

People

Transportation

Housing

Bikes

Planning

Financial Condition

Future

Bus

Parks

Cars

Sustainability

Efficient

3rd QUARTER FINANCIAL REPORT

Prosperity

Train

Growth

Light Rail

December 12, 2018

Livability

Light Rail

Diversity

Trails

Treatment

Equity

Airplane

Communities

Wastewater & Water

Lakes

Treatment

Regional

Economic

Roads



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OPERATING FUNDS-STATEMENT OF REVENUES & EXPENSES

OPERATING FUNDS
STATEMENT OF REVENUES AND EXPENSES
2018 -3rd Quarter Results
(in thousands)
Unaudited

	General Fund					Environmental Services					Housing and Redevelopment Authority									
	2018		Projected		2018		2018		Projected		2018		2018		Projected		2018			
	YTD	% Budget	Year-End	Budget	Variance*	YTD	% Budget	Year-End	2018 Budget	Variance*	YTD	% Budget	Year-End	Budget	Variance*	YTD	% Budget	Year-End	Budget	Variance*
Revenues	10,182	65%	16,112	15,747	365	181,373	77%	241,112	236,483	4,629	51,784	76%	67,898	67,803	95	51,784	76%	67,898	67,803	95
Expenses	44,232	62%	70,171	71,257	1,086	84,343	64%	129,781	131,161	1,380	51,181	76%	68,465	67,411	(1,054)	51,181	76%	68,465	67,411	(1,054)
Transfers	33,098	61%	52,783	54,047	(1,264)	(83,312)	73%	(113,167)	(113,492)	325	(574)	51%	(1,103)	(1,130)	27	(574)	51%	(1,103)	(1,130)	27
Change in Reserve Balance	(952)		(1,276)	(1,463)	187	13,718		(1,836)	(8,170)	6,334	29		(1,670)	(738)	(932)	29		(1,670)	(738)	(932)
Beginning Reserve Balance			18,774					33,115					7,931					7,931		
Assigned/Committed			(4,757)																	
Ending Reserve Balance			12,046					31,279					6,261					6,261		
Target Balance			7,126					13,116					5,705					5,705		

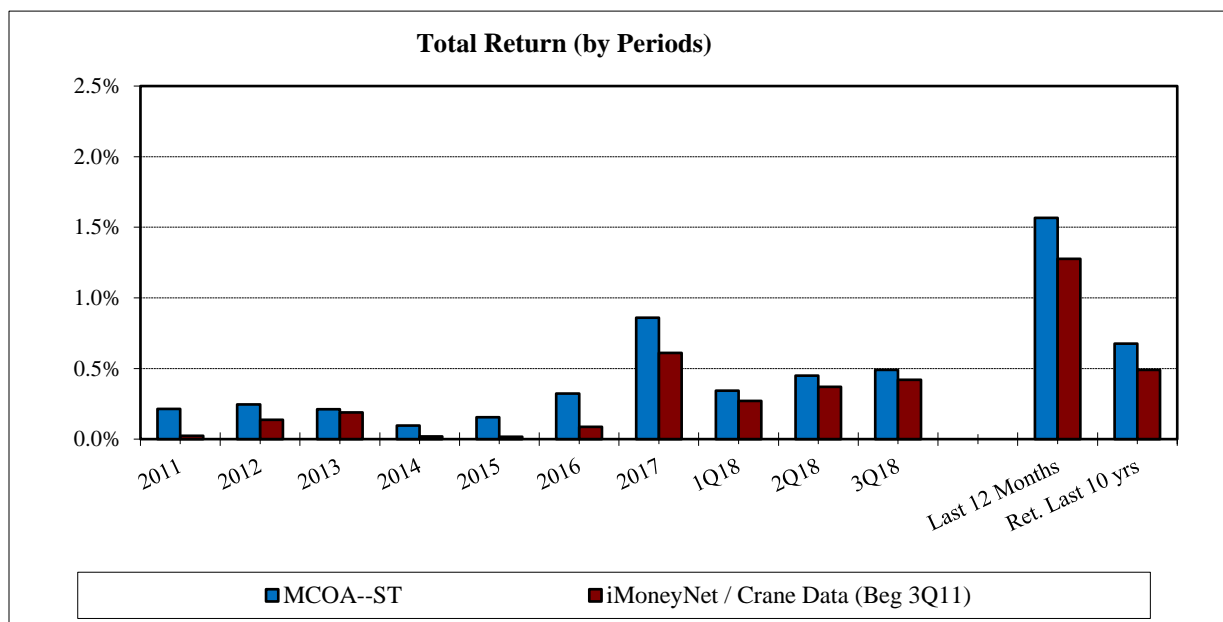
	Metro Transit - Bus					Metro Transit - Light Rail					Metro Transit - Commuter Rail					
	2018		Projected		2018		2018		Projected		2018		Projected		2018	
	YTD	% Budget	Year-End	Budget	Variance*	YTD	% Budget	Year-End	2018 Budget	Variance*	YTD	% Budget	Year-End	Budget	Variance*	
Revenues	231,900	71%	326,467	328,819	(2,352)	58,874	76%	77,047	77,842	(795)	14,882	76%	18,373	19,547	(1,174)	
Expenses	216,839	71%	292,644	305,006	12,362	46,262	72%	61,351	64,482	3,131	11,392	63%	15,821	18,107	2,286	
Transfers	(13,525)	61%	(20,439)	(22,099)	1,660	(9,711)	73%	(14,155)	(13,360)	(795)	(1,140)	79%	(1,567)	(1,441)	(126)	
Change in Reserve Balance	1,536		13,384	1,714	11,670	2,901		1,541	0	1,541	2,350		985	(1)	986	
Beginning Reserve Balance			69,113					9,834					3,552			
Ending Reserve Balance			82,497					11,375					4,537			
Target Balance			27,150					6,461					1,622			

	MTS - Transportation Planning					MTS - Metro Mobility					MTS - Contracted Service					
	2018		Projected		2018		2018		Projected		2018		Projected		2018	
	YTD	% Budget	Year-End	Budget	Variance*	YTD	% Budget	Year-End	2018 Budget	Variance*	YTD	% Budget	Year-End	Budget	Variance*	
Revenues	4,985	51%	7,434	9,786	(2,352)	49,768	75%	66,188	66,443	(255)	20,724	71%	29,256	29,067	189	
Expenses	2,749	35%	5,255	7,940	2,685	54,585	77%	74,133	70,831	(3,302)	18,911	67%	28,078	28,201	123	
Transfers	(1,224)	63%	(1,912)	(1,951)	39	(1,413)	63%	(2,209)	(2,254)	45	(541)	62%	(849)	(867)	18	
Change in Reserve Balance	1,012		267	(105)	372	(6,230)		(10,154)	(6,642)	(3,512)	1,272		329	(1)	330	
Beginning Reserve Balance			4,060					27,952					5,636			
Ending Reserve Balance			4,327					17,798					5,965			
Target Balance			3,116					7,309					2,907			

*Variance = Favorable / (Unfavorable)

Financial Management Report

METROPOLITAN COUNCIL INVESTMENT PERFORMANCE—SHORT-TERM PORTFOLIO



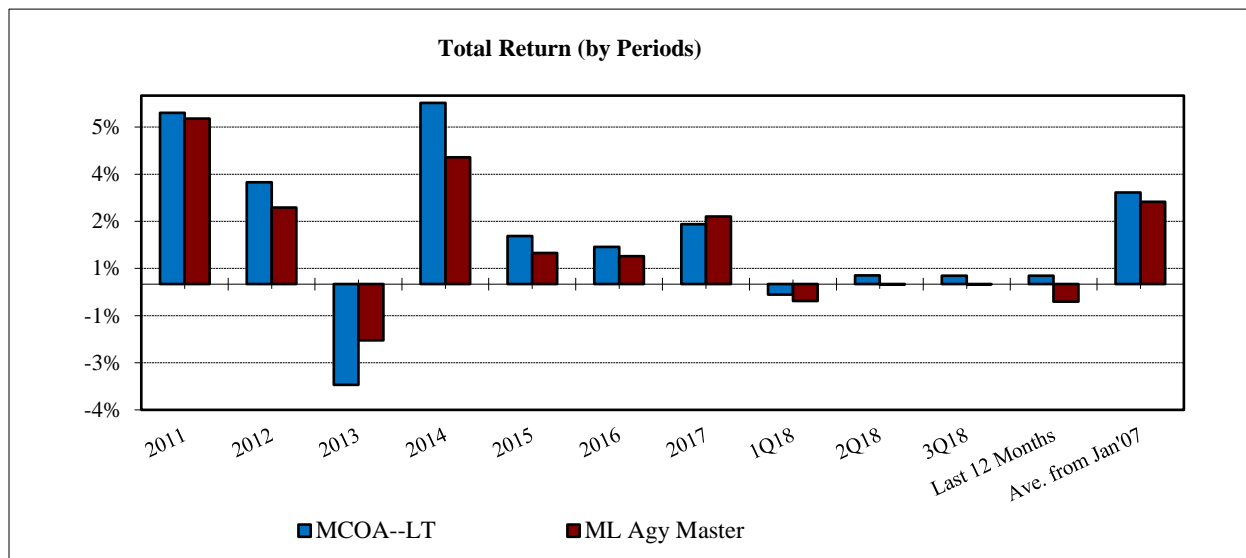
3Q18 Short-Term Portfolio Investment Results

Assets under Management (AUM): \$414.5 Million

The portfolio outperformed its benchmark during the third quarter. Total return of 0.49% was above the index (0.42%) by 7 basis points. This portfolio has averaged 19 bps per year more than its benchmark over the past 10 years. For the quarter, the Council's liquid cash was invested in government money market funds, Federal Discount Notes and Commercial Paper.

