

People

Transportation

Housing

Bikes

Planning

Financial Condition

Future

Bus

Parks

Cars

Sustainability

Efficient

2nd QUARTER FINANCIAL REPORT

Prosperity

Train

Growth

Light Rail

August 22, 2018

Livability

Light Rail

Trails

Diversity

Treatment

Equity

Airplane

Communities

Wastewater & Water

Lakes

Treatment

Regional

Economic

Roads



Table of Contents

Financial Management Report	1
<i>OPERATING FUNDS—STATEMENT OF REVENUES & EXPENSES</i>	<i>1</i>
<i>METROPOLITAN COUNCIL INVESTMENT PERFORMANCE—SHORT-TERM PORTFOLIO</i>	<i>2</i>
<i>METROPOLITAN COUNCIL INVESTMENT PERFORMANCE—LONG-TERM PORTFOLIO</i>	<i>3</i>
<i>2Q18 OPEB PORTFOLIO INVESTMENT RESULTS</i>	<i>4</i>
<i>INVESTMENT PORTFOLIO BALANCES</i>	<i>5</i>
<i>GENERAL FUND</i>	<i>6</i>
<i>ENVIRONMENTAL SERVICES</i>	<i>7</i>
<i>HOUSING AND REDEVELOPMENT FUND</i>	<i>8</i>
<i>METRO TRANSIT—BUS</i>	<i>9</i>
<i>METRO TRANSIT—LIGHT RAIL</i>	<i>10</i>
<i>METRO TRANSIT—COMMUTER RAIL</i>	<i>11</i>
<i>METROPOLITAN TRANSPORTATION SERVICES</i>	<i>12</i>
<i>MTS—METRO MOBILITY</i>	<i>13</i>
<i>MTS—CONTRACTED SERVICES</i>	<i>14</i>
<i>MOTOR VEHICLE SALES TAX (MVST) REVENUES FORECASTS & BUDGET</i>	<i>15</i>
<i>MOTOR VEHICLE SALES TAX (MVST) REVENUES FORECASTS & BUDGET</i>	<i>16</i>
<i>2018-2023 CAPITAL IMPROVEMENT PROGRAM</i>	<i>17</i>
<i>CAPITAL SPENDING</i>	<i>18</i>
<i>CAPITAL FUND CASH BALANCES</i>	<i>19</i>
Appendix-Statement of Revenues & Expenses	20
General Fund	20
Environmental Services Operations	21
Housing and Redevelopment Authority	22
Metro Transit Bus Operations	23
Metro Transit Light Rail Operations	24
Metro Transit Commuter Rail Operations	25
MTS - Transportation Planning	26
MTS - Metro Mobility	27
MTS - Contracted Service	28

OPERATING FUNDS-STATEMENT OF REVENUES & EXPENSES

OPERATING FUNDS
STATEMENT OF REVENUES AND EXPENSES
2018 - Mid-Year 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	1,076	7%	15,941	15,747	194	120,629	51%	239,240	236,483	2,757	34,458	51%	67,913	67,803	110	34,458	51%	68,512	67,411	(1,101)
Expenses	28,467	40%	71,277	71,257	(20)	53,816	41%	128,931	131,161	2,230	34,301	51%	68,512	67,411	(1,101)	(305)	26%	(850)	(1,175)	325
Transfers	19,756	37%	54,047	54,047	0	(55,352)	49%	(113,492)	(113,492)	0	(148)					(148)		(1,449)	(783)	(666)
Change in Reserve Balance	(7,635)		(1,289)	(1,463)	174	11,461		(3,183)	(8,170)	4,987										
Beginning Reserve Balance			18,774					33,115												
Assigned/Committed			(4,757)																	
Ending Reserve Balance			<u>12,033</u>					<u>29,932</u>											<u>6,482</u>	
Target Balance			7,126					13,116											5,705	

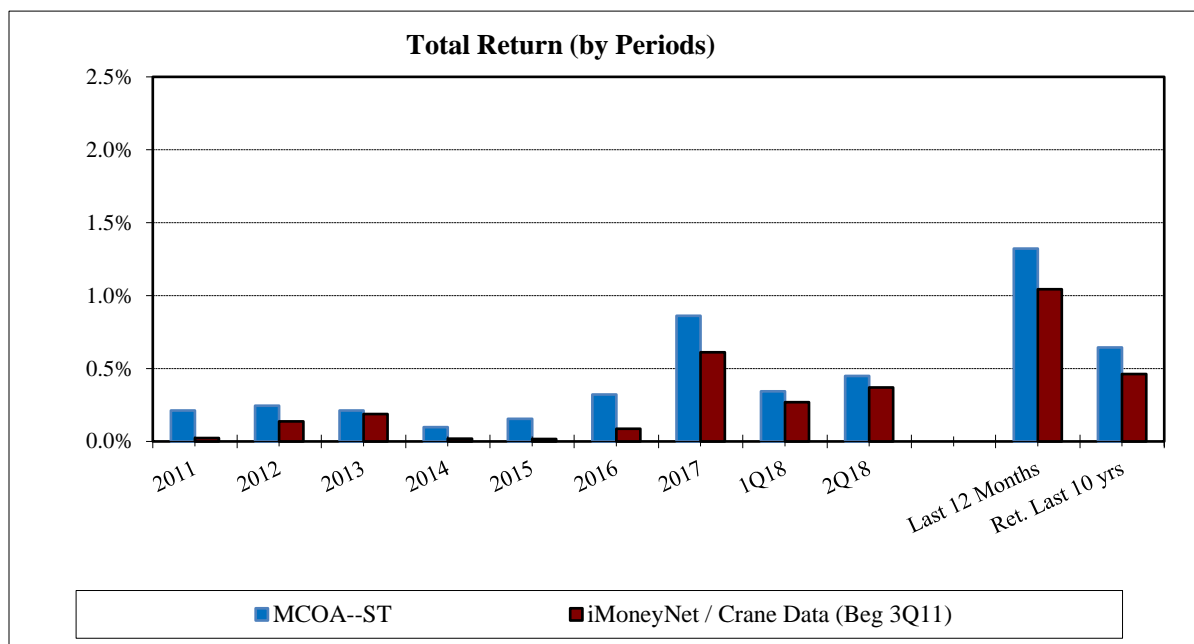
	Metro Transit - Bus					Metro Transit - Light Rail					Metro Transit - Commuter Rail					
	2018		Projected		2018		2018		Projected		2018		Projected		2018	
	YTD	% Budget	Year-End	Budget	Variance*	YTD	% Budget	Year-End	2018 Budget	Variance*	YTD	% Budget	Year-End	Budget	Variance*	
Revenues	157,526	48%	325,231	328,819	(3,588)	38,879	50%	76,726	77,842	(1,116)	9,840	50%	18,646	19,547	(901)	
Expenses	142,298	47%	293,414	305,006	11,592	28,136	44%	60,545	64,482	3,937	7,856	43%	16,221	18,107	1,886	
Transfers	(8,606)	39%	(21,143)	(22,099)	956	(6,357)	48%	(14,174)	(13,360)	(814)	(761)	53%	(1,582)	(1,441)	(141)	
Change in Reserve Balance	6,622		10,674	1,714	8,960	4,386		2,007	0	2,007	1,223		843	(1)	844	
Beginning Reserve Balance			69,113					9,834						3,552		
Ending Reserve Balance			<u>79,787</u>					<u>11,841</u>						<u>4,395</u>		
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	3,295	34%	9,336	9,786	(450)	33,066	50%	66,131	66,443	(312)	13,780	47%	29,234	29,067	167	
Expenses	1,707	21%	7,440	7,940	500	36,246	51%	74,548	70,831	(3,717)	11,624	41%	28,201	28,201	0	
Transfers	(748)	38%	(1,951)	(1,951)	0	(864)	38%	(2,254)	(2,254)	0	(330)	38%	(867)	(867)	0	
Change in Reserve Balance	840		(55)	(105)	50	(4,044)		(10,671)	(6,642)	(4,029)	1,826		166	(1)	167	
Beginning Reserve Balance			4,060					27,952					5,636			
Ending Reserve Balance			<u>4,005</u>					<u>17,281</u>					<u>5,802</u>			
Target Balance			3,116					7,309					2,907			

*Variance = Favorable / (Unfavorable)

