sources for 2022, an increase of 2.11 percent from the 2021 adopted budget. Transit service fees increased due to a rise in ridership and transit service levels, as operations continue to recover from impacts caused by the Covid-19 pandemic. Wastewater treatment fees increased 3.57 percent, which is more than inflation mainly due to using sewer availability charge reserves to fund capital projects.
- The certified property tax levy approved by the Council for amounts payable in 2022 represents a 2.00 percent increase over the previous year’s levy. The general purposes levy is 100.00 percent of its statutory levy limit. Property tax revenue collections have historically been in line with budgeted original estimates.

## Requests for Information

This financial report is designed to provide a general overview of the Metropolitan Council's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Metropolitan Council, 390 Robert Street North, St. Paul, Minnesota 55101-1805.





**METROPOLITAN COUNCIL**



# **BASIC FINANCIAL STATEMENTS**



**STATEMENT OF NET POSITION  
DECEMBER 31, 2021  
IN THOUSANDS**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 421,466	\$ 622,864	1,044,330
Receivables, net	5,051	13,198	18,249
Internal balances	(394)	394	-
Due from other governmental units	55,707	60,999	116,706
Inventory	-	39,172	39,172
Prepays and other	-	7,945	7,945
Loans and advances	43,742	695	44,437
Restricted assets:			
Cash and cash equivalents	-	832,963	832,963
Cash with fiscal agent	-	105,285	105,285
Receivables, net	-	7,129	7,129
Due from other governmental units	-	197,580	197,580
Loans receivable	-	120	120
Capital assets not being depreciated			
Land	215	257,997	258,212
Construction in progress	-	2,025,554	2,025,554
Capital assets (net of accumulated depreciation and amortization)			
Buildings and infrastructure	10,011	2,879,968	2,889,979
Leased buildings	126	8,040	8,166
Leased land	-	3,887	3,887
Vehicles	107,813	388,135	495,948
Equipment	2,570	51,207	53,777
Total assets	<u>646,307</u>	<u>7,503,132</u>	<u>8,149,439</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows pension	17,211	145,939	163,150
Deferred outflows OPEB	1,576	54,967	56,543
Total deferred outflows of resources	<u>18,787</u>	<u>200,906</u>	<u>219,693</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	34,245	36,820	71,065
Accrued interest payable	2,694	-	2,694
Unearned revenue	419	26,343	26,762
Restricted liabilities:			
Liabilities payable from restricted assets	-	131,758	131,758
Unearned revenue	-	192,913	192,913
Due within one year	33,608	343,536	377,144
Noncurrent liabilities:			
Due in more than one year	193,865	1,589,954	1,783,819
OPEB liability due in more than one year	7,366	369,945	377,311
Net pension liability due in more than one year	726	16,298	17,024
Total liabilities	<u>272,923</u>	<u>2,707,567</u>	<u>2,980,490</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows derivative instrument	-	6,196	6,196
Deferred inflows pension	36,126	303,938	340,064
Deferred inflows OPEB	168	6,378	6,546
Total deferred inflows of resources	<u>36,294</u>	<u>316,512</u>	<u>352,806</u>
<b>NET POSITION</b>			
Net investment in capital assets	77,929	3,756,183	3,834,112
Restricted for:			
Debt service	121,669	16,217	137,886
Capital projects	147,022	761,136	908,158
Highway right-of-way	57,863	-	57,863
Economic revitalization	50,627	-	50,627
Environment development	16,860	-	16,860
Housing	9,236	1,107	10,343
Regional land use	94	-	94
Unrestricted	(125,423)	145,316	19,893
Total net position	<u>\$ 355,877</u>	<u>\$ 4,679,959</u>	<u>\$ 5,035,836</u>

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

Function/program	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Grants and Contributions			
Governmental activities:							
General government	\$ (7,781)	\$ 385	\$ -	\$ 2,451	\$ 10,617	\$ -	\$ 10,617
Transportation	194,361	7,274	141,685	15,685	(29,717)	-	(29,717)
Culture and recreation	27,473	-	9,565	26,825	8,917	-	8,917
Economic revitalization	8,810	-	-	-	(8,810)	-	(8,810)
Environment development	3,467	-	-	-	(3,467)	-	(3,467)
Housing	1,050	-	-	-	(1,050)	-	(1,050)
Interest and other charges	5,305	-	-	-	(5,305)	-	(5,305)
Total governmental activities	<u>232,685</u>	<u>7,659</u>	<u>151,250</u>	<u>44,961</u>	<u>(28,815)</u>	<u>-</u>	<u>(28,815)</u>
Business-type activities:							
Environmental services	214,675	314,439	2,713	-	-	102,477	102,477
Transit bus	300,492	25,201	214,613	277,850	-	217,172	217,172
Transit light rail	146,813	7,797	84,544	392,054	-	337,582	337,582
Transit commuter rail	14,317	147	11,127	-	-	(3,043)	(3,043)
Housing	88,950	856	90,017	-	-	1,923	1,923
Total business-type activities	<u>765,247</u>	<u>348,440</u>	<u>403,014</u>	<u>669,904</u>	<u>-</u>	<u>656,111</u>	<u>656,111</u>
Total governmental and business-type activities	<u>\$ 997,932</u>	<u>\$ 356,099</u>	<u>\$ 554,264</u>	<u>\$ 714,865</u>	<u>(28,815)</u>	<u>656,111</u>	<u>627,296</u>
General revenues:							
Property taxes					87,640	-	87,640
Investment earnings					56	55,811	55,867
Gain on sale of capital assets					218	-	218
Transfers					(72,205)	72,205	-
Total general revenues and transfers					<u>15,709</u>	<u>128,016</u>	<u>143,725</u>
Change in net position					(13,106)	784,127	771,021
Net position, beginning					368,983	3,895,832	4,264,815
Net position, ending					<u>\$ 355,877</u>	<u>\$ 4,679,959</u>	<u>\$ 5,035,836</u>

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021  
IN THOUSANDS**

	<u>General</u>	<u>Metro Mobility Special Revenue</u>	<u>Suburban Transit Providers Special Revenue</u>	<u>Debt Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 47,584	\$ 38,210	\$ 9	\$ 120,773	\$ 214,890	\$ 421,466
Receivables, net	9	-	-	-	9	18
Delinquent taxes receivable	840	-	-	3,093	675	4,608
Interest receivable	88	35	-	112	190	425
Due from other governmental units	209	28,951	3,586	-	22,961	55,707
Loans and advances	105	-	-	-	43,637	43,742
Total assets	<u>\$ 48,835</u>	<u>\$ 67,196</u>	<u>\$ 3,595</u>	<u>\$ 123,978</u>	<u>\$ 282,362</u>	<u>\$ 525,966</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts/contracts/subgrantees payable	\$ 2,431	\$ 13,620	\$ 3,595	\$ -	\$ 11,695	\$ 31,341
Salaries payable	2,904	-	-	-	-	2,904
Unearned revenue	1	-	-	-	418	419
Total liabilities	<u>5,336</u>	<u>13,620</u>	<u>3,595</u>	<u>-</u>	<u>12,113</u>	<u>34,664</u>
Deferred inflows of resources:						
Unavailable revenue - taxes	<u>601</u>	<u>-</u>	<u>-</u>	<u>2,309</u>	<u>477</u>	<u>3,387</u>
Fund balances:						
Restricted	-	-	-	121,669	281,702	403,371
Committed	8,463	53,576	-	-	39,843	101,882
Assigned	7,811	-	-	-	567	8,378
Unassigned	26,624	-	-	-	(52,340)	(25,716)
Total fund balances	<u>42,898</u>	<u>53,576</u>	<u>-</u>	<u>121,669</u>	<u>269,772</u>	<u>487,915</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 48,835</u>	<u>\$ 67,196</u>	<u>\$ 3,595</u>	<u>\$ 123,978</u>	<u>\$ 282,362</u>	<u>\$ 525,966</u>

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



**RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2021  
IN THOUSANDS**

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

Fund balances-total governmental funds (page 22)	\$	487,915
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		120,735
An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in business-type activities in the Statement of Net Position; a portion of the internal service fund is attributable to governmental funds.		(394)
Long-term liabilities, including bonds and interest payable, are not due and payable in the current period and therefore are not reported in governmental funds.		(238,259)
Deferred inflows resulting from taxes are not available to pay for current period expenditures, and therefore, are not reported as revenue in governmental funds.		3,387
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in governmental funds.		
Deferred outflows related to pensions		17,211
Deferred inflows related to pensions		(36,126)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to OPEB that are not recognized in governmental funds.		
Deferred outflows related to OPEB		1,576
Deferred inflows related to OPEB		(168)
Net position of governmental activities (page 20)	\$	355,877

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

	General	Metro Mobility Special Revenue	Suburban Transit Providers Special Revenue	Debt Retirement	Nonmajor Governmental Funds	Total
<b>REVENUES</b>						
Taxes	\$ 15,285	\$ -	\$ -	\$ 54,845	\$ 17,648	\$ 87,778
Intergovernmental revenue:						
Federal	-	1,711	10,180	-	24,708	36,599
Build America bonds interest subsidy	-	-	-	186	-	186
State	9,565	56,416	43,168	-	50,054	159,203
Local	222	-	-	-	141	363
Investment income	1,405	(121)	-	(519)	(709)	56
Other	244	6,119	-	-	1,156	7,519
Total revenues	<u>26,721</u>	<u>64,125</u>	<u>53,348</u>	<u>54,512</u>	<u>92,998</u>	<u>291,704</u>
<b>EXPENDITURES</b>						
Current:						
General government	7,560	-	-	16	4,319	11,895
Transportation	-	84,769	-	-	31,027	115,796
Intergovernmental:						
Transportation	-	-	53,348	-	1,730	55,078
Culture and recreation	9,565	-	-	-	17,908	27,473
Economic revitalization	-	-	-	-	8,810	8,810
Environment development	-	-	-	-	3,467	3,467
Housing	-	-	-	-	1,050	1,050
Debt service:						
Principal	947	-	-	58,180	-	59,127
Interest and other charges	96	-	-	9,226	-	9,322
Capital outlay	7	-	-	-	22,403	22,410
Total expenditures	<u>18,175</u>	<u>84,769</u>	<u>53,348</u>	<u>67,422</u>	<u>90,714</u>	<u>314,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,546</u>	<u>(20,644)</u>	<u>-</u>	<u>(12,910)</u>	<u>2,284</u>	<u>(22,724)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	633	-	-	-	5,027	5,660
Transfers out	(5,254)	-	-	(10,027)	(62,584)	(77,865)
Long-term debt issued	-	-	-	-	6,120	6,120
Inception of lease	143	-	-	-	-	143
Premium on bonds and capital related debt	-	-	-	-	343	343
Sale of capital assets	-	-	-	-	218	218
Total other financing sources (uses)	<u>(4,478)</u>	<u>-</u>	<u>-</u>	<u>(10,027)</u>	<u>(50,876)</u>	<u>(65,381)</u>
Net change in fund balances	4,068	(20,644)	-	(22,937)	(48,592)	(88,105)
Fund balances, beginning	<u>38,830</u>	<u>74,220</u>	<u>-</u>	<u>144,606</u>	<u>318,364</u>	<u>576,020</u>
Fund balances, ending	<u>\$ 42,898</u>	<u>\$ 53,576</u>	<u>\$ -</u>	<u>\$ 121,669</u>	<u>\$ 269,772</u>	<u>\$ 487,915</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

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

Net change in fund balances-total governmental funds (page 24)	\$	(88,105)
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.		(987)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, transfers, and donations) is to decrease net position.		(852)
An internal service fund is used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service fund activities reported with governmental activities.		(1,095)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(138)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		56,538
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>21,533</u>
Change in net position of governmental activities (page 21)	\$	<u><u>(13,106)</u></u>

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2021  
IN THOUSANDS**

	Business-type Activities						
	Enterprise Funds						Internal Service Fund
	Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total	
	Bus	Light Rail	Commuter Rail				
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 157,836	\$ 395,772	\$ -	\$ 3,579	\$ 14,783	\$ 571,970	\$ 50,894
Receivables, net	6,065	5,181	397	4	1,531	13,178	-
Delinquent taxes receivable	-	-	-	-	20	20	-
Due from other funds	-	5,292	-	-	-	5,292	-
Due from other governmental units	772	24,949	24,450	9,604	458	60,233	-
Inventory	10,811	14,109	12,218	2,034	-	39,172	-
Prepays and other	-	6,611	352	982	-	7,945	-
Restricted assets:							
Cash and cash equivalents	211,441	201,996	418,249	165	1,112	832,963	-
Cash with fiscal agent	105,285	-	-	-	-	105,285	-
Receivables, net	6,555	187	387	-	-	7,129	-
Due from other governmental units	-	53,074	143,847	373	286	197,580	-
Loans receivable	120	-	-	-	-	120	-
Total current assets	<u>498,885</u>	<u>707,171</u>	<u>599,900</u>	<u>16,741</u>	<u>18,190</u>	<u>1,840,887</u>	<u>50,894</u>
Noncurrent assets:							
Capital assets:							
Land	23,129	53,539	75,170	99,560	6,599	257,997	-
Buildings and infrastructure	3,330,607	594,526	1,224,708	72,659	21,594	5,244,094	-
Vehicles	9,965	468,199	327,885	56,813	-	862,862	-
Equipment	23,949	132,861	83,204	15,355	100	255,469	-
Construction in progress	229,132	177,270	1,618,948	204	-	2,025,554	-
Leased land	-	4,163	-	-	-	4,163	-
Leased buildings	-	7,357	1,310	-	-	8,667	-
Less accumulated depreciation and amortization	(1,450,339)	(694,914)	(785,195)	(93,273)	(20,297)	(3,044,018)	-
Net capital assets	2,166,443	743,001	2,546,030	151,318	7,996	5,614,788	-
Due from other governments-restricted	766	-	-	-	-	766	-
Advances and loans	148	547	-	-	-	695	-
Total noncurrent assets	<u>2,167,357</u>	<u>743,548</u>	<u>2,546,030</u>	<u>151,318</u>	<u>7,996</u>	<u>5,616,249</u>	<u>-</u>
Total assets	<u>2,666,242</u>	<u>1,450,719</u>	<u>3,145,930</u>	<u>168,059</u>	<u>26,186</u>	<u>7,457,136</u>	<u>50,894</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows pension	21,119	99,989	21,995	1,395	1,441	145,939	-
Deferred outflows OPEB	10,107	44,452	408	-	-	54,967	-
Total deferred outflows of resources	<u>31,226</u>	<u>144,441</u>	<u>22,403</u>	<u>1,395</u>	<u>1,441</u>	<u>200,906</u>	<u>-</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	5,528	8,122	1,556	348	183	15,737	-
Salaries payable	4,055	15,140	503	17	189	19,904	-
Compensated absences payable	4,886	19,200	2,901	210	278	27,475	-
Due to other funds	-	-	5,292	-	-	5,292	-
Due to other governmental units	-	-	262	870	-	1,132	-
Lease liability	-	666	96	-	-	762	-
Unearned revenue	12,305	14,023	-	-	-	26,328	15
Accrued claims	339	8,663	207	269	-	9,478	9,254
Other	10	37	-	-	-	47	-
Restricted liabilities:							
Payables from restricted assets	17,565	24,634	75,047	445	-	117,691	-
Accrued interest payable from restricted assets	12,647	-	1,420	-	-	14,067	-
Bonds/loans payable from restricted assets	227,057	-	69,510	-	-	296,567	-
Unearned revenue from restricted assets	126,697	38,486	27,651	79	-	192,913	-
Total current liabilities	<u>411,089</u>	<u>128,971</u>	<u>184,445</u>	<u>2,238</u>	<u>650</u>	<u>727,393</u>	<u>9,269</u>
Noncurrent liabilities:							
Compensated absences payable	4,518	1,300	-	-	185	6,003	-
Accrued claims	776	9,170	1,500	3,000	5	14,451	-
Bonds/loans payable after one year (net of unamortized discounts and deferred amount on refunding)	1,159,112	-	397,204	-	1,826	1,558,142	-
Lease liability	-	10,229	1,129	-	-	11,358	-
Pension liability	3,238	11,496	1,300	192	72	16,298	-
OPEB liability	90,441	277,855	1,649	-	-	369,945	-
Total noncurrent liabilities	<u>1,258,085</u>	<u>310,050</u>	<u>402,782</u>	<u>3,192</u>	<u>2,088</u>	<u>1,976,197</u>	<u>-</u>
Total liabilities	<u>1,669,174</u>	<u>439,021</u>	<u>587,227</u>	<u>5,430</u>	<u>2,738</u>	<u>2,703,590</u>	<u>9,269</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflow derivative instrument	-	6,196	-	-	-	6,196	-
Deferred inflows pension	74,968	180,064	42,495	3,242	3,169	303,938	-
Deferred inflows OPEB	-	6,351	27	-	-	6,378	-
Total deferred inflows of resources	<u>74,968</u>	<u>192,611</u>	<u>42,522</u>	<u>3,242</u>	<u>3,169</u>	<u>316,512</u>	<u>-</u>
<b>NET POSITION</b>							
Net investment in capital assets	884,752	707,651	2,006,737	150,873	6,170	3,756,183	-
Restricted for:							
Debt service	16,217	-	-	-	-	16,217	-
Capital projects	14,366	216,591	529,720	459	-	761,136	-
Housing operations	-	-	-	-	1,107	1,107	-
Unrestricted	37,991	39,286	2,127	9,450	14,443	103,297	41,625
Total net position	<u>\$ 953,326</u>	<u>\$ 963,528</u>	<u>\$ 2,538,584</u>	<u>\$ 160,782</u>	<u>\$ 21,720</u>	<u>\$ 4,637,940</u>	<u>\$ 41,625</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time						42,019	-
Net position of business-type activities (page 20)						<u>\$ 4,679,959</u>	-

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 IN THOUSANDS**

	Business-type Activities						
	Enterprise Funds						Internal Service Fund
	Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total	
	Bus	Light Rail	Commuter Rail				
Operating revenues:							
Charges for services:							
Wastewater and industrial strength charges	\$ 257,201	\$ -	\$ -	\$ -	\$ -	\$ 257,201	\$ -
Transit fares	-	22,132	6,810	147	-	29,089	-
Tenant rent	-	-	-	-	833	833	-
Advertising and auxiliary	-	2,246	987	-	-	3,233	-
Insurance premiums	-	-	-	-	-	-	79,305
Miscellaneous	-	-	-	-	23	23	1,048
Total operating revenues	257,201	24,378	7,797	147	856	290,379	80,353
Operating expenses:							
Salaries and employee benefits	40,133	150,013	40,751	1,321	3,529	235,747	-
Contracted services	18,020	21,080	4,912	1,577	2,396	47,985	817
Materials and supplies	11,590	48,219	23,243	1,383	38	84,473	-
Insurance	2,520	1,680	389	2,440	92	7,121	-
Utilities	19,161	3,628	6,645	484	138	30,056	-
Advertising	-	578	-	-	-	578	-
Housing related expenses	-	-	-	-	80,928	80,928	-
Claims	-	-	-	-	-	-	84,186
Other	20,504	3,968	922	220	772	26,386	2,146
Depreciation and amortization	68,688	66,191	62,363	6,892	1,057	205,191	-
Total operating expenses	180,616	295,357	139,225	14,317	88,950	718,465	87,149
Operating income (loss)	76,585	(270,979)	(131,428)	(14,170)	(88,094)	(428,086)	(6,796)
Nonoperating revenues (expenses):							
Taxes	-	-	-	-	829	829	-
Intergovernmental	2,713	214,613	84,544	11,127	89,188	402,185	-
Pass-through grants	(658)	(1,198)	-	-	-	(1,856)	-
Sewer availability charges	56,606	-	-	-	-	56,606	-
Investment income	18,516	38,003	(419)	(20)	(52)	56,028	190
Interest and fiscal charges	(32,109)	(106)	(7,645)	-	-	(39,860)	-
Gain/(loss) on sale of capital assets	(2,798)	(540)	(8)	-	-	(3,346)	-
Other	2,953	2,011	65	-	-	5,029	-
Total nonoperating revenues (expenses)	45,223	252,783	76,537	11,107	89,965	475,615	190
Income (loss) before contributions and transfers	121,808	(18,196)	(54,891)	(3,063)	1,871	47,529	(6,606)
Capital contributions	-	277,850	392,054	-	-	669,904	-
Transfers in	254	65,680	9,160	255	-	75,349	-
Transfers out	(633)	(2,511)	-	-	-	(3,144)	-
Total contributions and transfers	(379)	341,019	401,214	255	-	742,109	-
Change in net position	121,429	322,823	346,323	(2,808)	1,871	789,638	(6,606)
Total net position, beginning	831,897	640,705	2,192,261	163,590	19,849	3,848,302	48,231
Total net position, ending	\$ 953,326	\$ 963,528	\$ 2,538,584	\$ 160,782	\$ 21,720	\$ 4,637,940	\$ 41,625
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.						(5,511)	
Changes in net position of business-type activities (page 21)						\$ 784,127	

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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

	Business-type Activities						
	Enterprise Funds						
	Environmental Services	Metro Transit			Metropolitan Housing and Redevelopment Authority	Total	Internal Service Fund
	Bus	Light Rail	Commuter Rail				
<b>Cash flows from operating activities</b>							
Receipts from customers and users	\$ 258,656	\$ 22,079	\$ 6,653	\$ 147	\$ 851	\$ 288,386	\$ -
Receipts from interfund services	-	-	-	-	-	-	79,312
Payments to suppliers	(72,013)	(75,317)	(33,668)	(6,529)	(84,779)	(272,306)	(84,841)
Payments to employees	(73,940)	(261,169)	(64,214)	(3,412)	(5,475)	(408,210)	-
Receipts from others	-	2,246	987	-	-	3,233	-
Other non-operating revenues	5,186	205,334	74,802	-	10,278	295,600	1,048
Net cash provided (used) by operating activities	<u>117,889</u>	<u>(106,827)</u>	<u>(15,440)</u>	<u>(9,794)</u>	<u>(79,125)</u>	<u>(93,297)</u>	<u>(4,481)</u>
<b>Cash flows from non-capital financing activities</b>							
Short-term loan from other funds	-	-	2,634	-	-	2,634	-
Short-term loan to other funds	-	(2,634)	-	-	-	(2,634)	-
Intergovernmental receipts	-	143,985	5,229	6,121	79,655	234,990	-
Pass-through grant payments	(658)	(1,198)	-	-	-	(1,856)	-
Net cash provided by non-capital financing activities	<u>(658)</u>	<u>140,153</u>	<u>7,863</u>	<u>6,121</u>	<u>79,655</u>	<u>233,134</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>							
Transfers in (out) - for capital purposes	-	63,169	9,160	255	-	72,584	-
Capital contributions	-	273,854	295,185	-	-	569,039	-
Proceeds from capital debt	160,507	-	435,350	-	421	596,278	-
Proceeds from sewer availability charges	64,166	-	-	-	-	64,166	-
Proceeds from sale of capital assets	194	(540)	(8)	(47)	-	(401)	-
Purchase of capital assets	(119,116)	(176,893)	(394,508)	-	(421)	(690,938)	-
Principal paid on capital debt	(161,843)	-	(89,500)	-	-	(251,343)	-
Interest paid on capital debt	(39,939)	-	(14,516)	-	-	(54,455)	-
Net cash provided by (used in) capital and related financing activities	<u>(96,031)</u>	<u>159,590</u>	<u>241,163</u>	<u>208</u>	<u>-</u>	<u>304,930</u>	<u>-</u>
<b>Cash flows from investing activities</b>							
Investment purchased/sale	(105,285)	-	-	-	-	(105,285)	-
Interest received (paid)	3,447	4,021	1,401	(53)	52	8,868	190
Increase (Decrease) in Fair Value of Investments	15,295	33,933	(1,813)	39	(100)	47,354	-
Net cash provided by (used in) investing activities	<u>(86,543)</u>	<u>37,954</u>	<u>(412)</u>	<u>(14)</u>	<u>(48)</u>	<u>(49,063)</u>	<u>190</u>
Net increase (decrease) in cash and cash equivalents	(65,343)	230,870	233,174	(3,479)	482	395,704	(4,291)
Balances, beginning	434,620	366,898	185,075	7,223	15,413	1,009,229	55,185
Balances, ending	<u>\$ 369,277</u>	<u>\$ 597,768</u>	<u>\$ 418,249</u>	<u>\$ 3,744</u>	<u>\$ 15,895</u>	<u>\$ 1,404,933</u>	<u>\$ 50,894</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$ 76,585	\$ (270,979)	\$ (131,428)	\$ (14,170)	\$ (88,094)	\$ (428,086)	\$ (6,796)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	68,688	66,191	62,363	6,892	1,057	205,191	-
Change in assets and liabilities:							
Accounts receivable	421	(457)	(157)	-	(394)	(587)	-
Due from employees	23	-	-	-	-	23	-
Materials and supplies (inventory)	(592)	2,199	2,481	53	-	4,141	-
Prepaid expenses and other current assets	-	(84)	(103)	114	(11)	(84)	-
Accounts payable	374	1,720	65	(592)	(15)	1,552	2,308
Accrued payroll liabilities	831	(114)	283	75	151	1,226	-
Pension liability	(49,073)	(44,182)	(15,069)	(1,195)	(1,168)	(110,687)	-
OPEB liability	445	14,962	145	-	-	15,552	-
Deferred outflows of pension	(19,083)	(83,070)	(17,110)	(1,061)	(1,275)	(121,599)	-
Deferred outflows of OPEB	3,630	2,159	21	-	-	5,810	-
Deferred inflows of pension	30,863	3,754	8,312	90	346	43,365	-
Deferred inflows of OPEB	(1,444)	(4,664)	(45)	-	-	(6,153)	-
Unearned revenues	1,035	404	-	-	-	1,439	7
Other non-operating revenues	5,186	205,334	74,802	-	10,278	295,600	-
Net cash provided (used) by operating activities	<u>\$ 117,889</u>	<u>\$ (106,827)</u>	<u>\$ (15,440)</u>	<u>\$ (9,794)</u>	<u>\$ (79,125)</u>	<u>\$ (93,297)</u>	<u>\$ (4,481)</u>
<b>Non-cash investing, capital and related financing activities:</b>							
Transferred/donated assets	\$ -	\$ 556	\$ -	\$ -	\$ -	\$ 556	\$ -
Loss on disposition of capital assets	(2,992)	-	-	-	-	(2,992)	-

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

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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 accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

### A. Reporting entity

The Council was established under Minnesota Laws 1967, Chapter 896, and began operations on August 8, 1967. The Council currently operates under Minnesota Statutes, Sections 473.121, et. seq. The Council is governed by 17 Council members, appointed by the Governor, from the Twin Cities Metropolitan Area, which includes the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Since its creation, the Council has been responsible for coordinating the planning and development of the Metropolitan area. In 1994, state legislation broadened the Council's responsibilities to include operating the public transit system and the regional wastewater collection and treatment system.