Financial Management Report

METROPOLITAN COUNCIL INVESTMENT PERFORMANCE—LONG-TERM PORTFOLIO



3Q18 Long-Term Portfolio Investment Results

Assets under Management (AUM) \$434 Million

The portfolio outperformed its benchmark during the third quarter. Total return of .27% was above the index (-.01%) by 28 basis points. The portfolio was comprised of 16% municipal bonds (yielding 4.46%), 68% of U.S. agency securities (yielding 1.92%), 15% was invested in government money market funds (yielding 1.95%) and less than 1% was invested in securitized mortgage backed securities (yielding 2.50%).

Once again municipal bonds held steady and generated positive returns relative to other fixed income products. The positive performance was driven by investor demand and constrained supply. Demand for municipal bonds has remained strong supported by crossover buyers and hedge fund investors who continue to reach out for yield and take advantage of the attractive relative value offered by the muni asset class.

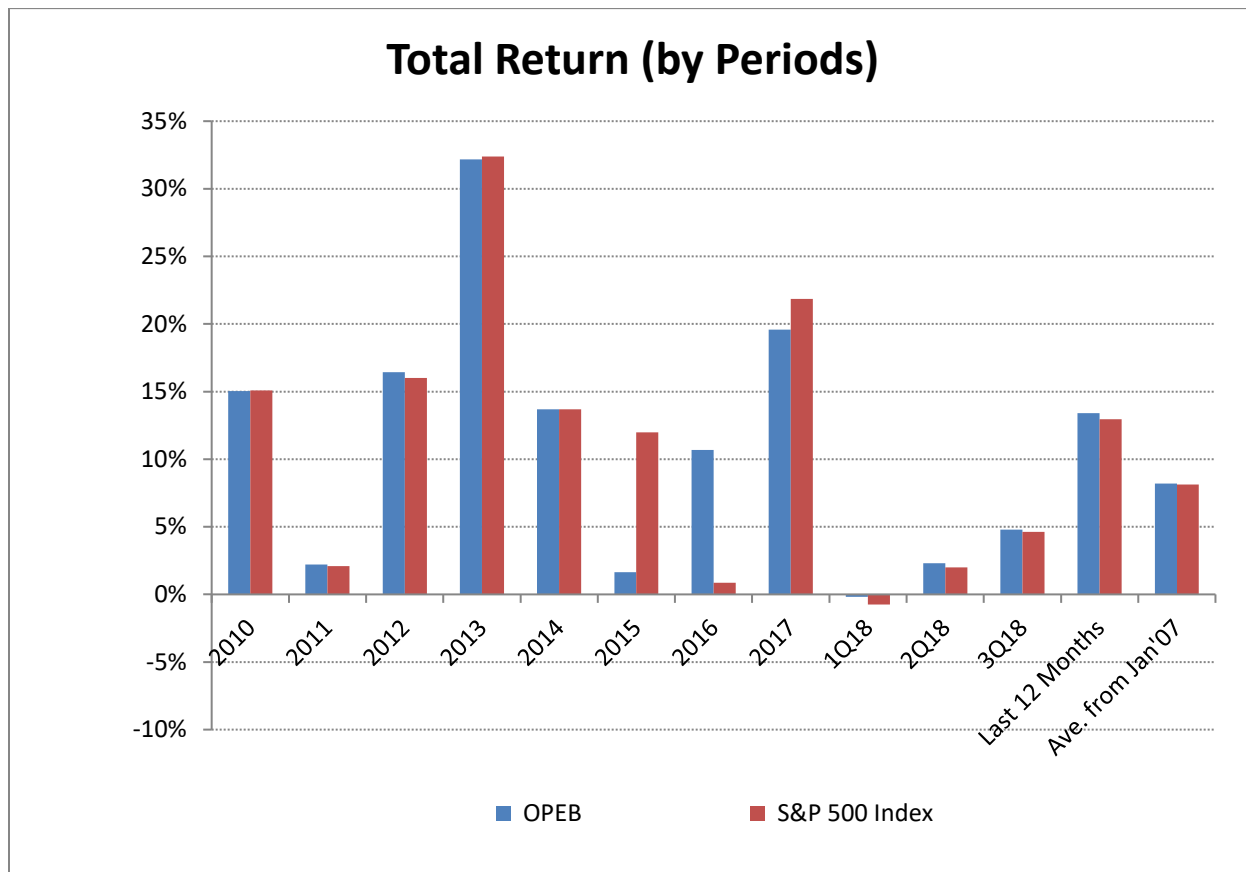
Financial Management Report

3Q18 OPEB PORTFOLIO INVESTMENT RESULTS

Assets under Management (AUM) \$278.5 Million

Currently, the Council's OPEB portfolio is fully invested in 60% equities and 40% US Treasuries/Cash. At end of the third quarter, the OPEB portfolio posted gains of 4.80% and the Blended index was 4.63%. For the quarter, the portfolio had unrealized gains and dividends of \$13.4 million. The Council also has an internal cash account for OPEB. At the end of quarter, the amount in this fund was \$2.7 million as \$14.9 million was brought in from the SBI account to fund the 2018 OPEB expenses.

The OPEB portfolio is a long-term investment vehicle, similar to a pension fund, which will provide both positive and negative market movements over time. We feel over the long term, staying the course is a good strategy.

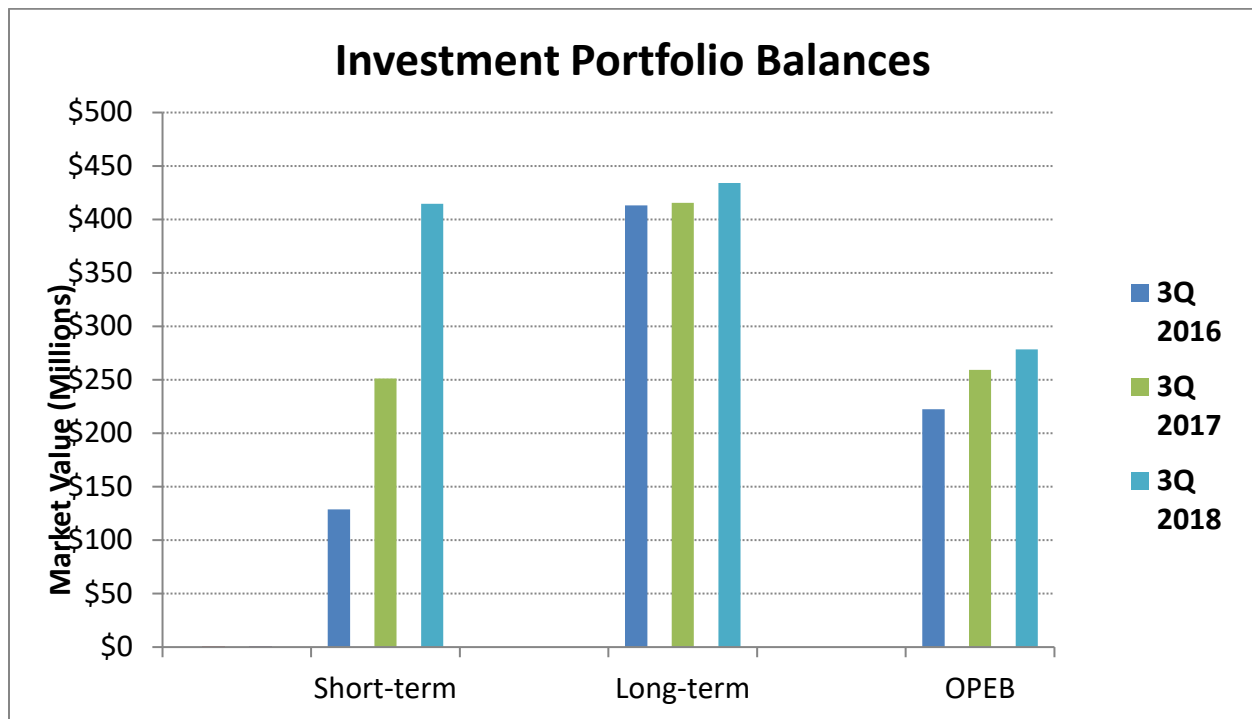


Financial Management Report

INVESTMENT PORTFOLIO BALANCES

Investment Portfolio Balances Market Value (Millions)

	3Q 2016	3Q 2017	3Q 2018
Short-term	\$ 128.8	\$ 251.2	\$ 414.5
Long-term	413.2	415.4	434.0
OPEB	222.4	259.2	278.5
Total	764.4	925.8	1.027.0