Financial Management Report

METROPOLITAN COUNCIL INVESTMENT PERFORMANCE—SHORT-TERM PORTFOLIO



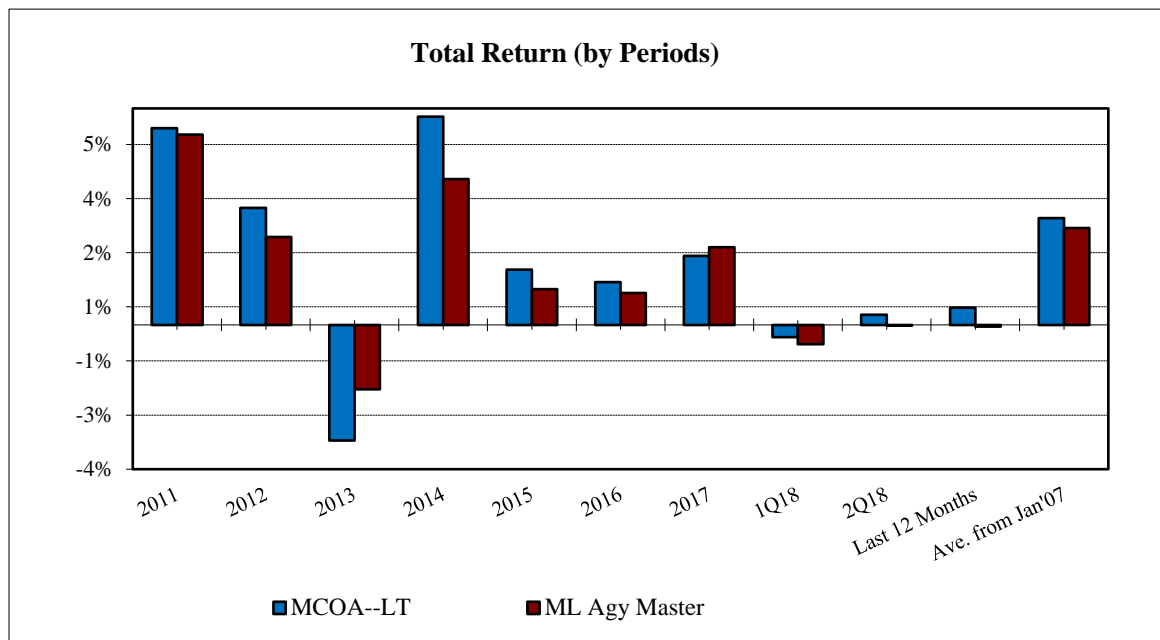
2Q18 Short-Term Portfolio Investment Results

Assets under Management (AUM): \$309 Million

The portfolio outperformed its benchmark during the second quarter. Total return of 0.45% was above the index (0.37%) by 8 basis points. This portfolio has averaged 18 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



2Q18 Long-Term Portfolio Investment Results

Assets under Management (AUM) \$432.8 Million

The portfolio outperformed its benchmark during the second quarter. Total return of .28% was above the index (.02%) by 30 basis points. The portfolio was comprised of 16% municipal bonds (yielding 4.48%), 74% of U.S. agency securities (yielding 1.81%), 9% was invested in government money market funds (yielding 1.81%) 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.

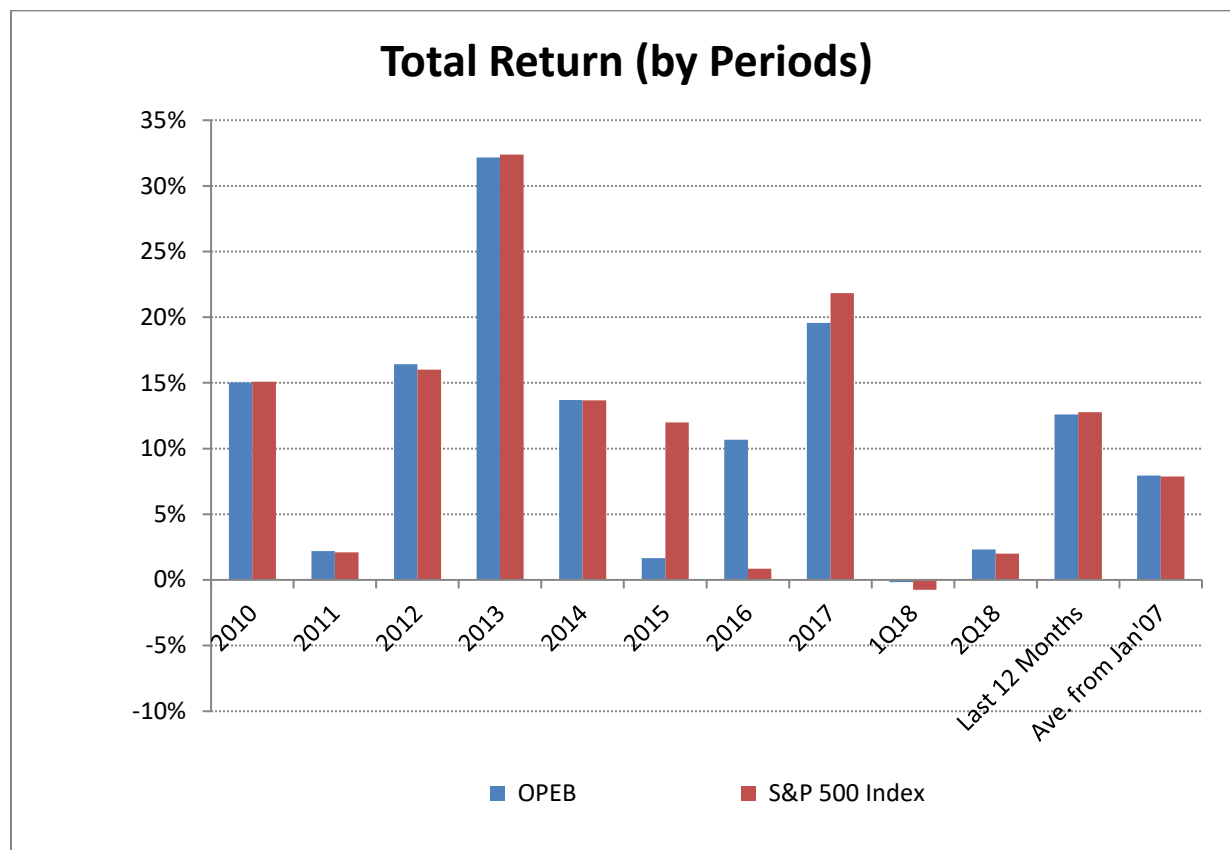
Financial Management Report

2Q18 OPEB PORTFOLIO INVESTMENT RESULTS

Assets under Management (AUM) \$280.5 Million

Currently, the Council's OPEB portfolio is fully invested in 60% equities and 40% US Treasuries/Cash. At end of the second quarter, the OPEB portfolio posted gains of 2.31% and the Blended index was 1.99%. For the quarter, the portfolio had unrealized gains and dividends of \$11.4 million. The Council also has an internal cash account for OPEB. At the end of quarter, the amount in this fund was (\$7.5) million.

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.

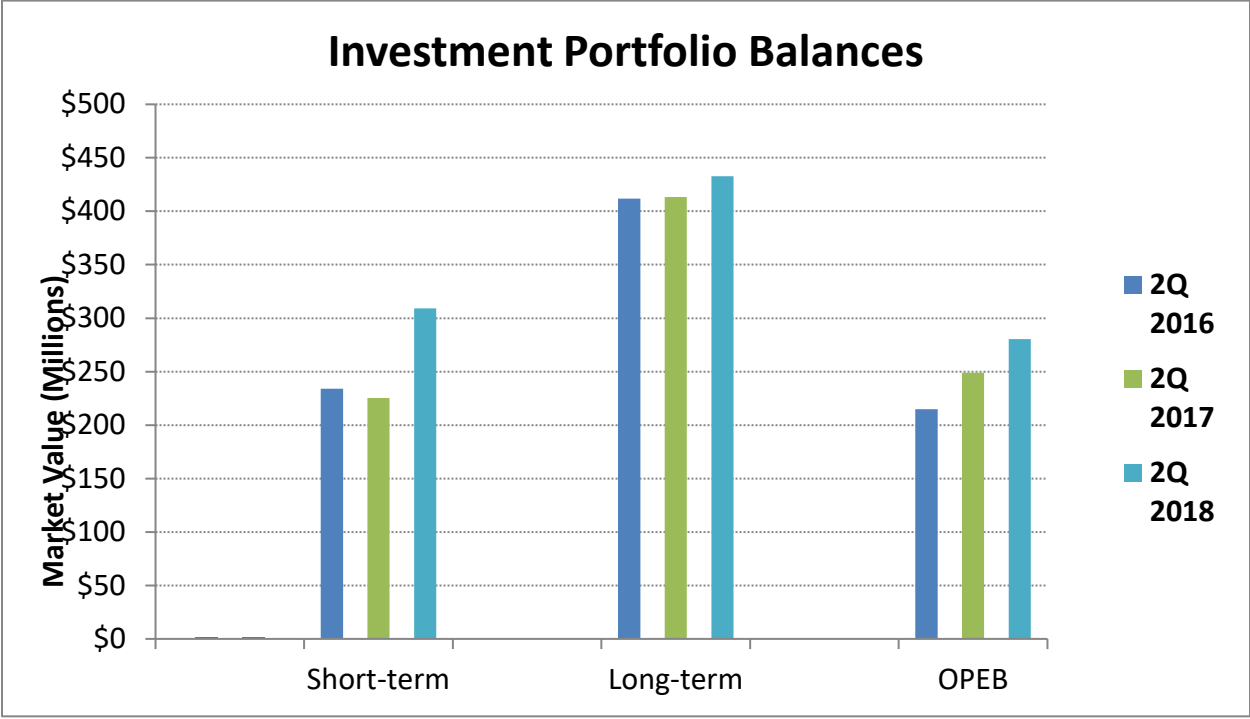


Financial Management Report

INVESTMENT PORTFOLIO BALANCES

Investment Portfolio Balances Market Value (Millions)

