

People

Transportation

Housing

Bikes

Planning

Financial Condition

Future

Bus

Parks

Cars

Sustainability

Efficient

4th QUARTER FINANCIAL REPORT

Prosperity

Train

Growth

Light Rail

April 24, 2019

Livability

Light Rail

Diversity

Trails

Treatment

Equity

Airplane

Communities

Wastewater & Water

Lakes

Treatment

Regional

Economic

Roads



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Financial Management Report

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 | | | |
|---------------------------|--------------|----------|-------------|-----------|------------------------|----------|-------------|-----------|-------------------------------------|----------|-------------|-----------|
| | Year-End | % Budget | 2018 Budget | Variance* | Year-End | % Budget | 2018 Budget | Variance* | Year-End | % Budget | 2018 Budget | Variance* |
| Revenues | 16,311 | 104% | 15,747 | 564 | 243,598 | 103% | 236,483 | 7,115 | 68,765 | 101% | 67,803 | 962 |
| Expenses | 65,480 | 92% | 71,257 | 5,777 | 127,022 | 97% | 131,161 | 4,139 | 68,711 | 101% | 68,311 | (400) |
| Transfers | 51,961 | 96% | 54,047 | (2,086) | (112,588) | 99% | (113,492) | 904 | (885) | 78% | (1,130) | 245 |
| Change in Reserve Balance | 2,792 | | (1,463) | 4,255 | 3,988 | | (8,170) | 12,158 | (831) | | (1,638) | 807 |
| Beginning Reserve Balance | 18,774 | | | | 33,115 | | | | 7,931 | | | |
| Assigned/Committed | (4,761) | | | | | | | | | | | |
| Carry Forward - Amendment | (5,398) | | | | | | | | | | | |
| Ending Reserve Balance | 11,407 | | | | 37,103 | | | | 7,100 | | | |
| Target Balance | 7,126 | | | | 13,116 | | | | 5,780 | | | |

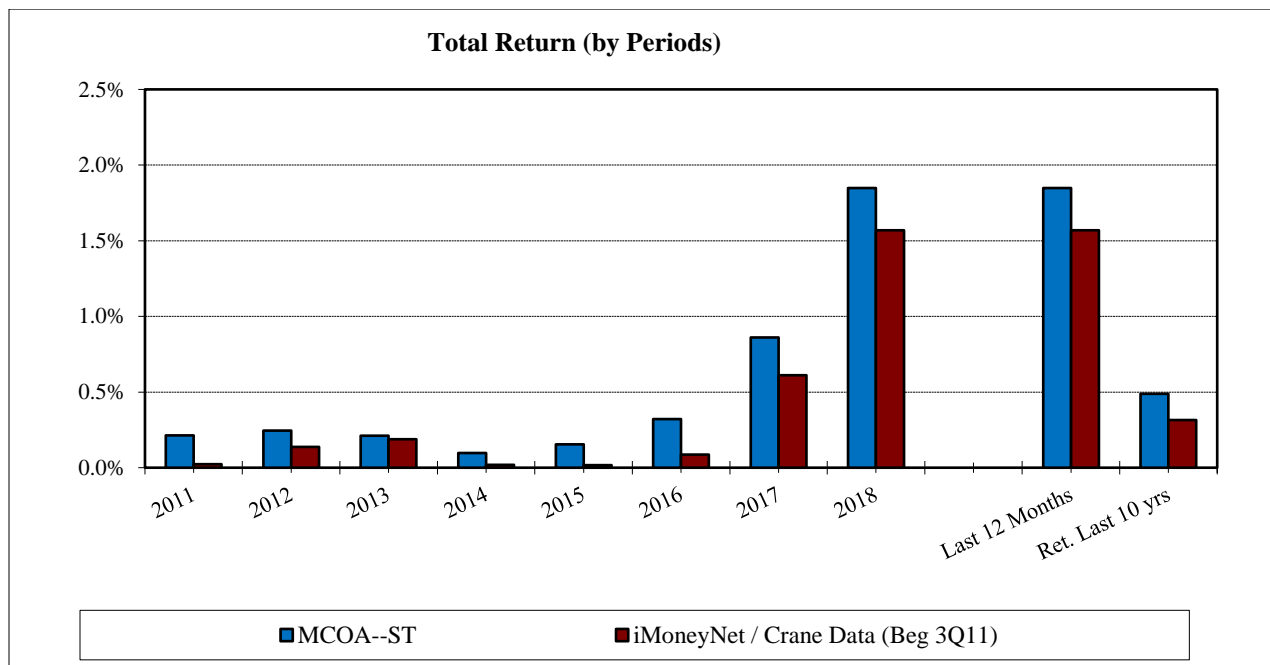
| | Metro Transit - Bus | | | | Metro Transit - Light Rail | | | | Metro Transit - Commuter Rail | | | |
|---------------------------|---------------------|----------|-------------|-----------|----------------------------|----------|-------------|-----------|-------------------------------|----------|-------------|-----------|
| | Year-End | % Budget | 2018 Budget | Variance* | Year-End | % Budget | 2018 Budget | Variance* | Year-End | % Budget | 2018 Budget | Variance* |
| Revenues | 329,475 | 100% | 328,819 | 656 | 76,898 | 99% | 77,842 | (944) | 18,122 | 93% | 19,547 | (1,425) |
| Expenses | 295,049 | 97% | 305,006 | 9,957 | 58,539 | 91% | 64,482 | 5,943 | 14,447 | 80% | 18,107 | 3,660 |
| Transfers | (19,795) | 90% | (22,099) | 2,304 | (14,583) | 109% | (13,360) | (1,223) | (1,767) | 123% | (1,441) | (326) |
| Change in Reserve Balance | 14,631 | | 1,714 | 12,917 | 3,776 | | 0 | 3,776 | 1,908 | | (1) | 1,909 |
| Beginning Reserve Balance | 69,113 | | | | 9,834 | | | | 3,552 | | | |
| Ending Reserve Balance | 83,744 | | | | 13,610 | | | | 5,460 | | | |
| Target Balance | 27,150 | | | | 6,461 | | | | 1,622 | | | |

| | MTS - Transportation Planning | | | | MTS - Metro Mobility | | | | MTS - Contracted Service | | | |
|---------------------------|-------------------------------|----------|-------------|-----------|----------------------|----------|-------------|-----------|--------------------------|----------|-------------|-----------|
| | Year-End | % Budget | 2018 Budget | Variance* | Year-End | % Budget | 2018 Budget | Variance* | Year-End | % Budget | 2018 Budget | Variance* |
| Revenues | 7,816 | 80% | 9,786 | (1,970) | 66,348 | 101% | 65,543 | 805 | 28,143 | 97% | 29,067 | (924) |
| Expenses | 4,953 | 62% | 7,940 | 2,987 | 74,030 | 99% | 74,531 | 501 | 25,203 | 89% | 28,201 | 2,998 |
| Transfers | (1,966) | 101% | (1,951) | (15) | (2,269) | 101% | (2,254) | (15) | (868) | 100% | (867) | (1) |
| Change in Reserve Balance | 897 | | (105) | 1,002 | (9,951) | | (11,242) | 1,291 | 2,072 | | (1) | 2,073 |
| Beginning Reserve Balance | 4,060 | | | | 27,952 | | | | 5,636 | | | |
| Ending Reserve Balance | 4,957 | | | | 18,001 | | | | 7,708 | | | |
| Target Balance | 3,116 | | | | 7,679 | | | | 2,907 | | | |

*Variance = Favorable / (Unfavorable)

Financial Management Report

METROPOLITAN COUNCIL INVESTMENT PERFORMANCE—SHORT-TERM PORTFOLIO



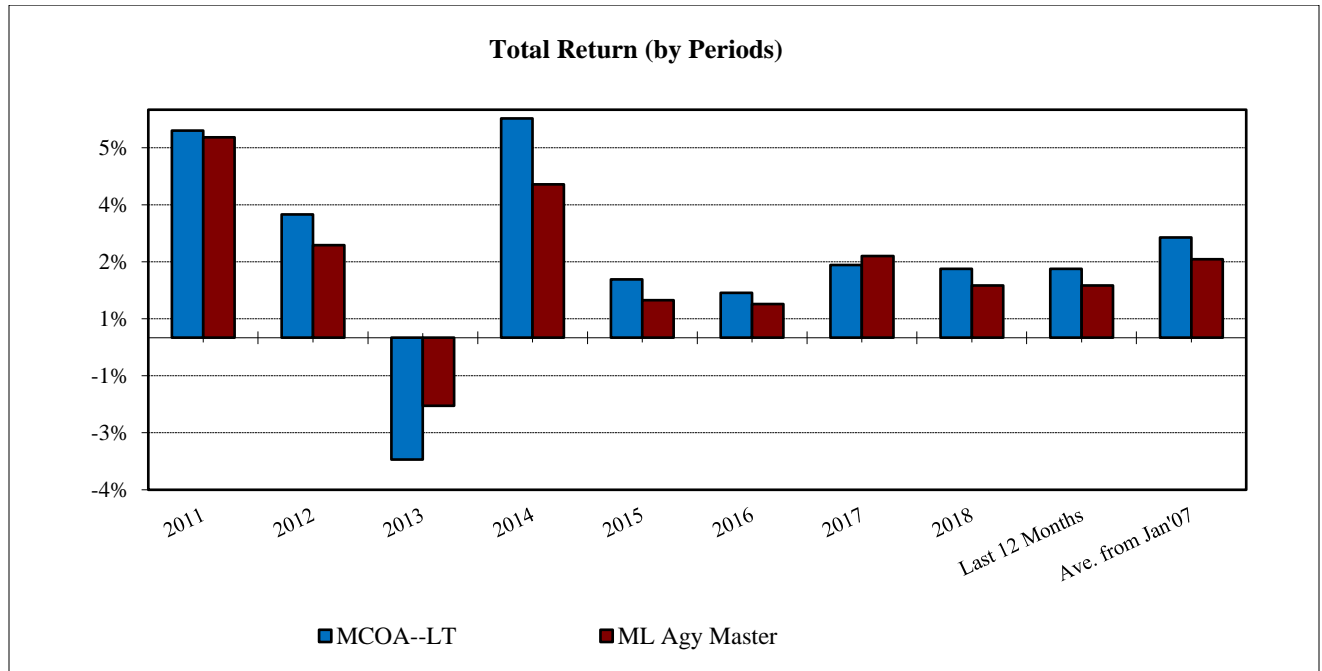
4Q18 Short-Term Portfolio Investment Results

Assets under Management (AUM): \$456.8 Million

The portfolio outperformed its benchmark during the fourth quarter. Total return of 0.55% was above the index (0.50%) by 5 basis points. This portfolio has averaged 17 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, US Treasury Bills and Commercial Paper.