Financial Management Report

GENERAL FUND

Unaudited - dollars in thousands

2018 3rd Quarter Financial Report General Fund Unaudited - dollars in thousands

	General Fund				
	2018 YTD		Projected		
	Results	% Budget	Year-End	2018 Budget	Variance
Revenues	10,182	65%	16,112	15,747	365
Expenses	44,232	62%	70,171	71,257	1,086
Transfers	33,098	61%	52,783	54,047	(1,264)
Change in Reserve Balance	(952)		(1,276)	(1,463)	187
Beginning Fund Balance			18,774		
Assigned/Committed			(4,757)		
Ending Unassigned Reserve Balance			12,046		
Target Balance (10%)			7,126		

General Fund

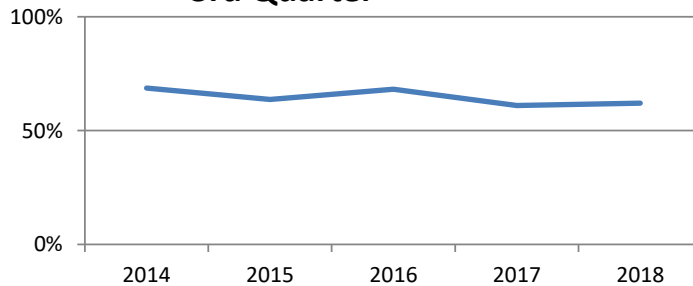
Revenue for the General fund are primarily property tax and are collected semi-annually, June and December.

Year to date the General fund has spent 62% of its annual budgeted operating expense. The trend is consistent with prior years' performances compared at third quarter.

Salaries/fringes are projected to stay slightly under budget at year-end due to open positions. Consulting and Contractual Services is projected to spend more in fourth quarter, due to hardware and software maintenance and licensing fees. Most other operating expense categories are expected to track at or near budget by year-end.

The 2018 General Fund budget approved by the Council reflects a \$1.46 million use of General Fund reserves. The projected year-end available reserve balance is \$12.0 million.

General Fund % of Budget Spent - 3rd Quarter



Environmental Services

Unaudited - dollars in thousands

2018 3rd Quarter Financial Report Environmental Services Unaudited - dollars in thousands

	Environmental Services				
	2018 YTD Results	% Budget	Projected Year-End	2018 Budget	Variance
Revenues	181,373	77%	241,112	236,483	4,629
Expenses	84,343	64%	129,781	131,161	1,380
Transfers	(83,312)	73%	(113,167)	(113,492)	325
Change in Reserve Balance	13,718		(1,836)	(8,170)	6,334
Beginning Reserve Balance			33,115		
Ending Unassigned Reserve Balance			<u>31,279</u>		
Target Balance			13,116		

Environmental Services

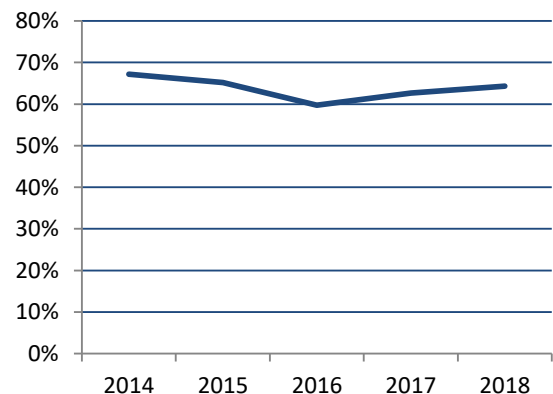
In 2018, operating revenues are anticipated to be over budget by \$4.6M. WestRock, one of our largest Industrial Waste customers, had a plumbing issue in late 2017/2018 which led to \$5.3M of additional 2018 strength charge revenue. This is offset by a \$0.7M underrun in State Appropriations Revenue.

Operating expenses are estimated to be under budget by \$1.4M. Salary and benefits are projected to be under budget by \$1.7M due to staffing vacancies. We are also projecting to be \$1.5M under budget in chemicals (mainly polymers), \$0.6M under budget in consulting (sludge removal/maintenance), and \$0.2M of under budget in capital outlay. This is offset by materials and supplies where we expect to be \$2.1M over budget due primarily to an interceptor line item shift with contract services and warehouse/inventory needs. In addition, we are projecting to be \$0.5M over budget in utilities.

SAC receipts continue to remain strong. The 22,560 SAC units in 2017 was the most in 18 years. 2018 is trending about 2% lower than 2017. Note that SAC receipts are included in Transfers revenue because they accrue in the SAC reserve fund.

Considering the above forecasted variances, reserves are projected to decrease by \$1.8M (compared to an \$8.2M budgeted decrease). The estimated \$1.8M deficit will decrease the operating fund balance to \$31.3M, which is well above the year-end target balance of \$13.1M.

Environmental Services % of Budget Spent - 3rd Quarter



Financial Management Report

HOUSING AND REDEVELOPMENT FUND

Unaudited - dollars in thousands

2018 3rd Quarter Financial Report Housing and Redevelopment Fund Unaudited - dollars in thousands

	Housing and Redevelopment Authority				
	2018 YTD Results	% Budget	Projected Year-End	2018 Budget	Variance
Revenues	51,784	76%	67,898	67,803	95
Expenses	51,181	76%	68,465	67,411	(1,054)
Transfers	(574)	51%	(1,103)	(1,130)	27
Change in Reserve Balance	29		(1,670)	(738)	(932)
Beginning Reserve Balance			7,931		
Ending Reserve Balance			<u>6,261</u>		
Target Balance			5,705		

Housing and Redevelopment Authority

Fully leasing HRA available vouchers will result in a projected shortfall of \$1.4M for voucher payments by the end of 2018. The average cost of housing vouchers has risen in line with fair market rents the last two years and the HRA budget is feeling the impact of those rising rents.

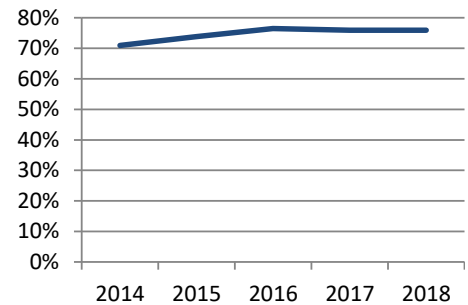
The 2018 budget reflected a planned use of \$700K in reserves to fill a projected deficit for program administration. This deficit is due to the federal proration of revenue for HRA administrative purposes. The Council will receive 80% of federal administrative fees in 2018, which is not sufficient to cover the full cost of administration. Program administration is forecasted to require reserves but will be favorable to budget by about \$500K due primarily lower than anticipated RA allocations and staff vacancies.

Cost savings in administration and rental income from Council owned housing units will partly off-set the projected deficit from housing vouchers, resulting in a total projected deficit of \$1.7M by the end of 2018 across all of the Housing and Redevelopment Authority's programs.

The Council approved a third quarter budget amendment authorizing the use of an additional \$900K of fund balance reserves for housing subsidy payments, increasing the total authorized use of fund balance reserves to \$1.6M. The forecasted year end Housing and Redevelopment Authority's programs will then use \$1.7M in reserves and will be unfavorable to the amended budget by about \$32,000 in 2018.

Reserve balances for these housing programs are projected to be drawn down to around \$6.3M by the end of 2018. This is above the Council's reserve target of \$5.7M.

HRA % of Budget Spent - 3rd Quarter



Financial Management Report

METRO TRANSIT-BUS

Unaudited - dollars in thousands

2018 3rd Quarter Financial Report Metro Transit - Bus Unaudited - dollars in thousands

	Metro Transit - Bus				
	2018 YTD Results	% Budget	Projected Year-End	2018 Budget	Variance
Revenues	231,900	71%	326,467	328,819	(2,352)
Expenses	216,839	71%	292,644	305,006	12,362
Transfers	(13,525)	61%	(20,439)	(22,099)	1,660
Change in Reserve Balance	1,536		13,384	1,714	11,670
Beginning Reserve Balance			69,113		
Ending Reserve Balance			<u>82,497</u>		
Target Balance			27,150		

Metro Transit Bus

Metro Transit - Bus has an amended budget of a \$1.7M surplus.

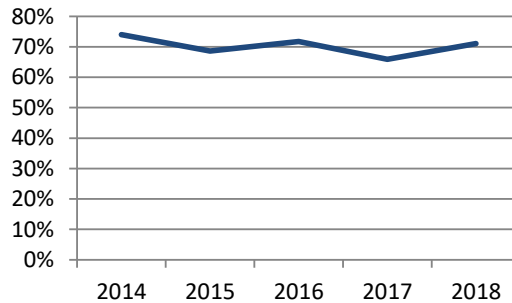
Passenger fares are \$2.4M below budget due to bus ridership being 3.0% below the budgeted level and 4.6% below 2017 levels. Average fare per passenger for 2018 is \$1.28 compared to \$1.16 in 2017. Year end forecast is for fares to be below budget by \$3.2M based on current ridership trends.

Operating expenses of \$216.8M are \$15.7M under budget and are forecasted \$13.4M under budget at the end of the year.