	2Q 2016	2Q 2017	2Q 2018
Short-term	\$ 234.1	\$ 225.3	\$ 309.0
Long-term	411.7	413.3	432.8
OPEB	214.9	249.1	280.5
Total	<u>860.7</u>	<u>887.7</u>	<u>1.022.3</u>



Financial Management Report

GENERAL FUND

Unaudited - dollars in thousands

2018 2nd Quarter Financial Report General Fund Unaudited - dollars in thousands

	General Fund				
	2018 YTD		Projected		
	Results	% Budget	Year-End	2018 Budget	Variance
Revenues	1,076	7%	15,941	15,747	194
Expenses	28,467	40%	71,277	71,257	(20)
Transfers	19,756	37%	54,047	54,047	0
Change in Reserve Balance	(7,635)		(1,289)	(1,463)	174
Beginning Fund Balance			18,774		
Assigned/Committed			(4,757)		
Ending Unassigned Reserve Balance			<u>12,033</u>		
Target Balance (10%)			7,126		

General Fund

Revenues for the General fund are primarily property tax and are reflected, largely, in the second half of the year.

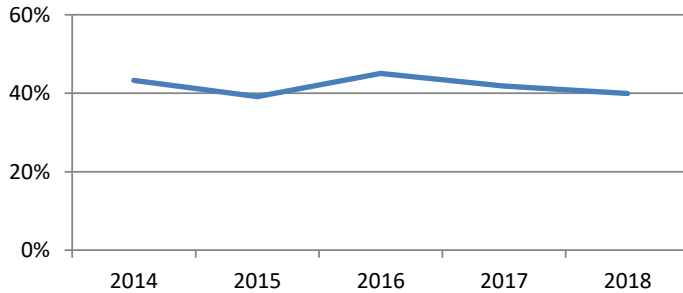
At mid-year the General fund has spend 40% of annual budgeted operating expense. The trend is consistent with the prior years performance compared at mid-year.

Most operating expenses categories are expected to track at or near budget through out the year.

The 2018 General Fund budget approved by the Council reflects a \$1.5 million use of General Fund reserves.

The projected year end available reserve balance is \$12.0 million.

General Fund % of Budget Spent - Mid-Year



Environmental Services

Unaudited - dollars in thousands

2018 2nd Quarter Financial Report Environmental Services Unaudited - dollars in thousands

	Environmental Services				
	2018 YTD Results	% Budget	Projected Year-End	2018 Budget	Variance
Revenues	120,629	51%	239,240	236,483	2,757
Expenses	53,816	41%	128,931	131,161	2,230
Transfers	(55,352)	49%	(113,492)	(113,492)	0
Change in Reserve Balance	11,461		(3,183)	(8,170)	4,987
Beginning Reserve Balance			33,115		
Ending Unassigned Reserve Balance			<u>29,932</u>		
Target Balance			13,116		

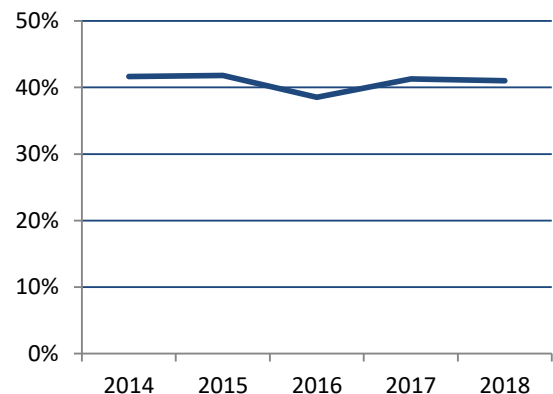
Environmental Services

In 2018, operating revenues are anticipated to be over budget by \$2.8M. WestRock is one of our largest Industrial Waste customers and they had a plumbing issue in the first half of 2018, which led to \$3.0M of additional strength charges. SAC receipts continue to remain strong. The 22,560 SAC units in 2017 was the most in 18 years, however 2018 is trending about 18% lower than 2017. Note that SAC receipts are not included in revenue because they accrue in the SAC reserve fund.

Operating expenses are estimated to be under budget by \$2.2M. Salary and benefits are projected to be under budget by approximately \$2.3M due to staffing vacancies. In addition, we are projecting \$1.1M of underspending in chemicals, which is driven by improved efficiency in the use of polymers, this is offset by materials and supplies and capital outlay, which are expected to be \$1.4M over budget due primarily to new wireless access points and a forecasted offsetting shift from contract services to materials and supplies.

Considering the above forecasted variances, and the budgeted deficit (\$8.2M), reserves are projected to decrease by \$3.2M. The estimated \$3.2M deficit will decrease the operating fund balance to \$29.9M, which is well above the year-end target balance of \$13.1M.

Environmental Services % of Budget Spent - Mid-Year



Financial Management Report

HOUSING AND REDEVELOPMENT FUND

Unaudited - dollars in thousands

2018 2nd Quarter Financial Report Housing and Redevelopment Fund Unaudited - dollars in thousands

	Housing and Redevelopment Authority				
	2018 YTD		Projected		Variance
	Results	% Budget	Year-End	2018 Budget	
Revenues	34,458	51%	67,913	67,803	110
Expenses	34,301	51%	68,512	67,411	(1,101)
Transfers	(305)	26%	(850)	(1,175)	325
Change in Reserve Balance	(148)		(1,449)	(783)	(666)
Beginning Reserve Balance			7,931		
Ending Reserve Balance			<u>6,482</u>		
Target Balance			5,705		

Housing and Redevelopment Authority

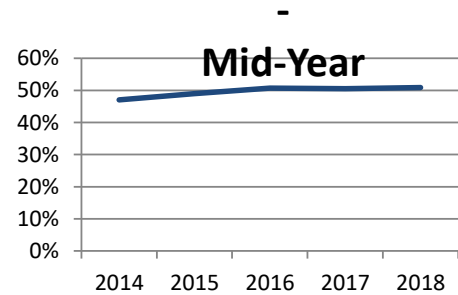
Revenue and expenses are on-track at this point in the year. However, the average cost of housing vouchers has risen in the last two years, in line with fair market rents. As a result, fully leasing HRA available vouchers will result in a projected shortfall of \$1.4M for voucher payments by the end of 2018. This projected deficit will be partly off-set by rental income from Council owned housing units, and favorable administrative costs.

The 2018 budget reflected a planned use of 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 77% of federal administrative fees in 2018, which is not sufficient to cover the full cost of administration. HRA has taken a number of steps in recent years to ensure efficient program administration, such as the implementation of electronic applications. Program administration is forecasted to be favorable to budget in 2018, due primarily to staff attrition.

Cost savings in administration and rental income from Council owned housing will partly off-set the projected deficit from housing vouchers, resulting in a total projected deficit of \$1.5M by the end of 2018 across all of the Housing and Redevelopment Authority's programs. This will require a third quarter budget amendment authorizing the additional use of reserves.

Reserve balances for these housing programs are projected to be drawn down to around \$6.5M by the end of 2018. This is above the Council's reserve target of \$5.7M.

HRA % of Budget Spent



Financial Management Report

METRO TRANSIT-BUS

Unaudited - dollars in thousands

2018 2nd Quarter Financial Report Metro Transit - Bus Unaudited - dollars in thousands

	Metro Transit - Bus				
	2018 YTD Results	% Budget	Projected Year-End	2018 Budget	Variance
Revenues	157,526	48%	325,231	328,819	(3,588)
Expenses	142,298	47%	293,414	305,006	11,592
Transfers	(8,606)	39%	(21,143)	(22,099)	956
Change in Reserve Balance	6,622		10,674	1,714	8,960
Beginning Reserve Balance			69,113		
Ending Reserve Balance			<u>79,787</u>		
Target Balance			27,150		

Metro Transit Bus

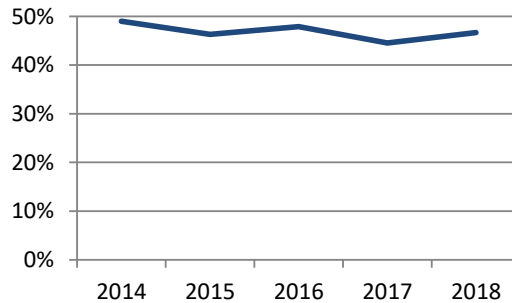
Metro Transit Bus has an amended budget has a surplus of \$1.7M.