The Council is a component unit of the State of Minnesota. The Council members serve at the pleasure of the Governor.

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

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect costs including salaries, contracted services, rent, utilities, postage, printing, and other overhead costs are included in the program expense reported for the individual functions and activities on the statement of activities. *Program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items, that are properly not included among program revenues, are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Governmental Fund Types – These funds account for the acquisition, use and balances of expendable financial resources and the related current liabilities. The fund types included in the category are the general fund, special revenue funds, capital project funds and debt service fund. The Council reports the following major governmental funds:

- General Fund is the Council's primary operation fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

- Metro Mobility special revenue fund accounts for activities of Metro Mobility. Metro Mobility oversees the Americans with Disabilities Act transit services for the region. The main source of revenue for Metro Mobility special revenue fund is state general fund appropriation.
- Suburban Transit Providers special revenue is a pass-through fund. It accounts for state taxes and federal grants used in defined and legally restricted regional transportation programs within the Metropolitan Council's boundaries.
- Debt Retirement fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Proprietary Fund Types – These funds focus on determining net income, changes in net position, financial position, and cash flows. Accounting principles generally accepted in the United States, similar to those used by private sector businesses, are followed in accounting for these funds. The Council reports the following major proprietary funds:

- Environmental Services fund accounts for the activities of the regional wastewater collection and treatment system.
- Metro Transit Bus fund accounts for the activities of the regional bus transit system.
- Metro Transit Light Rail fund accounts for the activities of the regional light rail transit system.
- Metro Transit Commuter Rail fund accounts for the activities of the regional commuter rail transit system.
- Metropolitan Housing and Redevelopment Authority fund accounts for the activities of the Council's housing programs.

Additionally, the Council reports the following internal service fund:

- Internal Service fund accounts for the financing of services provided to other funds on a cost reimbursement or other basis. The activities reported as an internal service fund include the Council's self-insurance plans for health and dental care.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Environmental Services enterprise fund are charges to customers for municipal wastewater services. Environmental Service also recognizes revenues intended to recover the cost of adding new customers to the system. The principal operating revenues of the Metro Transit Bus enterprise fund are fares charged to customers for bus transportation. The principal operating revenues of the Metro Transit Light Rail and Metro Transit Commuter Rail enterprise funds are fares charged to customers for rail transportation. For the Metropolitan Housing and Redevelopment Authority (HRA) enterprise fund housing rental is the principal operating revenue.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, interest, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted resources as they are needed.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services, such as administrative and financial services provided and used, are not eliminated in the process of consolidation.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Minnesota State Retirement System-General Employees Fund (MSRS-GEF) and Public Employees Retirement Association of Minnesota - Public Employees Police and Fire Fund (PERA-PEPFF) and additions to/deductions from both these funds' (GEF, PEPFF) fiduciary net positions have been determined on the same basis as they are reported by MSRS and PERA, except that MSRS and PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of the employer payroll dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The pension liability is liquidated by each fund that has personal services.

During the year ended December 31, 2021, the Metropolitan Council adopted GASB Statement No. 87 "Leases". This statement addresses accounting and financial reporting purposes for leases and how those leases should be reported. This Statement will increase the usefulness of the Council's financial statements by requiring reporting of certain lease liabilities. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of the Council's leasing arrangements.

During the year ended December 31, 2021, the Metropolitan Council also adopted GASB Statement No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period”. This statement enhances the relevance and comparability of information about capital assets and the costs of borrowing for a reporting period and to simplify accounting for certain interest costs.

During the year ended December 31, 2021, the Metropolitan Council also adopted GASB Statement No. 92 “Omnibus 2020”. This statement addresses a variety of topics including issues related to Leases, intra-entity transfers, postemployment benefits, acquisitions, risk pools, nonrecurring fair value measurements and derivative instruments terminology. The requirements of this statement will enhance consistency in the application of accounting and financial reporting requirements.

During the year ended December 31, 2021, the Metropolitan Council also adopted GASB Statement No. 93 “Replacement of Interbank Offered Rates”. This statement establishes accounting and financial reporting requirements related to the replacement of interbank offered rate (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments.

## **D. Assets, liabilities, deferred outflows/inflows of resources and net position or equity**

### **1. Cash and investments**

#### **a. Cash and cash equivalents**

The Council has defined cash and cash equivalents as cash and pooled investments. This amount includes cash on hand and demand deposits. Additionally, each fund’s equity in the Council’s investment pool is considered to be a cash equivalent since the fund can deposit or effectively withdraw cash at any time without prior notice or penalty. Cash with fiscal agent and cash with trustee are not considered cash and cash equivalents because they are neither cash on hand nor demand deposits. A portion of Council bank deposits, on December 31, 2021, are backed by a combination of FDIC insurance and collateral in the form of statutorily qualified securities. The hedging margin account cash is not collateralized.

#### **b. Investments**

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

- Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as high risk by Minnesota Statute, Section 118A.04 subd.6;
- Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- General obligations of the State of Minnesota and its municipalities; and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- Bankers’ acceptances of United States banks;
- Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Pursuant to Minnesota Statute (MS) 471.6175, the Council may establish a trust account to pay other post-employment benefits (OPEB). The trust account administrator may, subject to additional conditions, be any combination of the following three entities: the Minnesota Public Employees Retirement Association (PERA); a bank; an insurance company. If the Council places OPEB money with a bank or insurance company, investments are limited to those listed in MS 356A.06 and further provisioned by either subdivision 6 or subdivision 7.

Most of the Council’s OPEB investments are held in a revocable trust currently administered by PERA and invested by the Minnesota State Board of Investment (SBI). The SBI offers four investment choices for the Council’s OPEB plan: a S&P500 equivalent; Barclays aggregate (fixed income); U.S. Treasury securities; and a cash equivalent. Typically, less than 2.00 percent of the investments to meet the OPEB liability are held outside of the trust in the Council’s internal investment pool which is invested in accordance with MS 118A and further limited by Council policy as represented above.

Pooled investment earnings for the year ending December 31, 2021, was \$55,867,000.

Investments for the Council are stated at fair value. A market approach is used to value all investments other than money market funds, which are measured at the net asset value.

## 2. Receivables and payables

Outstanding balances between funds at the end of the fiscal year are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

The Environmental Services enterprise fund has two receivables that are based upon estimates. Industrial strength receivables are based on estimates made at year-end. The estimates are adjusted to actual amounts when the billings are sent out the following year. Sewer Availability Charge (SAC) receivables are based on SAC reports from communities in January detailing the preceding December’s activity.

Where appropriate, accounts receivables are reported net of allowance for doubtful accounts. As of December 31, 2021, the allowances for doubtful accounts were (dollars in thousands):

<u>Enterprise Fund</u>	<u>Balance</u>
Environmental Services	\$ 20
Metro Transit Bus	372
Total	<u>\$ 392</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 on December 31 are classified as delinquent taxes receivable. Delinquent taxes not collected after the first 60 days of the following year are offset by an equal amount in deferred inflows of resources. For government-wide and proprietary fund financial statements there is no offset to deferred inflows of resources. There is no allowance for uncollectible taxes in either type of fund because such amounts are not expected to be material.

## 3. Due from other governmental units

Amounts due from other governmental units include receivables on grants from the federal and state government for planning and grant program administration.

## 4. Inventories and prepaid items

Inventories in the enterprise funds are valued at cost using the weighted average costing method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. When appropriate, an associated allowance for obsolete inventory has been established. As of December 31, 2021, the allowances for obsolete inventory accounts were (dollars in thousands):

<u>Enterprise Fund</u>	<u>Balance</u>
Environmental Services	\$ 50
Metro Transit Bus	714
Total	<u>\$ 764</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

## 5. Restricted assets

Restricted assets include:

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

## 6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government- wide financial statements and proprietary fund types in the fund financial statements. Capital assets are defined by the Council as assets with an initial individual cost of more than \$5,000 and a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated assets are recorded at acquisition value (entry price) on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is expensed, as per the adopted GASB Statement No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period”.

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

Assets	Useful Life
Treatment plants and interceptors	15 to 80 years
Buildings	25 to 45 years
Vehicles	5 to 30 years
Equipment	3 to 15 years

## 7. Loans/advances receivable

The Council lends funds to local units of government for the acquisition of property within proposed rights-of-way of highways designated as a part of the metropolitan highway system plan. The loans, which bear no interest, are to be repaid upon the acquisition of the property by the State of Minnesota.

The Council lends funds to local units of government for housing assistance and land use planning. The land use planning loans are repaid in installments ranging from three to five years.

## 8. Deferred outflows/inflows of resources

In addition to assets, the statements of financial position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Council has two types of deferred outflows. The first deferred outflow is related to pension obligations. A portion of this deferred outflow are pension contributions subsequent to the pension plan’s measurement date. The remaining deferred outflows related to pension are deferred and the length of the expense recognition period is equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period. The second deferred outflow is related to OPEB obligations. The deferred outflows related to OPEB are deferred and the length of the expense recognition period is equal to the average of the expected remaining service lives of all the employees in the OPEB plan.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the Council has four types of deferred inflows. The first item is the derivative instrument used in energy forward pricing mechanism. The second item for the Council is deferred inflows related to pension obligations. The differences between projected and actual earnings on pension plan investments are recognized over a five-year period. The deferred inflows related to pension are deferred and the length of the expense recognition period is equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period. The third item is deferred inflows related to OPEB obligations. The deferred inflows related to OPEB are deferred and the length of the expense recognition period is equal to the average of the expected remaining service lives of all the employees in the OPEB plan. The fourth item is the governmental funds report unavailable revenues from delinquent taxes receivable, for amounts that are not considered to be available to liquidate liabilities of the current period. These amounts are deferred and recognized as revenue in the period that the amounts become available.

## 9. Compensated absences

The Council accrues vacation and compensatory overtime when earned, in the government-wide and proprietary fund financial statements. In addition, certain employees qualify for a sick leave severance benefit paid at termination. This benefit, which is determined by the length of service, is accrued when the employee qualifies. For all compensated absences, the liability is valued using pay rates in effect at the end of the year and the employer's share of social security contributions.

Governmental activities and proprietary funds' severance benefit payable not expected to be liquidated until sometime in the future is recorded as a noncurrent liability. Compensated absences are reported in governmental funds only if they matured.

## 10. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a straight-line method. Bonds payables are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## 11. Fund equity

In the fund financial statements, governmental funds report balances that are nonspendable and spendable. Nonspendable balances contain amounts not in spendable form and legal restraints that by nature cannot be spent by the government. Spendable balances are further classified by the relative strength of the constraints that control how amounts can be spent. Those classifications are restricted, committed, assigned and unassigned.

The restricted fund balance classification should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the Council's highest level of decision-making authority. Also, such constraints can only be removed or changed by the same form of formal action. The assigned fund balance classification reflects amounts that are constrained by the government's intent to be used for specific purposes but meet neither the restricted nor committed forms of constraint. The unassigned fund balance classification is the residual classification for the general fund only. It is also where *negative residual amounts* for all other governmental funds would be reported.

## 12. Net position

A portion of the debt carried in the governmental activities columns is related to the capital assets carried in the business-type activities column for the Environmental Services, Metro Transit Bus, Light Rail and Commuter Rail enterprise funds. The recognition of the debt in the government-wide statement of net position contributes to the negative unrestricted net position balance in the governmental activities column.

Net position in the government-wide and business type financial statements are classified in the following categories:

*Net investment in capital assets:* The amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

*Restricted net position:* The amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position:* The amount of net position that does not meet the definition of restricted or net investment in capital assets.

### 13. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## II. Reconciliation of government-wide and fund financial statements

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

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

One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.” The details of this \$120,735,000 difference are as follows:

	<i>In thousands</i>
Land	\$ 215
Building – net of accumulated depreciation	10,011
Vehicles – net of accumulated depreciation	107,813
Equipment – net of accumulated depreciation	2,570
Leased assets – net of accumulated depreciation	126
Net adjustment to increase <i>fund balances – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 120,735</u>

Another element of that reconciliation explains that “An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in business-type activities in the Statement of Net Position, a portion of the internal service fund is attributable to governmental funds.” The detail of this \$(394,000) difference is as follows:

	<i>In thousands</i>
Net position of the internal service fund	\$ 41,625
Less: Internal payable representing charges in the excess of cost to	
Business-type activities – prior years	(47,530)
Add: Internal payable representing charges in the excess of cost to	
Business-type activities – current year	<u>5,511</u>
Net adjustment to reduce <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (394)</u>



Another element of that reconciliation explains that “Long-term liabilities, including bonds and interest payable, are not due and payable in the current period and therefore are not reported in governmental funds.” The details of the \$(238,259,000) difference are as follows:

	<i>In thousands</i>
General obligation bonds payable	\$ (193,320)
Net issuance premiums (to be amortized as interest expense)	(23,671)
Accrued interest	(2,694)
Compensated absences	(7,651)
Certificates of participation payable	(2,705)
OPEB liability	(7,366)
Net pension liability	(726)
Net lease liability	(126)
Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ (238,259)</u>

Another element of that reconciliation explains that “Deferred inflows resulting from taxes are not available to pay for current period expenditures and therefore, are not reported as revenue in governmental funds.” The details of this \$3,387,000 difference are as follows:

	<i>In thousands</i>
Unavailable revenue – property taxes	\$ 3,387
Net adjustment to increase <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 3,387</u>

Another element of that reconciliation explains that “Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.” The details of the \$17,211,000 deferred outflows and the \$(36,126,000) deferred inflows differences are as follows:

	<i>In thousands</i>
Deferred outflows – pension obligations	\$ 17,211
Net adjustment to increase <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 17,211</u>
	<i>In thousands</i>
Deferred inflows – pension obligations	\$ (36,126)
Net adjustment to reduce <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (36,126)</u>

The final element of that reconciliation explains that “Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to OPEB that are not recognized in the governmental funds.” The details of the \$1,576,000 deferred outflows and the \$(168,000) deferred inflows differences are as follows:

	<i>In thousands</i>
Deferred outflows – OPEB obligations	\$ 1,576
Net adjustment to increase <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 1,576</u>
	<i>In thousands</i>
Deferred inflows – OPEB obligations	\$ (168)
Net adjustment to reduce <i>fund balances- total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (168)</u>

## B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.” The details of this \$(987,000) difference are as follows:

	<i>In thousands</i>
Capital outlay	\$ 22,553
Depreciation expense and amortization	<u>(23,540)</u>
Net adjustment to decrease <i>net changes in fund balances- total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ (987)</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, transfers, and donations) is to decrease net position.” The details of this \$(852,000) difference are as follows:

	<i>In thousands</i>
The statement of activities reports <i>gains</i> or <i>losses</i> arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or (loss) on a trade-in of capital assets.	\$ (852)
Net adjustment to decrease <i>net changes in fund balances- total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ (852)</u>

Another element of that reconciliation explains that “An internal service fund is used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of internal service fund activities reported with governmental activities.” The detail of this \$(1,095,000) difference is as follows:

	<i>In thousands</i>
Change in net position of the internal service fund	\$ (6,606)
Add: excess from charges to business-type activities	<u>5,511</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>\$ (1,095)</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 \$(138,000) difference is as follows:

	<i>In thousands</i>
Change in deferred inflows of resources – unavailable property tax revenue	\$ (138)
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>\$ (138)</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$56,538,000 difference are as follows:

	<i>In thousands</i>
Issuance of general obligation bonds	\$ (6,120)
Less: discount/(premium on bonds)	(343)
Bond (discount)/premium amortization	3,151
Change in accrued interest	866
Principal payments of general obligation bonds/loans	58,180
Change in lease liability	(126)
Certificates of participation	<u>930</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 56,538</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 \$21,533,000 difference are as follows:

	<i>In thousands</i>
Change in compensated absences for year	\$ (1,437)
Change in pension liability and related deferred inflows and outflows	23,303
Change in OPEB liability and related deferred inflows and outflows	<u>(333)</u>
Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 21,533</u>

### III. Stewardship, compliance, and accountability

#### A. Budgetary information

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during subsequent years. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of items that were authorized and initiated in the 2021 budget but not completely expended in 2021 were \$3,220,000. This total is all from the General Fund.

## IV. Detailed notes on all funds

### A. Cash and investments

#### 1. Deposits

Minnesota statutes require that all Council deposits be protected by insurance, surety bond, Letter of Credit or collateral held by a third party and pledged to the Council. Collateral pledged shall be at least ten percent more than the amount deposits exceed FDIC insurance. The Council's policy for cash and investments follows Minnesota statute. \$30,000 of petty cash and mutilated coin was not deposited at a bank. On December 31, 2021, the amount of cash in the Council's bank accounts was \$38,477,000, (US Bank and Wells Fargo Bank), of which \$430,000 was covered by the Federal Depository Insurance Corporation (FDIC), and \$38,047,000 was collateralized at least 110.00 percent with securities held by Bank of New York Mellon.

#### 2. Investments

The Council's addresses potential investment risks 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 meet anticipated cash requirements without the occurrence of significant investment losses. For longer term reserves, the average duration of the investment portfolio should match the average duration of liabilities, subject to regulatory requirements.

*Credit risk:* Minnesota Statute 118A defines investment instruments that can be purchased by the Council. It is the Council's policy not to invest in reverse repurchase agreements. The Council did not participate in any securities lending programs in 2021.

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

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

*Custodial credit risk – investments:* This is the risk that in the event of the failure of a counterparty, the Council would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. According to Council policy, with the exception of securities held by a broker for the Energy Forward Pricing Mechanism (fuel hedging futures) margin account and collateralized Certificates of Deposit held by local community banks, all securities purchased by the Council are held by a third-party safekeeping agent appointed as custodian. The Council has a custodial credit risk exposure of \$2,049,000 because the securities in the hedging margin account are held by a custodial agent in the broker's name.

The Council has no foreign currency risk exposure.

METROPOLITAN COUNCIL

Following is a summary of the fair values of securities at December 31, 2021:

METROPOLITAN COUNCIL	Credit Risk	Custody Credit Risk	Dollars in thousands			
			Par	Fair Value	Book Value	% of total Portfolio
Government Securities Held in Escrow	n.a.	Custody (a)	\$ 105,285	\$ 105,285	\$ 105,285	5.3%
U.S. Agency Securities:						
Federal Home Loan Bank	Aaa	Custody (a)	129,980	128,287	129,975	6.5%
Federal Home Loan Mortgage Corp	Aaa	Custody (a)	20,000	19,458	19,941	1.0%
Federal National Mortgage Assn.	Aaa	Custody (a)	20,000	19,572	20,000	1.0%
Federal Farm Credit Bank	Aaa	Custody (a)	107,000	107,114	106,994	5.4%
U.S. Treasury Notes	n.a.	Custody (a)	120,000	118,710	120,617	6.0%
Mortgage Backed Securities:						
Federal Natl Mtg Assn.	Aaa	Custody (a)	239	256	255	0.0%
Fed. Home Loan Mtge. Corp.	Aaa	Custody (a)	273	277	278	0.0%
U.S. Agency Discount Notes	n.a.	Custody (a)	215,000	214,952	214,964	10.8%
U.S. Treasury Bills	n.a.	Custody (a)	590,000	589,836	589,834	29.8%
U.S. Treasury Bills (Hedging)	n.a.	Broker Held (b)	2,050	2,049	2,050	0.0%
Municipal Bonds (each <5%)	(d)	Custody (a)	56,240	57,284	56,445	2.9%
Certificates of Deposit	N.R. (c)	Collateralized (i)	18,000	18,000	18,000	0.9%
OPEB Trust - State Board of Investments	N.R. (c)	Custody (e)	188,455	360,785	188,455	18.2%
Money Market Funds	n.a.	n.a.	211,336	211,336	211,336	10.7%
Cash for Fuel Hedging Margin (g)	n.a.	Broker Held (f)(g)	(5,397)	(5,397)	(5,397)	(0.3)%
Cash for Operations (h)	n.a.	Collateralized (h)(i)	34,744	34,744	34,744	1.8%
Petty Cash/Coin & Mutilated Coins	n.a.	Council Held	30	30	30	0.0%
Total Cash and Investments			\$ 1,813,235	\$ 1,982,578	\$ 1,813,806	100%

- a) Securities held in custody are in the Council's name.
- b) Securities are held by the Harris Bank - Chicago in the broker's name.
- c) N.R. = Not Rated.
- d) Municipals rating ranges are Moody's Aaa-A1 and S&P AAA-A.
- e) OPEB revocable trust assets are invested in an S&P 500 Index pool, US Treasury and Government Agency securities, and cash equivalents. Trust assets are managed by Minnesota State Board of Investment and held by a custodian.
- f) Held by the broker in the Council's name.
- g) Cash balance is one component of the required margin excess/deficit calculation. The Council had unrealized gains and collateral in the form of a US Treasury Bill which offset this negative cash position in the margin account. As result this negative position was book entry only and did not require actual funding at year-end.
- h) Cash in bank accounts, less outstanding checks.
- i) Deposits exceeding FDIC insurance limit of \$250,000 are collateralized with Letters of credit or securities held by a third party in the Council's name.

Beginning in 2021, the Council is changing the model it uses to report the interest rate sensitivity of its investments under GASB Statement No. 40 "Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3". The Council is changing from the simulation model to the segmented time distribution model, which better reflects how the Council manages its longer-term investments to manage interest rate risk and changes in value.

METROPOLITAN COUNCIL

The following table shows the segmented time distribution of the Council's investments indicating sensitivity of the investments to market interest rate changes.

*Dollars in thousands*

<b>METROPOLITAN COUNCIL</b>	<b>Fair Value</b>	<b>Less Than 1 Year</b>	<b>1-5 Year</b>	<b>5+ Years</b>
Government Securities Held in Escrow	\$ 105,285	\$ 105,285	\$ -	\$ -
U.S. Agency Securities:				
Federal Home Loan Bank	128,287	-	128,287	-
Federal Home Loan Mortgage Corp	19,458	-	19,458	-
Federal National Mortgage Assn.	19,572	-	19,572	-
Federal Farm Credit Bank	107,114	-	97,169	9,945
U.S. Treasury Notes	118,710	-	89,249	29,461
Mortgage-Backed Securities:				
Federal Natl Mtg Assn.	256	-	68	188
Fed. Home Loan Mtge. Corp.	277	-	-	277
U.S. Agency Discount Notes	214,952	214,952	-	-
U.S. Treasury Bills	589,836	589,836	-	-
U.S. Treasury Bills (Hedging)	2,049	2,049	-	-
Municipal Bonds (each <5%)	57,284	-	23,697	33,587
Certificates of Deposit	18,000	17,000	1,000	-
OPEB Trust - State Board of Investments	360,785	360,785	-	-
Money Market Funds	211,336	211,336	-	-
Cash for Fuel Hedging Margin	(5,397)	(5,397)	-	-
Cash for Operations	34,744	34,744	-	-
Petty Cash/Coin & Mutilated Coins	30	30	-	-
<b>Total Cash and Investments</b>	<b>\$ 1,982,578</b>	<b>\$ 1,530,620</b>	<b>\$ 378,500</b>	<b>\$ 73,458</b>

The Council categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. U.S. Treasury securities are classified as Level 1, which are investments valued using prices quoted in active markets for identical securities. US Government Agency, Mortgage-Backed, and Municipal securities are classified as Level 2, which are investments valued using a market approach pricing technique. Level 3 investments are valued using inputs that are unobservable. Because investing is a key part of the Council's activities, the Council shows greater disaggregation in its disclosures than is otherwise required. Assets valued at net asset value consist of money market funds and Certificates of Deposits, which are not required to be leveled. The money market funds are highly liquid assets that the Council has in addition to cash to ensure adequate cash flow for operating activities.

The following is a summary of Investment Instruments Measured at Fair Value on December 31, 2021 (*dollars in thousands*):

	<b>Fair Value Measurements Using:</b>			
	<b>12/31/2021</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Investments by fair value level</b>				
Debt securities				
Government Securities Held in Escrow	\$ 105,285	\$ -	\$ 105,285	\$ -
OPEB Trust Government Securities	101,183	-	101,183	-
Federal Home Loan Bank	128,287	-	128,287	-
Federal National Mortgage Association	19,572	-	19,572	-
Federal Farm Credit Bank	107,114	-	107,114	-
Federal Home Loan Mortgage Corporation	19,458	-	19,458	-
Mortgage-Backed securities	533	-	533	-
Municipal Bonds	57,284	-	57,284	-
U.S. Agency Discount Notes	214,952	214,952	-	-
U.S. Treasury Notes	118,710	118,710	-	-
U.S. Treasury Bills	591,885	591,885	-	-
<b>Total Investments by fair value level</b>	<b>\$ 1,464,263</b>	<b>\$ 925,547</b>	<b>\$ 538,716</b>	<b>\$ -</b>
Investment measured at the net asset value (NAV)				
Certificates of Deposit	18,000			
Money Market Fund	211,336			
<b>Total investments measured at the NAV</b>	<b>\$ 229,336</b>			
<b>Total investments measured at fair value and at the NAV</b>	<b>\$ 1,693,599</b>			



The Council also holds \$250,402,000 in the Non-Retirement Equity Fund and \$9,200,000 in the Non-Retirement Money Market Fund with the Minnesota State Board of Investment (SBI), which are external investment pools. The fair value of these investments is the fair value per share of the underlying portfolio. Pursuant to Minnesota Statute (MS) 471.6175, the Council may establish a trust account to pay other postemployment benefits (OPEB).

The Council's assets are invested by SBI pursuant to Minnesota Statute 11A.14. Minnesota Statutes section 11A.14, subdivision 1 provides for the establishment of investment vehicles for assets of the participating public retirement plans and non-retirement funds. The Council invests in the Non-Retirement Equity Fund with the goal of capturing the historically higher rate of return in the equity market, over the long-term, and thereby maximize funding of the other post-employment benefit liability as recorded in its financial statements. SBI requests a 72-hour notification prior to any withdrawal greater than \$1,000,000.

## 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 instrument. Since inception of the EFP program in 2004, the Council has utilized only futures contracts. However, the Council has no statutory limitation on using other hedging instruments.