Salaries and benefits are forecasted favorable by \$9.3M at year end because of open positions. Fuel is below budget by \$1.1M due to lower than expected pump prices combined with continued low futures and forecasted \$1.4M favorable by year end. Professional and technical services are \$2.3M below partially due to delaying work into the 4th quarter. The projected savings at year end is \$1.5M.

Metro Transit Bus is forecasted to have a positive fund balance contribution of \$13.4M, with an ending reserve of \$82.5M.

Metro Transit - Bus % of Budget Spent - 3rd Quarter



Financial Management Report

METRO TRANSIT-LIGHT RAIL

Unaudited - dollars in thousands

2018 3rd Quarter Financial Report Metro Transit - Light Rail Unaudited - dollars in thousands

	Metro Transit - Light Rail				
	2018 YTD		Projected		
	Results	% Budget	Year-End	2018 Budget	Variance
Revenues	58,874	76%	77,047	77,842	(795)
Expenses	46,262	72%	61,351	64,482	3,131
Transfers	(9,711)	73%	(14,155)	(13,360)	(795)
Change in Reserve Balance	2,901		1,541	0	1,541
Beginning Reserve Balance			9,834		
Ending Reserve Balance			<u>11,375</u>		
Target Balance			6,461		

Metro Transit Light Rail

Light Rail has a balanced amended budget for 2018.

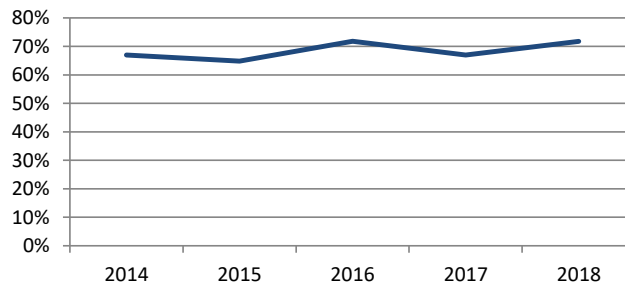
Passenger fares for the first three quarters of the year are \$289.0K over the budgeted level and forecasted positive \$484.0K by end of year. This results from Blue line ridership being 217K over budget and 3.3% ahead of 2017 levels and Green line ridership 374K over budget and 3.5% ahead of 2017 levels. Average fare per passenger is \$1.08 which is up from the \$1.00 in 2017.

Operating expenses are \$2.8M below the budgeted level and forecasted \$2.3M below budget end of year.

Labor and benefits are \$2.2M favorable due to open positions. It is forecasted these saving will continue and be at \$2.7M by year end. Professional and technical services are \$1.2M below budget due to timing of work being done. The year end forecast is for savings of \$0.2M. Parts and materials are \$340.0K below budget and are forecasted \$150.0K favorable by year end.

Light Rail is forecasted to have a positive variance of \$2.9M by year end. One half of this would have to be returned to the funding partners, which would result in the LRT fund balance increasing by \$1.54M in 2018 to \$11.4M.

Metro Transit - Light Rail % of Budget Spent - 3rd Quarter



Financial Management Report

METRO TRANSIT-COMMUTER RAIL

Unaudited - dollars in thousands

2018 3rd Quarter Financial Report Metro Transit - Commuter Rail Unaudited - dollars in thousands

	Metro Transit - Commuter Rail				
	2018 YTD Results	% Budget	Projected Year-End	2018 Budget	Variance
Revenues	14,882	76%	18,373	19,547	(1,174)
Expenses	11,392	63%	15,821	18,107	2,286
Transfers	(1,140)	79%	(1,567)	(1,441)	(126)
Change in Reserve Balance	2,350		985	(1)	986
Beginning Reserve Balance			3,552		
Ending Reserve Balance			<u>4,537</u>		
Target Balance			1,622		

Metro Transit - Commuter Rail

Commuter Rail has a balanced amended budget for 2018.

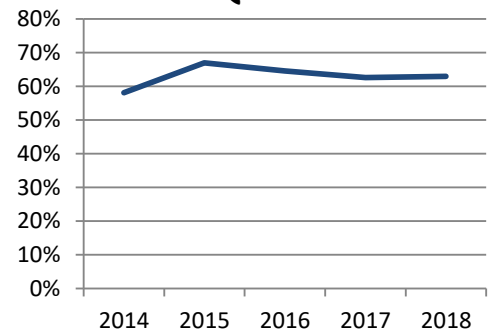
Ridership has been strong through the first nine months of 2018 resulting passenger fares being \$77.0K over budget. This is expected to continue and the forecast is for fares to be over budget by \$100.0K at the end of the year with ridership 6.3% ahead of budget and 0.2% ahead of 2017 levels.

Operating expense for 2018 are forecasted \$2.0M under budget.

Labor and benefits are \$806K underbudget and are forecasted to continue at that run rate for the balance of the year for a year end savings of \$1.0M. Parts and supplies are \$666.0K below budget and are expected to be at that level for the year end. BNSF expenses are at their budgeted levels for the three quarters of the year and include a 2017 adjustment. By the end of the year these expenses are forecast to be \$600.0K below budget.

Commuter rail is forecasted to have a positive variance of \$2.3M at year end. After refunds to funding partners, would result in a positive fund balance contribution of \$985.0K. Forecasted fund balance of \$4.5M.

MT - Commuter Rail % of Budget Spent - 3rd Quarter



Financial Management Report

METROPOLITAN TRANSPORTATION SERVICES

Unaudited - dollars in thousands

2018 3rd Quarter Financial Report Metropolitan Transportation Services - Transportation Planning Unaudited - dollars in thousands

	MTS - Transportation Planning				
	2018 YTD		Projected		
	Results	% Budget	Year-End	2018 Budget	Variance
Revenues	4,985	51%	7,434	9,786	(2,352)
Expenses	2,749	35%	5,255	7,940	2,685
Transfers	(1,224)	63%	(1,912)	(1,951)	39
Change in Reserve Balance	1,012		267	(105)	372
Beginning Reserve Balance			4,060		
Ending Reserve Balance			<u>4,327</u>		
Target Balance			3,116		

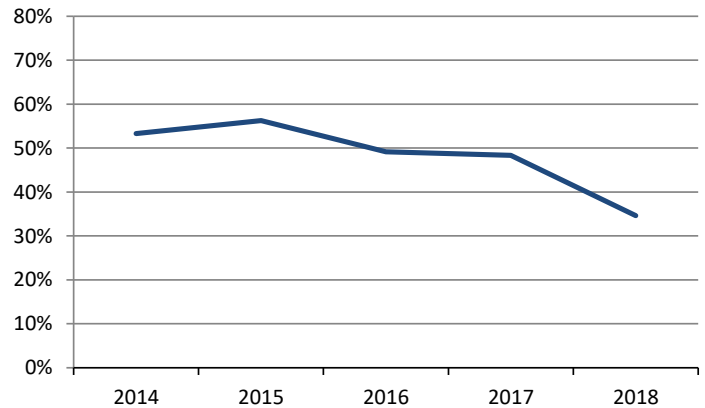
MTS - Transportation Planning

Revenues for transportation planning are expected to come in under budget by \$2.4M or 24% by year end. Federal revenues are down due to slowed consultant spending. When spending slows, less revenue from federal and state planning grants is received.

Expenses are expected to come in under budget by \$2.7M or 27% by year end due to lower than expected consultant spending. This low consulting activity is primarily due to the in-house development of the Transportation Policy Plan Update. Consulting activity is not expected to increase during the remaining of 2018.

The projected ending reserve balance is \$4.3M for 2018, which is above the targeted reserve balance of \$3.1M.

MTS - Transportation Planning - % of Budget Spent - 3rd Quarter



Financial Management Report

MTS-METRO MOBILITY

Unaudited - dollars in thousands

2018 3rd Quarter Financial Report Metropolitan Transportation Services - Metro Mobility Unaudited - dollars in thousands

	MTS - Metro Mobility					
	2018 YTD		Projected		2018 Budget	Variance
	Results	% Budget	Year-End	% Budge		
Revenues	49,768	75%	66,188	100%	66,443	(255)
Expenses	54,585	77%	74,133	105%	70,831	(3,302)
Transfers	(1,413)	63%	(2,209)	98%	(2,254)	45
Change in Reserve Balance	(6,230)		(10,154)		(6,642)	(3,512)
Beginning Reserve Balance			27,952			
Ending Reserve Balance			<u>17,798</u>			
Target Balance			7,309			

MTS - Metro Mobility

The majority of Metro Mobility's budgeted revenue (87%) comes from state appropriations, while the remaining funds (13%) come from passenger fares. State appropriations for Metro Mobility are on budget. Passenger fares are 10% unfavorable to budget, due primarily a lower than projected average passenger fare. Metro Mobility's revenue is projected to be on budget because the unfavorable fare variance is being offset by favorable interest earnings.

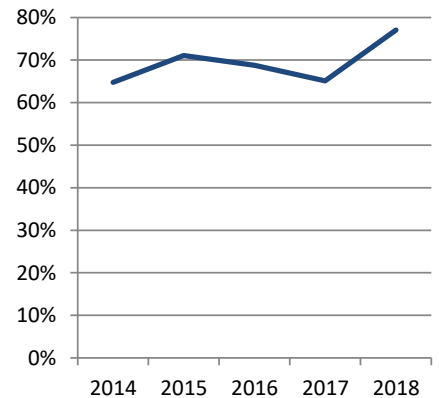
Metro Mobility ridership has a large impact on the cost of the program; as ridership increases, so do program costs. The 2018 budget assumed 2% ridership growth over 2017, based on the assumption that the October 2017 fare increase would slow ridership growth.