Passenger fares are \$2.1M below budget due to ridership being 3.2% below the budgeted level, with current ridership at 4.6% below 2017 levels. Year end forecast is for fares to be below budget by \$4.2M.

Operating expenses of \$142.3M are \$11.4M under budget and forecasted under budget \$12.5M at end of year. Salaries and benefits are forecasted to be favorable by \$6.7M at end of year due to open positions. Fuel is forecasted to be under budget by \$2.1M due to lower than expected pump prices combined with continued low futures. Professional and technical services are forecasted to be \$1.2M under budget due to review of work projects and work being performed by internal staff.

Metro Transit Bus is forecasted to have a positive variance of \$8.9M with a positive fund balance contribution of \$10.7M at year end. Forecasted fund balance of \$79.8M, or 24.3%.

Metro Transit - Bus % of Budget Spent - Mid-Year



Financial Management Report

METRO TRANSIT-LIGHT RAIL

Unaudited - dollars in thousands

2018 2nd Quarter Financial Report Metro Transit - Light Rail Unaudited - dollars in thousands

	Metro Transit - Light Rail				
	2018 YTD Results	% Budget	Projected Year-End	2018 Budget	Variance
Revenues	38,879	50%	76,726	77,842	(1,116)
Expenses	28,136	44%	60,545	64,482	3,937
Transfers	(6,357)	48%	(14,174)	(13,360)	(814)
Change in Reserve Balance	4,386		2,007	0	2,007
Beginning Reserve Balance			9,834		
Ending Reserve Balance			<u>11,841</u>		
Target Balance			6,461		

Metro Transit Light Rail

Light Rail has a balanced amended budget for CY 2018.

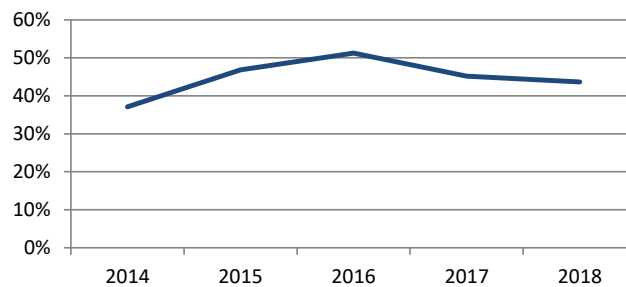
Passenger fares for the 1st half of the year are right at the budgeted level. METRO Blue Line Ridership is 1.0% above 2017 levels, and METRO Green Line ridership is 2.6% above 2017 levels. This ridership trend is expected to continue with year end fares forecasted to be \$500K over budget.

Operating expenses are forecasted to be \$3.1M below the budgeted levels.

Labor and benefits are \$1.1M favorable due to open positions. It is expected that these saving will continue and be at \$2.0M by year end. Professional and technical services are \$1.8M below budget due to timing of work being done. The year end forecast is for savings of \$0.6M. Parts and materials are \$800K below budget and this should hold for the second half of the year at this level.

Light Rail is forecasted to have a positive variance of \$4.0M at year end. After refunds to funding partners, would result in a positive fund balance contribution of \$2.0M. Forecasted fund balance of \$11.8M or 15.2%.

Metro Transit - Light Rail % of Budget Spent - Mid-Year



Financial Management Report

METRO TRANSIT-COMMUTER RAIL

Unaudited - dollars in thousands

2018 2nd 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	9,840	50%	18,646	19,547	(901)
Expenses	7,856	43%	16,221	18,107	1,886
Transfers	(761)	53%	(1,582)	(1,441)	(141)
Change in Reserve Balance	1,223		843	(1)	844
Beginning Reserve Balance			3,552		
Ending Reserve Balance			<u>4,395</u>		
Target Balance			1,622		

Metro Transit - Commuter Rail

Commuter Rail has a balanced amended budget for CY 2018.

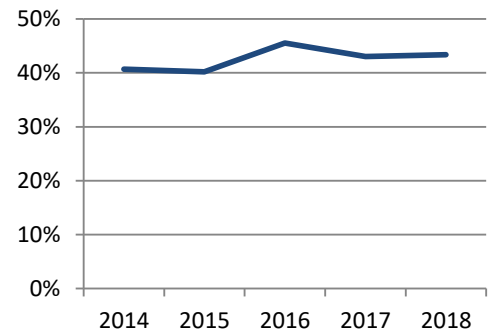
Ridership has been strong through the first half of CY 2018 at 5.2% above 2017 levels with resulting passenger fares being \$100K over budget. This ridership trend is expected to continue and the forecast is for fares to be over budget by \$200k at the end of the year.

Operating expense for CY 2018 are \$1.2M under budget year to date, and forecasted to be under budget by \$1.7M at year end.

Labor and benefits are \$600k under budget and are expected to continue at that run rate for the balance of the year for a year end savings of \$1.1M due to open positions and savings in health care. Parts and supplies are \$500k below budget and are expected to be at that level for the year end. BNSF expenses are at their budgeted levels for the first half of the year, and include a CY 2017 adjustment from BNSF for our portion of track maintenance charges. By the end of the year these net expenses are forecast to be \$200K below budget.

Commuter rail is forecasted to have a positive variance of \$2.0M at year year. After refunds to funding partners, would result in a positive fund balance contribution of \$843K. Forecasted fund balance of \$4.395M or 22.4%.

MT - Commuter Rail % of Budget Spent - Mid-Year



Financial Management Report

METROPOLITAN TRANSPORTATION SERVICES

Unaudited - dollars in thousands

2018 2nd 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	3,295	34%	9,336	9,786	(450)
Expenses	1,707	21%	7,440	7,940	500
Transfers	(748)	38%	(1,951)	(1,951)	0
Change in Reserve Balance	840		(55)	(105)	50
Beginning Reserve Balance			4,060		
Ending Reserve Balance			<u>4,005</u>		
Target Balance			3,116		

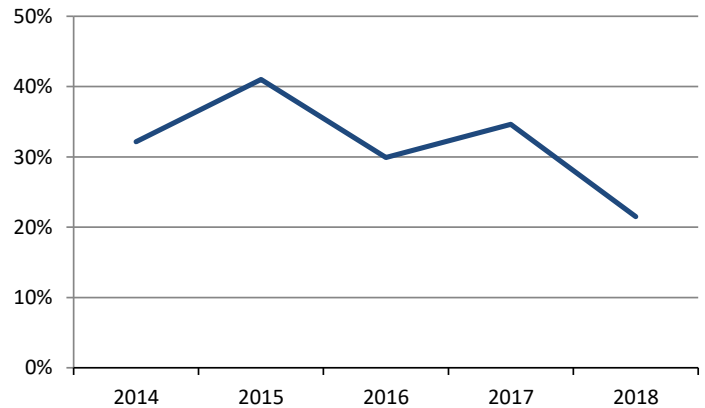
MTS - Transportation Planning

Revenue and expenses for transportation planning are under budget half way through 2018. This is due primarily to low consulting activity during the year, and slower than anticipated sub-recipient spending. When spending slows, less revenue from federal and state planning grants is subsequently received.

Consulting activity is expected to increase during the second half of 2018 and into 2019. Revenue and expense are projected to come in around \$500K lower than originally budgeted by the end of 2018.

The projected ending reserve balance is \$4M for 2018, which is above the targeted reserve balance of \$3.12M.

MTS - Transportation Planning - % of Budget Spent - Mid-Year



Financial Management Report

MTS-METRO MOBILITY

Unaudited - dollars in thousands

2018 2nd Quarter Financial Report Metropolitan Transportation Services - Metro Mobility Unaudited - dollars in thousands

	MTS - Metro Mobility					
	2018 YTD		Projected		%	
	Results	% Budget	Year-End	Budge	2018 Budget	Variance
Revenues	33,066	50%	66,131	100%	66,443	(312)
Expenses	36,246	51%	74,548	105%	70,831	(3,717)
Transfers	(864)	38%	(2,254)	100%	(2,254)	0
Change in Reserve Balance	(4,044)		(10,671)		(6,642)	(4,029)
Beginning Reserve Balance			12,952			
Ending Reserve Balance			<u>2,281</u>			
Target Balance			7,309			

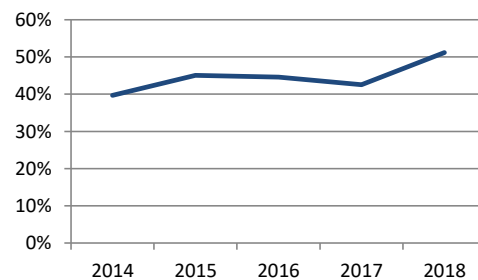
MTS - Metro Mobility

The majority of Metro Mobility's revenue (87%) comes from state appropriations, while the remaining funds (13%) come from passenger fares. State appropriations for Metro Mobility are right on budget. Passenger fares are 10% unfavorable to budget, due primarily to technical issues with farebox technology and a lower than projected average passenger fare. As a result, Metro Mobility's revenue is projected to be less than 1% down at the end of the year.