Statutorily, the Council may not hedge more than 100.00 percent of the projected consumption of any of its commodities. Anticipating unplanned reductions in actual consumption relative to amounts budgeted, the Council has reduced the hedge ceiling to 90.00 percent of projected diesel-related fuel consumption and 80.00 percent of natural gas consumption. The Council can hedge its projected consumption up to 23 months into the future. The hedging transactions are completely separate from the physical fuel purchase transactions. The Council does not take delivery of fuel via its EFPs. The initial cash value of each contract is zero; thereafter, the change in the value of each contract is directly correlated with the simultaneous and offsetting increase/decrease in the cost of the fuel in the marketplace and at the time of delivery. At the end of 2021, these values are reported in the "Deferred Inflows of Resources" and offset in "Prepays and Other Current Assets."

Since 2004, the Council has hedged most of its annual 8 million gallons of diesel fuel consumed by the Metro Transit Bus fund, a business-type unit.

In 2009, the Council adopted GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments. GASB Statement No. 53 requires an evaluation of effectiveness of the hedge at the end of each reporting period. A hedge is considered effective if the changes in fair value of the hedged item and hedging derivative instrument offset each other to a significant extent. For 2021, the Council performed a retrospective statistical analysis test and determined that the liquidated hedges were essentially effective.

As of December 31, 2021, the Council had 286 New York Mercantile Exchange (NYMEX) heating oil futures contracts (12.00 million gallons) with acquisition (effective) dates ranging from 04/02/2020 through 12/22/2021. Termination dates range from 01/31/2022 to 09/29/2023. As of December 31, 2021, the ultra-low sulfur diesel futures contracts had a fair value of \$26,795,000. The Council can hedge its projected consumption (up to 90.00 percent in diesel) up to 23 months into the future.

The following risks are generally associated with futures contracts:

*Credit risk.* To reduce the potential impact of credit risk, the exchanges require both parties of a futures transaction to post margin amounts in their respective accounts and to daily maintain equity sufficient to cover unrealized losses. As of December 31, 2021, the Council's futures accounts at R.J.O'Brien contained a cash balance in the amount of \$(5,397,000) and a U.S. agency security with a fair value of \$2,049,000.

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

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

### C. Receivables

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

*Dollars in thousands*

<b>Receivables - current</b>	<b>Accounts</b>	<b>Allowance for Uncollectable</b>	<b>Delinquent Taxes</b>	<b>Interest</b>	<b>Total Receivable</b>
<b>Governmental funds:</b>					
General Fund	\$ 9	\$ -	\$ 840	\$ 88	\$ 937
Metro Mobility	-	-	-	35	35
Debt Retirement	-	-	3,093	112	3,205
Nonmajor Governmental	9	-	675	190	874
<b>Total Governmental funds</b>	<b>\$ 18</b>	<b>\$ -</b>	<b>\$ 4,608</b>	<b>\$ 425</b>	<b>\$ 5,051</b>
<b>Enterprise funds:</b>					
Environmental Services	\$ 5,886	\$ (20)	\$ -	\$ 199	\$ 6,065
Metro Transit Bus	5,116	(372)	-	437	5,181
Metro Transit Light Rail	397	-	-	-	397
Metro Transit Commuter Rail	-	-	-	4	4
Metropolitan Housing and Redevelopment Authority	1,516	-	20	15	1,551
<b>Total Enterprise funds</b>	<b>\$ 12,915</b>	<b>\$ (392)</b>	<b>\$ 20</b>	<b>\$ 655</b>	<b>\$ 13,198</b>
<b>Receivables – restricted</b>					
<b>Enterprise funds:</b>					
Environmental Services	\$ 6,367	\$ -	\$ -	\$ 188	\$ 6,555
Metro Transit Bus	187	-	-	-	187
Metro Transit Light Rail	387	-	-	-	387
<b>Total Enterprise funds</b>	<b>\$ 6,941</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 188</b>	<b>\$ 7,129</b>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows (dollars in thousands):

	<u>Unavailable</u>
Delinquent property taxes receivable (General fund)	\$ 601
Delinquent property taxes receivable (Debt retirement fund)	2,309
Delinquent property taxes receivable (Nonmajor governmental funds)	477
<b>Total deferred inflows of resources for governmental funds</b>	<b>\$ 3,387</b>

### D. Property taxes

Minnesota State Law requires the State of Minnesota Commissioner of Revenue to determine property tax levy limits. The levy limit generally represents the prior year’s levy limit multiplied by the percentage increase in total market value of taxable property. There are no property tax levy limits for the debt service levy, or for the transit Tax Anticipation Certificate levy.

In 2021, the Council levied \$16,139,000 for the General Operating levy, \$12,668,000 for the Livable Communities Demonstration Account levy, \$1,800,000 in Parks Debt Retirement, and \$53,132,000 in Transit Debt Retirement levies upon all taxable property within the Twin Cities Metropolitan Area. The Council also levied \$5,000,000 for Livable Communities Tax Base Revitalization upon taxable property included in the Metropolitan Fiscal Disparities contribution tax pool.

The following is a summary of the Council’s property tax levy limits and levies (dollars in thousands):

	<u>Levy Limit</u>	<u>Council Levy</u>
Operating Levy	\$ 16,139	\$ 16,139
Tax Base Revitalization	5,000	5,000
Livable Communities	12,668	12,668
Park and Transit Debt Retirement	54,932	54,932
<b>Total</b>	<b>\$ 88,739</b>	<b>\$ 88,739</b>

## E. Capital assets

Capital assets for the year ended December 31, 2021, was as follows:

	<i>Dollars in thousands</i>			
<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions/ Adjustments</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 215	\$ -	\$ -	\$ 215
Total capital assets, not being depreciated	215	-	-	215
Other capital assets at historical cost				
Buildings and infrastructure	16,344	-	-	16,344
Vehicles	242,390	21,607	(11,926)	252,071
Equipment	18,400	803	(2,055)	17,148
Leased buildings	-	143	-	143
Total other capital assets at historical cost	277,134	22,553	(13,981)	285,706
Less accumulated depreciation for:				
Buildings and infrastructure	5,925	408	-	6,333
Vehicles	133,632	21,770	(11,144)	144,258
Equipment	15,218	1,345	(1,985)	14,578
Less accumulated amortization for leased buildings	-	17	-	17
Total accumulated depreciation and amortization	154,775	23,540	(13,129)	165,186
Other capital assets, net	122,359	(987)	(852)	120,520
Governmental activities capital assets, net	\$ 122,574	\$ (987)	\$ (852)	\$ 120,735

	<i>Dollars in thousands</i>			
<b>Business -type Activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions/ Adjustments</b>	<b>Ending Balance</b>
Capital assets, not being depreciated				
Land	\$ 256,838	\$ 2,594	\$ (1,435)	\$ 257,997
Construction in progress	1,573,905	555,384	(103,735)	2,025,554
Total capital assets, not being depreciated	1,830,743	557,978	(105,170)	2,283,551
Capital assets, being depreciated				
Buildings and infrastructure	5,092,187	159,377	(7,470)	5,244,094
Vehicles	833,377	57,439	(27,954)	862,862
Equipment	243,364	16,830	(4,725)	255,469
Leased land	-	4,163	-	4,163
Leased buildings	-	8,667	-	8,667
Total capital assets being depreciated	6,168,928	246,476	(40,149)	6,375,255
Less accumulated depreciation for:				
Buildings and infrastructure	2,221,449	146,366	(3,689)	2,364,126
Vehicles	457,707	44,572	(27,552)	474,727
Equipment	195,639	13,350	(4,727)	204,262
Less accumulated amortization for:				
Leased land	-	276	-	276
Leased buildings	-	627	-	627
Total accumulated depreciation and amortization	2,874,795	205,191	(35,968)	3,044,018
Total capital assets, being depreciated, net	3,294,133	41,285	(4,181)	3,331,237
Business-type activities capital assets, net	\$ 5,124,876	\$ 599,263	\$ (109,351)	\$ 5,614,788

Depreciation and amortization expense were charged to functions/programs of the primary government as follows:

	<i>Dollars in thousands</i>		
<b>Governmental activities:</b>	<b>Depreciation</b>	<b>Amortization</b>	<b>Total</b>
General Government	\$ 762	\$ 17	\$ 779
Transportation	22,761	-	22,761
<b>Total governmental activities</b>	<b>\$ 23,523</b>	<b>\$ 17</b>	<b>\$ 23,540</b>

	<i>Dollars in thousands</i>		
<b>Business-type activities:</b>	<b>Depreciation</b>	<b>Amortization</b>	<b>Total</b>
Environmental Services	\$ 68,688	\$ -	\$ 68,688
Metro Transit Bus	65,386	805	66,191
Metro Transit Light Rail	62,265	98	62,363
Metro Transit Commuter Rail	6,892	-	6,892
Metropolitan Housing and Redevelopment Authority	1,057	-	1,057
<b>Total business-type activities</b>	<b>\$ 204,288</b>	<b>\$ 903</b>	<b>\$ 205,191</b>

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

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

The composition of interfund balances as of December 31, 2021, is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<i>Dollars in thousands</i>
Metro Transit-Bus	Metro Transit-Light Rail	\$ 5,292

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

	<i>Dollars in thousands</i>					
	<b>Transfers out</b>					
<b>Transfers in</b>	General Fund	Debt Retirement	Nonmajor Governmental	Environmental Services	Metro Transit Bus	Total
General Fund	\$ -	\$ -	\$ -	\$ 633	\$ -	\$ 633
Nonmajor Governmental	5,000	27	-	-	-	5,027
Environmental Services	254	-	-	-	-	254
Metro Transit Bus	-	10,000	55,680	-	-	65,680
Metro Transit Light Rail	-	-	6,712	-	2,448	9,160
Metro Transit Commuter	-	-	192	-	63	255
<b>Total</b>	<b>\$ 5,254</b>	<b>\$ 10,027</b>	<b>\$ 62,584</b>	<b>\$ 633</b>	<b>\$ 2,511</b>	<b>\$ 81,009</b>

## G. Leases

The Council leases building and office facilities, storage facilities, and other operating equipment under non- cancelable leases.

*Governmental Funds:* On May 2, 2014 the Council entered into a five-year lease for 1,505 square feet of building space. Monthly payments of \$1,254 were due, with the first payment made on May 13, 2014. On May 2, 2019 the lease was extended for another ten years, and amended to include an additional 252 square feet at a cost of \$210 per month. Monthly payments of \$1,464 are due on the amended lease, with the first payment made on June 26, 2019. The annual interest rate charged on the lease is 0.49 percent.

On December 31, 2021, the principal and interest requirements to maturity are as follows:

<i>In thousands</i>			
<b>Year Ending December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 17	\$ 1	\$ 18
2023	17	1	18
2024	17	-	17
2025	17	-	17
2026	17	-	17
2027-2029	41	1	42
<b>Total</b>	<b>\$ 126</b>	<b>\$ 3</b>	<b>\$ 129</b>

*Proprietary Funds:* Metro Transit Bus entered into two land leases for a bus layover area and a land under a bus garage, which also has a building lease. Leases had various start dates with the oldest lease starting in 2020. These leases have options to extend the term for 5-10 years which are probable to be executed. The lease payments increase approximately 0.00-1.00 percent annually. The annual interest rate charged on the leases are between 0.963-1.271 percent.

Metro Transit Bus entered into four land leases for transit stores, a bus shelter, and a bus garage facility. Leases had various start dates with the oldest lease starting in 1986. Metro Transit Bus is in the midst of the original agreement with up to eighth amendment after the original agreement. The leases with options to extend the term are for 3-15 years which are probable to be executed. The lease payments increase approximately 0.00-2.50 percent annually. The annual interest rate charged on the leases are between 0.129-.963 percent.

On December 31, 2021, the principal and interest requirements to maturity are as follows:

<i>Dollars in thousands</i>			
<b>Metro Transit Bus</b>			
<b>Year Ended December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 666	\$ 101	\$ 767
2023	669	95	764
2024	686	89	775
2025	704	82	786
2026	750	75	825
2027-2031	3,932	267	4,199
2032-2036	3,488	68	3,556
<b>Total</b>	<b>\$ 10,895</b>	<b>\$ 777</b>	<b>\$ 11,672</b>

Metro Transit Light Rail entered into two building leases for signal space and a warehouse. Leases had various start dates with the oldest lease starting in 2017. The leases have options to extend the term from 5 to 20 years which are probable to be executed. the lease payments increase approximately 2.00-2.50 percent annually. The annual interest rate charged on the leases are between 0.602-1.465 percent.

On December 31, 2021, the principal and interest requirements to maturity are as follows:

<i>Dollars in thousands</i>			
<b>Metro Transit Light Rail</b>			
<b>Year Ended December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 96	\$ 10	\$ 106
2023	92	13	105
2024	96	9	105
2025	99	9	108
2026	99	8	107
2027-2031	402	31	433
2032-2036	24	24	48
2037-2041	31	22	53
2042-2046	40	20	60
2047-2051	49	17	66
2052-2056	60	13	73
2057-2061	72	8	80
2062-2066	65	2	67
<b>Total</b>	<b>\$ 1,225</b>	<b>\$ 186</b>	<b>\$ 1,411</b>

## H. Certificates of Participation

On December 1, 2004, the Council entered into an annual appropriation purchase agreement for land and facilities to be renovated thereon. The Council granted an interest agreement in the land and facilities to a trustee and proceeds from the issuance and sale of Certificates of Participation in the purchase agreement provided a portion of the funds to renovate, improve and equip the facilities for use as the Council’s administrative headquarters. In 2006, the facilities were completed, and the Council’s administrative headquarters were relocated. On March 20, 2014, the Council paid the principal and interest payment due on the Council’s Certificates of Participation, Series 2004G and redeemed the June 1, 2015 through June 1, 2025 maturities of the Series 2004G Certificates. New refunding certificates of participation, Series 2014E were issued on March 20, 2014. The Certificates of Participation are not an obligation of the Council and the agreement is subject to non-appropriation by the Council in which event the agreement is terminated and there is no obligation of the Council for future payments. The Council intends to continue the agreement through its entire term. These Certificates of Participation do not meet the criteria of GASB Statement No. 87, “Leases” as the underlying asset will transfer ownership to the Council.

### Certificates of Participation

*Dollars in thousands*

<b>Governmental Fund</b>			
<b>Year Ending December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 955	\$ 67	\$ 1,022
2023	990	38	1,028
2024	760	11	771
<b>Total</b>	<b>\$ 2,705</b>	<b>\$ 116</b>	<b>\$ 2,821</b>



## I. Long-term obligations

### 1. General obligation debt

The Council issues general obligation bonds for parks, wastewater, and transit. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the Council's full faith and credit and taxing powers.

Parks bonds are issued to acquire and develop regional park land. Bonds are issued, subject to a limitation of \$40 million of outstanding debt, as a 40.00 percent match to state appropriations. Parks bonds are generally issued as 5-year serial bonds and are secured by taxes levied upon all taxable property in the region. Transit bonds are issued for the acquisition of transit vehicles, equipment and facilities and transit system improvements. Transit bonds are generally issued as 20-year serial bonds and are secured by tax levies. Wastewater bonds are issued for acquisition and improvement of the wastewater disposal system. The bonds are generally issued as 20-year serial bonds. The bonds are secured by municipal wastewater charges together with the full faith, credit, and unlimited taxing powers of the Council.

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

The original amount of general obligation bonds issued in prior years was \$1,663,905,000.

During the year, \$6,120,000 of general obligation park bonds and \$101,265,000 of general obligation revenue wastewater refunding bonds were issued.

General obligation bonds currently outstanding on December 31, 2021, are as follows:

<b>Purpose</b>	<b>Interest Rates</b>	<i>Dollars in Thousands</i>
Governmental activities *	2.00-5.00%	\$ 168,345
Governmental activities refunding	2.38-5.00%	24,975
Business-type activities *	2.00-5.25%	519,485
Business-type activities refunding *	2.00-5.50%	268,030
Total general obligation bonds		<u>\$ 980,835</u>
*Contains taxable bonds		

In addition to general obligation bonds, the Council has general obligation backed loan agreements with the Minnesota Public Facilities Authority (PFA). The loans are drawn down on a reimbursement basis and fund the same purposes as general obligation bonds. The original amount of Minnesota Public Facilities Authority (PFA) loans drawn down in prior years was \$882,894,000. During the year, \$54,991,000 of Minnesota PFA loans were drawn down, entirely by business-type activities. The remaining available balance for the Council to drawdown on the Minnesota PFA loan is \$7,115,000.

Public Facilities Authority general obligation backed loans currently outstanding on December 31, 2021, are as follows:

<b>Purpose</b>	<b>Interest Rates</b>	<i>Dollars in Thousands</i>
Business-type activities	1.00-3.18%	\$ 524,984

The Council has issued \$356,215,000 of general obligation grant anticipation notes to provide cash flows for the Southwest Green Line light rail extension project in anticipation of receipt of federal funds that were awarded the project. The notes were issued as 3-year, 4-year, and 8-year serial notes and are secured by the Federal Transit Administration grant award together with the full faith, credit, and unlimited taxing powers of the Council.

General obligation grant anticipation notes currently outstanding on December 31, 2021, are as follows:

<b>Purpose</b>	<b>Interest Rates</b>	<i>Dollars in Thousands</i>
Business-type activities	0.38-5.00%	<u>\$ 391,875</u>

The following is a summary of general obligation bond, grant anticipation notes, and PFA loan transactions of the Council for the year ended December 31, 2021:

	<i>Dollars in thousands</i>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Balance, January 1, 2021	\$ 271,859	\$ 1,523,747
PFA drawdown	-	54,991
Bond issued, net of discount/premium	6,463	540,865
Amortization of discount/premium	(3,151)	(15,377)
Less principal payment	(58,180)	(251,343)
Balance, December 31, 2021	<u>\$ 216,991</u>	<u>\$ 1,852,883</u>

The Council's outstanding notes from direct borrowings related to business-type activities of \$524,984,000 are Clean Water State Revolving Fund Loan agreements with the Minnesota Public Facilities Authority (MPFA), which are evidenced by notes placed directly with the MPFA. These MPFA loans finance various capital projects for the Environmental Services division. The loans are re-paid from wastewater system revenues. The \$1,826,000 are Family Affordable Housing Program loan agreements with the Minnesota Housing Finance Authority, Hennepin County Housing and Redevelopment Authority and Housing and Redevelopment Authority of Edina. These loans finance capital purchases in the Metropolitan Housing and Redevelopment Authority division. The loans are expected not to be re-paid since the terms of the agreements are being met.

As of December 31, 2021, the annual debt service requirements to amortize all general obligation bonds, grant anticipation notes, and PFA loans outstanding, including interest of \$34,458,000 on the governmental activities debt and \$294,657,000 on the business-type activities debt was as follows:

<b>Year Ending December 31</b>	<i>Dollars in thousands</i>		
	<b>Governmental Activities</b>		
	<b>Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 28,045	\$ 7,403	\$ 35,448
2023	23,780	6,246	30,026
2024	23,805	5,134	28,939
2025	24,025	4,005	28,030
2026	19,415	3,024	22,439
2027-2031	54,890	6,513	61,403
2032-2036	12,610	1,829	14,439
2037-2041	6,750	304	7,054
Subtotal	\$ 193,320	\$ 34,458	\$ 227,778
Net unamortized:			
Discounts/premium	23,671	-	23,671
Total payments	<u>\$ 216,991</u>	<u>\$ 34,458</u>	<u>\$ 251,449</u>

*Dollars in thousands*

Year Ending December 31	<b>Business-type Activities</b>					
	<b>Bonds</b>			<b>Notes from Direct Borrowings</b>		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 234,310	\$ 46,112	\$ 280,422	\$ 62,257	\$ 8,933	\$ 71,190
2023	112,675	36,714	149,389	61,653	7,649	69,302
2024	101,660	32,320	133,980	57,002	6,344	63,346
2025	103,590	27,931	131,521	47,861	5,206	53,067
2026	91,890	23,459	115,349	45,356	4,380	49,736
2027-2031	347,410	60,741	408,151	153,875	12,543	166,418
2032-2036	151,100	16,937	168,037	80,764	3,766	84,530
2037-2041	36,755	1,246	38,001	16,216	376	16,592
Subtotal	\$ 1,179,390	\$ 245,460	\$ 1,424,850	\$ 524,984	\$ 49,197	\$ 574,181
Net unamortized:						
Discounts/premium	148,509	-	148,509	-	-	-
Total payments	\$ 1,327,899	\$ 245,460	\$ 1,573,359	\$ 524,984	\$ 49,197	\$ 574,181

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

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), the Council issued \$43,000,000 (2009A) and \$69,000,000 (2010E) of General Obligation Transit bonds, and \$65,000,000 (2010F) of General Obligation Wastewater bonds.

The bonds are direct pay tax credit Build America Bonds (BAB), in which the Council receives a 35.00 percent credit on bond interest paid. The Council has complied with all requirements of ARRA to be eligible for the BAB interest credit. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 the refundable credit has been reduced by 5.70 percent from sequestration through September 30, 2021. This is the sequestration rate that, as of December 31, 2021, will be in effect through 2030.

Taking into consideration the above BAB interest credit, as of December 31, 2021 the Council's net annual debt service requirements to amortize all loans outstanding, including interest of \$48,267,000 on the business-type activities, notes from direct borrowings debt, was as follows:

*Dollars in thousands*

Year Ending December 31	<b>Business-type Activities- Notes from Direct Borrowings</b>				
	Principal	Interest	Federal Subsidy	Net Interest	Net Payment
2022	\$ 62,257	\$ 8,933	\$ (232)	\$ 8,701	\$ 70,958
2023	61,653	7,649	(210)	7,439	69,092
2024	57,002	6,344	(173)	6,171	63,173
2025	47,861	5,206	(116)	5,090	52,951
2026	45,356	4,380	(88)	4,292	49,648
2027-2031	153,875	12,543	(111)	12,432	166,307
2032-2036	80,764	3,766	-	3,766	84,530
2037-2041	16,216	376	-	376	16,592
Subtotal	\$ 524,984	\$ 49,197	\$ (930)	\$ 48,267	\$ 573,251
Net unamortized:					
Discounts/premiums	-	-	-	-	-
Total payments	\$ 524,984	\$ 49,197	\$ (930)	\$ 48,267	\$ 573,251

## 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.

In 2021, the Housing and Redevelopment Authority of Edina issued a loan to the council in the amount of \$2,000,000. During the year, \$421,000 of the loan were drawn down, entirely by business-type activities. The remaining available balance for the Council to drawdown on the loan is \$1,579,000. The terms of the agreement are 25 years after the last advance, then the loan will be deemed fully forgiven as of the forgiveness date.

## 3. Refunded bonds

The following is a summary of refunding bond activities affecting the Council for the year ended December 31, 2021:

Bond Number	Type	Dollars in thousands			Refunded Bond	Bond Maturities
		Par Value	Present Value Savings	Debt Service Savings		
2021F	Wastewater	\$ 32,535	\$ 4,720	\$ 5,167	2012B	2023-2032
		24,705	1,884	1,920	2012E	2023-2025
		44,025	5,177	5,824	2014D	2023-2034

## 4. Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

Governmental activities:	Dollars in thousands				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds/loans payable:					
General obligation debt	\$ 245,380	\$ 6,120	\$ (58,180)	\$ 193,320	\$ 28,045
Discounts/premiums	26,479	343	(3,151)	23,671	-
Total general obligation debt	271,859	6,463	(61,331)	216,991	28,045
Certificates of Participation	3,635	-	(930)	2,705	955
Lease liability	-	143	(17)	126	17
Compensated absences	6,214	5,052	(3,615)	7,651	4,591
Governmental long-term liabilities	\$ 281,708	\$ 11,658	\$ (65,893)	\$ 227,473	\$ 33,608

Business Type Activities:	Dollars in thousands				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds/loans/notes payable:					
General obligation debt	\$ 793,955	\$ 101,265	\$ (107,705)	\$ 787,515	\$ 164,800
Grant anticipation notes	125,160	356,215	(89,500)	391,875	69,510
Notes/loans from Direct Borrowings:					
PFA Loans	524,131	54,991	(54,138)	524,984	62,257
Loans payable	1,405	421	-	1,826	-
Discounts/premiums	80,501	83,385	(15,377)	148,509	-
Lease liability	-	12,120	-	12,120	762
Total bonds/loans payable	1,525,152	608,397	(266,720)	1,866,829	297,329
Compensated absences	33,191	42,339	(42,052)	33,478	27,475
Accrued claims	29,355	94,850	(91,022)	33,183	18,732
Business-type long-term liabilities	\$ 1,587,698	\$ 745,586	\$ (399,794)	\$ 1,933,490	\$ 343,536

Certificates of participation in the Governmental Activities have been liquidated by funding from the General Fund in 2021 and prior years. The majority of Metro Transit Bus, Metro Transit Light Rail, and Metro Transit Commuter Rail employees earn vacation in one year that must be used within the following year. Actual payments of compensated absences are made directly from the same Governmental funds that incurred the salary expenditures. Prior years compensated absences were paid from the General Fund, Special Revenue funds, non-major governmental funds, and Enterprise funds.

## J. Compensated absences

In 2021, the General fund liability for compensated absences earned but not taken increased from \$6,214,000 to \$7,651,000. This liability is reported in the government-wide statement of net position. The following summary of changes during 2021 includes \$544,000 in payroll taxes:

	<i>Dollars in thousands</i>
Balance, January 1, 2021	\$ 6,214
Transferred to/from Enterprise Funds	(99)
Leave Earned	5,014
Leave Taken or Paid Off	(3,478)
Balance, December 31, 2021	\$ 7,651

## K. Fund balance

Fund balance is divided into five classifications based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Fund balance classifications are as follows:

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

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

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

*Committed.* Net fund balances that represent resources that can be used only for the specific purposes determined by formal action of the Council are deemed to be committed. The Council’s formal actions, or resolutions, are the highest decision-making level and remain binding unless removed in the same manner. Additionally, any Council action, either binding or unbinding, needs to be taken prior to the end of the calendar year. The entire fund balances of the Metro Mobility, Contracted Transit Service, and Transportation Planning special revenue funds and a portion of the fund balance of the Transit Capital projects fund are considered committed. Additionally, within the General fund, the Council has identified amounts for self-insurance, OPEB, and regional water supply to be committed.

*Assigned.* Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. In the Other Special Revenue fund, assigned amounts are intended to be used for planning assistance. In the General fund, amounts intended to be used for capital maintenance and compensated absences are assigned. The amount recognized as capital maintenance is approved by the Council in the carry forward budget amendment. Pursuant to Council resolution, the Chief Financial Officer is authorized to establish assignment of fund balance.