Total expenses for Metro Mobility are projected to come in 5% unfavorable to budget by the end of the year. Payments to Metro Mobility providers are up over 9% relative to budget due to higher than budgeted ridership. Actual ridership in 2018 is up 5.3%. Favorable gas prices and utility costs are helping to offset provider payments.

The Council approved a third quarter budget amendment authorizing the use of an additional \$4.6M of fund balance reserves. Reserves will be used to meet current ridership needs and federal and state program requirements. The total authorized use of fund balance reserves has been increased to \$11.2M. The year end 2018 forecast will then be slightly favorable to the amended budget.

Metro Mobility came into the year with a starting balance of \$27.9 million due, in part, to one-time state appropriations for the program. Reserve levels are forecasted to be drawn down to \$17.7 million by the end of the year, which is above the targeted reserve balance of \$7.3 million.

MTS - Metro Mobility % of Budget Spent - 3rd Quarter



Financial Management Report

MTS-CONTRACTED SERVICES

Unaudited - dollars in thousands

2018 3rd Quarter Financial Report Metropolitan Transportation Services - Contracted Service Unaudited - dollars in thousands

	MTS - Contracted Service					
	2018 YTD Results	% Budget	Projected Year-End	% Budget	2018 Budget	Variance
Revenues	20,724	71%	29,256	101%	29,067	189
Expenses	18,911	67%	28,078	100%	28,201	123
Transfers	(541)	62%	(849)	98%	(867)	18
Change in Reserve Balance	1,272		329		(1)	330
Beginning Reserve Balance			5,636			
Ending Reserve Balance			<u>5,965</u>			
Target Balance			2,907			

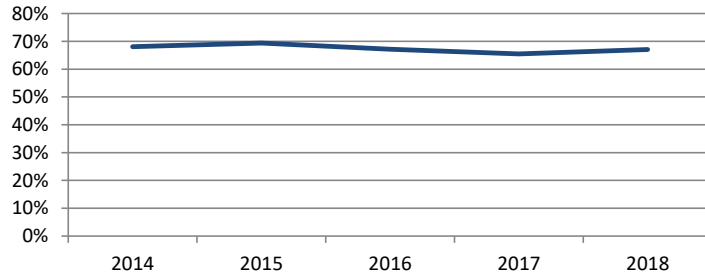
MTS - Contracted Service

Revenues and expenditures for 2018 are projected to be in line with the budget at year end.

The amended budget includes a \$1.1M grant to Minnesota Valley Transit Authority (MVTA) for mitigation of service disruption due to the 35W@94 construction. No payments have yet been made against this grant, but it is anticipated that MVTA will spend the full amount.

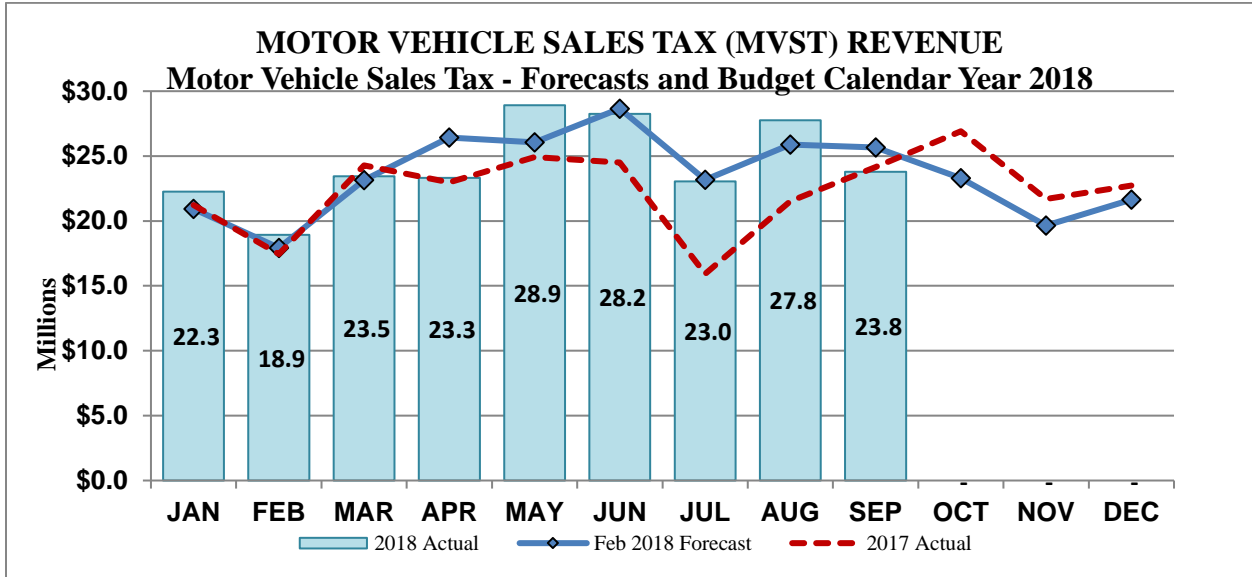
The projected reserve balance for Contracted Services is \$5.9M by the end of 2018, which is above the target reserve balance of \$2.9M

MTS -Contracted Service % of Budget Spent - 3rd Quarter

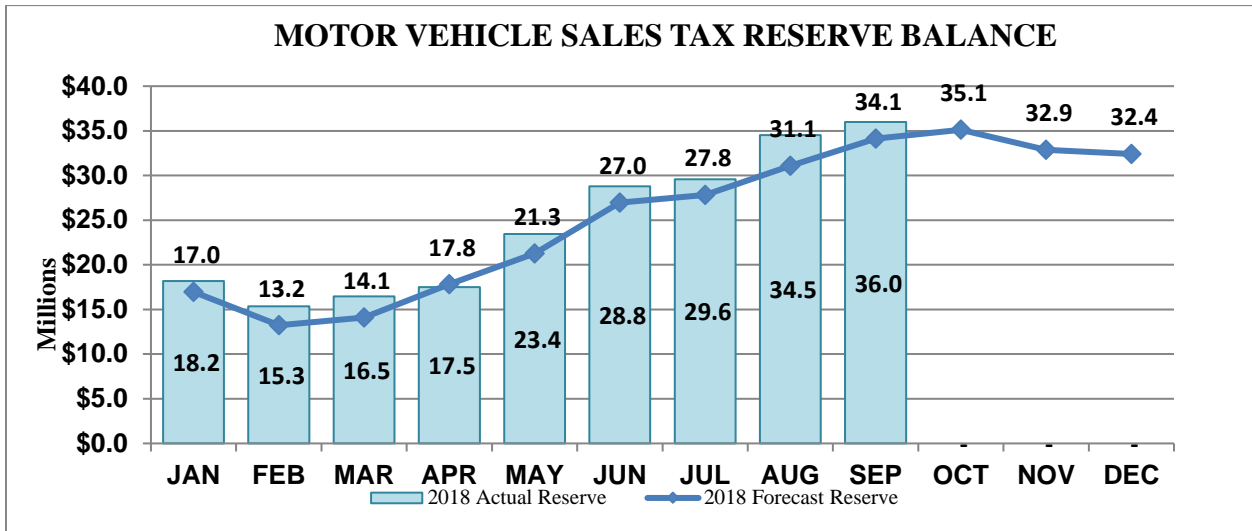


Financial Management Report

MOTOR VEHICLE SALES TAX (MVST) REVENUES



Motor vehicle sales tax receipts for 2018 totaled thru September 2018 were just over \$219.7 million, 101% of February forecast thru September. MVST reserves were \$35.9 million at the end of September.