Financial Management Report

METROPOLITAN COUNCIL INVESTMENT PERFORMANCE—LONG-TERM PORTFOLIO



4Q18 Long-Term Portfolio Investment Results

Assets under Management (AUM) \$440.9 Million

The portfolio underperformed its benchmark during the fourth quarter. Total return of 1.59% was below the index (1.95%) by 36 basis points. The portfolio was comprised of 15% municipal bonds (yielding 4.57%), 69% of U.S. agency securities (yielding 2.04%), 15% was invested in government money market funds (yielding 2.34%) and less than 1% was invested in securitized mortgage backed securities (yielding 2.13%).

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.

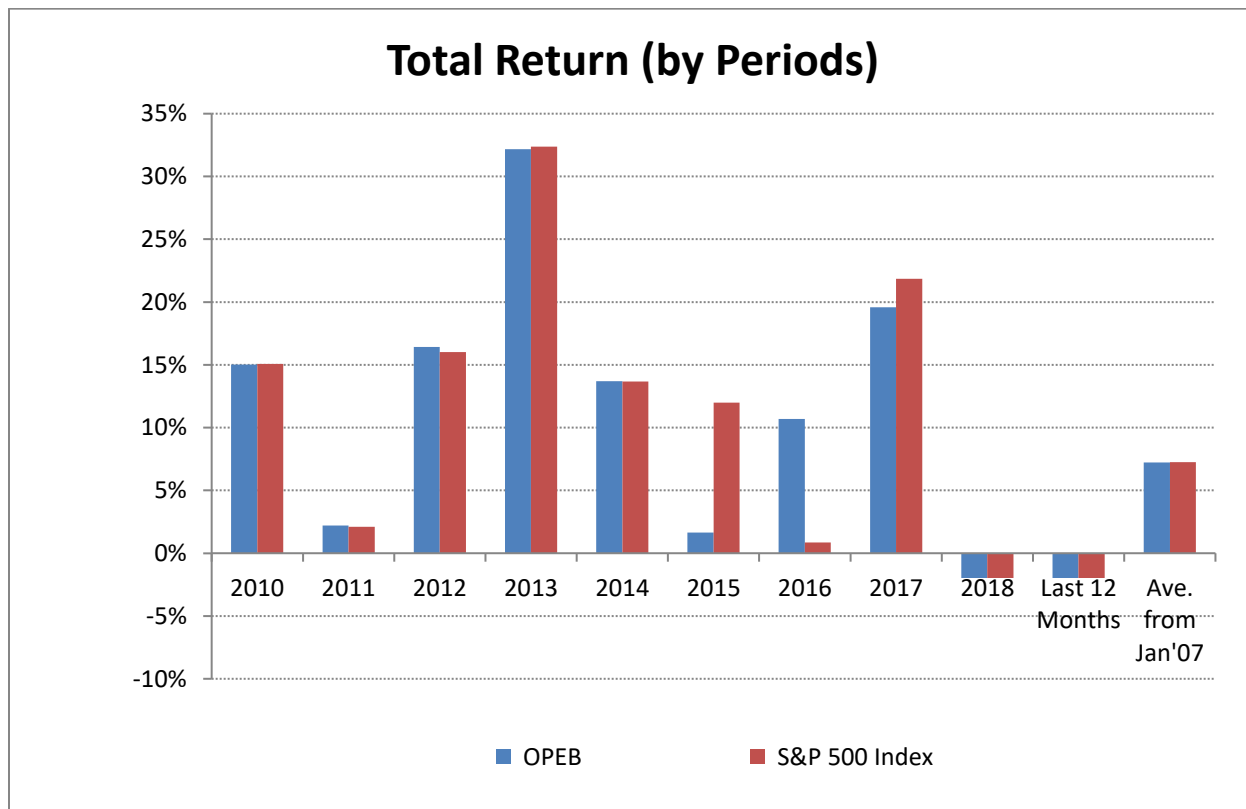
Financial Management Report

4Q18 OPEB PORTFOLIO INVESTMENT RESULTS

Assets under Management (AUM) \$255 Million

Currently, the Council’s OPEB portfolio is fully invested in 60% equities and 40% US Treasuries/Cash. At end of the fourth quarter, the OPEB portfolio posted a loss of (8.41%) and the Blended index was (7.45%). For the quarter, the portfolio had unrealized losses and dividends of \$23.5 million. The Council also has an internal cash account for OPEB. At the end of quarter, the amount in this fund was \$.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.

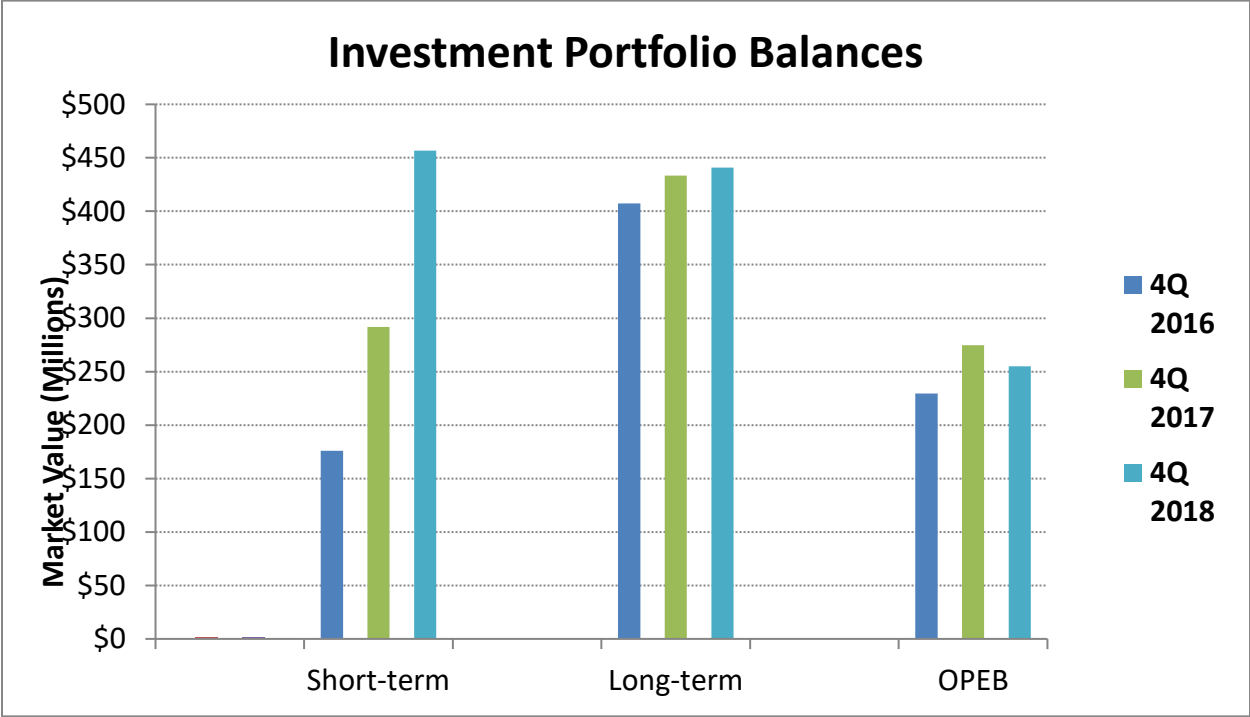


Financial Management Report

INVESTMENT PORTFOLIO BALANCES

Investment Portfolio Balances Market Value (Millions)

| | 4Q 2016 | 4Q 2017 | 4Q 2018 |
|-------------------|--------------|--------------|----------------|
| Short-term | \$ 176.0 | \$ 291.7 | \$ 456.8 |
| Long-term | 407.3 | 433.2 | 440.9 |
| OPEB | 229.6 | 274.6 | 255.0 |
| Total | <u>812.9</u> | <u>999.5</u> | <u>1.152.7</u> |



GENERAL FUND

Unaudited - dollars in thousands

2018 4th Quarter Financial Report General Fund Unaudited - dollars in thousands

| General Fund | | | | |
|-----------------------------------|----------|----------|-------------|----------|
| | Year-End | % Budget | 2018 Budget | Variance |
| Revenues | 16,311 | 104% | 15,747 | 564 |
| Expenses | 65,480 | 92% | 71,257 | 5,777 |
| Transfers | 51,961 | 96% | 54,047 | (2,086) |
| Change in Reserve Balance | 2,792 | | (1,463) | 4,255 |
| Beginning Fund Balance | 18,774 | | | |
| Assigned/Committed | (4,761) | | | |
| Carry Forward - Amendment | (5,398) | | | |
| Ending Unassigned Reserve Balance | 11,407 | | | |
| Target Balance (10%) | 7,126 | | | |

General Fund

The General Fund spend 92% of budgeted operating expenses through year end and carried forward \$5,398,000 expenses to the 2019 operating budget.