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

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

The summary of fund balance classifications is as follows:

	<i>Dollars in thousands</i>				<b>Total</b>
	<b>Major Funds</b>			<b>Nonmajor Governmental Funds</b>	
	<b>General Fund</b>	<b>Metro Mobility Special Revenue</b>	<b>Debt Retirement</b>		
Fund Balances:					
Spendable:					
Restricted for:					
Debt Retirement Reserve	\$ -	\$ -	\$ 121,669	\$ -	\$ 121,669
Highway Right-of-Way Program	-	-	-	57,863	57,863
Economic Revitalization	-	-	-	16,860	16,860
Environment Development	-	-	-	50,626	50,626
Incentive Housing	-	-	-	9,237	9,237
Regional Land Use	-	-	-	94	94
North Mississippi Park Improvements	-	-	-	1,131	1,131
Regional Parks Capital Improvements	-	-	-	113,894	113,894
Transit Capital Improvements	-	-	-	31,997	31,997
Committed for:					
Self-Insurance	2,500	-	-	-	2,500
Other Post-Employment Benefits	5,958	-	-	-	5,958
Regional Water Supply Program	5	-	-	-	5
Regional ADA Transit Service	-	53,576	-	-	53,576
Regional Transit Provider Services	-	-	-	39,843	39,843
Assigned for:					
Capital Maintenance	3,220	-	-	-	3,220
Compensated Absences	4,591	-	-	-	4,591
Planning Assistance	-	-	-	567	567
Unassigned	26,624	-	-	(52,340)	(25,716)
Total fund balances	<u>\$ 42,898</u>	<u>\$ 53,576</u>	<u>\$ 121,669</u>	<u>\$ 269,772</u>	<u>\$ 487,915</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 purchases both commercial insurance and self-insures for these risks of loss as discussed below. Within the past three fiscal years, no settled claims have exceeded commercial coverage. There have been no significant reductions in insurance coverage from the prior year by major categories of risk.

#### 1. Liability

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

#### 2. Automobile

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



### 3. Errors and omissions

The Council self-insures for errors and omissions risk. There were no claims for 2020 or 2021.

### 4. Property and crime

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

### 5. Workers' compensation

Metro Transit has been self-insured for workers' compensation since 1982, Environmental Services since 1993, and the rest of the Council since 1995. Prior to July 1, 1996, Environmental Services used a third-party administrator; since that time, the Council has self-administered workers' compensation claims for all divisions. Liabilities are recognized when there is information available that suggests there has been an occurrence in which a probable loss has occurred. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using the 30-year Treasury yield.

The self-insurance retention limit for workers' compensation is \$5,000,000 per single loss. For claims above the retention limit, the Workers' Compensation Reinsurance Association reimburses the Council.

Changes in the balance of workers' compensation liabilities during 2020 and 2021 are as follows:

*Dollars in thousands*

	<b>Metro Transit</b>					<b>Total</b>
	<b>Bus</b>	<b>Light Rail</b>	<b>Commuter Rail</b>	<b>Environmental Services</b>	<b>Metropolitan Housing and Redevelopment Authority</b>	
<b>2020 Balance:</b>						
Beginning Balance	\$ 17,755	\$ 1,571	\$ 3,177	\$ 724	\$ -	\$ 23,277
Current year claims and changes in estimates	4,544	256	31	824	-	5,655
Payments on claims	(5,787)	(206)	-	(480)	-	(6,473)
Ending balance	<u>\$ 16,512</u>	<u>\$ 1,621</u>	<u>\$ 3,208</u>	<u>\$ 1,068</u>	<u>\$ -</u>	<u>\$ 22,409</u>
<b>2021 Balance:</b>						
Beginning Balance	\$ 16,512	\$ 1,621	\$ 3,208	\$ 1,068	\$ -	\$ 22,409
Current year claims and changes in estimates	9,910	268	72	409	5	10,664
Payments on claims	(8,589)	(182)	(11)	(362)	-	(9,144)
Ending balance	<u>\$ 17,833</u>	<u>\$ 1,707</u>	<u>\$ 3,269</u>	<u>\$ 1,115</u>	<u>\$ 5</u>	<u>\$ 23,929</u>

### 6. Cyber Insurance

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

## 7. Internal service fund

The Metropolitan Council has an internal service fund for its self-insurance plans for health and dental care. The Council assumes all liability for medical and dental claims. The self-funded programs within the fund establish claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not paid, and of claims that have been incurred, but not reported. These estimates are agreed to by the insurance carriers and the Metropolitan Council and are reviewed for accuracy and reasonableness. The estimates are based on claim experience and claim lag timetables provided by the carriers and do not include additional estimates for subrogation, salvage, or unallocated claim adjustments. Changes in the balance for the self-funded programs are as follows:

*Dollars in thousands*

<b>2020 Balance:</b>	<b>Internal Service Fund</b>
Beginning Balance	\$ 6,737
Incurred claims	72,579
Payments on claims	(72,370)
Ending Balance	<u>\$ 6,946</u>
<b>2021 Balance:</b>	
Beginning Balance	\$ 6,946
Incurred claims	84,186
Payments on claims	(81,878)
Ending Balance	<u>\$ 9,254</u>

## B. Pension obligations

Metropolitan Council has 3,786 employees that are covered by a retirement plan administered by Minnesota State Retirement System (MSRS) under the General Employees Fund (GEF). The Metropolitan Council metro transit police has 159 employees that are covered by a plan administered by Public Employees Retirement Association of Minnesota (PERA) under the Public Employees Police and Fire Fund (PEPFF). The Metropolitan Council also has 18 people under an Unclassified Employees Retirement Fund (UER) administered by MSRS. Investments at these pension plans are reported at fair value.

### 1. Defined benefit pension plans

#### a. Minnesota State Retirement System - General Employees Fund (MSRS-GEF) General information

**Plan Description:** The majority of the employees of the Metropolitan Council are covered by the General Employees Fund (GEF), a cost sharing multiple-employer defined benefit pension plan administered by the Minnesota State Retirement System. Chapter 352 of the Minnesota Statutes grants the authority to establish and amend the benefit terms to MSRS. MSRS's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code. MSRS issues a publicly available financial report that can be obtained at [www.msrs.state.mn.us/financial-information](http://www.msrs.state.mn.us/financial-information); by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103-3000; or by calling (651) 296-2761 or 1-800-657-5757.

**Benefits provided:** MSRS-GEF provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member's age, years of credit, and the highest average salary for any sixty successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January and are related to the funded ratio of the plan. Annuitants received benefit increases of 1.00 percent for 2021.

Retirement benefits can be computed using one of two methods: the Step formula and the Level formula. Members hired before July 1, 1989, may use the Step or Level formula, whichever is greater. Members hired on or after July 1, 1989, must use the Level formula. Each formula converts years and months of service to a certain percentage. Under the Step formula, members receive 1.20 percent of the high-five average salary for each of the first 10 years of covered service, then 1.70 percent for each subsequent year. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). In contrast, the Level formula does not include the Rule of 90. Under the Level formula, members receive 1.70 percent of the high-five average salary of all years of covered service, and full benefits are available at normal retirement age.

Disability benefits are determined; 1) at least three years of allowable service and meeting the definition of disability or 2) at least five years of service if hired on or after June 30, 2010 and meeting the definition of disability. Totally and permanently disabled is defined as the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that has existed or is expected to continue for a period of at least one year. Disability benefits are calculated following the same formulas as a regular retirement benefit.

Death benefits are calculated; if a member dies while still an active employee, the spouse is eligible for 100.00 percent survivor annuity or a refund if 1) the member was hired prior to July 1, 2010, and had at least three years of service at death, or 2) the member was hired after June 30, 2010, and had at least five years of service at death. Dependent children are eligible for the monthly benefit until age 20 if there is no surviving spouse.

**Contributions:** Minnesota Statutes Chapter 352 sets the rates for employer and employee contributions. Eligible General Plan members were required to contribute 6.00 percent of their annual covered salary. Participating employers were required to contribute 6.25 percent of their annual covered salary. The Metropolitan Council's contribution to the General Plan for the fiscal year ending December 31, 2021 was \$19,457,000. These contributions were equal to the contractually required contributions for each year as set by state statute.

**1. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.**

On December 31, 2021, the Metropolitan Council reported a liability of \$7,216,000 for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Metropolitan Council's proportion of the net pension liability was based on the contributions received by MSRS during the measurement period July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2021, the Metropolitan Council's proportion was 8.851 percent, which was a decrease of 0.490 percent from its proportion measured as of June 30, 2020.

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

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

The long-term investment rate of return and single discount rates were decreased from 7.50 percent to 6.50 percent.

For the year ended December 31, 2021, the Metropolitan Council recognized a pension expense of \$178,930,000 for its proportionate share of the MSRS-GEF pension expense. On December 31, 2021, the Metropolitan Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<i>(Dollars in thousands)</i>	
Differences between expected and actual experience	\$ 1,786	\$ 833
Changes of assumptions	132,778	99,413
Net difference between projected and actual earnings on investments	-	199,563
Changes in proportion and differences between actual contributions and proportionate share of contributions	117	17,067
Contributions paid to MSRS subsequent to the measurement date	9,404	-
Total	<u>\$ 144,085</u>	<u>\$ 316,876</u>

Amounts reported as deferred outflows of resources related to pensions resulting from Metropolitan Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<b>Pension Expense</b>
	<i>(Dollars in thousands)</i>
2022	\$ (109,038)
2023	(23,541)
2024	(24,392)
2025	(25,224)
	<u>\$ (182,195)</u>

**Actuarial Assumptions:** The Metropolitan Council’s net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent per year
Active Member Payroll Growth	3.00 percent per year
Investment Rate of Return	6.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on Pub-2010 Mortality Tables generational for males or females, as appropriate, with adjustments to match fund experience. Benefit increases for retirees were 1.00 percent for January 1, 2021.

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the period July 1, 2014, through June 30, 2018.

The long-term expected rate of return on pension plan investments is 6.50 percent.

The SBI, which manages the investments of MSRS, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best estimates of future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimate, and target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio. Results are summarized in the following table:

Asset Class	Target Allocation	SBI’s Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	33.50%	5.10%
Private Markets	25.00	5.90
Fixed Income	25.00	0.75
International Equity	16.50	5.30
Total	100.00%	

**Discount Rate:** The discount rate used to measure the total pension liability as of June 30, 2021, was 6.50 percent. The single discount rate was based on an expected rate of return on pension plan investments of 6.50 percent and a municipal bond rate of 1.92 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current statutory contribution rates. Based on that assumption, the pension plan’s fiduciary net position on June 30, 2021, was projected to be available to make all projected future benefit payments of current active and inactive employees through the year ending June 30, 2121. Therefore, the long-term expected rate of return on pension plan investments was applied to project benefit payments through the year ending June 30, 2121, to determine the total pension liability.

**Sensitivity of the Council’s proportionate share of the net pension liability to changes in the discount rate:** The following presents the Metropolitan Council’s proportionate share of the net pension liability, calculated using the discount rate of 6.50 percent, as well as what the Metropolitan Council’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (5.50 percent) or 1.00 percentage point higher (7.50 percent) than the current rate (dollars in thousands):

	1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
Council’s proportionate share of the Net pension liability (MSRS)	\$ 208,109	\$ 7,216	\$ (158,776)

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the MSRS's Comprehensive Annual Financial Report, available on the MSRS website ([www.msrs.state.mn.us/financial-information](http://www.msrs.state.mn.us/financial-information)); by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103-3000; or by calling (651) 296-2761 or 1-800-657-5757.

**b. Public Employees Retirement Association of Minnesota - Public Employees Police and Fire Fund (PERA-PEPFF)**  
**General information**

**Plan Description:** The Public Employees Police and Fire Fund (PEPFF), originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer asset administration to Public Employees Retirement Association (PERA).

Metro Transit Police Officers who qualify for membership by statute, are covered by the Public Employees Police and Fire Fund, a cost sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota. Chapter 353 of the Minnesota Statutes grants the authority to establish and amend the benefit terms to PERA. PERA's defined pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code. PERA issues a publicly available financial report that can be obtained at; [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

**Benefits provided:** Benefits for plan members hired prior to July 1, 2010, vest after three years of credited service. For members first hired after June 30, 2010 but before July 1, 2014, benefits vest on a prorated basis from 50.00 percent after five years up to 100.00 percent after ten years of credited service. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50.00 percent after ten years up to 100.00 percent after twenty years of credited service.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.00 percent post-retirement benefit increase.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

Retirement benefits are determined for employees as 3.00 percent of average salary for each of their years of service. A full unreduced retirement annuity is earned when members meet the following conditions: age 55 and vested or age plus years of service equal at least 90 if first hired prior to July 1, 1989. A reduced retirement annuity is available to members between the ages of 50 and 55. Under legislation enacted in the 2013 session of the Legislature, the reduction for Police and Fire plan early retirement began increasing incrementally in July 2014.

Disability benefits are determined if the employee is unable to work because of a physical or mental disability. Disability is defined by statute, and PERA may require periodic medical examinations of those receiving these benefits. For these employees, there is a minimum benefit of 60.00 percent of salary if disabled while engaged in hazardous activities related to the occupation. Disability under any other circumstances results in a minimum of 45.00 percent of salary.

Survivor benefits are calculated if a member dies while still an active employee, they are based on either 50.00 percent of the member's average salary during the six months prior to death or a formula using the member's total years of service, high-five salary, age at death and age of the spouse. Dependent children of active or disabled employees are eligible for benefits until age 18, or age 23 if full-time student. In this case, the maximum family benefit is 70.00 percent of the member's average monthly salary.

**Contributions:** Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions and may be amended by Minnesota Legislature. Employees are required to contribute 11.80 percent of their annual covered salary in 2021. The Metropolitan Council required contribution rate is 17.70 percent of annual covered salary in 2021. Contributions to the pension plan from the Council were \$2,530,000 for the year ending December 31, 2021.

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

On December 31, 2021, the Metropolitan Council reported a liability of \$9,808,000 for its proportionate share of PERA’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Metropolitan Council’s proportion of the net pension liability was based on the contributions received by PERA during the measurement period July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA’s participating employers. On June 30, 2021, the Metropolitan Council’s proportion was 1.2707 percent, which was an increase of 0.0048 percent from its proportion measured as of June 30, 2020.

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

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

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.

The inflation assumption was changed from 2.50 percent to 2.25 percent.

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

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.

The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.

Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

Assumed percent married for active female members was changed from 60.00 percent to 70.00 percent. Minor changes to form of payment assumptions were applied.

For the year ended December 31, 2021, the Metropolitan Council recognized pension expense of \$(11,308,000) for its proportionate share of the PEPFF’s pension expense. The State of Minnesota also contributed \$18.00 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9.00 million in direct state aid that meets the definition of a special funding situation and \$9.00 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation required the State of Minnesota to pay direct state aid of \$9.00 million on October 1, 2020, and to pay \$9.00 million by October 1 of each subsequent year until full funding is reached, or July 1, 2048, whichever is earlier. The Metropolitan Council recognized an additional \$80,000 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s pension expense related to the special funding situation.

Council’s proportionate share of the net pension liability	\$ 9,808,000
State of Minnesota’s proportionate share of the net pension liability associated with the Council	<u>441,000</u>
Total	<u><u>\$10,249,000</u></u>



Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The Metropolitan Council also recognized \$114,000 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota’s on-behalf contribution to the Police and Fire Plan.

On December 31, 2021, the Metropolitan Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<i>Dollars in thousands</i>	
Differences between expected and actual experience	\$ 1,851	\$ -
Changes of assumptions	14,416	4,510
Net difference between projected and actual earnings on investments	-	18,678
Changes in proportion and differences between actual contributions and proportionate share of contributions	1,620	-
Contributions paid to PERA subsequent to the measurement date	1,178	-
Total	<u>\$ 19,065</u>	<u>\$ 23,188</u>

Amounts reported as deferred outflows of resources related to pensions resulting from Metropolitan Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<b>Pension Expense</b>
	<i>Dollars in thousands</i>
2022	\$ (4,949)
2023	(805)
2024	(923)
2025	(1,789)
2026	3,165
	<u>\$ (5,301)</u>

**Actuarial Assumptions:** The Metropolitan Council’s net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent per year
Active Member Payroll Growth	3.00 percent per year
Investment Rate of Return	6.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on Pub-2010 generational mortality tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1.00 percent.

Actuarial assumptions used in the June 30, 2021, valuation are reviewed annually. The most recent 5-year experience study for the PEPFF was completed July 14, 2020. The economic assumptions are based on a review of inflation and investment return assumptions dated June 24, 2021.

The long-term expected rate of return on pension plan investments is 6.50 percent. The State Board of Investment (SBI), which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates for each major asset class are summarized in the following table:

Asset Class	Target Allocation	SBI's Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	33.50%	5.10%
Private Markets	25.00	5.90
Fixed Income	25.00	0.75
International Equity	16.50	5.30
Unallocated Cash	0.00	0.00
Total	100.00%	

**Discount Rate:** The discount rate used to measure the total pension liability as of June 30, 2021, was 6.50 percent. This single discount rate was based on the expected rate of return on pension plan investments of 6.50 percent and the municipal bond rate of 1.92 percent. The projection of cash flows used to determine this single discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Council's proportionate share of the net pension liability to changes in the discount rate:** The following presents the Metropolitan Council's proportionate share of the net pension liability, calculated using the discount rate of 6.50 percent, as well as what the Metropolitan Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (5.50 percent) or 1.00 percentage point higher (7.50 percent) than the current rate (dollars in thousands):

	1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
Council's proportionate share of the Net pension liability (PERA)	\$ 31,140	\$ 9,808	\$ (7,678)

**Pension plan fiduciary net position:** Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report is available on the PERA's website ([www.mnpera.org](http://www.mnpera.org)); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

**c. Summary of defined benefit plans**

For the year ended December 31, 2021, the Metropolitan Council recognized a pension expense of \$(190,238,000) for its proportionate share of the MSRS-GEF pension expense and its proportionate share of the PEPFF's pension expense. Actual payments of pension liability are made directly from the same Governmental funds that incurred the salary expenditures. Pension liability is paid from the General Fund, Special Revenue funds, non-major governmental funds, and Enterprise funds.

**2. Defined contribution pension plan**

**a. Minnesota State Retirement System – Unclassified Employees Retirement Fund (MSRS-UER) General information**

The Unclassified Employees Retirement Fund is a tax deferred, defined contribution fund entirely composed of a single, multiple-employer defined contribution plan. Participation is limited to certain specified employees. Minnesota statutes, section 352D.01 authorized creation of this plan.

It is considered a money purchase plan, i.e., participants vest only to the extent of the value of their accounts (employee contributions plus employer contributions plus/minus investment gains/losses, less administrative expenses), but functions as a hybrid between a defined contribution plan and a defined benefit plan.

Retirement and disability benefits are available to some participants through conversion, at the participant’s option, to the General Plan provided the employee has at least 10 years of allowable service in the Unclassified and/or the General Plan if hired prior to July 1, 2010 or has more than seven years of service if hired after June 30, 2010.

Minnesota Statutes, section 352D.04, subdivision 2, requires a contribution rate of 6.00 percent of salary from participating employees. The employer contribution rate is 6.25 percent.

For the year ending December 31, 2021, employer contributions were \$211,000. The plan did not have any forfeitures in the current period.

**C. Other postemployment benefits (OPEB) obligations**

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

**Funding Policy:** As of December 31, 2021, the Metropolitan Council had separately invested assets in a revocable trust account with a fair value of \$360,785,000. The trust account is administered by the Public Employees Retirement Association (PERA) under MS 471.6175 (Trust for Postemployment Benefits) and is invested by the SBI pursuant to Minnesota Statutes section 11A.14, which provides for the establishment of investment vehicles for assets of the participating public retirement plans and nonretirement funds.

Minnesota Statute 471.6175, subdivision 5 specifies that the Metropolitan Council may provide investment direction to PERA as the trust administrator, and PERA must certify (and decertify) Metropolitan Council’s assets to the SBI for investment under section 11A.14, subject to the policies and procedures established by the SBI.

The Metropolitan Council’s internal funding policy includes funding and investing the revocable trust account to meet the current and future explicit retiree premium costs for current retirees and all eligible active employees. Funding status for the trust account is based on actuarial valuation assuming a 2.06 percent discount rate and is considered sufficient to meet projected future explicit benefits.

This funding arrangement does not meet the requirements of GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”; accordingly, the revocable trust account assets are not included in disclosures of the OPEB plan assets. The Metropolitan Council does not issue a separate financial report for its OPEB plan. Activity for the plan is reported for the Government-wide financial statements and in enterprise funds for Metro Transit Bus, Metro Transit Light Rail, and Environmental Services.

**Benefits Provided:** The Metropolitan Council provides a health care and life insurance plan to eligible retirees, their spouses, and dependents. The benefit provisions are established and amended through negotiations between the Metropolitan Council and the respective unions representing its employees. This is a closed plan. Only employees hired prior to OPEB benefit sunset dates established within those union agreements are entitled to receive employer paid OPEB benefits. Employees’ percentage of OPEB benefit participation is further dependent upon meeting certain hire date, length of service, retirement age and other criteria established within their collective bargaining agreements. Additionally, under Minnesota Statute 471.61 Subd. 2b, retirees can stay on the plan after retirement which creates an implicit rate subsidy. The amount paid by the employer for OPEB as the benefits came due during the reporting period was \$12,071,000.

**Employees covered by benefit terms:** At the actuarial valuation date of January 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,849
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	3,773
	<u>5,622</u>

**Total OPEB Liability:** The Metropolitan Council’s total OPEB liability of \$377,311,000 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2021. The total OPEB liability was rolled-forward from the valuation date to fiscal year ended December 31, 2021, using generally accepted actuarial principles.

**Actuarial assumptions and other inputs:** The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Payroll Growth	3.00 percent
Discount Rate	2.06 percent
Healthcare cost trend rates	Rates were using a combination of trend surveys, short-term expectations specific to the region, and the SOA-Getzen model and have a grade down period consistent with industry expectations. The ultimate trend of 3.80 percent is reached after a grade down period in 2071.
Employer share of benefit-related costs	The employer subsidy is assumed to shift from the current premium levels to 90.00 percent of the full premium for single coverage and 80.00 percent for family coverage.

Mortality rates were based on the RP-2010 scale with adjustments for mortality improvements based on the MP-2020 scale.

The assumptions prescribed in the actuarial valuation are based on the last experience study prepared for the Minnesota State Retirement System that covered the four-year period from July 1, 2014 through June 30, 2018, dated June 27, 2019.

**Discount Rate:** The discount rate was based on the index rate for 20-year tax-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher as of the measurement date. The Metropolitan Council determined the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate as of December 31, 2021, was 2.06 percent.

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

	Total OPEB Liability
<b>Balance at December 31, 2020</b>	<u>\$ 361,459</u>
<b>Changes for the year:</b>	
Service cost	5,251
Interest	7,625
Differences between expected and actual experience	14,106
Changes in assumptions or other inputs	2,934
Benefit payments	<u>(14,064)</u>
<b>Net changes</b>	<u>15,852</u>
<b>Balance at December 31, 2021</b>	<u>\$ 377,311</u>

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

The following changes in actuarial assumptions affected the measurement of the total OPEB liability since the prior measurement date:

The discount rate was changed from 2.12 percent to 2.06 percent.

The mortality improvement scale was updated from MP-2018 to MP-2020.

The annual medical claims costs and premiums were updated based on recent experience.

The annual medical trend was updated based on recent trend surveys, short-term expectations, and the current version of the SOA-Getzen trend model.

The post 65 claims were age graded for Medicare Supplement plan participants.

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the Metropolitan Council, as well as what the Metropolitan Council's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (1.06 percent) or 1.00 percentage point higher (3.06 percent) than the current discount rate (dollars in thousands):

	<b>1.00% Decrease (1.06%)</b>	<b>Current Discount Rate (2.06%)</b>	<b>1.00% Increase (3.06%)</b>
Total OPEB Liability	\$ 430,494	\$ 377,311	\$ 333,281

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the Metropolitan Council, as well as what the Metropolitan Council's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00 percentage point lower (5.90 percent decreasing to 2.80 percent) or 1.00 percentage point higher (7.90 percent decreasing to 4.80 percent) than the current healthcare cost trend rates (dollars in thousands):

	<b>1.00% Decrease (5.90% decreasing to 2.80%)</b>	<b>Healthcare Cost Trend Rates (6.90% decreasing to 3.80%)</b>	<b>1.00% Increase (7.90% decreasing to 4.80%)</b>
Total OPEB Liability	\$ 332,462	\$ 377,311	\$ 431,791

For the year ended December 31, 2021, the Metropolitan Council recognized OPEB expense of \$29,606,000. At December 31, 2021, the Metropolitan Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	(Dollars in thousands)	
Differences between expected and actual experience	\$ 20,962	\$ 1,204
Changes of assumptions	35,581	5,342
Total	<u>\$ 56,543</u>	<u>\$ 6,546</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31:</b>	<b>OPEB Expense</b>
	<i>Dollars in thousands</i>
2022	\$ 16,968
2023	15,730
2024	11,445
2025	4,515
2026	1,339
	<u>\$ 49,997</u>

## D. Sub-grantee programs

During the year ended December 31, 2021, the Council was involved with the following sub-grantee programs:

### **General Fund:**

Parks (Maintenance and Operation Grants)

### **Suburban Transit Providers Fund:**

Federal Transit Administration (Pass-Through Grants)

### **Nonmajor Governmental Funds:**

Federal Highway Administration (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 Housing Choice Voucher Program)

Housing and Redevelopment Authority (HUD Mainstream Voucher Program)

Housing and Redevelopment Authority (HUD Emergency Housing 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

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 \$250,641,000 as of December 31, 2021. These commitments will be paid from the Metro Transit Bus enterprise fund. Future commitments for Metro Transit Light Rail enterprise fund contracts of approximately \$678,851,000 will be paid from the Metro Transit Light Rail fund. Future commitments for commuter rail transit services of approximately \$3,027,000 as of December 31, 2021, will be paid from the Metro Transit Commuter Rail fund. Future commitments for regional transit services are approximately \$39,991,000 as of December 31, 2021. These commitments will be paid from Contracted Transit Service special revenue nonmajor fund. Future commitments for Environmental Services enterprise fund construction contracts totaled approximately \$121,388,000 as of December 31, 2021. These commitments will be paid from the Environmental Services enterprise fund. At year end the amount of items that were authorized and initiated in the 2021 budget but not completely expended in 2021 were \$3,220,000. This total is all from the General Fund. Management fully expects that it will be able to fulfill its contractual obligations for these commitments.

The Council is involved in various litigation, claims and judgments. The Council is of the opinion the ultimate settlement of these matters will not materially affect the financial statements.

## F. Subsequent events

On February 8, 2022, the Council agreed to a \$50,000,000 loan (2022A) for the Minnesota Public Facilities Authority for financing eligible wastewater capital expenditures.

Effective March 1, 2022, Governor Tim Walz appointed John Pacheco, Jr. to serve as the Metropolitan Council member for District 6. His term will continue to January 2, 2023.