Financial Management Report

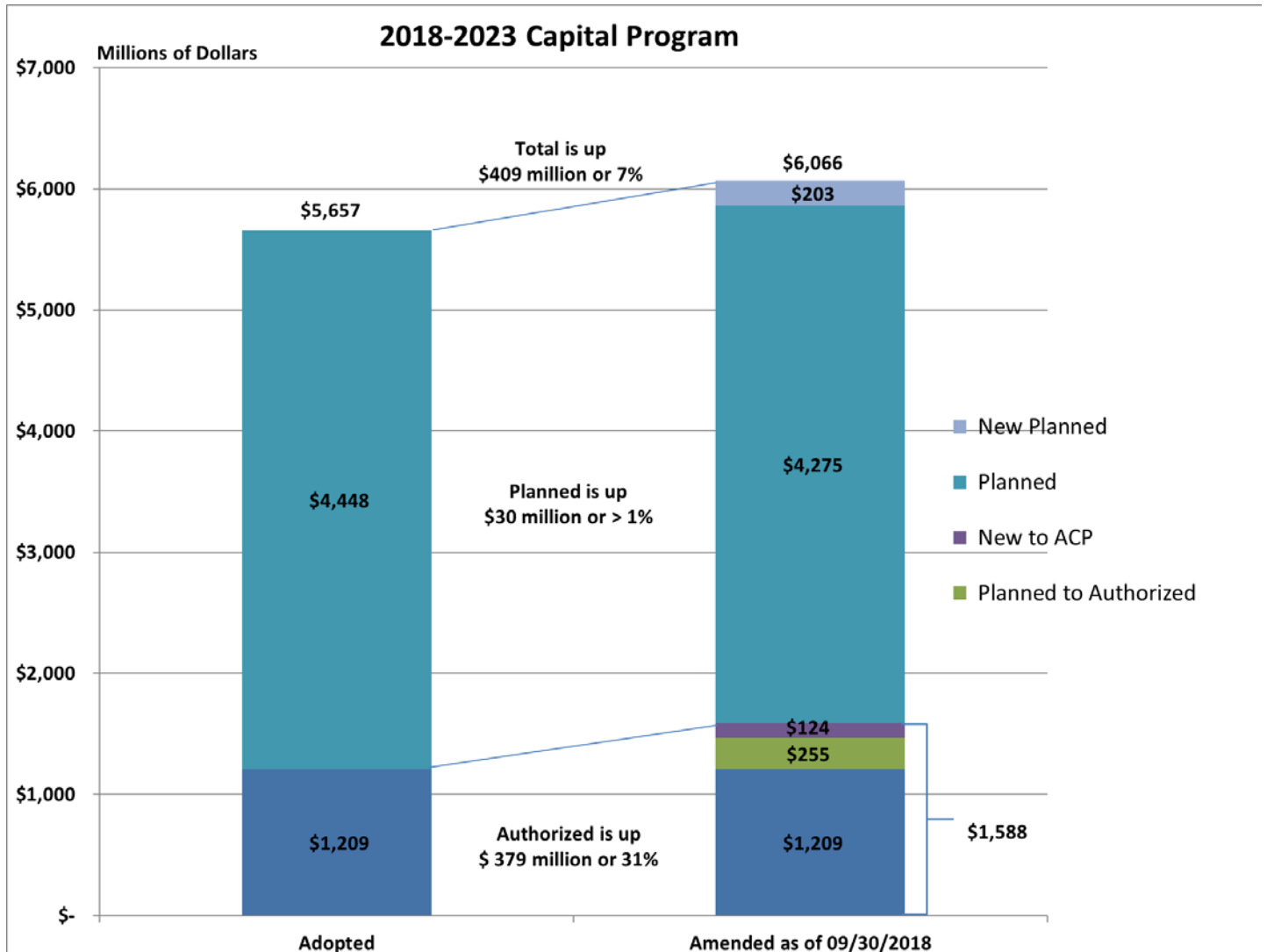
MOTOR VEHICLE SALES TAX (MVST) REVENUES FORECASTS & BUDGET

Dollars in millions

MOTOR VEHICLE SALES TAX – FORECASTS AND BUDGET CALENDAR YEAR 2018

Motor Vehicle Sales Tax – Forecasts and Budget Calendar Year 2018			
(Millions)			
	Total	Jan-Jun	Jul-Dec
November 2017 Forecast	281.6	139.2	142.4
2018 Council Budget:			
Current MVST Revenues @ 95%	267.5	132.2	135.3
Use of MVST Reserve	0.0	0.0	0.0
February 2018 Forecast Thru Third Quarter	282.5	143.2	139.3
YTD Actuals	219.7	145.1	74.6
% of February Forecast	77.8%	101.3%	53.6%

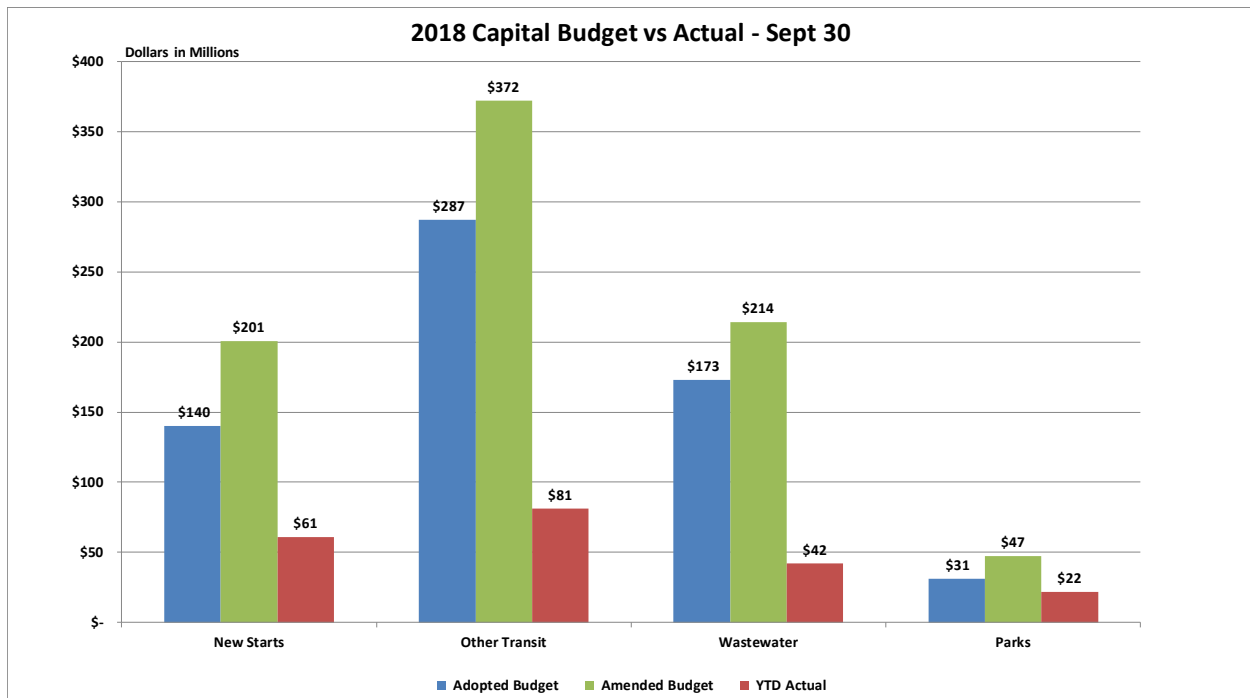
2018-2023 CAPITAL IMPROVEMENT PROGRAM



Capital Program (Excluding Pre-2017 Expenditures)

The capital program (excluding pre-2017 expenditures) increased by \$124 million for amendments through September. The authorized portion of the capital program (the ACP) is up \$379 million or 31 percent. The authorized portion of the capital improvement program typically increases during the year as federal, state and regional funding becomes available to transit and parks and projects are moved from the capital improvement plan or CIP (planned) to the authorized capital program or ACP (authorized).

CAPITAL SPENDING



Capital Budget

The adopted 2018 Capital Budget was \$631 million. Amendments through September increased the amended 2018 Capital Budget to \$834 million. Actual 2018 capital expenditures total 33 percent of the adopted budget and 25 percent of the amended budget. Actual expenditures as a percent of the amended budget were 25 percent for transit projects, 20 percent for wastewater projects and 46 percent for parks projects.