Metro Mobility ridership has a large impact on the cost of the program: as ridership increases, so do program costs. Metro Mobility ridership is up relative to the assumptions used in the 2018 budget. The 2018 budget assumed 2% ridership growth over FY17, based on the assumption that the October 2017 fare increases would slow growth in ridership. However, actual ridership in 2018 has been 6% up relative to the prior year, in spite of the fare increases. As a result of these ridership trends, payments to Metro Mobility providers are up over 7% relative to budget. These expense overages are partially off-set by favorable gas prices and utility costs. Therefore, total expenses for Metro Mobility are projected to come in 5% unfavorable to budget by the end of the year. Council staff will be monitoring these ridership trends, and if the trends continue a budget amendment will be necessary in the third quarter.

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 \$17.3 million by the end of the year. This is over the Council's minimum reserve target of \$7.3 million.

MTS - Metro Mobility % of Budget Spent - Mid-Year



Financial Management Report

MTS-CONTRACTED SERVICES

Unaudited - dollars in thousands

2018 2nd 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	13,780	47%	29,234	101%	29,067	167
Expenses	11,624	41%	28,201	100%	28,201	0
Transfers	(330)	38%	(867)	100%	(867)	0
Change in Reserve Balance	1,826		166		(1)	167
Beginning Reserve Balance			5,636			
Ending Reserve Balance			<u>5,802</u>			
Target Balance			2,907			

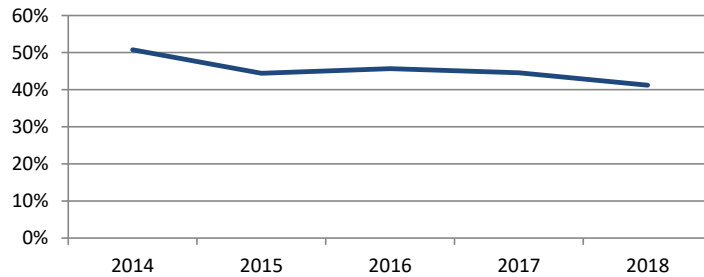
MTS - Contracted Service

Revenues for 2018 are projected to be in line with the budget.

Expenditures are 9% favorable to budget through Q2, but are largely expected to catch up to budget by the end of the year. The 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. In addition, negotiated contract rates for some fixed route services are lower than originally budgeted, resulting a lower cost of service. There have also been some modest service reductions for some fixed routes.

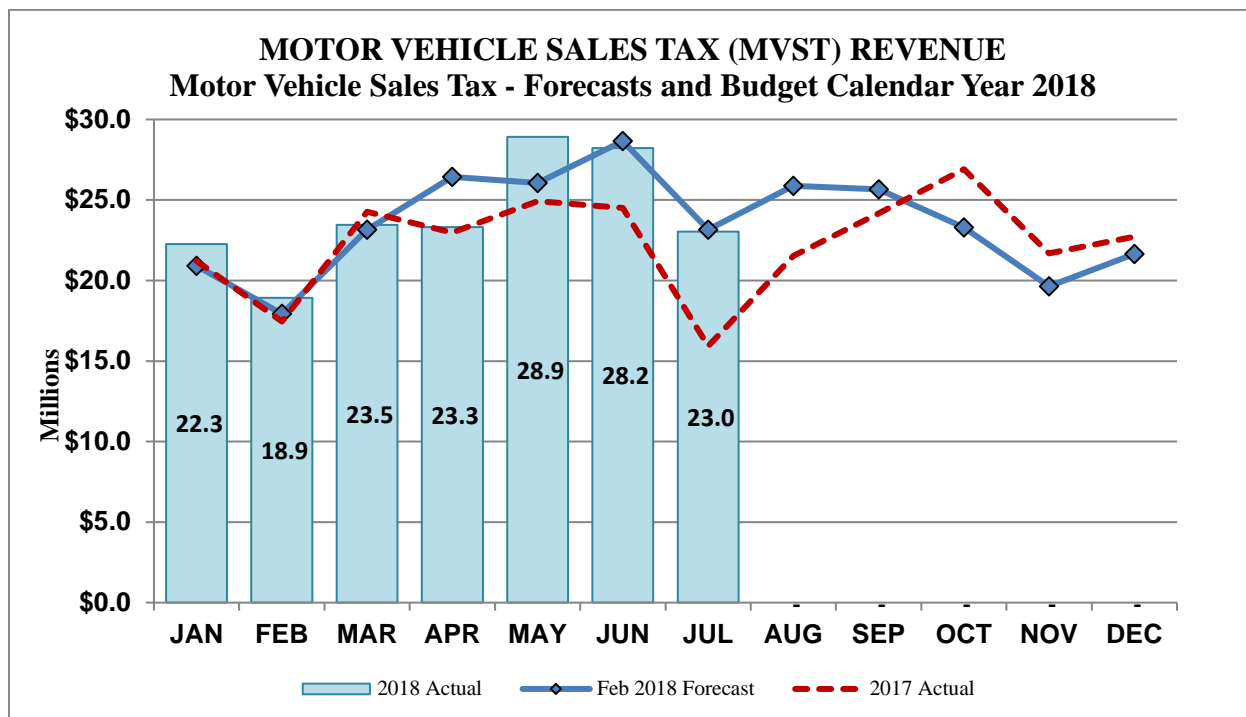
The projected reserve balance for Contracted Services is \$5.8M by the end of 2018, which is above the target reserve balance of \$2.9M

MTS -Contracted Service % of Budget Spent - Mid-Year

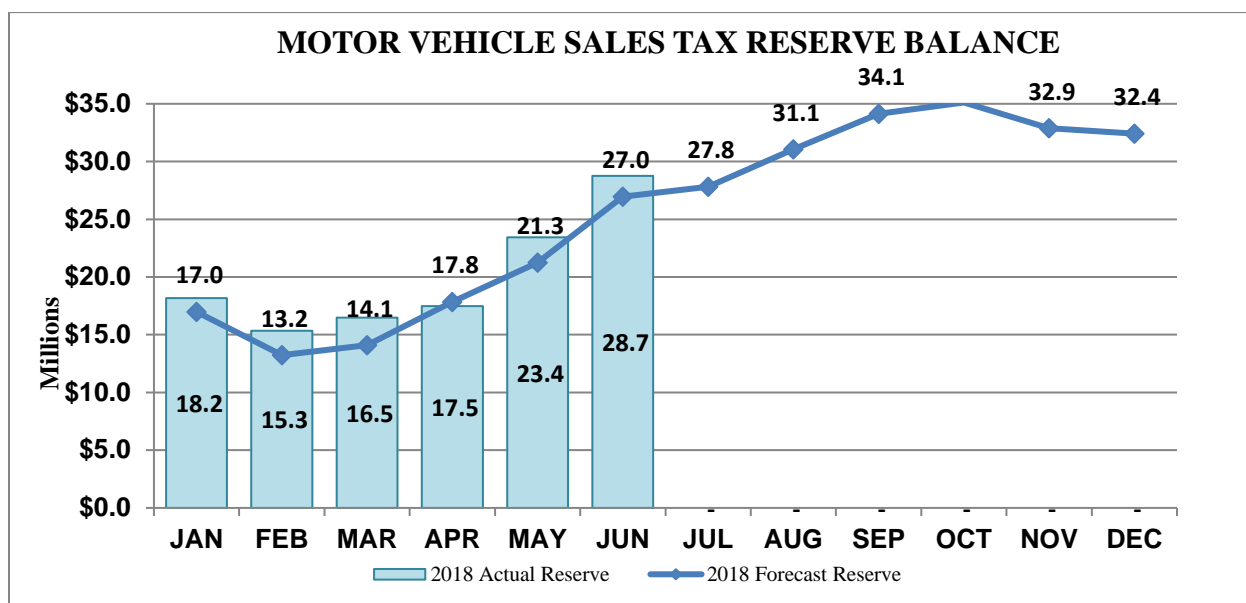


Financial Management Report

MOTOR VEHICLE SALES TAX (MVST) REVENUES



Motor vehicle sales tax receipts for 2018 totaled thru June 2018 were just over \$145 million, 99.7% of forecast. MVST reserves were \$28.7 million at the end of June.