On May 17, 2022, Metropolitan Council issued the following bonds: \$53,245,000 General Obligation Transit Bonds, Series 2022B, \$47,920,000 General Obligation Wastewater Revenue Bonds, Series 2022C.

The Council reviewed the market value of its investment holdings to see if they materially changed between the end of the reported fiscal year and publication of the annual financial report. There has been prolonged negative performance of the financial markets to date in 2022, the market value of the Council's investments experienced a material decline during this period. The Council is a buy and hold investor and expects to hold its fixed-income investments to maturity thereby not realizing market value declines on those securities. Also, the Council's OPEB Trust is partially invested in an S&P 500 index pool managed by the Minnesota State Board of Investment. This investment has a very long-term horizon and expects to realize the higher returns historically offered by the equity markets over the longer-term.





**METROPOLITAN COUNCIL**

# **REQUIRED SUPPLEMENTARY INFORMATION**



**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget- Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 15,309	\$ 15,309	\$ 15,285	\$ (24)
Intergovernmental revenue:				
State	9,140	9,565	9,565	-
Local	-	-	222	222
Investment income	561	561	1,405	844
Other	305	305	244	(61)
Total revenues	<u>25,315</u>	<u>25,740</u>	<u>26,721</u>	<u>981</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,593	15,186	7,560	(7,626)
Intergovernmental:				
Culture and recreation	9,140	9,565	9,565	-
Debt service:				
Principal	900	900	947	47
Interest and other charges	123	123	96	(27)
Capital outlay	1,324	1,324	7	(1,317)
Total expenditures	<u>23,080</u>	<u>27,098</u>	<u>18,175</u>	<u>(8,923)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,235</u>	<u>(1,358)</u>	<u>8,546</u>	<u>9,904</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	(79)	589	633	44
Transfers out	(1,200)	(5,200)	(5,254)	(54)
Inception of Lease	-	-	143	143
Total other financing sources (uses)	<u>(1,279)</u>	<u>(4,611)</u>	<u>(4,478)</u>	<u>133</u>
Net change in fund balance	956	(5,969)	4,068	10,037
Fund balance, beginning	<u>38,830</u>	<u>38,830</u>	<u>38,830</u>	<u>-</u>
Fund balance, ending	<u>\$ 39,786</u>	<u>\$ 32,861</u>	<u>\$ 42,898</u>	<u>\$ 10,037</u>

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

**BUDGETARY COMPARISON SCHEDULE  
METRO MOBILITY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget- Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal	\$ 6,688	\$ 1,711	\$ 1,711	\$ -
State	63,291	63,291	56,416	(6,875)
Investment income	-	-	(121)	(121)
Other	5,773	5,773	6,119	346
Total revenues	<u>75,752</u>	<u>70,775</u>	<u>64,125</u>	<u>(6,650)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	93,261	93,433	84,769	(8,664)
Total expenditures	<u>93,261</u>	<u>93,433</u>	<u>84,769</u>	<u>(8,664)</u>
Net change in fund balance	(17,509)	(22,658)	(20,644)	2,014
Fund balance, beginning	74,220	74,220	74,220	-
Fund balance, ending	<u>\$ 56,711</u>	<u>\$ 51,562</u>	<u>\$ 53,576</u>	<u>\$ 2,014</u>

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



**BUDGETARY COMPARISON SCHEDULE**  
**SUBURBAN TRANSIT PROVIDERS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**IN THOUSANDS**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget- Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal	\$ 1,015	\$ 10,971	\$ 10,180	\$ (791)
State	38,680	43,063	43,168	105
Total revenues	<u>39,695</u>	<u>54,034</u>	<u>53,348</u>	<u>(686)</u>
<b>EXPENDITURES</b>				
Intergovernmental:				
Transportation	39,800	54,139	53,348	(791)
Total expenditures	<u>39,800</u>	<u>54,139</u>	<u>53,348</u>	<u>(791)</u>
Excess (deficiency) of revenues over (under) expenditures	(105)	(105)	-	105
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	105	105	-	(105)
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY<sup>1</sup>**  
**MINNESOTA STATE RETIREMENT SYSTEM - GENERAL EMPLOYEES FUND**  
**LAST TEN YEARS<sup>2</sup>**  
**IN THOUSANDS (EXCEPT PERCENTAGES)**

<b>Fiscal Year<sup>3</sup></b>	<b>Council's proportion of the net pension liability (asset)</b>	<b>Council's proportionate share of the net pension liability (asset)</b>	<b>Council's covered payroll</b>	<b>Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
2014	9.023%	\$ 146,314	\$ 230,978	63.35%	87.64%
2015	9.119%	\$ 140,378	\$ 242,551	57.88%	88.32%
2016	9.394%	\$ 1,164,751	\$ 258,161	451.17%	47.51%
2017	9.353%	\$ 693,797	\$ 269,046	257.87%	62.73%
2018	9.363%	\$ 129,774	\$ 279,617	46.41%	90.56%
2019	9.345%	\$ 131,471	\$ 290,938	45.19%	90.73%
2020	9.341%	\$ 124,063	\$ 304,833	40.70%	91.25%
2021	8.851%	\$ 7,216	\$ 292,232	2.47%	99.53%

<sup>1</sup> Refer to Notes to the Required Supplementary Information, Note C for details

<sup>2</sup> This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>3</sup> The amounts presented for each fiscal year were determined as of June 30.



**SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY<sup>1</sup>**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF MINNESOTA - PUBLIC EMPLOYEES POLICE AND FIRE PLAN**  
**LAST TEN YEARS<sup>2</sup>**  
**IN THOUSANDS (EXCEPT PERCENTAGES)**

Fiscal Year <sup>3</sup>	Council's proportion of the net pension liability (asset)	Council's proportionate share of the net pension liability (asset)	State's Proportionate Share of the Net Pension Liability Associated with the Council	Council's Proportionate Share of the Net Pension Liability and the State's Share of the Net Pension Liability (Asset)	Council's covered payroll	Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.8890%	\$ 9,602	\$ -	\$ -	\$ 7,686	124.92%	87.07%
2015	0.9800%	\$ 11,135	\$ -	\$ -	\$ 8,986	123.91%	86.61%
2016	1.0020%	\$ 40,212	\$ -	\$ -	\$ 9,655	416.49%	63.88%
2017	1.0500%	\$ 14,177	\$ -	\$ -	\$ 10,783	131.48%	85.43%
2018	1.1011%	\$ 11,737	\$ -	\$ -	\$ 11,604	101.15%	88.84%
2019	1.1879%	\$ 12,647	\$ -	\$ -	\$ 12,497	101.20%	89.26%
2020	1.2659%	\$ 16,686	\$ 393	\$ 17,079	\$ 14,260	117.01%	87.19%
2021	1.2707%	\$ 9,808	\$ 441	\$ 10,249	\$ 15,013	65.33%	93.66%

<sup>1</sup> Refer to Notes to the Required Supplementary Information, Note C for details

<sup>2</sup> This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>3</sup> The amounts presented for each fiscal year were determined as of June 30.

**SCHEDULE OF COUNCIL'S CONTRIBUTIONS<sup>1</sup>**  
**MINNESOTA STATE RETIREMENT SYSTEM - GENERAL EMPLOYEES FUND**  
**LAST TEN YEARS<sup>2</sup>**  
**IN THOUSANDS (EXCEPT PERCENTAGES)**

<b>Fiscal Year<sup>3</sup></b>	<b>Contractually required contribution</b>	<b>Contributions in relation to the contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Council's covered payroll</b>	<b>Contributions as a percentage of covered payroll</b>
2014	\$ 12,423	\$ 12,423	\$ -	\$ 237,074	5.240%
2015	\$ 13,040	\$ 13,040	\$ -	\$ 237,093	5.500%
2016	\$ 15,024	\$ 15,024	\$ -	\$ 273,171	5.500%
2017	\$ 14,922	\$ 14,922	\$ -	\$ 271,306	5.500%
2018	\$ 16,223	\$ 16,223	\$ -	\$ 285,971	5.673%
2019	\$ 18,729	\$ 18,729	\$ -	\$ 309,195	6.057%
2020	\$ 17,881	\$ 17,881	\$ -	\$ 286,099	6.250%
2021	\$ 19,457	\$ 19,457	\$ -	\$ 311,317	6.250%

<sup>1</sup> Refer to Notes to the Required Supplementary Information, Note C for details

<sup>2</sup> This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>3</sup> The amounts presented for each fiscal year were determined as of December 31.

**SCHEDULE OF COUNCIL'S CONTRIBUTIONS<sup>1</sup>**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF MINNESOTA - PUBLIC EMPLOYEES POLICE AND FIRE PLAN**  
**LAST TEN YEARS<sup>2</sup>**  
**IN THOUSANDS (EXCEPT PERCENTAGES)**

Fiscal Year <sup>3</sup>	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Council's covered payroll	Contributions as a percentage of covered payroll
2014	\$ 1,339	\$ 1,339	\$ -	\$ 8,753	15.30%
2015	\$ 1,459	\$ 1,459	\$ -	\$ 9,005	16.20%
2016	\$ 1,637	\$ 1,637	\$ -	\$ 10,104	16.20%
2017	\$ 1,762	\$ 1,762	\$ -	\$ 10,877	16.20%
2018	\$ 1,921	\$ 1,921	\$ -	\$ 11,859	16.20%
2019	\$ 2,334	\$ 2,334	\$ -	\$ 13,768	16.95%
2020	\$ 2,631	\$ 2,631	\$ -	\$ 14,867	17.70%
2021	\$ 2,530	\$ 2,530	\$ -	\$ 14,293	17.70%

<sup>1</sup> Refer to Notes to the Required Supplementary Information, Note C for details

<sup>2</sup> This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>3</sup> The amounts presented for each fiscal year were determined as of December 31.

**SCHEDULE OF CHANGES IN THE METROPOLITAN COUNCIL'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TEN YEARS ENDED DECEMBER 31 <sup>1</sup>  
IN THOUSANDS (EXCEPT PERCENTAGES)**

Fiscal Year	2021	2020	2019	2018	2017
<b>Total OPEB liability <sup>2</sup></b>					
Service cost	\$ 5,251	\$ 4,524	\$ 2,993	\$ 4,083	\$ 3,602
Interest	7,625	9,126	11,110	10,360	10,897
Differences between expected and actual experience	14,106	(357)	22,845	(410)	(1,374)
Changes of assumptions or other inputs	2,934	27,452	38,782	(28,758)	12,447
Benefit payments	(14,064)	(15,575)	(14,728)	(14,416)	(12,893)
<b>Net change in total OPEB liability</b>	<u>15,852</u>	<u>25,170</u>	<u>61,002</u>	<u>(29,141)</u>	<u>12,679</u>
<b>Total OPEB liability - beginning</b>	<u>361,459</u>	<u>336,289</u>	<u>275,287</u>	<u>304,428</u>	<u>291,749</u>
<b>Total OPEB liability - ending</b>	<u>\$ 377,311</u>	<u>\$ 361,459</u>	<u>\$ 336,289</u>	<u>\$ 275,287</u>	<u>\$ 304,428</u>
<b>Covered-employee payroll</b>	\$ 422,234	\$ 430,830	\$ 426,582	408,702	388,152
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	89.36%	83.90%	78.83%	67.36%	78.43%

Notes:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

Refer to Notes to the Required Supplementary Information, Note D for details.

The following are the discount rates used in each period:

2017	3.44%
2018	4.10%
2019	2.74%
2020	2.12%
2021	2.06%

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

<sup>2</sup> The assets are not accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Stewardship, compliance, and accountability**

**A. Budgetary information**

Annual budgets, as required by state statutes, are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for the General fund, and all budgeted special revenue funds. All annual appropriations lapse at year-end.

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

**B. General Fund - Budget to Actual Comparison by Division**

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

	Dollars in thousands			Variance with Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
Regional Administration	\$ 1,325	\$ 4,918	\$ (3,085)	\$ (8,003)
Community Development	21,755	22,180	21,260	(920)
Total General Fund	<u>\$ 23,080</u>	<u>\$ 27,098</u>	<u>\$ 18,175</u>	<u>\$ (8,923)</u>

**C. Pension obligations**

**Minnesota State Retirement System – General Employees Fund:**

The amounts reported in 2021 reflect the following changes to the benefit terms.

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

The amounts reported in 2021 reflect the following changes to the actuarial assumptions.

- The long-term investment rate of return and single discount rates were decreased from 7.50 percent to 6.50 percent.

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

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

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

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is proposed rates that average 0.25% less than the previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements, fewer Rule of 90 retirements and fewer early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 1 – 5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2015 to Scale MP-2018. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2015) to the Pub-2010 General/Teacher disabled annuitant mortality table (with future mortality improvement according to Scale MP-2018), with adjustments.
- The percent married assumption for female members was changed from 65% to 60%.
- The assumed age difference was changed from three years younger for males to two years younger.
- The assumed number of married male new retirees electing the 50% and 100% Joint & Survivor options changed from 15% to 10% and from 30% to 65%, respectively. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 30% to 40%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

The amounts reported in 2019 reflect the following changes to the benefit terms.

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

The amounts reported in 2019 reflect the following changes to the actuarial assumptions.

- There have been no changes in assumptions since the prior valuation

The amounts reported in 2018 reflect the following changes to the benefit terms.

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Employee contributions were changed from 5.50 percent to 5.75 percent of their annual covered salary, effective July 1, 2018 and 6.00 percent of their annual covered salary effective July 1, 2019.
- Employer contributions were changed from 5.50 percent to 5.875 percent of annual covered salary, effective July 1, 2018 and 6.25 percent of annual covered salary effective July 1, 2019.
- Interest credited on member contributions will decrease from 4.00 percent to 3.00 percent, effective July 1, 2018.
- Deferred augmentation was changed to 0.00 percent for future accruing benefits, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 2.00 percent per year, increasing to 2.50 percent per year upon achieving a 90.00 percent funding ratio to a fixed rate of 1.00 percent for five years (beginning January 1, 2019) and 1.50 percent per year thereafter.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age.

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

- The single discount rate was changed from 5.42 percent to 7.50 percent per annum.

The amounts reported in 2017 reflect the following changes to the benefit terms.

- The actuarial equivalent factors were updated to reflect current mortality and interest assumptions, effective January 1, 2017.

The amounts reported in 2017 reflect the following changes to the actuarial assumptions.

- The combined service annuity (CSA) loads were 1.20 percent for active member liability and 40.00 percent for vested and non-vested deferred member liability in the prior year. The revised CSA loads are now 0.00 percent for active member liability, 4.00 percent for vested deferred member liability and 5.00 percent for non-vested deferred member liability.
- The single discount rate was changed from 4.17 percent to 5.42 percent.

The amounts reported in 2016 reflect the following changes to the actuarial assumptions.

- The long-term expected rate of return on pension plan investments changed from 7.90 percent to 7.50 percent.
- The inflation assumption was changed from 2.75 percent to 2.50 percent.
- The payroll growth assumption changed from 3.50 percent to 3.25 percent.
- The single discount rate changed from 7.90 percent to 4.17 percent.
- The assumed post-retirement benefit increase rate was changed from 2.00 percent per year through 2043 and 2.50 percent per year thereafter to 2.00 percent per year for all future years.
- Assumed salary increase rates average 0.20 percent greater than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer unredacted retirements and fewer Rule of 90 retirements.
- Distinct rates for reduced (early) retirements were adopted for members hired prior to July 1, 1989, and members hired after June 30, 1989.
- Assumed rates of termination were changed, generally resulting in greater rates for three to nine years of service, and lower for fifteen or more years of service.
- Assumed rates of disability for females were reduced to 75.00 percent of previous rates.
- Rates for male members were lowered by utilizing the same disability rates as for females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2000 fully generational table to the RP-2014 fully generational table, white collar adjustments, with age adjustments.
- The mortality improvement scale was changed from Scale AA to Scale MP-2015.
- The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table, with age adjustments.
- The percent married assumption was changed from 85.00 percent to 80.00 percent of active male members and from 70.00 percent to 65.00 percent of active female members.



- The assumed number of married male new retirees electing the 75.00 percent Joint & Survivor option changed from 10.00 percent to 15.00 percent.
- The assumed number of married female new retirees electing the 75.00 percent and 100.00 percent Joint & Survivor options changed from 0.00 percent to 10.00 percent and from 25.00 percent to 30.00 percent, respectively.
- The corresponding number of married new retirees electing the Life Annuity option was adjusted accordingly.

The amounts reported in 2015 reflect the following changes to the benefit terms.

- The post-retirement benefit increase rate changed from 2.00 percent per year through 2015 and 2.50 percent thereafter to 2.00 percent per year through 2043 and 2.50 percent thereafter.
- The amounts reflect a provision added, effective July 1, 2015, so that if the 2.50 percent post-retirement benefit increase is triggered and the funding ratio (determined on a fair value of asset basis) subsequently drops below 80.00 percent or less for the most recent valuation year or 85.00 percent or less for two consecutive years, the post-retirement benefit increase will change to 2.00 percent until the plan again reaches a 90.00 percent funding ratio for two consecutive years.
- Contributions changed effective July 1, 2014. The rates went from 5.00 percent for both employee and employer to 5.50 percent for both employee and employer.

**Public Employees Retirement Association of Minnesota – Public Employees Police and Fire Fund:**

The amounts reported in 2021 reflect the following changes to the benefit terms.

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

The amounts reported in 2021 reflect the following changes to the actuarial assumptions.

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60.00 percent to 70.00 percent. Minor changes to form of payment assumptions were applied.

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

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

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

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

The amounts reported in 2019 reflect the following changes to the benefit terms.

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

The amounts reported in 2019 reflect the following changes to the actuarial assumptions.

- The mortality projection scale was changed from MP-2017 to MP-2018.

The amounts reported in 2018 reflect the following changes to the benefit terms.

- Post-retirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.00 million state contribution.
- New annual state aid will equal \$4.50 million in fiscal years 2019 and 2020, and \$9.00 million thereafter until the plan reaches 100.0 percent funding, or July 1, 2048, if earlier.
- Employee contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019, and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019, and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on employee contributions decreased from 4.0 percent to 3.0 percent beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred employees will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

- The mortality projection scale was changed from MP-2016 to MP-2017.

The amounts reported in 2017 reflect the following changes to the actuarial assumptions.

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested deferred members. The CSA has been changed to 33.0 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table, with a base year of 2006, with male rates adjusted by a factor of 0.96.
- The mortality improvement scale was changed from Scale AA to Scale MP-2016.
- The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- The assumed age difference was changed from separate assumptions for male members, wives assumed to be three years younger, and female members, husbands assumed to be four years older, to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate changed from 5.60 percent per annum to 7.50 percent per annum.

The amounts reported in 2016 reflect the following changes to the actuarial assumptions.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, and payroll growth were decreased by .25 percent to 3.25 percent.
- The assumed inflation rate decreased .25 percent to 2.50 percent.

The amounts reported in 2015 reflect the following changes to the benefit terms.

- The post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent thereafter to 1.00 percent per year through 2037 and 2.50 percent thereafter.
- A provision was added so post-retirement benefit increases to be paid after attainment of the 90.00 percent threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.
- Contributions changed effective January 1, 2015. The rates went from 10.20 percent for employee and 15.30 percent for employer to 10.80 percent for employee and 16.20 percent for employer.

#### **D. Other postemployment benefits (OPEB) obligations**

The amounts reported in 2021 reflect the following changes to the actuarial assumptions.

- The discount rate was changed from 2.12 percent to 2.06 percent.
- The mortality improvement scale was updated from MP-2018 to MP-2020.
- The annual medical claims costs and premiums were updated based on recent experience.
- The annual medical trend was updated based on recent trend surveys, short-term expectations, and the current version of the SOA-Getzen trend model.
- The post 65 claims were age graded for Medicare Supplement plan participants.

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

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

The amounts reported in 2019 reflect the following changes to the actuarial assumptions.

- The discount rate was changed from 4.10 percent to 2.74 percent.
- The inflation rate was changed from 2.50 percent to 2.25 percent.
- The mortality assumption was updated to use the assumptions from the Minnesota State Retirement System (MSRS) General Plan Experience Study with the exception of using the Pub-2010 General Headcount-Weighted Mortality Table instead of the Pub-2010 General Amount-Weighted Mortality Table.
- The withdrawal and retirement assumption were updated to use the assumptions from the Minnesota State Retirement System General Plan Experience Study, after adjustment from benefit-weighting to headcount-weighting.
- The salary increase assumption was updated to use the assumption from the Minnesota State Retirement System General Plan Experience Study.
- The annual medical claims costs and premiums were updated based on recent experience.
- The payroll growth rate decreased from 3.50 percent to 3.00 percent.
- The medical plan participation assumption for ATU Plan B changed from Open Access: 75.00 percent and Distinctions: 25.00 percent to Open Access: 80.00 percent and Distinctions: 20.00 percent.
- The annual medical trend was updated based on recent trend surveys, short-term expectations, and the current version of the SOA-Getzen trend model.

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

- The inflation rate was changed from 2.75 percent to 2.50 percent.
- The mortality improvement scale was changed from MP-2015 to MP-2017.

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



## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special Revenue funds are used to account for specific revenues that are legally or administratively restricted to expenditures for particular purposes.

Highway Right-of-Way Acquisition Loan fund accounts for taxes and related homestead credits for the loans to governmental units to acquire state highway rights-of-way to avert the conversion of property to uses which would jeopardize later construction.

Livable Communities fund accounts for taxes, related market value credits, and solid waste bond proceeds received for the clean-up of polluted sites, revitalization of neighborhoods, and the creation of affordable and life-cycle housing.

Transportation Planning fund accounts for state taxes, federal grants, and local revenues defined and legally restricted to conducting and coordinating the region's transportation planning.

Contracted Transit Service fund accounts for state taxes and federal grants used in defined and legally restricted regional transportation programs within the Metropolitan Council's boundaries.

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

### **Capital Project Funds**

Capital project funds are used to account for the acquisition and construction of capital facilities, equipment, and vehicles other than those financed by proprietary funds.

North Mississippi Park fund accounts for the acquisition and betterment of North Mississippi Regional Park land.

Parks and Open Space Grants fund accounts for the funds received from state appropriations and bond sales for the acquisition and development of regional recreation open space.

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

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2021  
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	\$ 129,876	\$ 85,014	\$ 214,890
Accounts receivable	9	-	9
Delinquent taxes receivable	675	-	675
Interest receivable	111	79	190
Due from other governmental units	6,812	16,149	22,961
Loans and advances	43,637	-	43,637
Total assets	<u>\$ 181,120</u>	<u>\$ 101,242</u>	<u>\$ 282,362</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts/contracts/subgrantees payable	\$ 7,762	\$ 3,933	\$ 11,695
Unearned revenue	-	418	418
Total liabilities	<u>7,762</u>	<u>4,351</u>	<u>12,113</u>
Deferred inflows of resources:			
Unavailable revenue - taxes	477	-	477
Fund balances:			
Restricted	134,680	147,022	281,702
Committed	37,634	2,209	39,843
Assigned	567	-	567
Unassigned	-	(52,340)	(52,340)
Total fund balances	<u>172,881</u>	<u>96,891</u>	<u>269,772</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 181,120</u>	<u>\$ 101,242</u>	<u>\$ 282,362</u>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE  
DECEMBER 31, 2021  
IN THOUSANDS**

	<b>Highway Right-of-Way Acquisition Loan</b>	<b>Livable Communities</b>	<b>Transportation Planning</b>	<b>Contracted Transit Service</b>	<b>Other Special Revenue</b>	<b>Total Special Revenue</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 14,213	\$ 79,926	\$ 6,507	\$ 28,470	\$ 760	\$ 129,876
Accounts receivable	-	-	-	9	-	9
Delinquent taxes receivable	-	675	-	-	-	675
Interest receivable	13	74	1	22	1	111
Due from other governmental units	-	-	3,599	3,213	-	6,812
Loans and advances	43,637	-	-	-	-	43,637
Total assets	<u>\$ 57,863</u>	<u>\$ 80,675</u>	<u>\$ 10,107</u>	<u>\$ 31,714</u>	<u>\$ 761</u>	<u>\$ 181,120</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts/contracts/subgrantees payable	\$ -	\$ 3,475	\$ 623	\$ 3,564	\$ 100	\$ 7,762
Total liabilities	<u>-</u>	<u>3,475</u>	<u>623</u>	<u>3,564</u>	<u>100</u>	<u>7,762</u>
Deferred inflows of resources:						
Unavailable revenue - taxes	-	477	-	-	-	477
Fund balances:						
Restricted	57,863	76,723	-	-	94	134,680
Committed	-	-	9,484	28,150	-	37,634
Assigned	-	-	-	-	567	567
Total fund balances	<u>57,863</u>	<u>76,723</u>	<u>9,484</u>	<u>28,150</u>	<u>661</u>	<u>172,881</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 57,863</u>	<u>\$ 80,675</u>	<u>\$ 10,107</u>	<u>\$ 31,714</u>	<u>\$ 761</u>	<u>\$ 181,120</u>



**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS  
DECEMBER 31, 2021  
IN THOUSANDS**

	<u>North Mississippi Park</u>	<u>Parks and Open Space Grants</u>	<u>Transit</u>	<u>Total Capital Projects</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,130	\$ 53,747	\$ 30,137	\$ 85,014
Interest receivable	1	50	28	79
Due from other governmental units	-	11,140	5,009	16,149
Total assets	<u>\$ 1,131</u>	<u>\$ 64,937</u>	<u>\$ 35,174</u>	<u>\$ 101,242</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts/contracts/subgrantees payable	\$ -	\$ 3,383	\$ 550	\$ 3,933
Unearned revenue	-	-	418	418
Total liabilities	<u>-</u>	<u>3,383</u>	<u>968</u>	<u>4,351</u>
Fund balances:				
Restricted	1,131	113,894	31,997	147,022
Committed	-	-	2,209	2,209
Unassigned	-	(52,340)	-	(52,340)
Total fund balances	<u>1,131</u>	<u>61,554</u>	<u>34,206</u>	<u>96,891</u>
Total liabilities and fund balances	<u>\$ 1,131</u>	<u>\$ 64,937</u>	<u>\$ 35,174</u>	<u>\$ 101,242</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