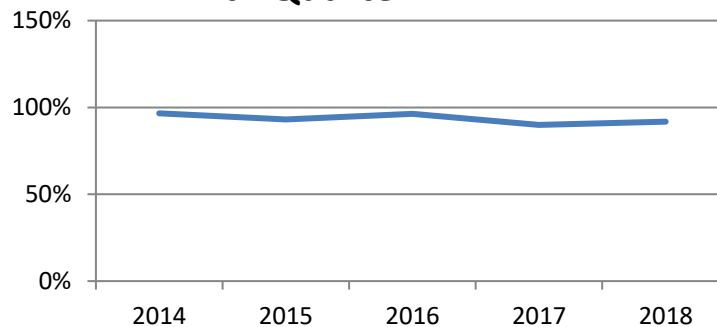
Overall operating expenses were under budget by \$5.8 million. This savings was mainly due to lower consulting costs \$3.1 million (mainly in Community Development, IT and Regional Administration), Open position savings of \$1.1 million and CD Preservation of Naturally Occurring Affordable Housing fund that remain unspent of \$1.6 million.

Regional Administration allocations to operating divisions are based upon actual expenses incurred rather than budgeted allocations.

The 2018 budget was developed with a planned \$1.5 million use of fund balance. Actual activity resulted in an increase of \$2.8 million in fund balance. Total operation savings of \$4.3 million.

The year end fund balance is \$11.4 million, with a target balance of \$7.1 million.

General Fund % of Budget Spent - 4th Quarter



Environmental Services

Unaudited - dollars in thousands

2018 4th Quarter Financial Report Environmental Services Unaudited - dollars in thousands

Revenues
Expenses
Transfers
Change in Reserve Balance
Beginning Reserve Balance

Ending Unassigned Reserve Balance

Target Balance

| Environmental Services | | | | |
|------------------------|----------|---------------|----------|--|
| Year-End | % Budget | 2018 Budget | Variance | |
| 243,598 | 103% | 236,483 | 7,115 | |
| 127,022 | 97% | 131,161 | 4,139 | |
| (112,588) | 99% | (113,492) | 904 | |
| 3,988 | | (8,170) | 12,158 | |
| 33,115 | | | | |
| | | <u>37,103</u> | | |
| | | 13,116 | | |

Environmental Services

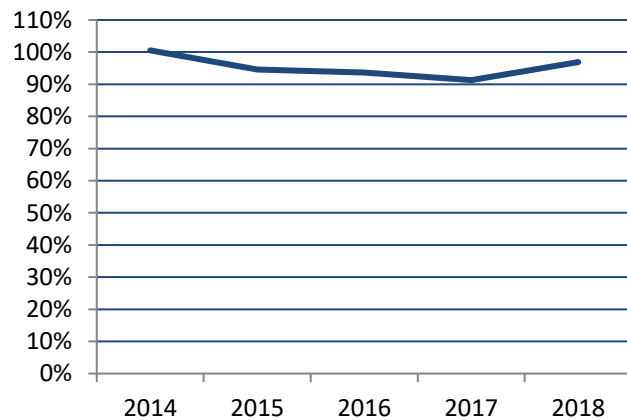
Operating revenues are over budget by \$7.1M. In late 2017/2018, one of ES largest Industrial Waste customers, WestRock, had a pretreatment issue which led to higher than expected strength charge revenue.

Operating expenses are under budget by \$4.1M. This is driven by a \$2.8M underrun in Grants (Storm water, Green Infrastructure, I&I), a \$2M underrun in consulting (sludge removal, line item shift with M&S), and a \$1.5M underrun in salaries (staffing vacancies). In addition, we have a \$1.3M underrun in chemicals (polymers), and a \$1.3M underrun in capital outlay (fleet, ES-IS). This is offset by a \$2.6M overrun in Materials and Supplies (warehouse/inventory needs, line item shift with contract services). and a \$2.3M overrun in utilities (electricity generator).

Transfers are under budget by \$.9M, which is driven by the RA Expense allocation.

In 2019, ES operations amended budget has a \$6.7M use of reserves (\$4.1M for 2018 carryforward items/Grants, projects, and \$2.6M for planned rate relief). With the above variances, reserves will increase by approximately \$4.0M in 2018, with an ending reserve balance of \$37.1M.

Environmental Services % of Budget Spent - 4th Quarter



HOUSING AND REDEVELOPMENT FUND

Unaudited - dollars in thousands

2018 4th Quarter Financial Report Housing and Redevelopment Fund Unaudited - dollars in thousands

| Housing and Redevelopment Authority | | | | |
|-------------------------------------|--------------|----------|-------------|----------|
| | Year-End | % Budget | 2018 Budget | Variance |
| Revenues | 68,765 | 101% | 67,803 | 962 |
| Expenses | 68,711 | 101% | 68,311 | (400) |
| Transfers | (885) | 78% | (1,130) | 245 |
| Change in Reserve Balance | (831) | | (1,638) | 807 |
| Beginning Reserve Balance | 7,931 | | | |
| Ending Reserve Balance | <u>7,100</u> | | | |
| Target Balance | | | 5,780 | |

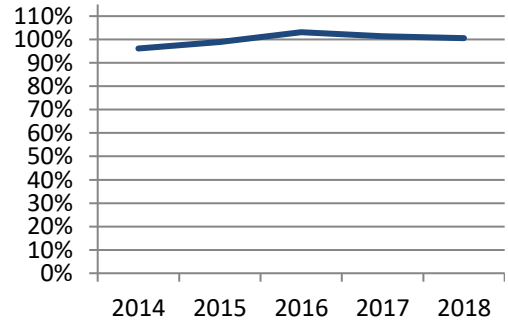
Housing and Redevelopment Authority

Revenues came in \$1.0M or 1% favorable to budget for the year. The majority of Housing and Redevelopment Authority's (HRA) budgeted revenue (94%) comes from federal appropriations. Remaining funds come from state and other sources. Federal revenues came in \$1.0M or 2% ahead of budget and state revenues came in \$0.4M or 20% under budget.

Expenses came in \$0.4M or 1% unfavorable to budget. Cost savings in salaries helped off-set higher than budgeted voucher pass through costs.

HRA came into the year with a starting reserve balance of \$7.9M. The year end fund balance was drawn down to \$7.1M, a \$0.8M increase over the current budget and above the Council targeted reserve balance of \$5.8M.

HRA % of Budget Spent - 4th Quarter



METRO TRANSIT-BUS

Unaudited - dollars in thousands

2018 4th Quarter Financial Report Metro Transit - Bus Unaudited - dollars in thousands

Revenues
Expenses
Transfers
Change in Reserve Balance
Beginning Reserve Balance

Ending Reserve Balance

Target Balance

| Metro Transit - Bus | | | |
|---------------------|--------|----------|----------|
| | % | 2018 | |
| Year-End | Budget | Budget | Variance |
| 329,475 | 100% | 328,819 | 656 |
| 295,049 | 97% | 305,006 | 9,957 |
| (19,795) | 90% | (22,099) | 2,304 |
| 14,631 | | 1,714 | 12,917 |
| 69,113 | | | |
| 83,744 | | | |
| 27,150 | | | |

Metro Transit Bus

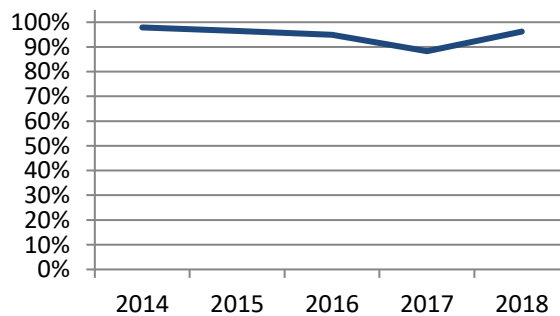
The CY 2018 amended budget has a surplus of \$1.7M.

Passenger fares are \$2.3M below budget due to ridership being 2.2% below the budgeted level. Average fare per passenger for CY 2018 is \$1.29 compared to \$1.19 in CY 2017. Bus ridership was 4.1% below prior year levels. Investment earnings were \$1.5M favorable due to favorable fund balance and cash balances.

Operating expenses of \$310.2M were \$12.2M under budget. This is mainly due to: Fuel below budget by \$1.4M due to lower than expected pump prices combined with continued low futures; Professional and technical services are \$1.4M below budget due to more work being done by Metro Transit staff; Casualty and Liability Insurance was \$1.8M under the budgeted level due to low claims; Utilities were below budget by \$1.3M due to lower than anticipated rates and energy conservation at our facilities; Materials and supplies were favorable by \$1.4M due to less repairs and new buses in the fleet; and Modal allocations were favorable by \$2.5M as costs were shared by LRT and Northstar.

Overall financial results had an increase to the fund balance of \$14.6M

Metro Transit - Bus % of Budget Spent - 4th Quarter



METRO TRANSIT-LIGHT RAIL

Unaudited - dollars in thousands

2018 4th Quarter Financial Report Metro Transit - Light Rail Unaudited - dollars in thousands

Revenues
Expenses
Transfers
Change in Reserve Balance
Beginning Reserve Balance

Ending Reserve Balance

Target Balance

| Metro Transit - Light Rail | | | |
|----------------------------|--------|-------------|----------|
| % | | | |
| Year-End | Budget | 2018 Budget | Variance |
| 76,898 | 99% | 77,842 | (944) |
| 58,539 | 91% | 64,482 | 5,943 |
| (14,583) | 109% | (13,360) | (1,223) |
| 3,776 | | 0 | 3,776 |
| 9,834 | | | |
| <hr/> | | | |
| 13,610 | | | |
| <hr/> | | | |
| 6,461 | | | |

Metro Transit Light Rail

The CY 2018 amended budget for LRT was a balanced budget.