Financial Management Report

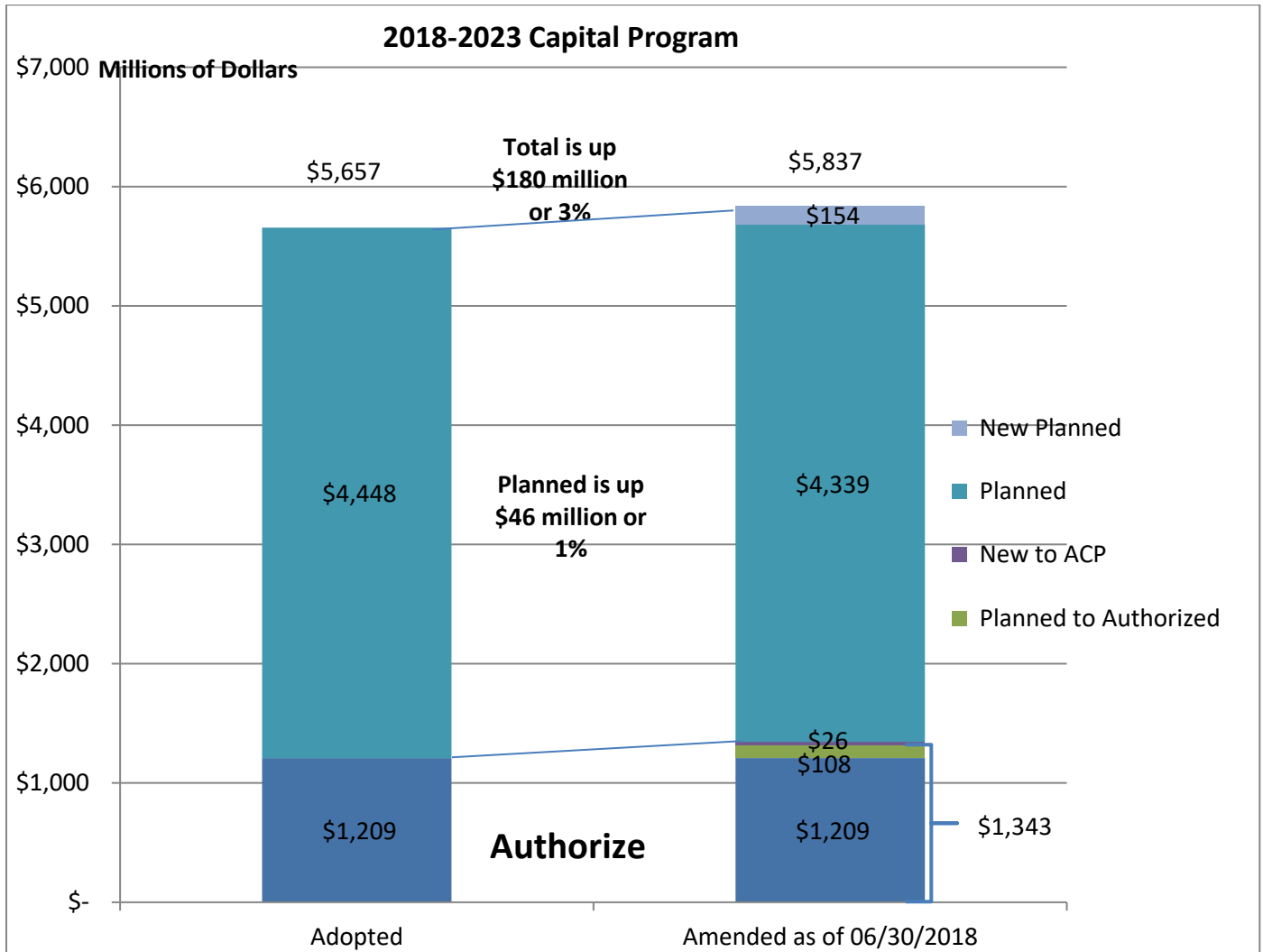
MOTOR VEHICLE SALES TAX (MVST) REVENUES FORECASTS & BUDGET

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	267.5	132.2	135.3
Use of MVST Reserve	0.0	0.0	0.0
February 2018 Forecast	282.4	145.6	136.8
YTD Actuals	145.1	145.1	0.0
% of February Forecast	51.4%	99.7%	0.0%

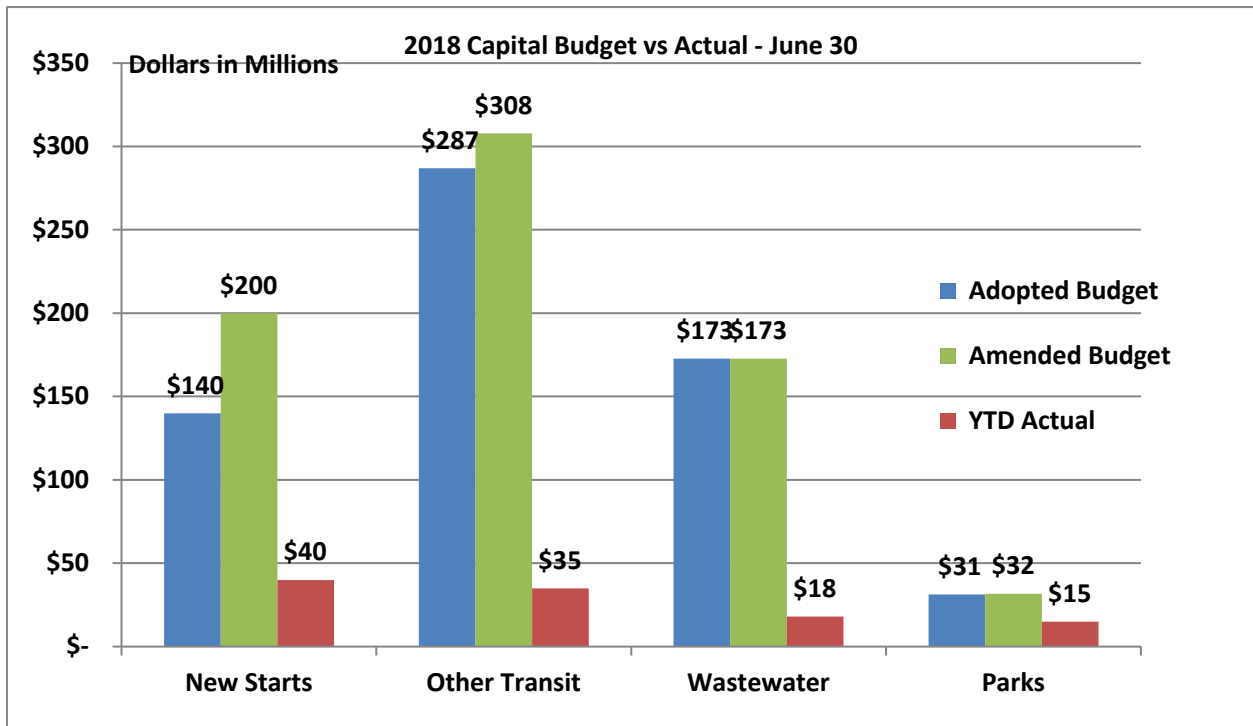
2018-2023 CAPITAL IMPROVEMENT PROGRAM



Capital Program (Excluding Pre-2017 Expenditures)

The capital program (excluding pre-2017 expenditures) increased by \$26 million for amendments through June. The authorized portion of the capital program (the ACP) is up \$134 million or 11 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 June increased the amended 2018 Capital Budget to \$712 million. Actual 2018 capital expenditures total 17 percent of the adopted budget and 15 percent of the amended budget. Actual expenditures as a percent of the amended budget were 15 percent for transit projects, 10 percent for wastewater projects and 47 percent for parks projects.