	<b>Total Special Revenue</b>	<b>Total Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 17,648	\$ -	\$ 17,648
Intergovernmental revenue:			
Federal	9,209	15,499	24,708
State	20,778	29,276	50,054
Local	141	-	141
Investment income	(315)	(394)	(709)
Other	1,156	-	1,156
Total revenues	<u>48,617</u>	<u>44,381</u>	<u>92,998</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,289	30	4,319
Transportation	30,840	187	31,027
Intergovernmental:			
Transportation	-	1,730	1,730
Culture and recreation	-	17,908	17,908
Economic revitalization	8,810	-	8,810
Environment development	3,467	-	3,467
Housing	1,050	-	1,050
Capital outlay	-	22,403	22,403
Total expenditures	<u>48,456</u>	<u>42,258</u>	<u>90,714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>161</u>	<u>2,123</u>	<u>2,284</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,000	27	5,027
Transfers out	-	(62,584)	(62,584)
Bonds issued	-	6,120	6,120
Premium on bonds and capital related debt	-	343	343
Sale of capital assets	-	218	218
Total other financing sources (uses)	<u>5,000</u>	<u>(55,876)</u>	<u>(50,876)</u>
Net change in fund balances	5,161	(53,753)	(48,592)
Fund balances, beginning	<u>167,720</u>	<u>150,644</u>	<u>318,364</u>
Fund balances, ending	<u>\$ 172,881</u>	<u>\$ 96,891</u>	<u>\$ 269,772</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

	Highway Right-of-Way Acquisition Loan	Livable Communities	Transportation Planning	Contracted Transit Service	Other Special Revenue	Total Special Revenue
<b>REVENUES</b>						
Taxes	\$ -	\$ 17,648	\$ -	\$ -	\$ -	\$ 17,648
Intergovernmental revenue:						
Federal	-	-	5,587	3,622	-	9,209
State	-	-	2,014	18,764	-	20,778
Local	-	-	141	-	-	141
Investment income	(43)	(243)	(6)	(20)	(3)	(315)
Other	1	-	-	1,155	-	1,156
Total revenues	<u>(42)</u>	<u>17,405</u>	<u>7,736</u>	<u>23,521</u>	<u>(3)</u>	<u>48,617</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	1,000	2,077	906	306	4,289
Transportation	-	-	5,551	25,289	-	30,840
Intergovernmental:						
Economic revitalization	-	8,810	-	-	-	8,810
Environment development	-	3,467	-	-	-	3,467
Housing	-	1,050	-	-	-	1,050
Total expenditures	<u>-</u>	<u>14,327</u>	<u>7,628</u>	<u>26,195</u>	<u>306</u>	<u>48,456</u>
Excess (deficiency) of revenues over (under) expenditures	(42)	3,078	108	(2,674)	(309)	161
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	5,000	-	-	-	5,000
Net change in fund balances	(42)	8,078	108	(2,674)	(309)	5,161
Fund balances, beginning	57,905	68,645	9,376	30,824	970	167,720
Fund balances, ending	<u>\$ 57,863</u>	<u>\$ 76,723</u>	<u>\$ 9,484</u>	<u>\$ 28,150</u>	<u>\$ 661</u>	<u>\$ 172,881</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**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:				
Federal	\$ -	\$ -	\$ 15,499	\$ 15,499
State	-	26,825	2,451	29,276
Investment income	(4)	(141)	(249)	(394)
Total revenues	<u>(4)</u>	<u>26,684</u>	<u>17,701</u>	<u>44,381</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	30	-	30
Transportation	-	-	187	187
Intergovernmental:				
Transportation	-	-	1,730	1,730
Culture and recreation	455	17,453	-	17,908
Capital outlay	-	-	22,403	22,403
Total expenditures	<u>455</u>	<u>17,483</u>	<u>24,320</u>	<u>42,258</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(459)</u>	<u>9,201</u>	<u>(6,619)</u>	<u>2,123</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	27	27
Transfers out	-	-	(62,584)	(62,584)
Bonds issued	-	6,120	-	6,120
Premium on bonds and capital related debt	-	343	-	343
Sale of capital assets	-	-	218	218
Total other financing sources (uses)	<u>-</u>	<u>6,463</u>	<u>(62,339)</u>	<u>(55,876)</u>
Net change in fund balances	(459)	15,664	(68,958)	(53,753)
Fund balances, beginning	<u>1,590</u>	<u>45,890</u>	<u>103,164</u>	<u>150,644</u>
Fund balances, ending	<u>\$ 1,131</u>	<u>\$ 61,554</u>	<u>\$ 34,206</u>	<u>\$ 96,891</u>

**BUDGETARY COMPARISON SCHEDULE  
LIVABLE COMMUNITIES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Over (Under)</u>
<b>REVENUES</b>				
Taxes	\$ 17,668	\$ 17,668	\$ 17,648	\$ (20)
Investment income	-	-	(243)	(243)
Total revenues	<u>17,668</u>	<u>17,668</u>	<u>17,405</u>	<u>(263)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	1,000	1,000
Intergovernmental:				
Economic revitalization	20,818	20,818	8,810	(12,008)
Environment development	8,550	8,550	3,467	(5,083)
Housing	2,060	2,060	1,050	(1,010)
Total expenditures	<u>31,428</u>	<u>31,428</u>	<u>14,327</u>	<u>(17,101)</u>
Excess (deficiency) of revenues over (under) expenditures	(13,760)	(13,760)	3,078	16,838
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,000	5,000	5,000	-
Net change in fund balance	(12,760)	(8,760)	8,078	16,838
Fund balance, beginning	68,645	68,645	68,645	-
Fund balance, ending	<u>\$ 55,885</u>	<u>\$ 59,885</u>	<u>\$ 76,723</u>	<u>\$ 16,838</u>

**BUDGETARY COMPARISON SCHEDULE  
 TRANSPORTATION PLANNING SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 IN THOUSANDS**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget- Over (Under)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal	\$ 6,302	\$ 6,302	\$ 5,587	\$ (715)
State	1,545	1,545	2,014	469
Local	132	132	141	9
Investment income	-	-	(6)	(6)
Total revenues	<u>7,979</u>	<u>7,979</u>	<u>7,736</u>	<u>(243)</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,361	2,402	2,077	(325)
Transportation	7,869	7,986	5,551	(2,435)
Total expenditures	<u>10,230</u>	<u>10,388</u>	<u>7,628</u>	<u>(2,760)</u>
Net change in fund balance	(2,251)	(2,409)	108	2,517
Fund balance, beginning	9,376	9,376	9,376	-
Fund balance, ending	<u>\$ 7,125</u>	<u>\$ 6,967</u>	<u>\$ 9,484</u>	<u>\$ 2,517</u>

**BUDGETARY COMPARISON SCHEDULE  
 CONTRACTED TRANSIT SERVICE SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 IN THOUSANDS**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal	\$ 5,068	\$ 3,339	\$ 3,622	\$ 283
State	18,405	15,954	18,764	2,810
Investment income	-	-	(20)	(20)
Other	991	991	1,155	164
Total revenues	<u>24,464</u>	<u>20,284</u>	<u>23,521</u>	<u>3,237</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,030	1,048	906	(142)
Transportation	26,313	26,344	25,289	(1,055)
Total expenditures	<u>27,343</u>	<u>27,392</u>	<u>26,195</u>	<u>(1,197)</u>
Net change in fund balance	(2,879)	(7,108)	(2,674)	4,434
Fund balance, beginning	<u>30,824</u>	<u>30,824</u>	<u>30,824</u>	<u>-</u>
Fund balance, ending	<u>\$ 27,945</u>	<u>\$ 23,716</u>	<u>\$ 28,150</u>	<u>\$ 4,434</u>



**BUDGETARY COMPARISON SCHEDULE  
OTHER SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ (3)	\$ (3)
<b>EXPENDITURES</b>				
Current:				
General government	439	439	306	(133)
Net change in fund balance	(439)	(439)	(309)	130
Fund balance, beginning	970	970	970	-
Fund balance, ending	<u>\$ 531</u>	<u>\$ 531</u>	<u>\$ 661</u>	<u>\$ 130</u>

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND BY DIVISION  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

	<u>Regional Administration</u>			<u>Community Development</u>			<u>Total</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>									
Taxes	\$ 3,934	\$ 3,928	\$ (6)	\$11,375	\$11,357	\$ (18)	\$15,309	\$ 15,285	\$ (24)
Intergovernmental revenue:									
State	-	-	-	9,565	9,565	-	9,565	9,565	-
Local	-	222	222	-	-	-	-	222	222
Investment income	561	1,405	844	-	-	-	561	1,405	844
Other	200	160	(40)	105	84	(21)	305	244	(61)
Total revenues	<u>4,695</u>	<u>5,715</u>	<u>1,020</u>	<u>21,045</u>	<u>21,006</u>	<u>(39)</u>	<u>25,740</u>	<u>26,721</u>	<u>981</u>
<b>EXPENDITURES</b>									
Current:									
General government	2,571	(4,135)	(6,706)	12,615	11,695	(920)	15,186	7,560	(7,626)
Intergovernmental:									
Culture and recreation	-	-	-	9,565	9,565	-	9,565	9,565	-
Debt service:									
Principal	900	947	47	-	-	-	900	947	47
Interest and other charges	123	96	(27)	-	-	-	123	96	(27)
Capital outlay	1,324	7	(1,317)	-	-	-	1,324	7	(1,317)
Total expenditures	<u>4,918</u>	<u>(3,085)</u>	<u>(8,003)</u>	<u>22,180</u>	<u>21,260</u>	<u>(920)</u>	<u>27,098</u>	<u>18,175</u>	<u>(8,923)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(223)</u>	<u>8,800</u>	<u>9,023</u>	<u>(1,135)</u>	<u>(254)</u>	<u>881</u>	<u>(1,358)</u>	<u>8,546</u>	<u>9,904</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	668	633	(35)	(79)	-	79	589	633	44
Transfers out	(2,489)	(2,543)	(54)	(2,711)	(2,711)	-	(5,200)	(5,254)	(54)
Inception of Lease	-	143	143	-	-	-	-	143	143
Total other financing sources (uses)	<u>(1,821)</u>	<u>(1,767)</u>	<u>54</u>	<u>(2,790)</u>	<u>(2,711)</u>	<u>79</u>	<u>(4,611)</u>	<u>(4,478)</u>	<u>133</u>
Net change in fund balance	<u>\$ (2,044)</u>	<u>\$ 7,033</u>	<u>\$ 9,077</u>	<u>\$ (3,925)</u>	<u>\$ (2,965)</u>	<u>\$ 960</u>	<u>\$ (5,969)</u>	<u>\$ 4,068</u>	<u>\$ 10,037</u>

**BONDS/LOANS/NOTES OUTSTANDING  
AS OF DECEMBER 31, 2021  
IN THOUSANDS**

Issues	Date	Final Maturity Date	Original Issue	Payments Prior Years	Payments Year Ended 12/31/21	Bonds/Loans/Notes Issued/Drawn Down in 2021	Bonds/Loans/Notes Outstanding 12/31/2021	Refunded Bonds	Maturing in 2022	Future Maturities
<b>GENERAL OBLIGATION BONDS/LOANS/NOTES PAYABLE:</b>										
<b>GOVERNMENTAL ACTIVITIES:</b>										
G.O. Park Bonds:										
2020A	17-Jun-20	1-Mar-21	8,800	-	8,800	-	-	-	-	-
2021D - Tax Exempt	19-May-21	1-Mar-25	3,060	-	-	3,060	3,060	-	735	2,325
2021E - Taxable	19-May-21	1-Mar-25	3,060	-	-	3,060	3,060	-	850	2,210
Subtotal: G.O. Park Bonds			<u>14,920</u>	<u>-</u>	<u>8,800</u>	<u>6,120</u>	<u>6,120</u>	<u>-</u>	<u>1,585</u>	<u>4,535</u>
G.O. Transit Bonds:										
2007E, Refunding	15-Mar-07	1-Feb-22	10,110	8,885	665	-	560	-	560	-
2009A	1-Sep-09	1-Mar-29	43,000	37,375	5,625	-	-	-	-	-
2010E	22-Dec-10	1-Feb-31	69,000	50,830	18,170	-	-	-	-	-
2012C	8-Jun-12	1-Mar-32	52,000	33,315	3,240	-	15,445	-	3,330	12,115
2012C, Refunding	8-Jun-12	1-Mar-23	5,105	3,340	660	-	1,105	-	680	425
2012H, Refunding	29-Oct-12	1-Feb-28	24,620	16,630	1,270	-	6,720	-	1,300	5,420
2015A	6-Aug-15	1-Mar-25	45,000	30,525	2,600	-	11,875	-	2,750	9,125
2016A	23-Jun-16	1-Mar-26	30,000	19,250	2,350	-	8,400	-	1,525	6,875
2016A, Refunding	23-Jun-16	1-Mar-25	6,025	4,270	320	-	1,435	-	335	1,100
2017B	18-May-17	1-Mar-27	40,000	19,735	3,715	-	16,550	-	3,915	12,635
2018D	23-May-18	1-Mar-28	37,680	15,710	2,315	-	19,655	-	2,430	17,225
2019A	19-Jun-19	1-Mar-29	72,300	16,300	6,200	-	49,800	-	6,200	43,600
2019B	19-Jun-19	1-Mar-39	44,700	1,950	2,250	-	40,500	-	2,250	38,250
2020D, Refunding	22-Dec-20	1-Mar-31	15,155	-	-	-	15,155	-	1,185	13,970
Subtotal: G.O. Transit Bonds			<u>494,695</u>	<u>258,115</u>	<u>49,380</u>	<u>-</u>	<u>187,200</u>	<u>-</u>	<u>26,460</u>	<u>160,740</u>
Total Governmental Activities G.O. Bonds/Loans Payable			<u>509,615</u>	<u>258,115</u>	<u>58,180</u>	<u>6,120</u>	<u>193,320</u>	<u>-</u>	<u>28,045</u>	<u>165,275</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>										
G.O. Grant Anticipation Transit Notes:										
2020C Grant Anticipation Notes (GANs)	22-Dec-20	1-Dec-23	125,160	-	85,000	-	40,160	-	30,000	10,160
2021B Grant Anticipation Notes (GANs)	5-May-21	1-Dec-25	174,805	-	4,500	174,805	170,305	-	39,510	130,795
2021C Grant Anticipation Notes (GANs)	5-May-21	1-Dec-29	181,410	-	-	181,410	181,410	-	-	181,410
Subtotal: Transit Grant Anticipation Notes (GANs)			<u>481,375</u>	<u>-</u>	<u>89,500</u>	<u>356,215</u>	<u>391,875</u>	<u>-</u>	<u>69,510</u>	<u>322,365</u>
G.O. Sewer Bonds:										
2010F	22-Dec-10	1-Dec-30	65,000	26,860	38,140	-	-	-	-	-
2012B	8-Jun-12	1-Sep-32	55,110	16,005	3,100	-	36,005	36,005	36,005	-
2012E, Refunding	8-Jun-12	1-Sep-25	82,590	38,310	10,000	-	34,280	34,280	34,280	-
2012F, Refunding	29-Jun-12	1-Sep-22	214,035	184,095	19,250	-	10,690	-	10,690	-
2012I, Refunding	29-Oct-12	1-Mar-28	127,235	40,935	10,175	-	76,125	-	11,115	65,010
2014D	6-Feb-14	1-Sep-34	60,000	10,695	2,490	-	46,815	46,815	46,815	-
2015C	6-Aug-15	1-Mar-35	100,000	16,000	6,500	-	77,500	-	6,500	71,000
2016C	23-Jun-16	1-Mar-36	100,000	14,500	5,000	-	80,500	-	5,000	75,500
2016C, Refunding	23-Jun-16	1-Mar-30	23,355	4,425	1,435	-	17,495	-	1,380	16,115
2017C	18-May-17	1-Sep-37	105,000	8,795	4,115	-	92,090	-	4,280	87,810
2018B	23-May-18	1-Mar-28	12,295	2,265	1,135	-	8,895	-	1,160	7,735
2018C	23-May-18	1-Mar-38	105,000	3,570	2,750	-	98,680	-	2,935	95,745
2020B	17-Jun-20	1-Mar-40	80,000	-	1,000	-	79,000	-	2,000	77,000
2020E, Refunding	22-Dec-20	1-Dec-30	30,790	-	2,615	-	28,175	-	2,640	25,535
2021F, Refunding	19-May-21	1-Sep-34	101,265	-	-	101,265	101,265	-	-	101,265
Subtotal: G.O. Sewer Bonds			<u>1,261,675</u>	<u>366,455</u>	<u>107,705</u>	<u>101,265</u>	<u>787,515</u>	<u>117,100</u>	<u>164,800</u>	<u>622,715</u>
Minnesota Public Facilities Authority Loans--Sewer: (Backed by General Obligation Notes)										
26-Nov-03	20-Aug-23		100,000	82,000	7,000	-	11,000	-	7,000	4,000
20-Oct-04	20-Feb-25		50,000	35,700	2,700	-	11,600	-	2,800	8,800
10-Nov-05	20-Feb-25		40,000	24,400	3,525	-	12,075	-	3,775	8,300
30-Aug-06	20-Aug-26		50,000	23,630	2,500	-	23,870	-	5,000	18,870
11-Oct-07	20-Aug-27		80,000	43,350	6,000	-	30,650	-	6,070	24,580
10-Sep-09	20-Aug-29		49,411	24,556	1,545	-	23,310	-	2,160	21,150
28-Oct-09	20-Aug-29		30,589	15,194	955	-	14,440	-	1,340	13,100
12-Jan-11	20-Aug-30		70,000	30,840	3,615	-	35,545	-	3,679	31,866
15-Feb-12	20-Aug-31		60,000	18,893	3,748	-	37,359	-	3,794	33,565
23-May-13	20-Aug-32		40,000	11,600	2,400	-	26,000	-	2,400	23,600
30-Dec-13	20-Aug-33		60,000	15,000	4,000	-	41,000	-	4,000	37,000
10-Dec-14	20-Aug-34		60,000	13,500	4,000	-	42,500	-	6,000	36,500
6-Nov-15	20-Aug-35		70,000	12,500	6,500	-	51,000	-	5,500	45,500
18-Jan-17	20-Aug-36		40,000	3,500	1,000	-	35,500	-	2,200	33,300
1-Aug-18	20-Aug-38		45,000	3,100	1,400	-	40,500	-	1,400	39,100
25-Nov-19	20-Aug-38		50,000	1,000	2,500	12,106	46,500	-	3,000	43,500
4-Feb-21	20-Aug-39 (a)		42,885	-	750	42,885	42,135	-	2,139	39,996
Subtotal: Minnesota Public Facility Authority Loans--Sewer			<u>937,885</u>	<u>358,763</u>	<u>54,138</u>	<u>54,991</u>	<u>524,984</u>	<u>-</u>	<u>62,257</u>	<u>462,727</u>
Total G.O.Sewer Bonds/Loans Payable			<u>2,199,560</u>	<u>725,218</u>	<u>161,843</u>	<u>156,256</u>	<u>1,312,499</u>	<u>117,100</u>	<u>227,057</u>	<u>1,085,442</u>
Total Business-type Activities G.O. Bonds/Loans/Notes Payable			<u>2,680,935</u>	<u>725,218</u>	<u>251,343</u>	<u>512,471</u>	<u>1,704,374</u>	<u>117,100</u>	<u>296,567</u>	<u>1,407,807</u>
Total General Obligation Bonds/Loans/Notes Payable			<u>\$ 3,190,550</u>	<u>\$ 983,333</u>	<u>\$ 309,523</u>	<u>\$ 518,591</u>	<u>\$ 1,897,694</u>	<u>\$ 117,100</u>	<u>\$ 324,612</u>	<u>\$ 1,573,082</u>

(a) Of the \$50 million note executed in 2021, only the amount shown was drawn down as of 12/31/21

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

Federal Grantor/ Pass-Through Agency/ Grant Program Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
Direct				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871		82,770	-
COVID-19 Section 8 Housing Choice Vouchers	14.871		1,830	-
<b>Total Assistance Listing #14.871</b>			<b>84,600</b>	<b>-</b>
Mainstream Vouchers	14.879		2,494	-
Passed through City of Minneapolis, Minnesota				
Housing Opportunities for Persons with Aids	14.241	C-01208	219	-
Housing Opportunities for Persons with Aids	14.241	C-02454	301	-
<b>Total Assistance Listing #14.241</b>			<b>520</b>	<b>-</b>
<b>Total U. S. Department of Housing and Urban Development</b>			<b>87,614</b>	<b>-</b>
<b>U.S. Department of Labor</b>				
Passed Through Minnesota Department of Employment and Economic Development				
H-1B Job Training Grants	17.268	METRO02018MAI #144526	160	-
<b>U.S. Department of Transportation</b>				
Direct				
Federal Transit Administration				
Federal Transit Cluster				
Federal Transit Capital Investment Grants	20.500		297,524	
COVID-19 Federal Transit Capital Investment Grants	20.500		41,498	
<b>Total Assistance Listing #20.500</b>			<b>339,022</b>	<b>-</b>
Federal Transit Formula Grants	20.507		91,668	1,423
COVID-19 Federal Transit Formula Grants	20.507		32,761	9,956
<b>Total Assistance Listing #20.507</b>			<b>124,429</b>	<b>11,379</b>
State of Good Repair Grants Program	20.525		15,597	-
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		1,766	-
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	1045121	4,477	12
Highway Planning and Construction	20.205	1035526	(6)	-
Highway Planning and Construction	20.205	1029618	1,116	-
<b>Total Assistance Listing #20.205</b>			<b>5,587</b>	<b>12</b>
Formula Grants for Rural Areas and Tribal Transit Program	20.509	1035608	734	-
<b>Total U.S. Department of Transportation</b>			<b>487,135</b>	<b>11,391</b>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

<b>Federal Grantor/ Pass-Through Agency/ Grant Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Grant Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of the Treasury</b>				
Passed Through Minnesota Department of Public Safety COVID-19 Coronavirus Relief Fund	21.019	METTRANPD-358	<u>13</u>	<u>-</u>
<b>U.S. Environmental Protection Agency</b>				
Passed Through Minnesota Public Facilities Authority Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds	66.458	MPFA-CWRF-L-O39-FY20	<u>12,106</u>	<u>-</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458	MPFA-CWRF-L-035-FY21	<u>42,885</u>	<u>-</u>
<b>Total Assistance Listing #66.458</b>			<u><b>54,991</b></u>	<u><b>-</b></u>
<b>U.S. Department of Homeland Security</b>				
Direct Rail and Transit Security Grant Program	97.075		<u>(9)</u>	<u>-</u>
Passed Through Minnesota Department of Public Safety Homeland Security Grant Program	97.067	A-SHSP-2019-METCOUNC-021	<u>36</u>	<u>-</u>
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	MN-EMGP-202-10525-3989	<u>174</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<u><b>201</b></u>	<u><b>-</b></u>
<b>Total Federal Awards</b>			<u><b>\$ 630,114</b></u>	<u><b>\$ 11,391</b></u>
<b>Totals by Cluster</b>				
Total expenditures for Housing Voucher Cluster			\$ 87,094	\$ -
Total expenditures for Federal Transit Cluster			480,814	11,379
Total expenditures for Highway Planning and Construction Cluster			5,587	12
Total expenditures for Clean Water State Revolving Fund Cluster			54,991	-

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Metropolitan Council. The Council's reporting entity is defined in Note I.A. to the financial statements.

**B. Basis of Presentation**

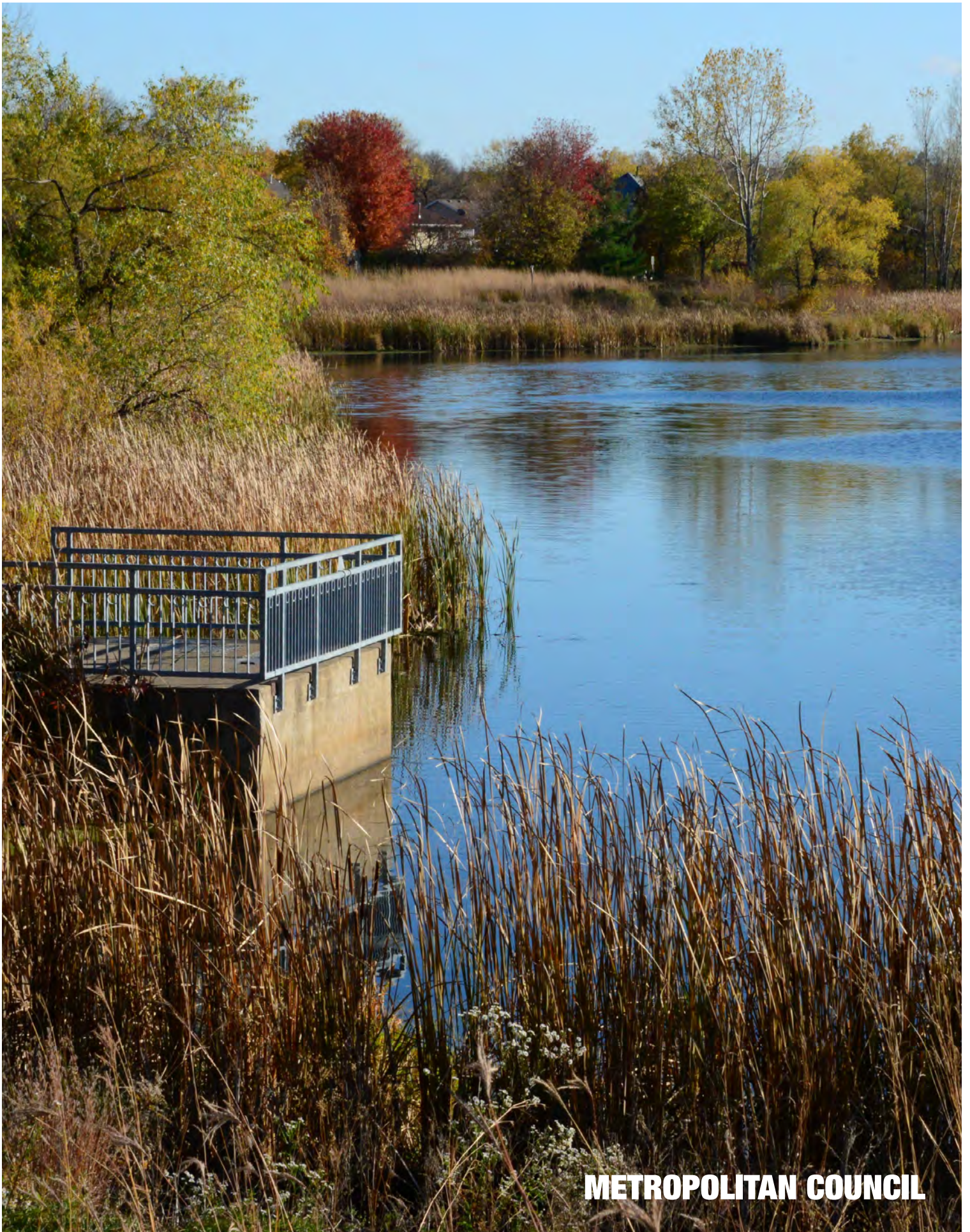
The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Metropolitan Council under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Metropolitan Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Metropolitan Council.