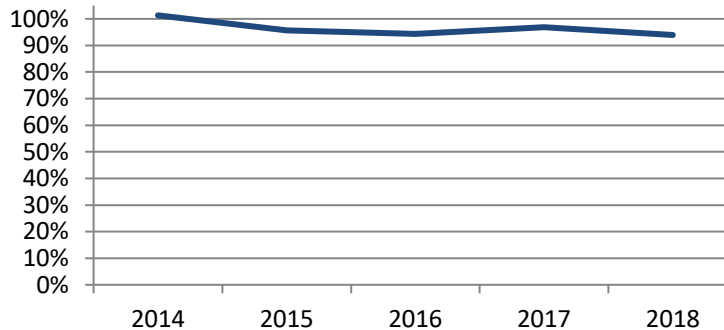
Passenger fares for the year were favorable by \$473K. Average fare per passenger is \$1.08 which is up from the \$1.02 in CY 2017. Blue Line ridership was 396k over budget and 4.6% ahead of 2017 levels. Green Line ridership was 689k over budget and 5.0% ahead of 2017 levels.

Total revenues were \$944 K below budget due to refunds to the funding partners based per the operating funding agreements.

Operating expenses are \$7.1M below the budgeted levels. Mainly due to: Labor and benefits are \$2.7M favorable due to open positions and savings in healthcare; Professional and technical services are \$1.6M below budget due to more working being done by Metro Transit staff; and Modal allocations were \$2.2M over budget (mostly due to police on the LRT), which was partially offset by lower Council Allocations.

Overall financial results had an increase to the fund balance of \$3.8M

Metro Transit - Light Rail % of Budget Spent - 4th Quarter



METRO TRANSIT-COMMUTER RAIL

Unaudited - dollars in thousands

2018 4th Quarter Financial Report Metro Transit - Commuter Rail Unaudited - dollars in thousands

| | Metro Transit - Commuter Rail | | | |
|---------------------------|-------------------------------|----------|-------------|----------|
| | Year-End | % Budget | 2018 Budget | Variance |
| Revenues | 18,122 | 93% | 19,547 | (1,425) |
| Expenses | 14,447 | 80% | 18,107 | 3,660 |
| Transfers | (1,767) | 123% | (1,441) | (326) |
| Change in Reserve Balance | 1,908 | | (1) | 1,909 |
| Beginning Reserve Balance | 3,552 | | | |
| Ending Reserve Balance | <u>5,460</u> | | | |
| Target Balance | 1,622 | | | |

Metro Transit - Commuter Rail

Commuter Rail has a balanced amended budget for CY 2018.

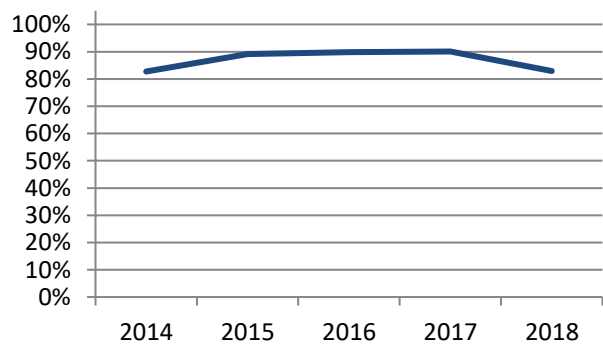
Ridership was overbudget by 47K which resulted in a favorable variance of \$74K. Northstar ridership was 6.4% over budget and (0.8%) below 2017 levels.

Overall revenues were below budget by \$1.4M due to refunds to the funding partners per the operating funding agreements.

Operating expense for CY 2018 are \$4.0M underbudget. Mainly due to: Labor and benefits were \$1.4M underbudget due to open positions and savings in healthcare; BNSF expenses are to be \$600K below budget due to less track repairs than anticipated; and Fuel and Utilities were below budget by \$250K due to low prices throughout the year.

Overall financial results had an increase to fund balance of \$1.9M.

MT - Commuter Rail % of Budget Spent - 4th Quarter



METROPOLITAN TRANSPORTATION SERVICES

Unaudited - dollars in thousands

2018 4th Quarter Financial Report Metropolitan Transportation Services - Transportation Planning Unaudited - dollars in thousands

| MTS - Transportation Planning | | | | |
|-------------------------------|--------------|-------|-------------|----------|
| % | | | | |
| | Year-End | Budge | 2018 Budget | Variance |
| Revenues | 7,816 | 80% | 9,786 | (1,970) |
| Expenses | 4,953 | 62% | 7,940 | 2,987 |
| Transfers | (1,966) | 101% | (1,951) | (15) |
| Change in Reserve Balance | 897 | | (105) | 1,002 |
| Beginning Reserve Balance | 4,060 | | | |
| Ending Reserve Balance | <u>4,957</u> | | | |
| Target Balance | | | 3,116 | |

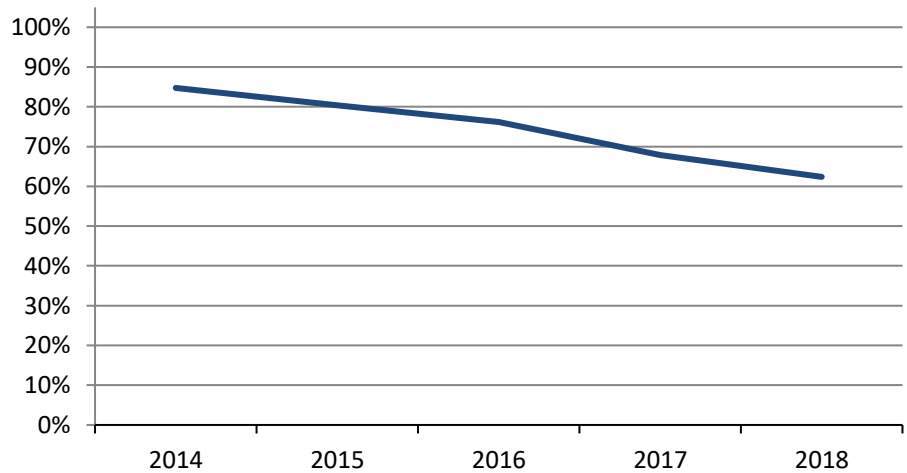
MTS - Transportation Planning

Revenues came in \$2.0M or 20% unfavorable to budget for the year. Federal revenues were down due to slowed consultant spending. When spending slows, less revenue from federal and state planning grants is received.

Expenses came in \$3.0M or 38% favorable to budget. This was due primarily to lower than anticipated consultant spending as a result of staff focusing on the in-house development of the Transportation Policy Plan Update. Salary and benefit savings of \$0.5M resulted from open positions.

The year end fund balance for 2018 is \$4.9M, a \$1.0M increase over the current budget and above the Council targeted reserve balance of \$3.1M.

MTS - Transportation Planning - % of Budget Spent - 4th Quarter



MTS-METRO MOBILITY

Unaudited - dollars in thousands

2018 4th Quarter Financial Report Metropolitan Transportation Services - Metro Mobility Unaudited - dollars in thousands

| | MTS - Metro Mobility | | | |
|---------------------------|----------------------|--------|-------------|----------|
| | Year-End | Budget | 2018 Budget | Variance |
| Revenues | 66,348 | 101% | 65,543 | 805 |
| Expenses | 74,030 | 99% | 74,531 | 501 |
| Transfers | (2,269) | 101% | (2,254) | (15) |
| Change in Reserve Balance | (9,951) | | (11,242) | 1,291 |
| Beginning Reserve Balance | 27,952 | | | |
| Ending Reserve Balance | <u>18,001</u> | | | |
| Target Balance | | | 7,679 | |

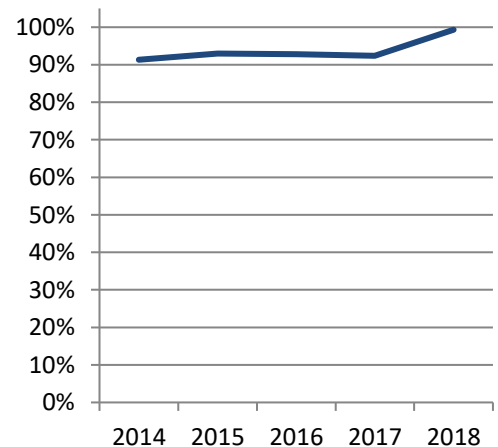
MTS - Metro Mobility

Revenues came in \$0.8M or 1.2% favorable to budget for the year. 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 1.4% favorable to budget.

Expenses came in \$0.5M or 1% favorable to budget. Payments to Metro Mobility service providers were up 2% relative to budget due to higher than budgeted ridership. Favorable gas, utility, and technology costs helped offset provider payments.

Metro Mobility came into the year with a starting balance of \$27.9M due, in part, to one-time state appropriations for the program. The year end fund balance was drawn down to \$18.0M, a \$1.3M increase over the current budget and above the Council targeted reserve balance of \$7.7M.

MTS - Metro Mobility % of Budget Spent - 4th Quarter



MTS-CONTRACTED SERVICES

Unaudited - dollars in thousands

2018 4th Quarter Financial Report Metropolitan Transportation Services - Contracted Service Unaudited - dollars in thousands

| | MTS - Contracted Service | | | |
|---------------------------|--------------------------|--------|-------------|----------|
| | Year-End | Budget | 2018 Budget | Variance |
| Revenues | 28,143 | 97% | 29,067 | (924) |
| Expenses | 25,203 | 89% | 28,201 | 2,998 |
| Transfers | (868) | 100% | (867) | (1) |
| Change in Reserve Balance | 2,072 | | (1) | 2,073 |
| Beginning Reserve Balance | 5,636 | | | |
| Ending Reserve Balance | <u>7,708</u> | | | |
| Target Balance | | | 2,907 | |

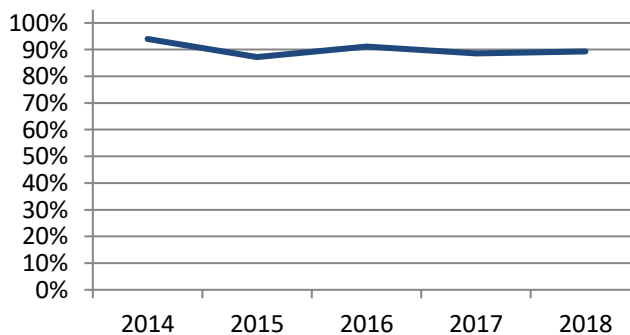
MTS - Contracted Service

Revenues came in \$0.9M or 3.2% unfavorable to budget for the year. Federal revenues were down due to fewer rides being eligible for 5311 funding.