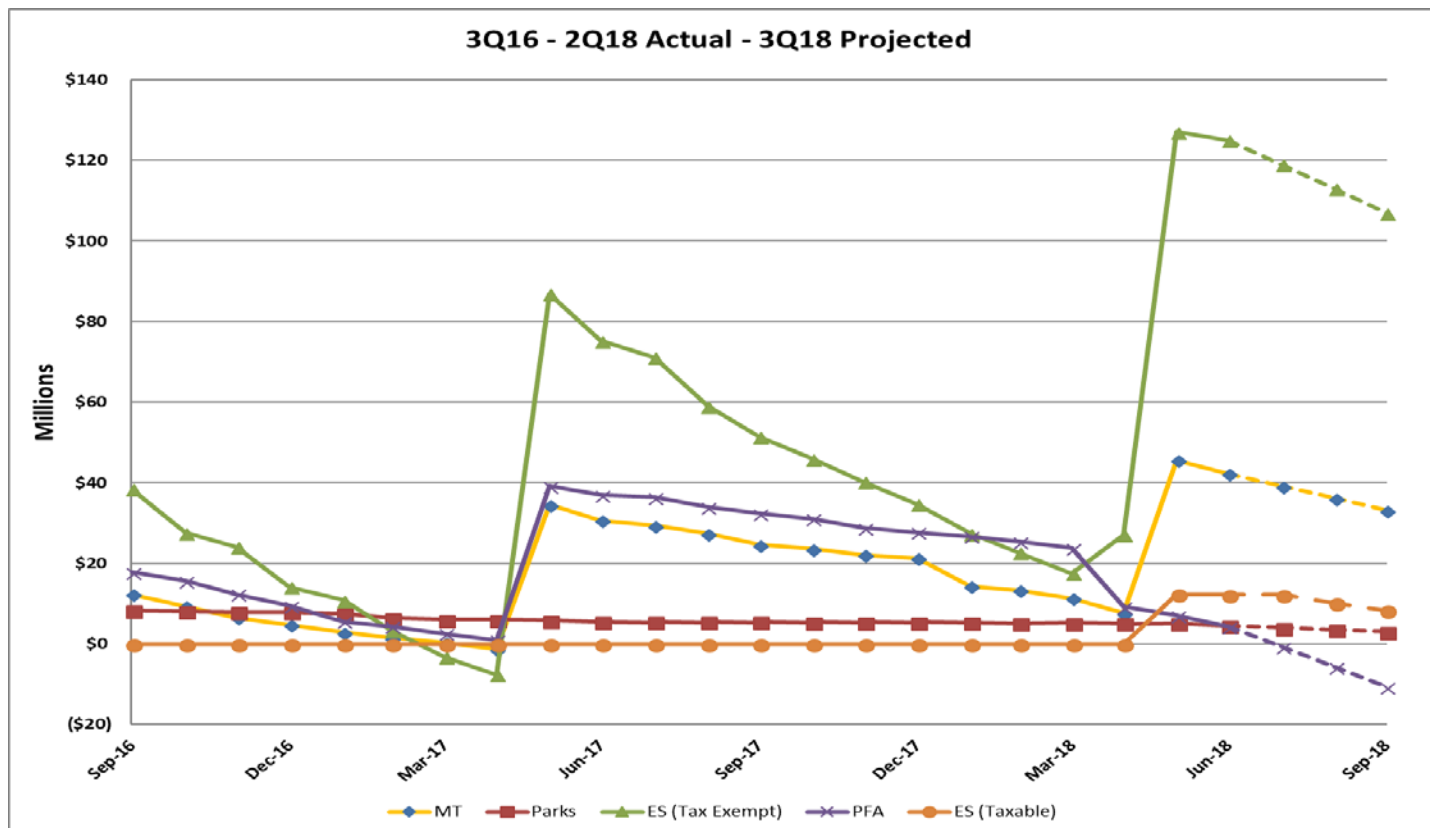
Financial Management Report

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 has settled into a new normal of lower expenditures, and that continued during the second quarter of 2018. Environmental Services (ES) GO capital bond funds have been spent down near projections and expenditures eligible for reimbursement from the Minnesota Public Facilities Authority (PFA) loan have averaged approximately \$2.37M/month during the same period, anchored heavily by a \$14M drawdown in April.

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. The graph below shows the receipt off the two large bond sales in the 2nd quarter of 2018, but the expenses are still shown as projections.

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. The current PFA loan has \$4.3 million remaining to be drawn as of the end of the quarter. The loan agreement has been amended to add 2018 projects for eligible draws. We are expecting the 2018 loan to be in place by August 2018. We continue to monitor the debt portfolio for refunding opportunities and have no candidates at this time.



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

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Property Taxes	379,744	14,905,148	14,905,148	-
Investment Earnings	294,494	536,288	536,288	-
Chargebacks - MAC	30,398	121,590	-	121,590
Other Revenue	371,491	378,000	305,186	72,814
Total Revenues	1,076,127	15,941,026	15,746,622	194,404
<u>EXPENSES</u>				
Salary and Benefits	20,103,786	44,506,026	44,506,026	-
Consulting & Contractual Services	5,537,050	18,110,266	18,110,266	-
Rent & Utilities	1,841,504	4,806,491	4,806,491	-
Printing	(12,142)	128,000	128,000	-
Travel & Professional Development	281,540	559,000	559,000	-
Insurance	40,079	50,150	30,000	(20,150)
Other Operating Expense	675,087	3,117,073	3,117,073	-
Total Expenses	28,466,904	71,277,006	71,256,856	(20,150)
<u>TRANSFERS</u>				
Transfer In	27,189,558	63,173,859	63,173,859	-
Transfer Out	(7,433,083)	(9,127,091)	(9,127,091)	-
Total Transfers	19,756,475	54,046,768	54,046,768	-
Change in Reserve Balance	(7,634,302)	(1,289,212)	(1,463,466)	174,254
Beginning Fund Balance		18,773,899		
Assigned/Committed		(4,757,401)		
Carry Over		(695,000)		
Ending Unassigned Reserve Balance		12,032,286		
2018 Target Balance (10%)		7,125,686		

STATEMENT OF REVENUES AND EXPENSES
Environmental Services
June 30, 2018

Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Municipal Wastewater Charges	109,874,878	219,749,756	219,749,756	-
Industrial Charges	10,283,851	16,964,071	13,680,000	3,284,071
State Appropriations Revenue	12,788	950,000	1,647,747	(697,747)
Investment Earnings	567,641	1,000,000	800,000	200,000
Other Revenue	(110,119)	576,134	605,000	(28,866)
Total Revenues	120,629,039	239,239,961	236,482,503	2,757,458
<u>EXPENSES</u>				
Salary and Benefits	29,496,088	63,788,245	66,050,620	2,262,375
Consulting & Contractual Services	6,200,309	20,512,530	20,794,899	282,369
Rent & Utilities	7,267,007	16,352,229	16,298,805	(53,424)
Travel	189,507	515,554	495,946	(19,608)
Materials & Supplies	5,605,499	10,372,075	9,327,472	(1,044,603)
Chemicals	3,288,330	7,584,100	8,698,912	1,114,812
Capital Outlay	485,640	3,286,459	2,960,142	(326,317)
I&I, Storm water, CWF, WOMP Grant Expenses	766,584	4,038,130	4,038,130	-
Other Operating Expense	517,039	2,481,270	2,496,102	14,832
Total Expenses	53,816,003	128,930,592	131,161,028	2,230,436
<u>TRANSFERS</u>				
SAC Transfer	20,964,500	41,929,000	41,929,000	-
Transfers In	449,771	800,000	800,000	-
Debt Service	(65,500,000)	(131,000,000)	(131,000,000)	-
Transfer Out - RA Expense Allocation	(6,709,156)	(16,220,643)	(16,220,643)	-
Transfers Out	(4,557,370)	(9,000,000)	(9,000,000)	-
Total Transfers	(55,352,255)	(113,491,643)	(113,491,643)	-
Change in Reserve Balance	11,460,781	(3,182,274)	(8,170,168)	4,987,894
Beginning Reserve Balance		33,115,094		
Ending Unassigned Reserve Balance		<u>29,932,820</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)
June 30, 2018

Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	YTD ACTUAL PASS THROUGH
<u>REVENUES</u>					
Federal Revenue	32,252,717	63,539,500	63,539,500	-	29,709,266
State Revenue	888,873	2,048,500	2,048,500	-	834,833
Investment Earnings	54,895	110,000	-	110,000	-
Other Revenue	1,261,116	2,215,000	2,215,000	-	10,493
Total Revenues	34,457,601	67,913,000	67,803,000	110,000	30,554,592
<u>EXPENSES</u>					
Salary and Benefits	1,860,313	4,031,000	4,175,842	144,842	-
Consulting & Contractual Services	384,570	770,000	904,000	134,000	-
Rent & Utilities	95,666	200,931	200,931	-	-
Housing Expenses	31,730,397	63,198,000	61,798,000	(1,400,000)	30,929,569
Travel	19,906	40,000	60,000	20,000	-
Insurance	84,088	100,000	100,000	-	-
Other Operating Expense	125,977	172,230	172,230	-	-
Total Expenses	34,300,917	68,512,161	67,411,003	(1,101,158)	30,929,569
<u>TRANSFERS</u>					
Transfer Out - RA Expense Allocation	(505,079)	(1,050,000)	(1,329,706)	279,706	-
Transfer In - Allocation	200,000	200,000	154,760	(45,240)	-
Total Transfers	(305,079)	(850,000)	(1,174,946)	234,466	-
Change in Reserve Balance	(148,395)	(1,449,161)	(782,949)	(756,692)	(374,977)
Beginning Reserve Balance:					
Operating		7,930,700			
Total Beginning Balance		7,930,700			
Change in Reserve Balance:					
Total Change in Reserve Balance		(1,449,161)			
Ending Reserve Balance		6,481,539			
2018 Target Balance (8.3%)		5,705,479			