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of the Metropolitan Council. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**2. De Minimis Cost Rate**

The Metropolitan Council has elected not to use the 10.00 percent de minimis indirect cost rate allowed under the Uniform Guidance.





**METROPOLITAN COUNCIL**



# STATISTICAL SECTION







**METROPOLITAN COUNCIL**



## 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.	104-107
Revenue Capacity These schedules contain information to help the reader assess the Council's most significant local revenue source, the property tax.	108-112
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.	113-122
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.	123-124
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.	125-127

**Sources:**

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012 <sup>1</sup>
Governmental activities										
Net investment in capital assets	\$ 77,929	\$ 75,276	\$ 98,575	\$ 103,150	\$ 88,398	\$ 81,285	\$ 77,789	\$ 58,521	\$ 58,498	\$ 50,807
Restricted	403,371	355,823	457,845	346,016	335,559	284,575	309,633	315,137	230,051	273,620
Unrestricted	(125,423)	(62,116)	(188,659)	(114,316)	(153,830)	(126,124)	(159,310)	(179,688)	(75,745)	(146,295)
Total governmental activities net position	<u>\$ 355,877</u>	<u>\$ 368,983</u>	<u>\$ 367,761</u>	<u>\$ 334,850</u>	<u>\$ 270,127</u>	<u>\$ 239,736</u>	<u>\$ 228,112</u>	<u>\$ 193,970</u>	<u>\$ 212,804</u>	<u>\$ 178,132</u>
Business-type activities										
Net investment in capital assets	\$ 3,756,183	\$ 3,548,318	\$ 3,292,273	\$ 3,012,182	\$2,856,278	\$ 2,840,890	\$ 2,786,866	\$ 2,560,539	\$ 2,660,971	\$ 2,426,834
Restricted	778,460	287,424	106,812	108,634	90,725	45,132	108,188	443,824	295,447	271,959
Unrestricted	145,316	60,090	(95,849)	(112,749)	(303,553)	(119,454)	(62,933)	(289,409)	(106,789)	(72,722)
Total business-type activities net position	<u>\$ 4,679,959</u>	<u>\$ 3,895,832</u>	<u>\$ 3,303,236</u>	<u>\$ 3,008,067</u>	<u>\$2,643,450</u>	<u>\$ 2,766,568</u>	<u>\$ 2,832,121</u>	<u>\$ 2,714,954</u>	<u>\$ 2,849,629</u>	<u>\$ 2,626,071</u>
Total										
Net investment in capital assets	\$ 3,834,112	\$ 3,623,594	\$ 3,390,848	\$ 3,115,332	\$2,944,676	\$ 2,922,175	\$ 2,864,655	\$ 2,619,060	\$ 2,719,469	\$ 2,477,641
Restricted	1,181,831	643,247	564,657	454,650	426,284	329,707	417,821	758,961	525,498	545,579
Unrestricted	19,893	(2,026)	(284,508)	(227,065)	(457,383)	(245,578)	(222,243)	(469,097)	(182,534)	(219,017)
Total governmental and business-type activities net position	<u>\$ 5,035,836</u>	<u>\$ 4,264,815</u>	<u>\$ 3,670,997</u>	<u>\$ 3,342,917</u>	<u>\$2,913,577</u>	<u>\$ 3,006,304</u>	<u>\$ 3,060,233</u>	<u>\$ 2,908,924</u>	<u>\$ 3,062,433</u>	<u>\$ 2,804,203</u>

Unaudited

Notes:

<sup>1</sup>Table restated for 2012.

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

	2021	2020	2019	2018	2017 <sup>2</sup>	2016	2015	2014 <sup>1</sup>	2013	2012
<b>Expenses</b>										
Governmental activities:										
General government	\$ (7,781)	\$ 15,655	\$ 14,289	\$ (3,225)	\$ 28,128	\$ 29,151	\$ 6,159	\$ 12,544	\$ 11,903	\$ 11,310
Transportation	194,361	194,598	176,640	167,991	146,429	146,214	143,681	138,525	126,384	116,818
Culture and recreation	27,473	43,375	56,383	34,830	33,277	48,704	27,984	30,657	37,337	46,358
Economic revitalization	8,810	12,464	16,835	7,807	8,812	10,756	12,250	8,153	12,733	9,446
Environment development	3,467	5,363	6,216	4,926	5,347	6,413	7,268	5,918	5,946	8,476
Housing	1,050	1,358	3,607	2,234	1,859	732	1,404	1,847	1,759	1,348
Interest and other charges	5,305	7,290	6,999	5,037	5,979	6,496	2,297	6,622	9,445	7,391
Total governmental activities expenses	232,685	280,103	280,969	219,600	229,831	248,466	201,043	204,266	205,507	201,147
Business-type activities:										
Environmental services	214,675	270,791	263,824	219,380	245,869	274,544	207,812	233,979	253,333	200,342
Transit bus	300,492	410,907	411,291	291,133	431,815	475,809	334,213	314,305	316,005	310,737
Transit light rail	146,813	148,492	151,400	127,480	172,079	166,464	141,209	142,929	66,082	69,975
Transit commuter rail	14,317	23,208	26,458	25,233	26,738	27,936	24,478	23,541	22,944	24,716
Housing	88,950	84,740	79,416	74,817	75,434	69,417	64,869	62,697	58,911	58,406
Total business-type activities expenses	765,247	938,138	932,389	738,043	951,935	1,014,170	772,581	777,451	717,275	664,176
Total expenses	\$ 997,932	\$ 1,218,241	\$ 1,213,358	\$ 957,643	\$ 1,181,766	\$ 1,262,636	\$ 973,624	\$ 981,717	\$ 922,782	\$ 865,323
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Transit fares	\$ 7,274	\$ 5,076	\$ 10,074	\$ 10,261	\$ 7,885	\$ 7,895	\$ 10,015	\$ 9,214	\$ 8,825	\$ 7,661
Insurance reimbursements	385	364	125	95	89	586	140	208	196	124
Other activities	-	-	405	371	395	8,375	290	262	74	203
Operating grants and contributions	151,250	188,276	160,287	150,442	135,895	124,564	117,803	109,086	90,856	56,503
Capital grants and contributions	44,961	34,096	54,714	50,969	46,970	64,569	54,921	40,498	52,380	62,693
Total governmental activities program revenues	203,870	227,812	225,605	212,138	191,234	205,989	183,169	159,268	152,331	127,184
Business-type activities:										
Charges for services										
Wastewater	314,439	299,236	288,390	281,990	265,497	254,223	243,035	233,468	221,381	207,900
Transit fares	33,145	45,036	104,464	109,799	103,017	104,120	103,270	101,638	98,644	98,451
Other activities	856	856	880	875	819	1,116	1,112	1,013	994	902
Operating grants and contributions	403,014	581,316	411,574	413,859	416,209	373,874	323,292	369,833	262,658	276,255
Capital grants and contributions	669,904	517,959	347,007	277,340	174,810	156,981	181,712	177,690	288,045	380,174
Total business-type activities program revenues	1,421,358	1,444,403	1,152,315	1,083,863	960,352	890,314	852,421	883,642	871,722	963,682
Total program revenues	\$ 1,625,228	\$ 1,672,215	\$ 1,377,920	\$ 1,296,001	\$ 1,151,586	\$ 1,096,303	\$ 1,035,590	\$ 1,042,910	\$ 1,024,053	\$ 1,090,866
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (28,815)	\$ (52,291)	\$ (55,364)	\$ (7,462)	\$ (38,597)	\$ (42,477)	\$ (17,874)	\$ (44,998)	\$ (53,176)	\$ (73,963)
Business-type activities	656,111	506,265	219,926	345,820	8,417	(123,856)	79,840	106,191	154,447	299,506
Total net (expenses) revenues	\$ 627,296	\$ 453,974	\$ 164,562	\$ 338,358	\$ (30,180)	\$ (166,333)	\$ 61,966	\$ 61,193	\$ 101,271	\$ 225,543
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property tax	\$ 87,640	\$ 88,027	\$ 86,228	\$ 84,416	\$ 83,620	\$ 81,859	\$ 77,435	\$ 76,785	\$ 77,533	\$ 75,043
Market value and other credits	-	-	-	-	-	-	-	-	-	-
Motor vehicle sales tax	-	-	-	-	-	-	-	-	49,094	36,799
Investment earnings	56	6,951	13,009	5,642	5,360	2,891	3,371	12,035	(4,146)	4,419
Gain on sale of capital assets	218	639	1,050	369	473	813	310	275	378	350
Transfers	(72,205)	(42,104)	(12,012)	(18,242)	(19,263)	(31,462)	(29,100)	(24,628)	(35,011)	(21,653)
Total governmental activities	15,709	53,513	88,275	72,185	70,190	54,101	52,016	64,467	87,848	94,958
Business-type activities:										
Taxes										
Property tax	-	-	-	-	-	-	2,000	3,379	-	-
Investment earnings	55,811	44,227	63,059	431	47,482	26,841	6,227	37,611	33,878	19,850
Gain on sale of capital assets	-	-	172	124	20	-	-	261	222	-
Transfers	72,205	42,104	12,012	18,242	19,263	31,462	29,100	24,628	35,011	21,653
Total business-type activities	128,016	86,331	75,243	18,797	66,765	58,303	37,327	65,879	69,111	41,503
Total general revenues and other changes in net position	\$ 143,725	\$ 139,844	\$ 163,518	\$ 90,982	\$ 136,955	\$ 112,404	\$ 89,343	\$ 130,346	\$ 156,959	\$ 136,461
<b>Changes in Net Position</b>										
Governmental activities	\$ (13,106)	\$ 1,222	\$ 32,911	\$ 64,723	\$ 31,593	\$ 11,624	\$ 34,142	\$ 19,469	\$ 34,672	\$ 20,995
Business-type activities	784,127	592,596	295,169	364,617	75,182	(65,553)	117,167	172,070	223,558	341,009
Total changes in net position	\$ 771,021	\$ 593,818	\$ 328,080	\$ 429,340	\$ 106,775	\$ (53,929)	\$ 151,309	\$ 191,539	\$ 258,230	\$ 362,004

Unaudited

Notes:  
<sup>1</sup> 2014 beginning net position was restated due to a change in accounting principle for pensions and a prior period adjustment for business-type capital assets.  
<sup>2</sup> 2017 beginning net position was restated due to a change in accounting principle for OPEB.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Committed	\$ 8,463	\$ 7,283	\$ 7,152	\$ 7,146	\$ 7,339	\$ 6,145	\$ 6,153	\$ 6,338	\$ 6,363	\$ 6,008
Assigned	7,811	4,254	6,622	5,090	3,387	3,608	5,832	4,176	4,242	4,218
Unassigned	26,624	27,293	21,070	17,318	17,433	15,634	13,514	11,926	12,283	13,751
Total general fund	<u>\$ 42,898</u>	<u>\$ 38,830</u>	<u>\$ 34,844</u>	<u>\$ 29,554</u>	<u>\$ 28,159</u>	<u>\$ 25,387</u>	<u>\$ 25,499</u>	<u>\$ 22,440</u>	<u>\$ 22,888</u>	<u>\$ 23,977</u>
All Other Governmental Funds										
Restricted	\$ 403,371	\$ 474,141	\$ 457,845	\$ 346,016	\$ 335,559	\$ 284,575	\$ 309,633	\$ 315,137	\$ 287,965	\$ 340,670
Committed	93,419	116,629	95,026	79,137	70,844	59,788	53,204	57,526	63,338	30,236
Assigned	567	533	586	545	592	598	-	-	-	-
Unassigned	(52,340)	(54,113)	(35,534)	(34,034)	(38,202)	(6,557)	(20,074)	(26,014)	(22,261)	(23,675)
Total all other governmental funds	<u>\$ 445,017</u>	<u>\$ 537,190</u>	<u>\$ 517,923</u>	<u>\$ 391,664</u>	<u>\$ 368,793</u>	<u>\$ 338,404</u>	<u>\$ 342,763</u>	<u>\$ 346,649</u>	<u>\$ 329,042</u>	<u>\$ 347,231</u>
Total all governmental funds	<u>\$ 487,915</u>	<u>\$ 576,020</u>	<u>\$ 552,767</u>	<u>\$ 421,218</u>	<u>\$ 396,952</u>	<u>\$ 363,791</u>	<u>\$ 368,262</u>	<u>\$ 369,089</u>	<u>\$ 351,930</u>	<u>\$ 371,208</u>

Unaudited

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>REVENUES</b>										
Taxes	\$ 87,778	\$ 87,803	\$ 86,381	\$ 84,803	\$ 83,048	\$ 81,487	\$ 77,766	\$ 75,327	\$ 77,920	\$ 76,382
Intergovernmental revenue:										
Federal	36,599	47,713	18,322	30,716	24,159	22,840	36,677	20,950	22,629	38,933
Build America bonds interest subsidy	186	421	703	389	664	738	800	859	937	1,037
State	159,203	174,034	195,915	170,029	153,153	163,701	133,488	125,895	165,201	115,087
Local/other	363	314	186	372	4,978	10,815	2,189	2,350	3,653	1,062
Investment income	56	6,951	13,009	5,642	5,360	2,891	3,371	12,035	(4,146)	4,419
Other	7,519	5,330	10,479	10,632	8,280	7,895	10,015	9,214	9,005	7,864
<b>Total revenues</b>	<b>291,704</b>	<b>322,566</b>	<b>324,995</b>	<b>302,583</b>	<b>279,642</b>	<b>290,367</b>	<b>264,306</b>	<b>246,630</b>	<b>275,199</b>	<b>244,784</b>
<b>EXPENDITURES</b>										
Current:										
General government	11,895	12,044	11,439	11,722	13,337	10,568	8,913	12,496	11,232	10,914
Transportation	115,796	112,360	112,004	105,262	94,357	87,148	85,187	83,119	75,611	70,028
Economic development	-	-	-	-	-	-	-	49	275	866
Intergovernmental:										
Transportation	55,078	52,573	40,621	41,165	32,460	39,262	40,705	39,682	36,289	31,616
Culture and recreation	27,473	43,375	56,383	34,830	33,277	48,704	27,984	30,657	37,337	46,358
Economic revitalization	8,810	12,464	16,835	7,807	8,812	10,756	12,250	8,104	12,458	8,580
Environment development	3,467	5,363	6,216	4,926	5,347	6,413	7,268	5,918	5,946	8,476
Housing	1,050	1,358	3,607	2,234	1,859	732	1,404	1,847	1,759	1,348
Debt service:										
Principal	59,127	42,760	39,930	39,295	42,350	59,905	66,450	41,065	40,140	46,880
Interest and other charges	9,322	11,628	7,368	7,752	7,775	8,561	7,696	9,107	9,659	7,482
Capital outlay	22,410	11,508	16,669	43,582	31,940	37,276	39,109	21,399	29,292	32,376
<b>Total expenditures</b>	<b>314,428</b>	<b>305,433</b>	<b>311,072</b>	<b>298,575</b>	<b>271,514</b>	<b>309,325</b>	<b>296,966</b>	<b>253,443</b>	<b>259,998</b>	<b>264,924</b>
Excess (deficiency) of revenues over (under) expenditures	(22,724)	17,133	13,923	4,008	8,128	(18,958)	(32,660)	(6,813)	15,201	(20,140)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	5,660	3,986	5,267	1,213	2,902	5,138	4,018	1,478	2,316	1,802
Transfers out	(77,865)	(26,595)	(17,279)	(21,465)	(22,165)	(36,600)	(28,646)	(22,199)	(37,327)	(23,704)
Bonds issued	6,120	8,800	117,000	37,680	40,000	34,700	51,000	42,077	-	59,000
Refunding bonds issued	-	15,155	-	-	-	6,025	-	-	-	29,725
Premium on bonds and capital related debt	343	295	11,588	2,461	3,823	3,903	5,119	2,362	-	5,388
Inception of Lease	143	-	-	-	-	-	-	-	-	-
Premium on refunding bonds	-	3,840	-	-	-	797	-	-	-	2,829
Sale of capital assets	218	639	1,050	369	473	524	342	254	532	544
<b>Total other financing sources (uses)</b>	<b>(65,381)</b>	<b>6,120</b>	<b>117,626</b>	<b>20,258</b>	<b>25,033</b>	<b>14,487</b>	<b>31,833</b>	<b>23,972</b>	<b>(34,479)</b>	<b>75,584</b>
<b>Net change in fund balances</b>	<b>\$ (88,105)</b>	<b>\$ 23,253</b>	<b>\$ 131,549</b>	<b>\$ 24,266</b>	<b>\$ 33,161</b>	<b>\$ (4,471)</b>	<b>\$ (827)</b>	<b>\$ 17,159</b>	<b>\$ (19,278)</b>	<b>\$ 55,444</b>
Debt service as a percentage of noncapital expenditures	23.4%	18.5%	16.1%	18.5%	20.9%	25.2%	28.8%	21.6%	21.6%	23.4%

Unaudited



**GENERAL GOVERNMENTAL REVENUES AND  
OTHER FINANCING SOURCES BY SOURCE  
LAST TEN YEARS ENDED DECEMBER 31 <sup>1</sup>  
IN THOUSANDS**

Year	Taxes			Intergovernmental Revenue				Investment Income		Other Revenue and Financing Sources	Total Revenue and Other Financing Sources
	General	Special Revenue	Debt Service	Federal	Build America Bonds Interest Subsidy	State	Local/ Other	General and Special Revenue Funds	Debt Service Funds		
2012	\$ 12,879	\$ 16,703	\$ 46,800	\$ 38,933	1,037	\$ 87,228	\$ 1,062	\$ 2,281	\$ 814	\$ 41,988	\$ 249,725
2013	10,602	18,983	48,335	22,629	937	133,559	1,666	(1,033)	(1,884)	11,026	244,820
2014	10,458	15,885	48,984	8,568	859	101,210	1,984	6,866	3,214	21,681	219,709
2015	11,852	16,505	49,409	7,379	800	110,197	1,829	2,083	752	16,242	217,048
2016	14,371	16,277	50,839	10,364	738	118,523	2,370	1,985	447	23,227	239,141
2017	14,387	16,294	52,367	6,708	664	127,652	1,919	3,579	1,055	14,385	239,010
2018	14,818	16,635	53,350	5,760	389	146,041	372	3,050	1,479	11,845	253,739
2019	15,232	16,956	54,193	7,948	703	155,297	186	7,015	2,784	11,798	272,112
2020	15,033	17,415	55,355	45,485	421	142,587	314	3,799	1,302	\$28,136	309,847
2021	15,285	17,648	54,845	21,100	186	129,927	363	969	(519)	\$13,295	253,099

Unaudited

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

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

<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>		
2012	268,503,058	3,126,112	271,629,170	3,111,683	1.1%	0.02
2013	271,603,265	3,175,512	274,778,777	3,150,328	1.1%	0.03
2014	295,616,567	3,319,277	298,935,844	3,426,187	1.1%	0.01
2015	312,067,619	3,522,198	315,589,817	3,634,111	1.2%	0.01
2016	329,058,583	3,822,316	332,880,899	3,858,157	1.2%	0.01
2017	353,529,775	3,982,992	357,512,767	4,157,954	1.2%	0.01
2018	379,223,301	4,365,281	383,588,582	4,476,940	1.2%	0.01
2019	405,583,930	4,474,361	410,058,291	4,789,628	1.2%	0.01
2020	428,723,402	4,772,606	433,496,009	5,090,890	1.2%	0.01
2021	448,573,927	3,767,370	452,341,298	5,286,410	1.2%	0.01

Unaudited

Source: State of Minnesota, Department of Revenue.

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

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

Year	General Fund	Highway Right-of-Way Fund	Special Revenue and Transit Funds	Debt Service Funds	Total Direct Tax Rate	School Districts	Counties	Cities and Townships	Other
2012	0.00	0.00	0.00	0.02	0.02	0.42	0.39	0.38	0.47
2013	0.00	0.00	0.01	0.02	0.03	0.43	0.39	0.38	0.46
2014	0.00	0.00	0.00	0.01	0.01	0.40	0.36	0.35	0.44
2015	0.00	0.00	0.00	0.01	0.01	0.39	0.34	0.34	0.41
2016	0.00	0.00	0.00	0.01	0.01	0.40	0.34	0.34	0.39
2017	0.00	0.00	0.00	0.01	0.01	0.37	0.33	0.33	0.37
2018	0.00	0.00	0.00	0.01	0.01	0.38	0.31	0.33	0.35
2019	0.00	0.00	0.00	0.01	0.01	0.38	0.31	0.33	0.26
2020	0.00	0.00	0.00	0.01	0.01	0.38	0.31	0.33	0.32
2021	0.00	0.00	0.00	0.01	0.01	0.37	0.29	0.33	0.31

Unaudited

Source: State of Minnesota, Department of Revenue.

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

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

*Largest taxpayers in Hennepin and Ramsey counties*

<u><b>Taxpayer</b></u>	<b>2021</b>			<b>2012</b>		
	<b>Net Tax Capacity</b>	<b>Rank</b>	<b>Percentage of Total Tax Capacity<sup>1,3</sup></b>	<b>2012 Tax Capacity</b>	<b>Rank</b>	<b>Percentage of Total Tax Capacity<sup>2,3</sup></b>
Xcel Energy / Northern States Power Co	\$ 22,246	1	0.42%	\$ 8,982	2	0.29%
MOA Mall Holdings LLC	16,499	2	0.31%	11,144	1	0.36%
BRI 1855 IDS Center LLC	6,384	3	0.12%	-	-	-
WFM Office Owner LLC	5,878	4	0.11%	-	-	-
SRI Eleven Mpls 225 LLC	5,354	5	0.10%	3,275	5	0.11%
City Center 33 So Prop LLC	5,246	6	0.10%	-	-	-
Wells REIT - 800 Nicollett	4,445	7	0.08%	2,633	9	0.08%
US Bank Corp	4,264	8	0.08%	-	-	-
3M Company	3,611	9	0.07%	4,438	3	0.14%
South Sixth Office LLC	3,605	10	0.07%	-	-	-
MB Minneapolis 8th St. LLC	-	-	-	3,425	4	0.11%
NWC Limited Partnership	-	-	-	3,179	6	0.10%
Compass Retail Inc.	-	-	-	2,998	7	0.10%
St. Paul Fire and Marine Ins Co	-	-	-	2,819	8	0.09%
CMS Corp	-	-	-	2,624	10	0.08%
<b>Total</b>	<b>\$ 77,532</b>		<b>1.46%</b>	<b>\$ 45,517</b>		<b>1.46%</b>

Unaudited

Source: Hennepin County abstract of property taxes

Ramsey County abstract of property taxes

- Notes
- <sup>1</sup> Net tax capacity value for 2021 = \$5,286,410
  - <sup>2</sup> Net tax capacity value for 2012 = \$3,111,683
  - <sup>3</sup> Net tax capacity value is determined by multiplying taxable market value by class rates for different types of property set by Minnesota state law.

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

<b>Year</b>	<b>Total Tax Levy</b>	<b>Net Taxes Levied for the Year</b>	<b>Collected within the Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
			<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2012	76,934	76,934	75,989	98.77%	206	76,195	99.04%
2013	78,452	78,452	77,651	98.98%	207	77,858	99.24%
2014	80,041	80,041	78,624	98.23%	900	79,524	99.35%
2015	80,431	80,431	79,757	99.16%	84	79,841	99.27%
2016	82,039	82,039	81,453	99.29%	165	81,618	99.49%
2017	83,621	83,621	82,985	99.24%	61	83,046	99.31%
2018	85,293	85,293	84,690	99.29%	109	84,799	99.42%
2019	86,999	86,999	86,235	99.12%	219	86,454	99.37%
2020	88,737	88,737	88,290	99.50%	328	88,618	99.87%
2021	88,739	88,739	88,305	99.51%	-	88,305	99.51%

Unaudited

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS ENDED DECEMBER 31  
IN THOUSANDS (EXCEPT PERCENTAGE AND PER CAPITA)<sup>4</sup>**

Fiscal Year	General Bonded Debt Outstanding					Total <sup>3</sup>	Less:	
	General Obligation Bonds Transit <sup>3</sup>	General Obligation Bonds Parks <sup>3</sup>	General Obligation Bonds Wastewater <sup>3</sup>	Less: Amounts Available in Debt Service Fund <sup>4</sup>	Percentage of Actual Taxable Value <sup>1</sup> of Property		Per Capita <sup>2</sup>	
2012	249,700	11,778	901,980	107,652	1,055,806	33.93%	308.49	
2013	215,848	7,647	834,764	102,860	955,399	30.33%	276.25	
2014	213,503	13,128	823,068	118,056	931,643	27.19%	266.81	
2015	200,370	13,379	754,130	100,944	866,935	23.86%	246.41	
2016	187,903	11,043	744,148	97,548	845,546	21.92%	238.11	
2017	195,627	5,021	806,832	105,480	902,000	21.69%	250.51	
2018	198,206	3,114	872,861	114,667	959,514	21.43%	265.49	
2019	287,309	1,221	808,829	122,105	975,254	20.36%	267.92	
2020	262,994	8,866	870,578	144,606	997,832	19.60%	272.82	
2021	210,588	6,403	861,185	121,669	956,507	18.09%	261.52	

Unaudited

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

Ratios are calculated using population from prior year.

<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.

<sup>3</sup>Presented net of original issuance discounts and premiums.

<sup>4</sup>This is the amount restricted for debt service principal payments.

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

**Governmental Activities**

<b>Fiscal Year</b>	<b>General Obligation Bonds- Transit<sup>5</sup></b>	<b>General Obligation Bonds- Parks<sup>5</sup></b>	<b>Revenue Bonds<sup>2</sup></b>	<b>PFA Transit Loan<sup>1</sup></b>	<b>Certifications of Participation</b>	<b>Total Governmental Activities</b>
2012	249,700	11,778	1,368	8,255	10,225	281,326
2013	215,848	7,647	-	7,030	9,610	240,135
2014	213,503	13,128	-	5,780	8,570	240,981
2015	200,370	13,379	-	4,495	7,875	226,119
2016	187,903	11,043	-	3,185	7,085	209,216
2017	195,627	5,021	-	1,880	6,260	208,788
2018	198,206	3,114	-	775	5,410	207,505
2019	287,309	1,221	-	375	4,535	293,440
2020	262,994	8,866	-	-	3,635	275,495
2021	210,588	6,403	-	-	2,705	219,696

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> \$10,760,000 revenue bonds issued in behalf of the Metropolitan Radio Board (ceased operation June 30, 2005), which were refunded in 2007 with \$7,265,000 revenue bonds.