Expenses came in \$3.0M or 11% favorable to budget for the year. This was due primarily to a Transit Link driver shortage and lower than budgeted fixed route service contract rates. Contract rates had not been negotiated at the time of budget development.

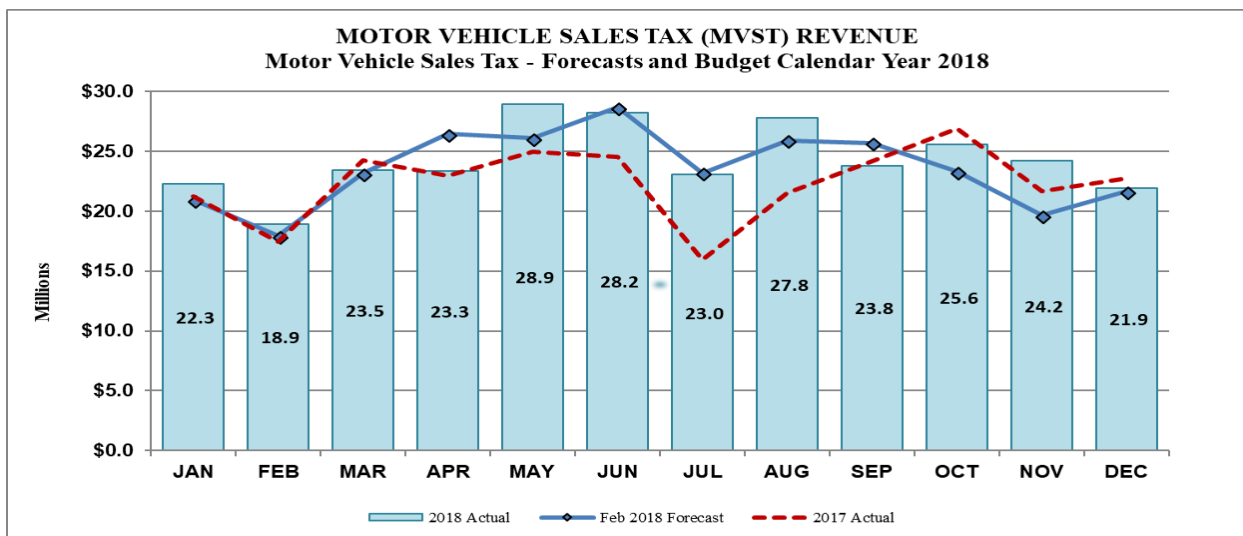
The year end fund balance for 2018 is \$7.7M, a \$2.1M increase over the current budget and above the Council targeted reserve balance of \$2.9M.

MTS -Contracted Service % of Budget Spent - 4thQuarter

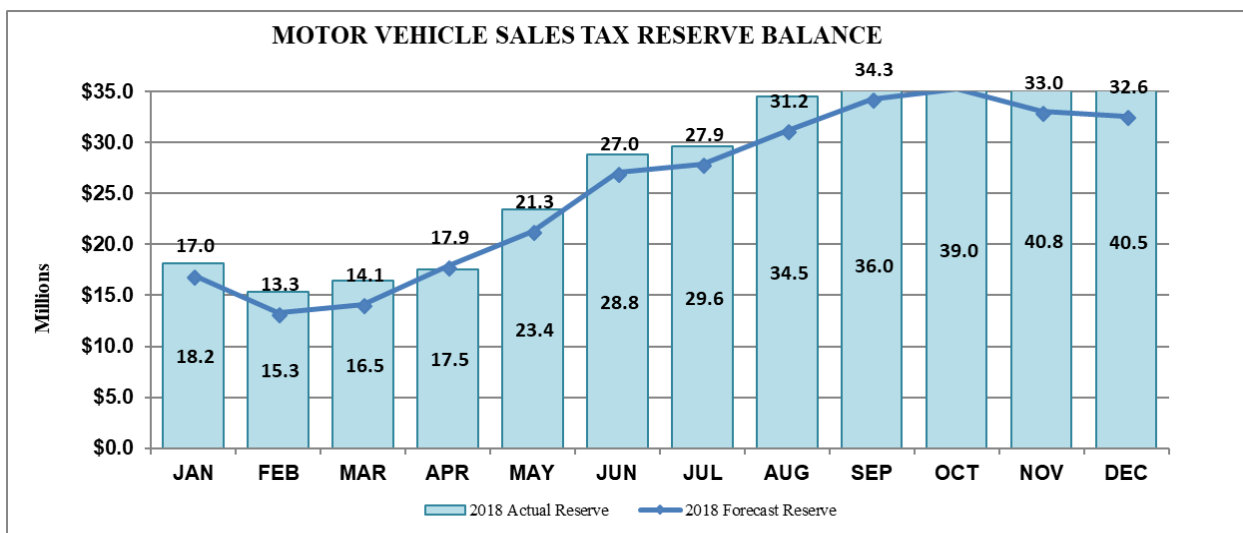


Financial Management Report

MOTOR VEHICLE SALES TAX (MVST) REVENUES



Motor vehicle sales tax receipts for 2018 totaled thru December 2018 were just under \$291.4 million, 103% of November 2018 forecast thru December. MVST reserves were \$40.5 million at the end of December.



Financial Management Report

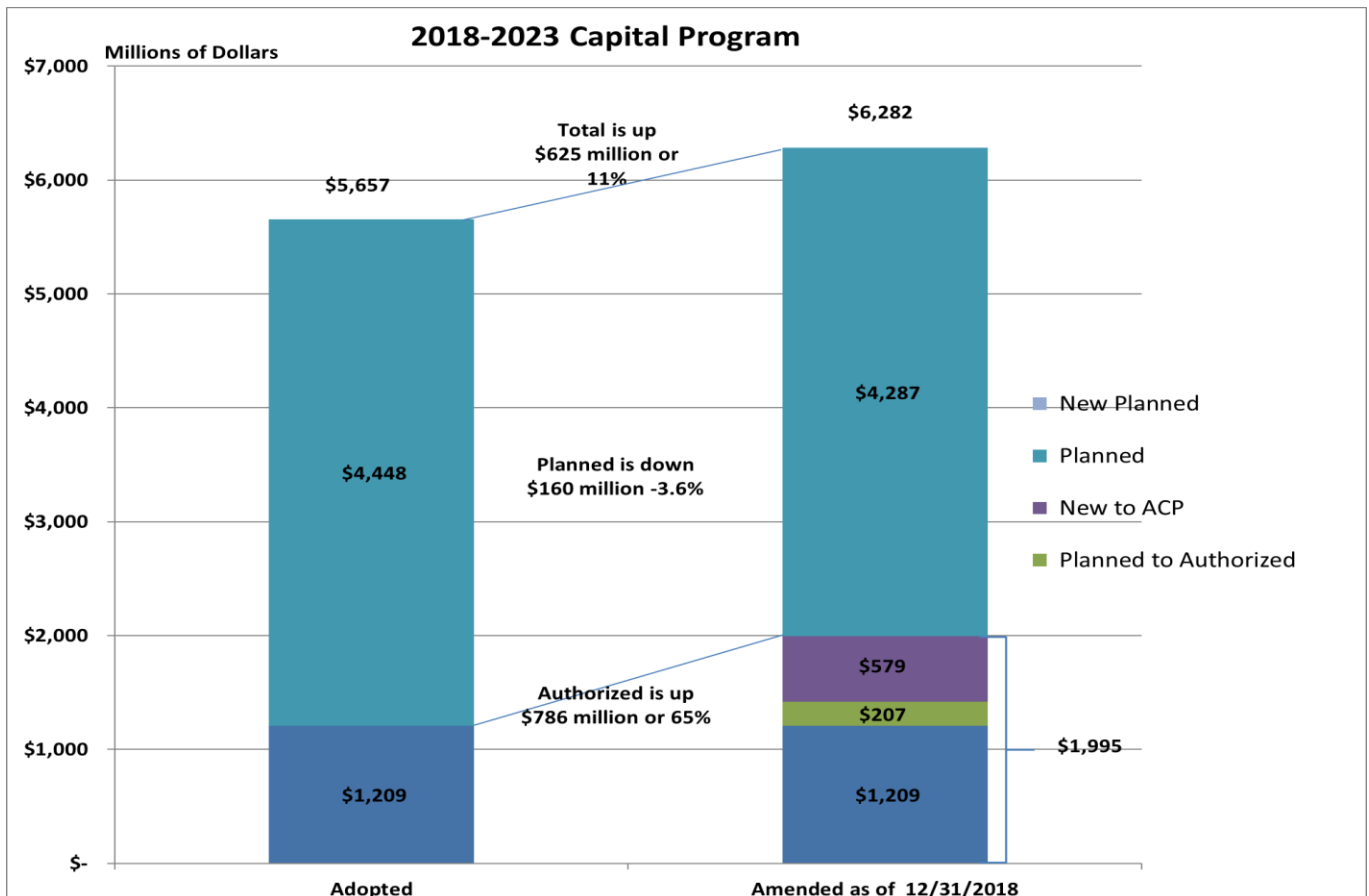
MOTOR VEHICLE SALES TAX (MVST) REVENUES FORECASTS & BUDGET

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 | 281.5 | 139.2 | 142.3 |
| 2018 Council Budget: | | | |
| Current MVST Revenues | 267.4 | 132.2 | 135.2 |
| Use of MVST Reserve | 0.0 | 0.0 | 0.0 |
| November 2018 Forecast Thru Fourth Quarter | 282.6 | 143.2 | 139.4 |
| YTD Actuals | 291.4 | 145.1 | 146.3 |
| % of November Forecast | 103.1% | 101.3% | 104.9% |