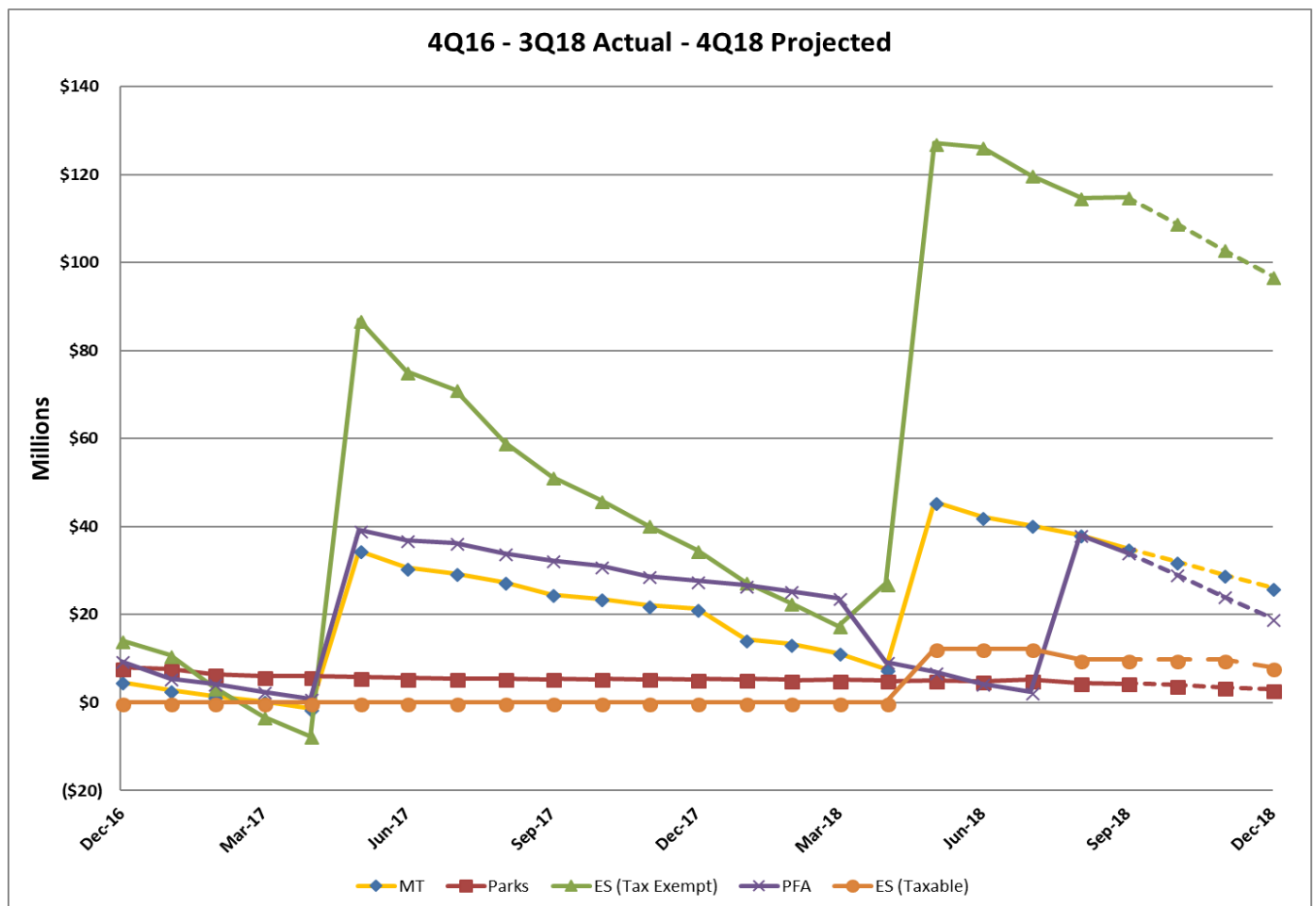
Financial Management Report

CAPITAL FUND CASH BALANCES

The GO capital bond fund for Transit experienced a normal spend down during the quarter. The GO capital bond fund for Parks continues to follow a pattern of lower expenditures. Environmental Services (ES) GO capital bond funds have been spent down near projections. Expenditures eligible for reimbursement from the Minnesota Public Facilities Authority (PFA) loan have increased on average to \$3.76M per month, up from \$2.37M in the second quarter.

New money debt for Transit and ES was sold at the end of April with the proceeds received on May 23, 2018. The size of these issues were \$40 million for Transit and \$105 million for ES. There was also a sale of \$12.295 million in taxable bonds for Environmental Services' Industrial Pretreatment Incentive Program (IPIP).

The 2018 new money bonds being issued in an amount which, together with remaining balances from prior bonds, are expected to be spent within 12-18 months. We started drawing from the 2017 PFA loan in May of 2017. This loan was fully drawn down in August, at which time the 2018 loan agreement was executed. We continue to monitor the debt portfolio for refunding opportunities and have no candidates at this time.



STATEMENT OF REVENUES AND EXPENSES
General Fund
September 30, 2018
Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Property Taxes	9,174,002	14,905,148	14,905,148	-
Investment Earnings	507,175	507,175	536,288	(29,113)
Chargebacks - MAC	129,201	250,000	-	250,000
Other Revenue	372,109	450,000	305,186	144,814
Total Revenues	10,182,487	16,112,323	15,746,622	365,701
<u>EXPENSES</u>				
Salary and Benefits	29,821,001	43,510,095	44,506,026	995,931
Consulting & Contractual Services	10,017,266	18,110,266	18,110,266	-
Rent & Utilities	2,984,608	4,806,491	4,806,491	-
Printing	6,454	30,000	128,000	98,000
Travel & Professional Development	403,519	536,640	559,000	22,360
Insurance	49,549	60,000	30,000	(30,000)
Other Operating Expense	949,529	3,117,073	3,117,073	-
Total Expenses	44,231,926	70,170,565	71,256,856	1,086,291
<u>TRANSFERS</u>				
Transfer In	41,450,708	61,910,382	63,173,859	(1,263,477)
Transfer Out	(8,353,156)	(9,127,091)	(9,127,091)	-
Total Transfers	33,097,552	52,783,291	54,046,768	(1,263,477)
Change in Reserve Balance	(951,887)	(1,274,951)	(1,463,466)	188,515
Beginning Fund Balance		18,773,899		
Assigned/Committed		(4,757,401)		
Carry Over		(695,000)		
Ending Unassigned Reserve Balance		12,046,547		
2018 Target Balance (10%)		7,125,686		

STATEMENT OF REVENUES AND EXPENSES
Environmental Services
September 30, 2018

Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Municipal Wastewater Charges	164,812,318	219,269,756	219,749,756	(480,000)
Industrial Charges	14,472,088	19,004,286	13,680,000	5,324,286
State Appropriations Revenue	295,975	950,000	1,647,747	(697,747)
Investment Earnings	1,071,699	1,071,699	800,000	271,699
Other Revenue	720,758	816,134	605,000	211,134
Total Revenues	181,372,838	241,111,875	236,482,503	4,629,372
<u>EXPENSES</u>				
Salary and Benefits	44,562,563	64,336,337	66,050,620	1,714,283
Consulting & Contractual Services	11,283,859	20,157,296	20,794,899	637,603
Rent & Utilities	11,867,751	16,765,027	16,298,805	(466,222)
Travel	288,031	485,248	495,946	10,698
Materials & Supplies	8,857,912	12,205,646	9,327,472	(2,878,174)
Chemicals	5,358,316	7,219,140	8,698,912	1,479,772
Capital Outlay	731,823	3,001,831	2,960,142	(41,689)
I&I, Storm water, CWF, WOMP Grant Expenses	775,594	4,038,130	4,038,130	-
Other Operating Expense	617,139	1,572,505	2,496,102	923,597
Total Expenses	84,342,988	129,781,160	131,161,028	1,379,868
<u>TRANSFERS</u>				
SAC Transfer	31,446,750	41,929,000	41,929,000	-
Transfers In	680,614	800,000	800,000	-
Debt Service	(98,250,000)	(131,000,000)	(131,000,000)	-
Transfer Out - RA Expense Allocation	(10,357,878)	(15,896,230)	(16,220,643)	324,413
Transfers Out	(6,831,026)	(9,000,000)	(9,000,000)	-
Total Transfers	(83,311,540)	(113,167,230)	(113,491,643)	324,413
Change in Reserve Balance	13,718,310	(1,836,515)	(8,170,168)	6,333,653
Beginning Reserve Balance		33,115,094		
Ending Unassigned Reserve Balance		<u>31,278,579</u>		*
2018 Target Balance (10%)		13,116,103		

* \$2.1M of reserve balance is for water supply planning

STATEMENT OF REVENUES AND EXPENSES
Housing and Redevelopment Authority (HRA)
September 30, 2018

Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	YTD ACTUAL PASS THROUGH
<u>REVENUES</u>					
Federal Revenue	48,764,097	63,539,500	63,539,500	-	44,968,396
State Revenue	1,027,541	2,048,500	2,048,500	-	955,366
Investment Earnings	69,937	95,000	-	95,000	-
Other Revenue	1,922,518	2,215,000	2,215,000	-	14,191
Total Revenues	51,784,093	67,898,000	67,803,000	95,000	45,937,953
<u>EXPENSES</u>					
Salary and Benefits	2,739,329	3,960,000	4,175,842	215,842	-
Consulting & Contractual Services	661,333	890,000	904,000	14,000	-
Rent & Utilities	170,039	200,931	200,931	-	-
Housing Expenses	47,286,873	63,010,000	61,798,000	(1,212,000)	46,304,935
Travel	32,600	45,000	60,000	15,000	-
Insurance	84,088	84,088	100,000	15,912	-
Other Operating Expense	207,152	275,000	172,230	(102,770)	-
Total Expenses	51,181,414	68,465,019	67,411,003	(1,054,016)	46,304,935
<u>TRANSFERS</u>					
Transfer Out - RA Expense Allocation	(773,585)	(1,303,112)	(1,329,706)	26,594	-
Transfer In - Allocation	200,000	200,000	200,000	-	-
Total Transfers	(573,585)	(1,103,112)	(1,129,706)	26,594	-
Change in Reserve Balance	29,094	(1,670,131)	(737,709)	(932,422)	(366,982)
Beginning Reserve Balance:					
Operating		7,930,700			
Total Beginning Balance		7,930,700			
Change in Reserve Balance:					
Total Change in Reserve Balance		(1,670,131)			
Ending Reserve Balance		6,260,569			
2018 Target Balance (8.3%)		5,705,479			