STATEMENT OF REVENUES AND EXPENSES
Metro Transit - Bus Operations

June 30, 2018

Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Passenger Revenues	34,767,198	68,953,776	73,177,768	(4,223,992)
Auxiliary Transit Revenue	1,386,217	3,172,178	3,150,000	22,178
State Appropriations	14,355,000	33,495,000	33,495,000	-
State Revenue - MVST	103,726,500	193,764,000	193,764,000	-
Federal Grants	2,320,979	21,576,661	21,576,661	-
Investment Earnings	712,038	1,110,995	500,000	610,995
Other Revenue	258,383	3,157,953	3,155,994	1,959
Total Revenues	157,526,315	325,230,563	328,819,423	(3,588,860)
<u>EXPENSES</u>				
Salary and Benefits	116,333,510	236,289,064	243,156,052	6,866,988
Consulting & Contractual Services	4,500,368	11,016,517	12,215,120	1,198,603
Fuel	6,169,398	12,339,051	14,448,838	2,109,787
Materials & Supplies	10,812,829	22,375,610	22,844,559	468,949
Utilities	2,136,291	4,273,447	4,489,891	216,444
Other Operating Expense	2,346,027	7,120,458	7,851,124	730,666
Total Expenses	142,298,423	293,414,147	305,005,584	11,591,437
<u>TRANSFERS</u>				
Transfer In - Transit Allocations	5,514,927	11,030,883	10,074,811	956,072
Transfer Out - RA Expense Allocation	(14,121,423)	(32,173,530)	(32,173,530)	-
Total Transfers	(8,606,496)	(21,142,647)	(22,098,719)	956,072
Change in Reserve Balance	6,621,396	10,673,769	1,715,120	8,958,649
Beginning Reserve Balance		<u>69,113,348</u>		
Ending Reserve Balance		79,787,117		*
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
June 30, 2018
Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Passenger Revenues	12,785,506	26,782,757	26,239,759	542,998
Auxiliary Transit Revenue	1,027,866	1,755,741	1,500,000	255,741
State Revenue - GF Appropriation	12,513,000	25,026,228	25,026,228	-
Local Revenue *	12,513,114	23,018,784	25,026,228	(2,007,444)
Investment Earnings	40,545	81,103	25,000	56,103
Other Revenue	(647)	61,568	25,000	36,568
Total Revenues	38,879,384	76,726,181	77,842,215	(1,116,034)
<u>EXPENSES</u>				
Salary and Benefits	22,824,880	45,539,121	47,395,367	1,856,246
Consulting & Contractual Services	722,000	4,443,982	5,046,789	602,807
Fuel	26,524	53,040	13,906	(39,134)
Materials & Supplies	1,423,773	3,399,503	4,370,008	970,505
Utilities	2,778,283	5,356,571	5,590,531	233,960
Other Operating Expense *	360,629	1,752,771	2,065,212	312,441
Total Expenses	28,136,089	60,544,988	64,481,813	3,936,825
<u>TRANSFERS</u>				
Transfer Out - Transit Allocations	(4,954,912)	(9,909,738)	(9,096,391)	(813,347)
Transfer Out - RA Expense Allocation	(1,402,524)	(4,264,011)	(4,264,011)	-
Total Transfers	(6,357,436)	(14,173,749)	(13,360,402)	(813,347)
Change in Reserve Balance	4,385,859	2,007,444	-	2,007,444
Beginning Reserve Balance		9,834,463		
Ending Reserve Balance		11,841,907		
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
June 30, 2018

Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Passenger Revenues	1,344,865	2,781,369	2,557,556	223,813
State Revenue - MVST	3,563,592	7,127,184	7,127,184	-
Local Revenue - Counties / MNDOT *	4,931,268	8,696,397	9,862,524	(1,166,127)
Investment Earnings	0	40,955	-	40,955
Total Revenues	9,839,725	18,645,905	19,547,264	(901,359)
<u>EXPENSES</u>				
Salary and Benefits	2,054,912	4,433,014	5,469,265	1,036,251
Consulting & Contractual Services	3,593,369	6,686,887	6,947,352	260,465
Fuel	575,833	1,151,661	1,250,712	99,051
Materials & Supplies	121,528	843,070	1,279,251	436,181
Utilities	323,233	646,478	707,007	60,529
Other Operating Expense	1,186,850	2,459,881	2,453,062	(6,819)
Total Expenses	7,855,725	16,220,991	18,106,649	1,885,658
<u>TRANSFERS</u>				
Transfer Out - Transit Allocations	(560,016)	(1,120,015)	(978,420)	(141,595)
Transfer Out - RA Expense Allocation	(200,729)	(462,195)	(462,195)	-
Total Transfers	(760,745)	(1,582,210)	(1,440,615)	(141,595)
Change in Reserve Balance	1,223,255	842,704	-	842,704
Beginning Reserve Balance		3,551,638		
Ending Reserve Balance		4,394,342		
2018 Target Balance (8.3 - 12.5%)		1,622,423		

* includes refunds to funding partners

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

Unaudited

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Federal Revenue	1,426,717	5,126,341	5,326,341	(200,000)
State Revenue - MVST	1,825,100	4,053,667	4,353,667	(300,000)
Investment Earnings	24,840	49,680	-	49,680
Chargebacks from MAC	18,039	106,400	106,400	-
Total Revenues	3,294,696	9,336,088	9,786,408	(450,320)
<u>EXPENSES</u>				
Salary and Benefits	1,271,241	3,187,176	3,187,176	-
Consulting & Contractual Services	280,939	3,485,632	3,985,632	500,000
Rent & Utilities	73,843	398,406	398,406	-
Travel	12,151	45,000	45,000	-
Grants	-	120,980	120,980	-
Other Operating Expense	68,397	203,170	203,170	-
Total Expenses	1,706,571	7,440,364	7,940,364	500,000
<u>TRANSFERS</u>				
Transfer Out - RA Expense Allocation	(748,410)	(1,951,202)	(1,951,202)	-
Total Transfers	(748,410)	(1,951,202)	(1,951,202)	-
Change in Reserve Balance	839,715	(55,478)	(105,158)	49,680
Beginning Reserve Balance		4,059,542		
Ending Reserve Balance		4,004,064		
2018 Target Balance (Combined 15%, 31.5% TP Fund)		3,116,000		

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

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Passenger Revenue	3,939,547	7,877,946	8,776,383	(898,437)
State Appropriations	28,833,600	57,667,000	57,667,000	-
Investment Earnings	293,166	586,332		586,332
Total Revenues	33,066,313	66,131,278	66,443,383	(312,105)
<u>EXPENSES</u>				
Salary and Benefits	756,032	1,724,156	1,936,249	212,093
Consulting & Contractual Services	32,157,177	64,469,854	59,862,592	(4,607,262)
Fuel	3,151,608	7,283,485	7,663,755	380,270
Rent & Utilities	41,793	83,585	381,922	298,337
Other Operating Expense	139,457	986,590	986,590	-
Total Expenses	36,246,067	74,547,670	70,831,108	(3,716,562)
<u>TRANSFERS</u>				
Transfer Out - RA Expense Allocation	(863,594)	(2,253,955)	(2,253,955)	-
Total Transfers	(863,594)	(2,253,955)	(2,253,955)	-
Change in Reserve Balance	(4,043,348)	(10,670,347)	(6,641,680)	(4,028,667)
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		17,281,775		
2018 Target Balance (10%)		7,309,000		

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

	YTD ACTUALS	YEAR-END PROJECTIONS	2018 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Passenger Revenues	1,134,260	2,652,774	2,652,774	-
Federal Revenue	834,224	1,838,202	1,838,202	-
State Revenue - MVST	11,728,000	24,576,000	24,576,000	-
Investment Earnings	83,264	166,528	-	166,528
Total Revenues	13,779,748	29,233,504	29,066,976	166,528
<u>EXPENSES</u>				
Salary and Benefits	379,894	818,965	818,965	-
Consulting & Contractual Services	11,016,979	25,183,882	25,183,882	-
Rent & Utilities	0	82,631	82,631	-
Travel	5,247	12,500	12,500	-
Grants	216,711	1,822,202	1,822,202	-
Other Operating Expense	5,097	280,543	280,543	-
Total Expenses	11,623,928	28,200,723	28,200,723	-
<u>TRANSFERS</u>				
Transfer Out - RA Expense Allocation	(330,404)	(866,628)	(866,628)	-
Total Transfers	(330,404)	(866,628)	(866,628)	-
Change in Reserve Balance	1,825,416	166,153	(375)	166,528
Beginning Reserve Balance		5,636,400		
Ending Reserve Balance		5,802,553		
2018 Target Balance (Combined 15%, 10% Cont Svc Funds)		2,907,000		