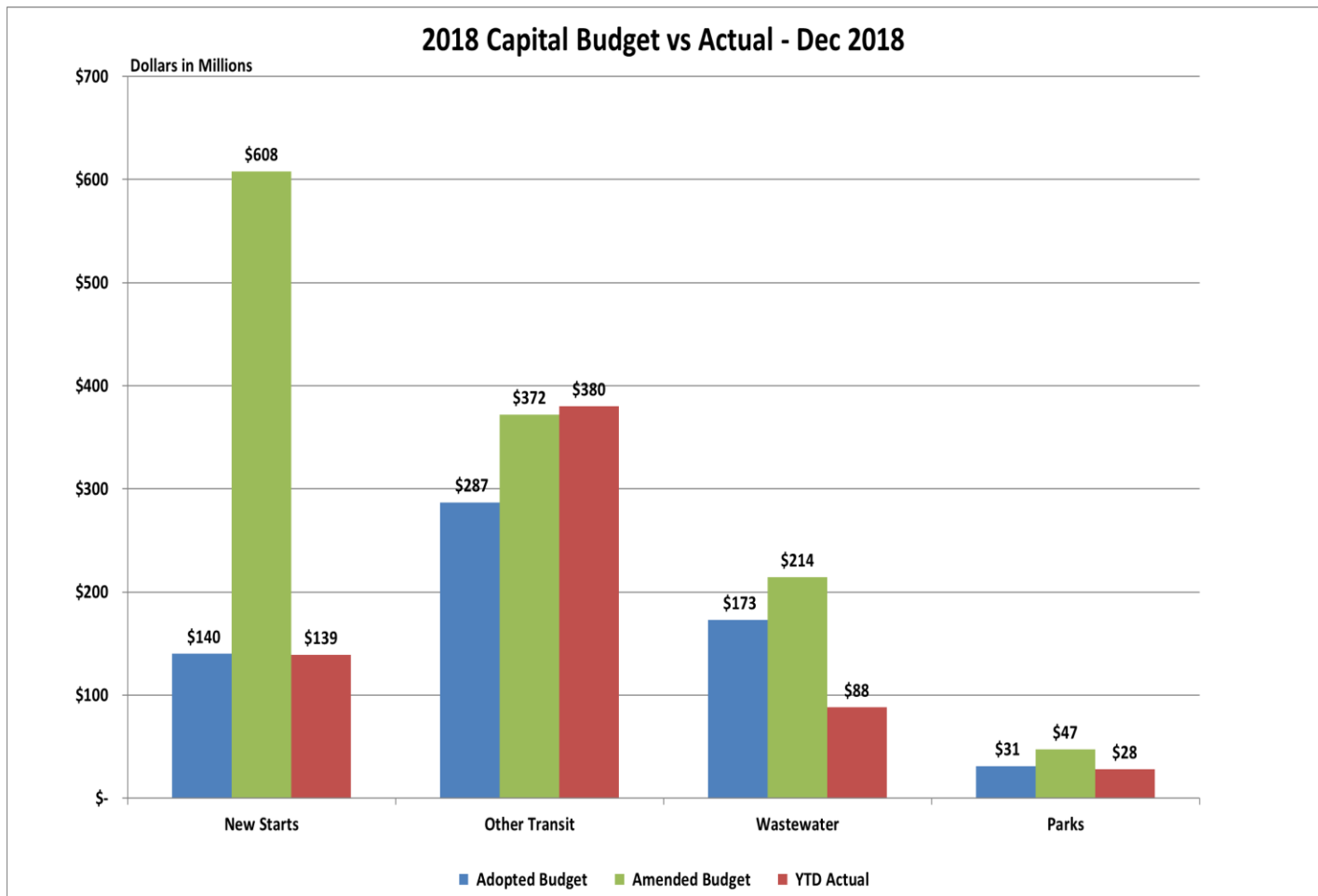
2018-2023 CAPITAL IMPROVEMENT PROGRAM



Capital Program (Excluding Pre-2017 Expenditures)

The capital program (excluding pre-2017 expenditures) increased by \$579 million for amendments through December. The authorized portion of the capital program (the ACP) is up \$786 million or 65 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 \$1,242 million. Actual 2018 capital expenditures total 101 percent of the adopted budget and 51 percent of the amended budget. Actual expenditures as a percent of the amended budget were 53 percent for transit projects, 41 percent for wastewater projects and 59 percent for parks projects.

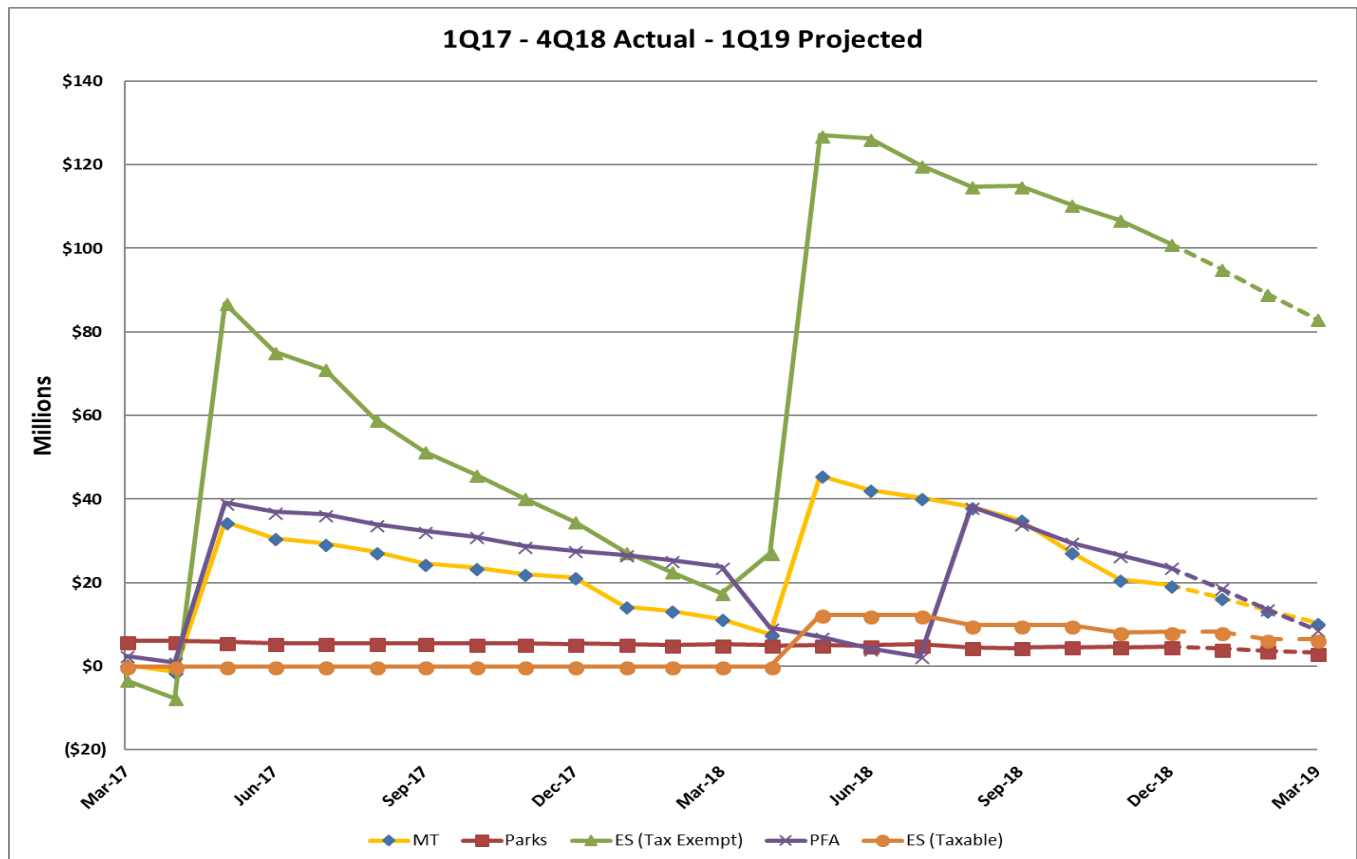
Financial Management Report

CAPITAL FUND CASH BALANCES

The GO capital bond fund for Transit experienced slightly higher than normal spend down during the quarter, seeing an average spend of \$5.2M during the quarter. This represents an increase over the \$3.6M average monthly spend over the year and was buoyed by two months with larger than normal spend downs (\$7.7M and \$6.5M in October and November, respectively). The GO capital bond fund for Parks continues to follow a pattern of lower expenditures and, in fact, turned negative during the quarter resulting in larger cash balances in Parks debt funds than the prior quarter. Environmental Services (ES) GO capital bond funds have been spent down slightly lower than projections. This can be attributed to lower spend downs in October and November, returning to a more normal spend down in December. Expenditures eligible for reimbursement from the Minnesota Public Facilities Authority (PFA) loan have maintained an average drawdown of just over \$3M per month for the most recent quarter, following a trend started last 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 2019 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 continue to monitor the debt portfolio for refunding opportunities and have no candidates at this time.