<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.

<sup>4</sup> Transit's grant anticipation notes are treated as general obligation debt. Loan repayments are similar to general obligation loan repayments. These notes are categorized under business activities since they are secured by grant receipts from the Federal Transit Administration.

<sup>5</sup> Presented net of original issuance discounts and premiums.



**Business-Type Activities**

<b>General Obligation Grant Anticipation Transit Notes<sup>4</sup></b>	<b>General Obligation Bonds Wastewater<sup>5</sup></b>	<b>PFA Wastewater<sup>5</sup></b>	<b>Hennepin County Loan</b>	<b>Loan Payable</b>	<b>Total Business- Type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>3</sup></b>	<b>Per Capita<sup>3</sup></b>
165,558	901,980	448,039	-	1,405	1,516,982	1,798,308	1.03%	525.43
143,224	834,764	483,124	-	1,405	1,462,517	1,702,652	0.97%	492.31
188,573	823,068	535,984	-	1,405	1,549,030	1,790,011	0.96%	512.63
8,931	754,130	567,813	1,949	1,405	1,334,228	1,560,347	0.80%	443.50
-	744,148	571,683	1,597	1,405	1,318,833	1,528,049	0.76%	430.31
-	806,832	556,423	2,713	1,405	1,367,373	1,576,161	0.73%	437.75
-	872,861	554,642	3,971	1,405	1,432,879	1,640,384	0.72%	453.88
-	808,829	540,595	2,395	1,405	1,353,224	1,646,664	0.70%	452.37
129,038	870,578	524,131	-	1,405	1,525,152	1,800,647	0.73%	492.32
466,714	861,185	524,984	-	1,826	1,854,709	2,074,405	0.84%	567.17

**COMPILATION OF OVERLAPPING DEBT <sup>1</sup>**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**IN THOUSANDS**

Page (1 of 5)

Jurisdiction	Net G.O. Debt Outstanding	Percent Applicable to Council	Overlapping Debt
<b>Counties:</b>			
Anoka	\$ 50,555	100.0%	\$ 50,555
Carver	8,305	100.0%	8,305
Hennepin	1,481,535	100.0%	1,481,535
Ramsey	207,687	100.0%	207,687
Scott	115,680	97.9%	113,239
Washington	113,905	100.0%	113,905
Total counties	1,977,667		1,975,226
<b>School districts:</b>			
SSD #1 Minneapolis	860,340	100.0%	860,340
SSD #6 South St. Paul	44,705	100.0%	44,705
ISD #11 Anoka	251,620	100.0%	251,620
ISD #12 Centennial	81,085	100.0%	81,085
ISD #13 Columbia Heights	20,718	100.0%	20,718
ISD #14 Fridley	44,985	100.0%	44,985
ISD #15 St. Francis	85,080	92.5%	78,699
ISD #16 Spring Lake Park	106,060	100.0%	106,060
ISD #108 Norwood-Young America	16,235	97.1%	15,764
ISD #110 Waconia	109,570	100.0%	109,570
ISD #111 Watertown-Mayer	58,593	89.7%	52,558
ISD #112 Chaska	172,769	100.0%	172,769
ISD #191 Burnsville	132,640	100.0%	132,640
ISD #192 Farmington	151,275	100.0%	151,275
ISD #194 Lakeville	209,605	100.0%	209,605
ISD #195 Randolph	10,525	87.7%	9,230
ISD #196 Rosemount	110,985	100.0%	110,985
ISD #197 West St. Paul	117,865	100.0%	117,865
ISD #199 Inver Grove Heights	51,215	100.0%	51,215
ISD #200 Hastings	71,888	99.9%	71,816
ISD #252 Cannon Falls	19,000	4.9%	931
ISD #270 Hopkins-Golden Valley	156,770	100.0%	156,770
ISD #271 Bloomington	149,335	100.0%	149,335
ISD #272 Eden Prairie	98,665	100.0%	98,665
ISD #273 Edina	190,765	100.0%	190,765
ISD #276 Minnetonka	182,915	100.0%	182,915
ISD #277 Westonka	32,605	100.0%	32,605
ISD #278 Orono	59,855	100.0%	59,855
ISD #279 Osseo	168,965	100.0%	168,965
ISD #280 Richfield	139,630	100.0%	139,630
ISD #281 Robbinsdale	198,980	100.0%	198,980
ISD #282 St Anthony-New Brighton	31,075	100.0%	31,075
ISD #283 St. Louis Park	126,075	100.0%	126,075
ISD #284 Wayzata	220,490	100.0%	220,490
ISD #286 Brooklyn Center	46,194	100.0%	46,194
ISD #424 Lester Prairie	14,940	0.2%	30
ISD #621 Mounds View	195,570	100.0%	195,570
ISD #622 North St. Paul-Maplewood-Oakdale	443,420	100.0%	443,420
ISD #623 Roseville	161,090	100.0%	161,090
ISD #624 White Bear Lake	334,905	100.0%	334,905
ISD #625 St. Paul	538,605	100.0%	538,605
ISD #659 Northfield	51,015	17.4%	8,877
ISD #716 Belle Plaine	18,810	86.3%	16,233

**COMPILATION OF OVERLAPPING DEBT<sup>1</sup>  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**IN THOUSANDS**

<u>Jurisdiction</u>	<u>Net G.O. Debt Outstanding</u>	<u>Percent Applicable to Council</u>	<u>Overlapping Debt</u>
<b>School districts (continued):</b>			
ISD #717 Jordan	62,185	100.0%	62,185
ISD #719 Prior Lake	186,974	100.0%	186,974
ISD #720 Shakopee	243,974	100.0%	243,974
ISD #721 New Prague	77,615	64.1%	49,751
ISD #728 Elk River	302,775	33.6%	101,732
ISD #831 Forest Lake	156,965	86.8%	136,246
ISD #832 Mahtomedi	39,990	100.0%	39,990
ISD #833 South Washington	291,425	100.0%	291,425
ISD #834 Stillwater	80,735	100.0%	80,735
ISD #877 Buffalo-Hanover-Montrose	59,275	15.6%	9,247
ISD #879 Delano	64,850	34.4%	22,308
ISD #883 Rockford	54,300	68.8%	37,358
ISD #916 Special Intermediate-Vo Tech	73,470	100.0%	73,470
ISD #2144 Chisago Lakes	65,345	3.9%	2,548
ISD #2397 LeSueur-Henderson	5,900	1.3%	77
ISD #2687 Howard Lake-Waverly-Winsted	37,290	0.4%	149
ISD #2859 Glencoe-Sliver Lake	22,245	0.1%	22
Total school districts	<u>8,112,745</u>		<u>7,533,675</u>
<b>Cities:</b>			
Afton	6,738	100.0%	6,738
Andover	46,415	100.0%	46,415
Anoka	18,910	100.0%	18,910
Apple Valley	25,454	100.0%	25,454
Arden Hills	2,005	100.0%	2,005
Bayport	2,360	100.0%	2,360
Belle Plaine	18,115	100.0%	18,115
Bethel	840	100.0%	840
Blaine	77,160	100.0%	77,160
Bloomington	73,869	100.0%	73,869
Brooklyn Center	62,186	100.0%	62,186
Brooklyn Park	38,800	100.0%	38,800
Burnsville	66,610	100.0%	66,610
Carver	37,818	100.0%	37,818
Centerville	2,304	100.0%	2,304
Champlin	11,335	100.0%	11,335
Chanhassen	28,950	100.0%	28,950
Chaska	83,855	100.0%	83,855
Circle Pines	17,980	100.0%	17,980
Cologne	18,912	100.0%	18,912
Columbia Heights	23,810	100.0%	23,810
Columbus	12,149	100.0%	12,149
Coon Rapids	66,700	100.0%	66,700
Corcoran	11,160	100.0%	11,160
Cottage Grove	44,015	100.0%	44,015
Crystal	11,060	100.0%	11,060
Dayton	18,143	100.0%	18,143
Deephaven	990	100.0%	990
Dellwood	1,375	100.0%	1,375
Eagan	47,130	100.0%	47,130
East Bethel	15,930	100.0%	15,930
Eden Prairie	44,461	100.0%	44,461
Edina	110,308	100.0%	110,308
Elko/New Market	20,259	100.0%	20,259
Excelsior	20,196	100.0%	20,196

**COMPILATION OF OVERLAPPING DEBT <sup>1</sup>**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**IN THOUSANDS**

(Page 3 of 5)

<u>Jurisdiction</u>	<u>Net G.O. Debt Outstanding</u>	<u>Percent Applicable to Council</u>	<u>Overlapping Debt</u>
<b>Cities (continued):</b>			
Falcon Heights	1,165	100.0%	1,165
Farmington	9,855	100.0%	9,855
Forest Lake	39,285	100.0%	39,285
Fridley	61,645	100.0%	61,645
Gem Lake	1,065	100.0%	1,065
Golden Valley	58,670	100.0%	58,670
Grant	1,172	100.0%	1,172
Greenfield	1,600	100.0%	1,600
Hamburg	2,412	100.0%	2,412
Ham Lake	988	100.0%	988
Hampton	3,231	100.0%	3,231
Hastings	21,255	100.0%	21,255
Hopkins	81,035	100.0%	81,035
Hugo	16,505	100.0%	16,505
Independence	4,880	100.0%	4,880
Inver Grove Heights	43,890	100.0%	43,890
Jordan	21,612	100.0%	21,612
Lake Elmo	49,655	100.0%	49,655
Lakeland	740	100.0%	740
Lakeville	133,320	100.0%	133,320
Lauderdale	2,290	100.0%	2,290
Lexington	2,083	100.0%	2,083
Lilydale	2,210	100.0%	2,210
Lino Lakes	21,950	100.0%	21,950
Little Canada	3,100	100.0%	3,100
Long Lake	2,360	100.0%	2,360
Loretto	1,689	100.0%	1,689
Mahtomedi	25,355	100.0%	25,355
Maple Grove	92,795	100.0%	92,795
Maple Plain	9,567	100.0%	9,567
Maplewood	66,228	100.0%	66,228
Marine	810	100.0%	810
Mayer	8,269	100.0%	8,269
Medicine Lake	930	100.0%	930
Medina	8,140	100.0%	8,140
Mendota Heights	22,530	100.0%	22,530
Minneapolis	856,998	100.0%	856,998
Minnetonka	62,100	100.0%	62,100
Minnetonka Beach	5,885	100.0%	5,885
Minnetrista	18,913	100.0%	18,913
Mound	41,252	100.0%	41,252
Mounds View	11,559	100.0%	11,559
New Brighton	38,310	100.0%	38,310
New Germany	8,430	100.0%	8,430
New Hope	46,628	100.0%	46,628
Newport	17,075	100.0%	17,075
North Oaks	120	100.0%	120
North St. Paul	32,010	100.0%	32,010
Northfield	49,873	100.0%	49,873
Norwood-Young America	12,799	100.0%	12,799
Nowthen	3,880	100.0%	3,880

**COMPILATION OF OVERLAPPING DEBT <sup>1</sup>  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

(Page 4 of 5)

<u>Jurisdiction</u>	<u>Net G.O. Debt Outstanding</u>	<u>Percent Applicable to Council</u>	<u>Overlapping Debt</u>
<b>Cities (continued):</b>			
Oak Grove	207	100.0%	207
Oak Park Heights	4,745	100.0%	4,745
Oakdale	21,680	100.0%	21,680
Orono	19,110	100.0%	19,110
Osseo	12,480	100.0%	12,480
Plymouth	63,770	100.0%	63,770
Prior Lake	32,760	100.0%	32,760
Ramsey	26,305	100.0%	26,305
Randolph City	1,903	100.0%	1,903
Richfield	61,190	100.0%	61,190
Robbinsdale	57,740	100.0%	57,740
Rogers & Hassan Combined	12,065	100.0%	12,065
Rosemount	6,975	100.0%	6,975
Roseville	18,670	100.0%	18,670
St. Anthony	22,580	100.0%	22,580
St. Bonifacius	1,500	100.0%	1,500
St. Francis	28,935	100.0%	28,935
St. Louis Park	96,875	100.0%	96,875
St. Paul	476,358	100.0%	476,358
St. Paul Park	5,633	100.0%	5,633
Savage	38,165	100.0%	38,165
Scandia	3,397	100.0%	3,397
Shakopee	37,395	100.0%	37,395
Shoreview	48,215	100.0%	48,215
Shorewood	14,375	100.0%	14,375
South St. Paul	23,908	100.0%	23,908
Spring Lake Park	2,469	100.0%	2,469
Spring Park	1,400	100.0%	1,400
Stillwater	29,825	100.0%	29,825
Sunfish Lake	1,946	100.0%	1,946
Tonka Bay	1,786	100.0%	1,786
Vadnais Heights	5,045	100.0%	5,045
Victoria	24,220	100.0%	24,220
Waconia	41,938	100.0%	41,938
Watertown	3,104	100.0%	3,104
Wayzata	20,355	100.0%	20,355
West St. Paul	49,975	100.0%	49,975
White Bear Lake	22,295	100.0%	22,295
Woodbury	50,855	100.0%	50,855
Woodland	445	100.0%	445
Total cities	<u>4,511,014</u>		<u>4,511,014</u>
<b>Townships:</b>			
Baytown	930	100.0%	930
Credit River	3,270	100.0%	3,270
Denmark	3,580	100.0%	3,580
Empire	2,225	100.0%	2,225
Helena	260	100.0%	260
Laketown	845	100.0%	845
New Market	1,800	100.0%	1,800
Sand Creek	175	100.0%	175
Spring Lake	1,768	100.0%	1,768
Waconia	155	100.0%	155
White Bear	13,515	100.0%	13,515
Total townships	<u>28,523</u>		<u>28,523</u>

**COMPILATION OF OVERLAPPING DEBT<sup>1</sup>  
FOR THE YEAR ENDED DECEMBER 31, 2021  
IN THOUSANDS**

(Page 5 of 5)

Jurisdiction	Net G.O. Debt Outstanding	Percent Applicable to Council	Overlapping Debt
<b>Miscellaneous:</b>			
Anoka County HRA	12,365	100.0%	12,365
Blaine EDA/HRA	2,850	100.0%	2,850
Bloomington Port Authority	5,990	100.0%	5,990
Bloomington HRA	6,450	100.0%	6,450
Capital Region Watershed District	12,540	100.0%	12,540
Carn-Marine Watershed	301	100.0%	301
Carver County CDA	26,825	100.0%	26,825
Cedar Lake Sewer Sanitary District	1,009	68.2%	688
Chaska EDA	31,265	100.0%	31,265
Dakota County CDA	249,158	100.0%	249,158
Hennepin Regional Railroad Authority	90,580	100.0%	90,580
HRA of St. Paul	58,932	100.0%	58,932
Metropolitan Airports Commission	1,341,915	100.0%	1,341,915
Minnesota Municipal Power Agency	176,101	61.6%	108,478
Mound HRA	2,045	100.0%	2,045
Norwood-Young America EDA	4,385	100.0%	4,385
Plymouth HRA	14,490	100.0%	14,490
Ramsey-Washington Metro Watershed District	3,472	100.0%	3,472
Regional Railroad Authority-Anoka County	18,860	100.0%	18,860
Scott County CDA	47,355	100.0%	47,355
South Washington Watershed District	2,665	100.0%	2,665
St. Anthony HRA	5,345	100.0%	5,345
St. Paul Port Authority	51,659	100.0%	51,659
Three Rivers Park	58,550	100.0%	58,550
VB Watershed	6,780	100.0%	6,780
Waconia HRA	8,219	100.0%	8,219
Washington County HRA	38,151	100.0%	38,151
Total miscellaneous	<u>2,278,257</u>		<u>2,210,313</u>
Subtotal, overlapping debt	<u>\$ 16,908,206</u>		16,258,751
Metropolitan Council direct debt			<u>219,696</u>
<b>Total direct and overlapping debt</b>			<u><b>\$ 16,478,447</b></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 and Cedar Lake Sewer Sanitary District are split in proportion to the population inside and outside the Metropolitan Council's jurisdiction.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limit	\$ 439,420	\$ 366,605	\$ 415,905	\$ 360,910	\$ 397,655	\$ 307,390	\$ 353,595	\$ 413,505	\$ 367,025	\$ 365,515
Total net debt applicable to limit	<u>193,320</u>	<u>221,585</u>	<u>263,285</u>	<u>185,340</u>	<u>186,105</u>	<u>187,630</u>	<u>206,020</u>	<u>220,775</u>	<u>219,230</u>	<u>257,390</u>
Legal debt margin	<u>\$ 246,100</u>	<u>\$ 145,020</u>	<u>\$ 152,620</u>	<u>\$ 175,570</u>	<u>\$ 211,550</u>	<u>\$ 119,760</u>	<u>\$ 147,575</u>	<u>\$ 192,730</u>	<u>\$ 147,795</u>	<u>\$ 108,125</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>43.99%</u>	<u>60.44%</u>	<u>63.30%</u>	<u>51.35%</u>	<u>46.80%</u>	<u>61.04%</u>	<u>58.26%</u>	<u>53.39%</u>	<u>59.73%</u>	<u>70.42%</u>

Unaudited

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



**PLEDGED-REVENUE COVERAGE  
LAST TEN YEARS ENDED DECEMBER 31  
IN THOUSANDS (EXCEPT COVERAGE)**

**Radio Revenue Bonds**

<b>Year</b>	<b>Total Bond Outstanding<sup>1</sup></b>	<b>911 Fee Revenue<sup>2</sup></b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>
2012	1,365	1,410	1,305	81	1.02
2013 <sup>3</sup>	-	705	1,365	27	0.51
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-

Unaudited

Notes:

<sup>1</sup> Bonds were originally issued in 1999 on behalf of the Metropolitan Radio Board (MRB), in the amount of \$14,280,000. The MRB ceased operations on June 30, 2005, at which time the Metropolitan Council assumed the remaining liability. Principal payment in 2005 was paid by MRB before ceasing operations. Original bond was refunded on March 15, 2007. Remaining original bond outstanding balance was repaid in 2007. Bond balance in 2008, and beyond, is for refund bond only.

<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> On February, 1, 2013, the Council paid the Metropolitan Radio Board Bond. Currently, there are no revenue bonds outstanding at this time.

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS ENDED DECEMBER 31**

<b>Year</b>	<b>Population<sup>1,3</sup></b>	<b>Personal Income<sup>1,3</sup> (In Millions)</b>	<b>Per Capita<sup>1,3</sup> Income</b>	<b>Unemployment Rate<sup>2</sup></b>
2012	3,422,542	173,992	50,837	5.50%
2013	3,458,513	175,414	50,719	4.80%
2014	3,491,838	186,385	53,377	4.00%
2015	3,518,252	195,613	55,599	3.50%
2016	3,551,036	201,427	56,723	3.60%
2017	3,600,618	215,087	59,736	3.30%
2018	3,614,162	227,292	62,889	2.80%
2019	3,640,043	233,890	64,255	3.00%
2020	3,657,477	245,833	67,214	4.50%
2021	3,657,477	245,833	67,214	2.40%

Unaudited

Source: <sup>1</sup> Internally updated information based on the U.S. Commerce Department and Bureau of Economic Analysis for the Minneapolis-St. Paul Metropolitan Statistical Area.

<sup>2</sup> State of Minnesota, Department of Employment and Economic Development (Seven-county area).

<sup>3</sup> 2021 Data not available at time of report.

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

*Employers in Minnesota by number of Minnesota only employees*

<b>Employer</b>	<b>2021</b>			<b>2012</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	56	1	2.86%	54	1	3.07%
Mayo Clinic	48	2	2.45%	33	3	1.88%
United States Federal Government	35	3	1.79%	45	2	2.56%
Target Corporation	31	4	1.58%	20	9	1.14%
Fairview Health Services	30	5	1.53%	31	4	1.76%
Allina Health System	29	6	1.48%	24	6	1.37%
University of Minnesota	27	7	1.38%	25	5	1.42%
HealthPartners Inc.	25	8	1.28%	-	-	-
Wells Fargo Minnesota	18	9	0.92%	18	10	1.02%
UnitedHealth Group, Inc.	18	10	0.92%	20	8	1.14%
Wal-Mart Stores Inc.	-	-	-	21	7	1.20%
<b>Total</b>	<b>317</b>		<b>16.19%</b>	<b>291</b>		<b>16.56%</b>

Unaudited.

Source: Department of Employment and Economic Development, Minneapolis-St. Paul Business Journal, July 8, 2021 and Twin Cities Business B.I.G. Book, 2013.

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

Walmart was not included because it declined to provide data for 2021.

State of Minnesota includes Minnesota State Colleges & Universities.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Regional Administration</u>										
Human Resources	56	56	53	51	45	47	42	40	36	32
Information Services	117	117	111	112	111	110	107	98	90	81
Finance/Central Services	57	60	58	58	55	54	53	50	46	44
Other	113	112	105	109	107	116	108	95	89	84
Total Regional Administration	343	345	327	330	318	327	310	283	261	241
<u>Community Development</u>										
Metro HRA	42	40	39	40	41	40	40	40	38	37
Other	50	46	43	40	41	38	36	36	36	35
Total Community Development	92	86	82	80	82	78	76	76	74	72
<u>Environmental Services Division</u>										
Environmental Quality Assurance	95	89	93	93	100	101	101	102	100	95
Treatment Services	520	529	526	510	506	503	506	532	527	514
Other	30	34	35	34	32	29	27	25	24	22
Total Environmental Services	645	652	654	637	638	633	634	659	651	631
<u>Transportation Services Division</u>										
Metro Mobility	20	19	18	17	17	17	12	11	10	10
Transportation Planning	29	29	27	29	28	27	33	32	30	27
Other	1	1	1	1	1	1	-	-	-	-
Total Transportation Services	50	49	46	47	46	45	45	43	40	37
<u>Metro Transit Bus</u>										
Operations	1,321	1,498	1,621	1,638	1,654	1,640	1,617	1,600	1,566	1,512
Maintenance	439	483	493	487	477	466	432	428	424	422
Administration/Clerical	679	686	695	662	642	646	616	607	507	465
Total Metro Transit	2,439	2,667	2,809	2,787	2,773	2,752	2,665	2,635	2,497	2,399
<u>Metro Transit Commuter Rail</u>										
Maintenance	18	26	30	28	30	29	28	29	27	28
Administration/Clerical	3	4	4	4	4	4	4	7	7	8
Total Metro Transit	21	30	34	32	34	33	32	36	34	36
<u>Metro Transit Light Rail</u>										
Operations	58	65	66	65	67	64	62	85	76	56
Maintenance	147	151	155	155	146	141	138	92	72	80
Administration/Clerical	253	255	255	246	250	237	231	230	184	134
Total Metro Transit	458	471	476	466	463	442	431	407	332	270
Total	4,048	4,300	4,428	4,379	4,354	4,310	4,193	4,139	3,889	3,686

Unaudited

Source: Metropolitan Council Budget Department and Metro Transit

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

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

<b>Function/Program</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Governmental activities										
Metro Mobility-passenger miles	24,227,097	19,886,597	27,091,870	26,103,531	25,160,614	24,264,290	22,168,347	20,570,713	17,918,147	16,562,355
Metro Mobility-passenger trips	1,841,690	1,414,660	2,337,293	2,297,680	2,176,760	2,133,727	2,020,700	1,905,563	1,747,911	1,628,051
Parks visits to Metro Parks System <sup>1</sup>	63,300,000	63,300,000	63,300,000	59,633,200	58,106,842	47,860,600	47,328,887	48,687,143	47,304,800	45,843,800
Business-type activities										
Wastewater										
Average daily sewage treatment (millions of gallons)	225	243	266	241	247	245	250	255	240	210
Transit-bus										
Total route miles	23,472,671	23,707,494	30,609,788	31,074,823	31,526,740	31,598,429	31,198,704	30,661,418	29,490,406	28,817,105
Passenger trips <sup>2</sup>	22,137,142	25,496,989	51,860,027	54,910,461	57,322,632	58,949,824	62,106,089	67,814,305	70,418,593	69,854,994
Transit-commuter rail										
Total route miles	160,249	256,360	603,692	623,923	582,726	550,196	547,051	546,092	529,007	521,537
Passenger trips <sup>2</sup>	50,433	152,456	767,768	787,327	793,798	711,167	722,637	721,214	787,241	700,276
Transit-light rail										
Total passenger car miles	4,812,658	4,129,925	5,351,758	5,461,162	5,492,301	5,325,645	5,202,174	4,081,921	2,370,943	2,103,215
Passenger trips <sup>2</sup>	10,673,554	10,255,520	25,299,442	24,955,617	23,810,995	22,963,629	23,003,457	15,999,993	10,162,919	10,498,236
Housing										
Metro HRA unit months leased	84,815	87,543	87,745	86,065	87,638	87,096	86,076	81,425	82,612	82,264

Unaudited

Sources: Various Metropolitan Council Divisions

Notes:

<sup>1</sup> Due to the pandemic, Council Parks staffs did not complete the Metro Parks System data in 2020. The 2021 park visits to the Metro Parks System data is not available at the time of report.

<sup>2</sup> UPT - Unlinked Passenger Trips is the number of passengers who board public transportation vehicles

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

<b>Function/Program</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Governmental activities										
Metro Mobility										
Total fleet size	633	640	679	642	571	519	485	442	407	399
Number of Parks/Trails	119	111	105	105	104	102	102	102	97	95
Acres of Regional Parks and Trails open to the public	54,465	54,465	55,755	59,354	56,022	54,613	54,488	54,307	54,581	54,842
Business-type activities										
Wastewater										
Treatment Plants	9	9	9	8	8	8	8	8	7	7
Miles of MCES Interceptors	637	637	637	634	634	634	634	634	634	634
Wastewater Treatment Plant Capacities (millions of gallons)	358	358	358	358	358	358	358	358	358	358
Transit-bus										
Total fleet size	805	904	904	907	909	902	907	905	912	888
Transit-commuter rail										
Total fleet size	6	6	6	6	6	6	6	6	6	6
Transit-light rail										
Total fleet size <sup>1</sup>	91	91	91	91	86	86	86	86	62	27
Housing										
Metro HRA unit months available	85,239	86,685	87,596	85,681	85,278	85,270	86,539	84,288	83,979	83,795
Family Affordable Housing Units	150	150	150	150	150	150	150	150	150	150

Unaudited

Source: Metropolitan Council external and internal reports.

Notes:

<sup>1</sup> Transit-light rail expansions due to additional line opening mid-2014.





**METROPOLITAN COUNCIL**





The Metropolitan Council is the regional policy-making body, planning agency, and provider of essential services for the Twin Cities metropolitan region.



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