STATEMENT OF REVENUES AND EXPENSES
Metro Transit - Bus Operations
September 30, 2018
Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Passenger Revenues	53,347,334	69,951,753	73,177,768	(3,226,015)
Auxiliary Transit Revenue	2,223,404	3,164,441	3,150,000	14,441
State Appropriations	25,121,250	33,495,000	33,495,000	-
State Revenue - MVST	141,900,750	193,764,000	193,764,000	-
Federal Grants	7,505,318	21,576,654	21,576,661	(7)
Investment Earnings	1,217,105	1,622,962	500,000	1,122,962
Other Revenue	584,498	2,891,974	3,155,994	(264,020)
Total Revenues	231,899,659	326,466,784	328,819,423	(2,352,639)
<u>EXPENSES</u>				
Salary and Benefits	175,453,820	236,252,485	243,156,052	6,903,567
Consulting & Contractual Services	6,834,204	10,862,322	12,215,120	1,352,798
Fuel	9,723,089	12,963,240	14,448,838	1,485,598
Materials & Supplies	15,969,649	21,657,356	22,844,559	1,187,203
Utilities	2,947,420	3,929,580	4,489,891	560,311
Other Operating Expense	5,910,398	6,978,655	7,851,124	872,469
Total Expenses	216,838,580	292,643,638	305,005,584	12,361,946
<u>TRANSFERS</u>				
Transfer In - Transit Allocations	8,317,830	11,090,918	10,074,811	1,016,107
Transfer Out - RA Expense Allocation	(21,843,195)	(31,530,059)	(32,173,530)	643,471
Total Transfers	(13,525,365)	(20,439,141)	(22,098,719)	1,659,578
Change in Reserve Balance	1,535,714	13,384,005	1,715,120	11,668,885
Beginning Reserve Balance		<u>69,113,348</u>		
Ending Reserve Balance		82,497,353		*
2018 Target Balance (8.3 - 12.5%)		27,149,657		

* Includes TOD fund balance of \$1.034M

STATEMENT OF REVENUES AND EXPENSES
Metro Transit - Light Rail Operations
September 30, 2018

Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Passenger Revenues	20,004,355	26,723,923	26,239,759	484,164
Auxiliary Transit Revenue	1,262,674	1,583,574	1,500,000	83,574
State Revenue - GF Appropriation	18,769,691	25,026,228	25,026,228	-
Local Revenue *	18,769,671	23,570,357	25,026,228	(1,455,871)
Investment Earnings	55,404	73,884	25,000	48,884
Other Revenue	12,035	69,281	25,000	44,281
Total Revenues	58,873,830	77,047,247	77,842,215	(794,968)
<u>EXPENSES</u>				
Salary and Benefits	35,344,937	44,696,980	47,395,367	2,698,387
Consulting & Contractual Services	2,475,930	4,901,243	5,046,789	145,546
Fuel	35,461	47,275	13,906	(33,369)
Materials & Supplies	2,941,081	4,221,461	4,370,008	148,547
Utilities	4,298,784	5,731,705	5,590,531	(141,174)
Other Operating Expense *	1,165,703	1,752,627	2,065,212	312,585
Total Expenses	46,261,896	61,351,291	64,481,813	3,130,522
<u>TRANSFERS</u>				
Transfer Out - Transit Allocations	(7,482,056)	(9,976,075)	(9,096,391)	(879,684)
Transfer Out - RA Expense Allocation	(2,229,298)	(4,178,731)	(4,264,011)	85,280
Total Transfers	(9,711,354)	(14,154,806)	(13,360,402)	(794,404)
Change in Reserve Balance	2,900,580	1,541,150	-	1,541,150
Beginning Reserve Balance		9,834,463		
Ending Reserve Balance		11,375,613		
2018 Target Balance (8.3 - 12.5%)		6,460,904		

* includes refunds to funding partners

STATEMENT OF REVENUES AND EXPENSES
Metro Transit - Commuter Rail Operations
September 30, 2018

Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Passenger Revenues	2,061,637	2,657,278	2,557,556	99,722
State Revenue - MVST	5,345,100	7,127,184	7,127,184	-
Local Revenue - Counties / MNDOT *	7,396,895	8,511,929	9,862,524	(1,350,595)
Investment Earnings	78,415	76,959	-	76,959
Total Revenues	14,882,047	18,373,350	19,547,264	(1,173,914)
<u>EXPENSES</u>				
Salary and Benefits	3,118,198	4,424,069	5,469,265	1,045,196
Consulting & Contractual Services	4,891,892	6,322,609	6,947,352	624,743
Fuel	844,185	1,125,596	1,250,712	125,116
Materials & Supplies	292,290	889,703	1,279,251	389,548
Utilities	444,431	592,587	707,007	114,420
Other Operating Expense	1,800,965	2,466,224	2,453,062	(13,162)
Total Expenses	11,391,961	15,820,788	18,106,649	2,285,861
<u>TRANSFERS</u>				
Transfer Out - Transit Allocations	(304,519)	(1,114,355)	(978,420)	(135,935)
Transfer Out - RA Expense Allocation	(835,774)	(452,951)	(462,195)	9,244
Total Transfers	(1,140,293)	(1,567,306)	(1,440,615)	(126,691)
Change in Reserve Balance	2,349,793	985,256	-	985,256
Beginning Reserve Balance		3,551,638		
Ending Reserve Balance		4,536,894		
2018 Target Balance (8.3 - 12.5%)		1,622,423		

* includes refunds to funding partners

STATEMENT OF REVENUES AND EXPENSES
MTS -Transportation Planning
September 30, 2018

Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Federal Revenue	2,186,618	3,726,341	5,326,341	(1,600,000)
State Revenue - MVST	2,684,900	3,544,000	4,353,667	(809,667)
Investment Earnings	43,283	57,000	-	57,000
Chargebacks from MAC	70,544	106,400	106,400	-
Total Revenues	4,985,345	7,433,741	9,786,408	(2,352,667)
<u>EXPENSES</u>				
Salary and Benefits	1,851,390	2,787,176	3,187,176	400,000
Consulting & Contractual Services	460,711	1,905,632	3,985,632	2,080,000
Rent & Utilities	392,882	438,406	398,406	(40,000)
Travel	16,596	30,000	45,000	15,000
Grants	13,266	40,980	120,980	80,000
Other Operating Expense	13,949	53,170	203,170	150,000
Total Expenses	2,748,794	5,255,364	7,940,364	2,685,000
<u>TRANSFERS</u>				
Transfer Out - RA Expense Allocation	(1,224,370)	(1,912,178)	(1,951,202)	39,024
Total Transfers	(1,224,370)	(1,912,178)	(1,951,202)	39,024
Change in Reserve Balance	1,012,181	266,199	(105,158)	371,357
Beginning Reserve Balance		4,059,542		
Ending Reserve Balance		4,325,741		
2018 Target Balance (Combined 15%, 31.5% TP Fund)		3,116,000		

STATEMENT OF REVENUES AND EXPENSES
MTS - Metro Mobility
September 30, 2018
Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Passenger Revenue	6,051,033	7,900,373	8,776,383	(876,010)
State Appropriations	43,250,400	57,667,000	57,667,000	-
Investment Earnings	466,092	621,000	-	621,000
Total Revenues	49,767,525	66,188,373	66,443,383	(255,010)
<u>EXPENSES</u>				
Salary and Benefits	1,124,022	1,636,249	1,936,249	300,000
Consulting & Contractual Services	48,602,222	64,862,592	59,862,592	(5,000,000)
Fuel	4,551,363	6,763,755	7,663,755	900,000
Rent & Utilities	62,773	83,922	381,922	298,000
Other Operating Expense	244,168	786,590	986,590	200,000
Total Expenses	54,584,548	74,133,108	70,831,108	(3,302,000)
<u>TRANSFERS</u>				
Transfer Out - RA Expense Allocation	(1,412,808)	(2,208,876)	(2,253,955)	45,079
Total Transfers	(1,412,808)	(2,208,876)	(2,253,955)	45,079
Change in Reserve Balance	(6,229,831)	(10,153,611)	(6,641,680)	(3,511,931)
Beginning Reserve Balance - Regular Operations		12,952,122		
Beginning Reserve Balance - 2017 One Time State Appropriation		15,000,000		
Beginning Reserve Balance - Total		27,952,122		
Ending Reserve Balance		17,798,511		
2018 Target Balance (10%)		7,309,000		

STATEMENT OF REVENUES AND EXPENSES
MTS - Contracted Service
September 30, 2018
Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Passenger Revenues	1,679,613	2,652,774	2,652,774	-
Federal Revenue	1,660,295	2,198,202	2,198,202	-
State Revenue - MVST	17,242,000	24,216,000	24,216,000	-
Investment Earnings	142,123	189,000	-	189,000
Total Revenues	20,724,031	29,255,976	29,066,976	189,000
<u>EXPENSES</u>				
Salary and Benefits	560,956	818,965	818,965	-
Consulting & Contractual Services	17,952,221	25,183,882	25,183,882	-
Rent & Utilities	0	82,631	82,631	-
Travel	5,683	12,500	12,500	-
Grants	371,279	1,822,202	1,822,202	-
Other Operating Expense	20,851	157,543	280,543	123,000
Total Expenses	18,910,990	28,077,723	28,200,723	123,000
<u>TRANSFERS</u>				
Transfer Out - RA Expense Allocation	(540,528)	(849,295)	(866,628)	17,333
Total Transfers	(540,528)	(849,295)	(866,628)	17,333
Change in Reserve Balance	1,272,513	328,958	(375)	329,333
Beginning Reserve Balance		5,636,400		
Ending Reserve Balance		5,965,358		
2018 Target Balance (Combined 15%, 10% Cont Svc Funds)		2,907,000		