STATEMENT OF REVENUES AND EXPENSES
General Fund
December 31, 2018

Unaudited

| | YEAR-END ACTUALS | 2018 BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) |
|-----------------------------------|---------------------|----------------|--|
| <u>REVENUES</u> | | | |
| Property Taxes | 14,843,090 | 14,905,148 | (62,058) |
| Investment Earnings | 819,726 | 536,288 | 283,438 |
| Chargebacks - MAC | 277,155 | - | 277,155 |
| Other Revenue | 371,334 | 305,186 | 66,148 |
| Total Revenues | 16,311,305 | 15,746,622 | 564,683 |
| <u>EXPENSES</u> | | | |
| Salary and Benefits | 43,232,570 | 44,506,026 | 1,273,456 |
| Consulting & Contractual Services | 14,963,604 | 18,110,266 | 3,146,662 |
| Rent & Utilities | 5,043,393 | 4,806,491 | (236,902) |
| Printing | 21,471 | 128,000 | 106,529 |
| Travel & Professional Development | 653,231 | 559,000 | (94,231) |
| Insurance | 49,687 | 30,000 | (19,687) |
| Other Operating Expense | 1,516,381 | 3,117,073 | 1,600,692 |
| Total Expenses | 65,480,337 | 71,256,856 | 5,776,519 |
| <u>TRANSFERS</u> | | | |
| Transfer In | 60,729,742 | 63,173,859 | (2,444,117) |
| Transfer Out | (8,768,400) | (9,127,091) | 358,691 |
| Total Transfers | 51,961,342 | 54,046,768 | (2,085,426) |
| Change in Reserve Balance | 2,792,310 | (1,463,466) | 4,255,776 |
| Beginning Fund Balance | 18,773,899 | | |
| Assigned/Committed | (4,760,529) | | |
| Carry Over | (5,398,000) | | |
| Ending Unassigned Reserve Balance | 11,407,680 | | |
| 2018 Target Balance (10%) | 7,125,686 | | |

STATEMENT OF REVENUES AND EXPENSES
Environmental Services
December 31, 2018

Unaudited

| | YEAR-END ACTUALS | 2018 BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|---------------------|----------------|--|
| <u>REVENUES</u> | | | |
| Municipal Wastewater Charges | 219,269,648 | 219,749,756 | (480,108) |
| Industrial Charges | 20,460,947 | 13,680,000 | 6,780,947 |
| State Appropriations Revenue | 1,050,096 | 1,647,747 | (597,651) |
| Investment Earnings | 1,610,979 | 800,000 | 810,979 |
| Other Revenue | 1,206,159 | 605,000 | 601,159 |
| Total Revenues | 243,597,829 | 236,482,503 | 7,115,326 |
| <u>EXPENSES</u> | | | |
| Salary and Benefits | 64,591,757 | 66,050,620 | 1,458,863 |
| Consulting & Contractual Services | 19,452,529 | 20,794,899 | 1,342,370 |
| Rent & Utilities | 18,590,016 | 16,298,805 | (2,291,211) |
| Travel | 389,529 | 495,946 | 106,417 |
| Materials & Supplies | 12,752,401 | 9,327,472 | (3,424,929) |
| Chemicals | 7,378,709 | 8,698,912 | 1,320,203 |
| Capital Outlay | 1,877,465 | 2,960,142 | 1,082,677 |
| I&I, Storm water, CWF, WOMP Grant Expense | 1,203,180 | 4,038,130 | 2,834,950 |
| Other Operating Expense | 786,477 | 2,496,102 | 1,709,625 |
| Total Expenses | 127,022,063 | 131,161,028 | 4,138,965 |
| <u>TRANSFERS</u> | | | |
| SAC Transfer | 41,929,000 | 41,929,000 | - |
| Transfers In | 713,548 | 800,000 | (86,452) |
| Debt Service | (131,000,000) | (131,000,000) | - |
| Transfer Out - RA Expense Allocation | (15,018,004) | (16,220,643) | 1,202,639 |
| Transfers Out | (9,212,607) | (9,000,000) | (212,607) |
| Total Transfers | (112,588,063) | (113,491,643) | 903,580 |
| Change in Reserve Balance | 3,987,703 | (8,170,168) | 12,157,871 |
| Beginning Reserve Balance | 33,115,094 | | |
| Ending Unassigned Reserve Balance | 37,102,797 | | * |
| 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)
December 31, 2018

Unaudited

| | YEAR-END ACTUALS | 2018 BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) | YTD ACTUAL PASS THROUGH |
|--|---------------------|--------------------|--|-------------------------------|
| <u>REVENUES</u> | | | | |
| Federal Revenue | 64,506,799 | 63,539,500 | 967,299 | 59,265,397 |
| State Revenue | 1,638,797 | 2,048,500 | (409,703) | 1,520,722 |
| Investment Earnings | 65,032 | - | 65,032 | - |
| Other Revenue | 2,554,491 | 2,215,000 | 339,491 | 14,235 |
| Total Revenues | 68,765,119 | 67,803,000 | 962,119 | 60,800,354 |
| <u>EXPENSES</u> | | | | |
| Salary and Benefits | 3,990,797 | 4,175,842 | 185,045 | - |
| Consulting & Contractual Services | 852,129 | 904,000 | 51,871 | - |
| Rent & Utilities | 217,772 | 200,931 | (16,841) | - |
| Housing Expenses | 63,309,404 | 62,698,000 | (611,404) | 62,430,529 |
| Travel | 48,513 | 60,000 | 11,487 | - |
| Insurance | 82,029 | 100,000 | 17,971 | - |
| Other Operating Expense | 210,617 | 172,230 | (38,387) | - |
| Total Expenses | 68,711,261 | 68,311,003 | (400,258) | 62,430,529 |
| <u>TRANSFERS</u> | | | | |
| Transfer Out - RA Expense Allocation | (1,084,945) | (1,329,706) | 244,761 | - |
| Transfer In - Allocation | 200,000 | 200,000 | - | - |
| Total Transfers | (884,945) | (1,129,706) | 244,761 | - |
| Change in Reserve Balance | (831,087) | (1,637,709) | 806,622 | (1,630,175) |
| Beginning Reserve Balance: | | | | |
| Operating | 7,930,700 | | | |
| Total Beginning Balance | 7,930,700 | | | |
| Change in Reserve Balance: | | | | |
| Total Change in Reserve Balance | (831,087) | | | |
| Ending Reserve Balance | 7,099,613 | | | |
| 2018 Target Balance (8.3%) | 5,780,179 | | | |

Appendix

Metro Transit Bus Operations

STATEMENT OF REVENUES AND EXPENSES Metro Transit - Bus Operations December 31, 2018 Unaudited

| | YEAR-END ACTUALS | 2018 BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|---------------------|----------------|--|
| <u>REVENUES</u> | | | |
| Passenger Revenues | 70,869,033 | 73,177,768 | (2,308,735) |
| Auxiliary Transit Revenue | 3,691,108 | 3,150,000 | 541,108 |
| State Appropriations | 33,495,000 | 33,495,000 | - |
| State Revenue - MVST | 193,764,000 | 193,764,000 | - |
| Federal Grants | 21,778,269 | 21,576,661 | 201,608 |
| Investment Earnings | 2,020,141 | 500,000 | 1,520,141 |
| Other Revenue | 3,857,234 | 3,155,994 | 701,240 |
| Total Revenues | 329,474,785 | 328,819,423 | 655,362 |
| <u>EXPENSES</u> | | | |
| Salary and Benefits | 242,639,859 | 243,156,052 | 516,193 |
| Consulting & Contractual Services | 10,818,886 | 12,215,120 | 1,396,234 |
| Fuel | 13,028,295 | 14,448,838 | 1,420,543 |
| Materials & Supplies | 21,402,321 | 22,844,559 | 1,442,238 |
| Utilities | 3,242,555 | 4,489,891 | 1,247,336 |
| Other Operating Expense | 3,917,094 | 7,851,124 | 3,934,030 |
| Total Expenses | 295,049,010 | 305,005,584 | 9,956,574 |
| <u>TRANSFERS</u> | | | |
| Transfer In - Transit Allocations | 12,602,657 | 10,074,811 | 2,527,846 |
| Transfer Out - RA Expense Allocation | (32,397,613) | (32,173,530) | (224,083) |
| Total Transfers | (19,794,956) | (22,098,719) | 2,303,763 |
| Change in Reserve Balance | 14,630,819 | 1,715,120 | 12,915,699 |
| Beginning Reserve Balance | 69,113,348 | | |
| Ending Reserve Balance | 83,744,167 | | * |
| 2018 Target Balance (8.3 - 12.5%) | 27,149,657 | | |

* Includes TOD fund balance of \$0.976 M

Appendix

Metro Transit Light Rail Operations

STATEMENT OF REVENUES AND EXPENSES Metro Transit - Light Rail Operations December 31, 2018

Unaudited

| | YEAR-END ACTUALS | 2018 BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|---------------------|----------------|--|
| <u>REVENUES</u> | | | |
| Passenger Revenues | 26,713,177 | 26,239,759 | 473,418 |
| Auxiliary Transit Revenue | 1,927,906 | 1,500,000 | 427,906 |
| State Revenue - GF Appropriation | 25,026,000 | 25,026,228 | (228) |
| Local Revenue * | 23,054,583 | 25,026,228 | (1,971,645) |
| Investment Earnings | 141,455 | 25,000 | 116,455 |
| Other Revenue | 35,030 | 25,000 | 10,030 |
| Total Revenues | 76,898,151 | 77,842,215 | (944,064) |
| <u>EXPENSES</u> | | | |
| Salary and Benefits | 44,683,271 | 47,395,367 | 2,712,096 |
| Consulting & Contractual Services | 3,367,898 | 5,046,789 | 1,678,891 |
| Fuel | 42,248 | 13,906 | (28,342) |
| Materials & Supplies | 4,349,450 | 4,370,008 | 20,558 |
| Utilities | 6,241,789 | 5,590,531 | (651,258) |
| Other Operating Expense * | (145,657) | 2,065,212 | 2,210,869 |
| Total Expenses | 58,538,999 | 64,481,813 | 5,942,814 |
| <u>TRANSFERS</u> | | | |
| Transfer Out - Transit Allocations | (11,303,488) | (9,096,391) | (2,207,097) |
| Transfer Out - RA Expense Allocation | (3,279,178) | (4,264,011) | 984,833 |
| Total Transfers | (14,582,666) | (13,360,402) | (1,222,264) |
| Change in Reserve Balance | 3,776,486 | - | 3,776,486 |
| Beginning Reserve Balance | 9,834,463 | | |
| Ending Reserve Balance | 13,610,949 | | |
| 2018 Target Balance (8.3 - 12.5%) | 6,460,904 | | |

* includes refunds to funding partners

Appendix

Metro Transit Commuter Rail Operations

STATEMENT OF REVENUES AND EXPENSES Metro Transit - Commuter Rail Operations December 31, 2018

Unaudited

| | YEAR-END ACTUALS | 2018 BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|---------------------|--------------------|--|
| <u>REVENUES</u> | | | |
| Passenger Revenues | 2,631,695 | 2,557,556 | 74,139 |
| State Revenue - MVST | 7,126,800 | 7,127,184 | (384) |
| Local Revenue - Counties / MNDOT * | 8,226,116 | 9,862,524 | (1,636,408) |
| Investment Earnings | 137,159 | - | 137,159 |
| Total Revenues | 18,121,770 | 19,547,264 | (1,425,494) |
| <u>EXPENSES</u> | | | |
| Salary and Benefits | 4,029,549 | 5,469,265 | 1,439,716 |
| Consulting & Contractual Services | 6,285,132 | 6,947,352 | 662,220 |
| Fuel | 1,116,770 | 1,250,712 | 133,942 |
| Materials & Supplies | 901,672 | 1,279,251 | 377,579 |
| Utilities | 592,926 | 707,007 | 114,081 |
| Other Operating Expense | 1,520,894 | 2,453,062 | 932,168 |
| Total Expenses | 14,446,943 | 18,106,649 | 3,659,706 |
| <u>TRANSFERS</u> | | | |
| Transfer Out - Transit Allocations | (1,299,170) | (978,420) | (320,750) |
| Transfer Out - RA Expense Allocation | (467,719) | (462,195) | (5,524) |
| Total Transfers | (1,766,889) | (1,440,615) | (326,274) |
| Change in Reserve Balance | 1,907,938 | - | 1,907,938 |
| Beginning Reserve Balance | 3,551,638 | | |
| Ending Reserve Balance | 5,459,576 | | |
| 2018 Target Balance (8.3 - 12.5%) | 1,622,423 | | |

* includes refunds to funding partners

STATEMENT OF REVENUES AND EXPENSES
MTS -Transportation Planning
December 31, 2018

Unaudited

| | YEAR-END ACTUALS | 2018 BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) |
|--|---------------------|--------------------|--|
| <u>REVENUES</u> | | | |
| Federal Revenue | 4,123,890 | 5,326,341 | (1,202,451) |
| State Revenue - MVST | 3,544,700 | 4,353,667 | (808,967) |
| Investment Earnings | 52,182 | - | 52,182 |
| Chargebacks from MAC | 95,626 | 106,400 | (10,774) |
| Total Revenues | 7,816,398 | 9,786,408 | (1,970,010) |
| <u>EXPENSES</u> | | | |
| Salary and Benefits | 2,692,476 | 3,187,176 | 494,700 |
| Consulting & Contractual Services | 1,654,058 | 3,985,632 | 2,331,574 |
| Rent & Utilities | 429,844 | 398,406 | (31,438) |
| Travel | 36,071 | 45,000 | 8,929 |
| Grants | 84,022 | 120,980 | 36,958 |
| Other Operating Expense | 56,690 | 203,170 | 146,480 |
| Total Expenses | 4,953,161 | 7,940,364 | 2,987,203 |
| <u>TRANSFERS</u> | | | |
| Transfer Out - RA Expense Allocation | (1,966,003) | (1,951,202) | (14,801) |
| Total Transfers | (1,966,003) | (1,951,202) | (14,801) |
| Change in Reserve Balance | 897,234 | (105,158) | 1,002,392 |
| Beginning Reserve Balance | 4,059,542 | | |
| Ending Reserve Balance | 4,956,776 | | |
| 2018 Target Balance (Combined 15%, 31.5% TP Fund) | 3,116,000 | | |

STATEMENT OF REVENUES AND EXPENSES
MTS - Metro Mobility
December 31, 2018

Unaudited

| | YEAR-END ACTUALS | 2018 BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) |
|--|---------------------|--------------------|--|
| <u>REVENUES</u> | | | |
| Passenger Revenue | 7,986,649 | 7,876,373 | 110,276 |
| State Appropriations | 57,667,220 | 57,667,000 | 220 |
| Investment Earnings | 693,849 | - | 693,849 |
| Total Revenues | 66,347,718 | 65,543,373 | 804,345 |
| <u>EXPENSES</u> | | | |
| Salary and Benefits | 1,654,436 | 1,936,249 | 281,813 |
| Consulting & Contractual Services | 65,574,584 | 63,562,592 | (2,011,992) |
| Fuel | 6,376,896 | 7,663,755 | 1,286,859 |
| Rent & Utilities | 83,918 | 381,922 | 298,004 |
| Other Operating Expense | 339,737 | 986,590 | 646,853 |
| Total Expenses | 74,029,571 | 74,531,108 | 501,537 |
| <u>TRANSFERS</u> | | | |
| Transfer Out - RA Expense Allocation | (2,268,583) | (2,253,955) | (14,628) |
| Total Transfers | (2,268,583) | (2,253,955) | (14,628) |
| Change in Reserve Balance | (9,950,436) | (11,241,690) | 1,291,254 |
| Beginning Reserve Balance - Total | 27,952,122 | | |
| Ending Reserve Balance | 18,001,686 | | |
| 2018 Target Balance (10%) | 7,679,000 | | |

STATEMENT OF REVENUES AND EXPENSES
MTS - Contracted Service
December 31, 2018

Unaudited

| | YEAR-END ACTUALS | 2018 BUDGET | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|---------------------|----------------|--|
| <u>REVENUES</u> | | | |
| Passenger Revenues | 2,259,812 | 2,652,774 | (392,962) |
| Federal Revenue | 1,635,513 | 2,198,202 | (562,689) |
| State Revenue - MVST | 24,010,051 | 24,216,000 | (205,949) |
| Investment Earnings | 238,120 | - | 238,120 |
| Total Revenues | 28,143,496 | 29,066,976 | (923,480) |
| <u>EXPENSES</u> | | | |
| Salary and Benefits | 816,854 | 818,965 | 2,111 |
| Consulting & Contractual Services | 22,776,363 | 25,183,882 | 2,407,519 |
| Rent & Utilities | 0 | 82,631 | 82,631 |
| Travel | 6,234 | 12,500 | 6,266 |
| Grants | 1,562,776 | 1,822,202 | 259,426 |
| Other Operating Expense | 40,717 | 280,543 | 239,826 |
| Total Expenses | 25,202,944 | 28,200,723 | 2,997,779 |
| <u>TRANSFERS</u> | | | |
| Transfer Out - RA Expense Allocation | (867,940) | (866,628) | (1,312) |
| Total Transfers | (867,940) | (866,628) | (1,312) |
| Change in Reserve Balance | 2,072,612 | (375) | 2,072,987 |
| Beginning Reserve Balance | 5,636,400 | | |
| Ending Reserve Balance | 7,709,012 | | |
| 2018 Target Balance (Combined 15%, 10% Cont Svc Funds) | 2,907,000 | | |

STATEMENT OF REVENUES AND EXPENSES
Self-Insurance
December 31, 2018

Unaudited

| | MEDICAL | DENTAL | TOTAL |
|---------------------------|-------------------|------------------|-------------------|
| <u>REVENUES</u> | | | |
| Medical premiums: | | | |
| Active employees | 65,642,935 | 4,195,397 | 69,838,332 |
| Retirees | 9,038,684 | 1,039,122 | 10,077,806 |
| Investment Earnings | 642,167 | 46,967 | 689,134 |
| Other Revenue | 2,098,348 | - | 2,098,348 |
| Total Revenues | 77,422,134 | 5,281,486 | 82,703,620 |
| <u>EXPENSES</u> | | | |
| Claims and Fees | 74,664,601 | 4,735,789 | 79,400,390 |
| Services | 727,746 | - | 727,746 |
| Other Operating Expense | 21,702 | - | 21,702 |
| Total Expenses | 75,414,049 | 4,735,789 | 80,149,838 |
| Change in Reserve Balance | 2,008,085 | 545,697 | 2,553,782 |
| Beginning Reserve Balance | 26,932,507 | 2,188,818 | 29,121,325 |
| Ending Reserve Balance | 28,940,592 | 2,734,515 | 31,675,107 |

STATEMENT OF REVENUES AND EXPENSES
Other Post Employment Benefits
December 31, 2018

Unaudited

| | ES RETIREE HEALTH | MT RETIREE HEALTH | RA RETIREE HEALTH | TOTAL |
|-------------------------------------|----------------------|----------------------|----------------------|--------------------|
| <u>REVENUES</u> | | | | |
| Investment Earnings | 1,739,385 | 3,551,925 | 127,106 | 5,418,416 |
| Unrealized Gain/Loss | (3,064,170) | (6,497,918) | (237,261) | (9,799,349) |
| Total Revenues | (1,324,785) | (2,945,993) | (110,155) | (4,380,933) |
| <u>EXPENSES</u> | | | | |
| Post Retirement Health Care | 5,251,462 | 6,819,007 | 202,112 | 12,272,581 |
| Contractual Services | 5,361 | 10,713 | 394 | 16,468 |
| Total Expenses | 5,256,823 | 6,829,720 | 202,506 | 12,289,049 |
| Change in OPEB fund | (6,581,608) | (9,775,713) | (312,661) | (16,669,982) |
| Beginning Asset Value | 90,353,133 | 185,314,718 | 6,529,092 | 282,196,943 |
| Change in Net OPEB Obligation (NOO) | 129,384 | 253,636 | 9,826 | 392,846 |
| Ending Asset Value | 83,900,909 | 175,792,641 | 6,226,257 | 265,919,807 |