

People

Transportation

Housing

Bikes

Planning

Financial Condition

Future

Bus

Parks

Cars

Sustainability

Efficient

4th QUARTER 2023 FINANCIAL REPORT

Prosperity

Train

Growth

Light Rail

April 24, 2024

Livability

Light Rail

Trails

Diversity

Treatment

Equity

Airplane

Communities

Wastewater & Water

Lakes

Treatment

Regional

Economic

Roads



Table of Contents 4th Quarter 2023 Financial Report

Financial Management Report.....	1
OPERATING FUNDS—STATEMENT OF REVENUES & EXPENSES	1
INVESTMENT PORTFOLIO BALANCES	2
METROPOLITAN COUNCIL INVESTMENT PERFORMANCE—SHORT-TERM PORTFOLIO	3
METROPOLITAN COUNCIL INVESTMENT PERFORMANCE—LONG-TERM PORTFOLIO	4
OPEB PORTFOLIO INVESTMENT RESULTS	5
GENERAL FUND	6
ENVIRONMENTAL SERVICES	7
HOUSING AND REDEVELOPMENT FUND	8
METRO TRANSIT—BUS	9
METRO TRANSIT—LIGHT RAIL	10
METRO TRANSIT—COMMUTER RAIL	11
MTS—TRANSPORTATION PLANNING.....	12
MTS—METRO MOBILITY	13
MTS—CONTRACTED SERVICES.....	14
MOTOR VEHICLE SALES TAX (MVST) REVENUES FORECASTS & BUDGET	15
MOTOR VEHICLE SALES TAX (MVST) REVENUES FORECASTS & BUDGET	16
2023-2028 CAPITAL IMPROVEMENT PROGRAM	17
CAPITAL SPENDING	18
CAPITAL FUND CASH BALANCES	19
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
Self-Insurance.....	29
OPEB.....	30

Financial Management Report

OPERATING FUNDS-STATEMENT OF REVENUES & EXPENSES

OPERATING FUNDS STATEMENT OF REVENUES AND EXPENSES 2023 - 4th Quarter Results (in thousands) Unaudited

	General Fund				Environmental Services				Housing and Redevelopment Authority			
	Year-End	% Budget	2023 Budget	Variance*	Year-End	% Budget	2023 Budget	Variance*	Year-End	% Budget	2023 Budget	Variance*
Revenues	18,854	100%	18,860	(6)	299,555	102%	294,998	4,557	97,383	101%	96,536	847
Expenses	94,285	89%	106,322	12,037	165,098	99%	167,136	2,038	94,221	97%	96,867	2,646
Transfers	79,411	95%	83,678	(4,267)	(128,555)	99%	(129,684)	1,129	(1,229)	66%	(1,850)	621
Change in Reserve Balance	3,980		(3,784)	7,764	5,902		(1,822)	7,724	1,933		(2,181)	4,114
Beginning Reserve Balance	31,144				38,249				16,446			
Assigned/Committed	(7,851)				0				0			
Carry Forward - Amendment	(4,579)				0				0			
Ending Reserve Balance	<u>22,694</u>				<u>44,151</u>				<u>18,378</u>			
Target Balance	10,632				16,714				8,193			

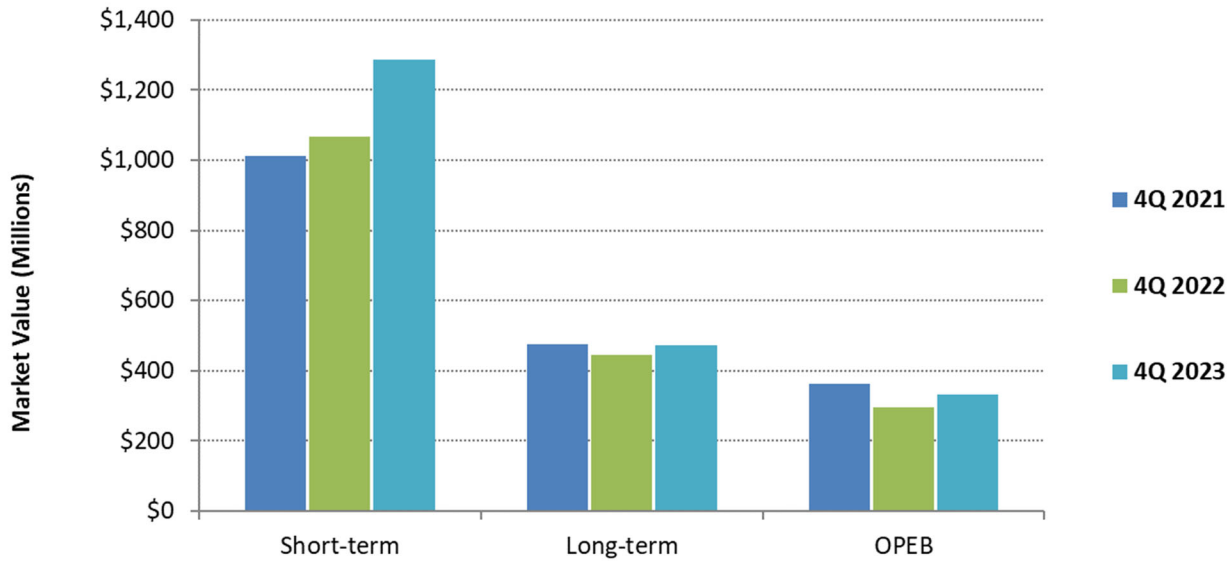
	Metro Transit - Bus				Metro Transit - Light Rail				Metro Transit - Commuter Rail			
	Year-End	% Budget	2023 Budget	Variance*	Year-End	% Budget	2023 Budget	Variance*	Year-End	% Budget	2023 Budget	Variance*
Revenues	475,782	101%	470,885	4,897	98,165	96%	102,175	(4,010)	11,730	76%	15,390	(3,660)
Expenses	312,576	82%	380,291	67,715	70,446	90%	78,072	7,626	10,623	69%	15,374	4,751
Transfers	(41,919)	101%	(41,310)	(609)	(22,028)	91%	(24,144)	2,116	(1,007)	41%	(2,466)	1,459
Change in Reserve Balance	121,287		49,284	72,003	5,691		(41)	5,732	100		(2,450)	2,550
Beginning Reserve Balance	<u>139,482</u>				<u>17,178</u>				<u>11,033</u>			
Ending Reserve Balance	<u>260,769</u>				<u>22,870</u>				<u>11,132</u>			
Target Balance	34,138				8,484				1,481			

	MTS - Transportation Planning				MTS - Metro Mobility				MTS - Contracted Service			
	Year-End	% Budget	2023 Budget	Variance*	Year-End	% Budget	2023 Budget	Variance*	Year-End	% Budget	2023 Budget	Variance*
Revenues	10,183	97%	10,531	(348)	101,449	100%	101,883	(434)	33,415	105%	31,855	1,560
Expenses	6,771	77%	8,820	2,049	100,008	98%	101,854	1,846	33,584	99%	34,093	509
Transfers	(2,085)	98%	(2,129)	44	(2,752)	97%	(2,828)	76	(2,610)	99%	(2,629)	19
Change in Reserve Balance	1,327		(418)	1,745	(1,311)		(2,799)	1,488	(2,779)		(4,867)	2,088
Beginning Reserve Balance	<u>9,608</u>				<u>31,870</u>				<u>17,904</u>			
Ending Reserve Balance	<u>10,934</u>				<u>30,560</u>				<u>15,125</u>			
Target Balance	3,285				10,468				3,672			

*Variance = Favorable / (Unfavorable)

Financial Management Report

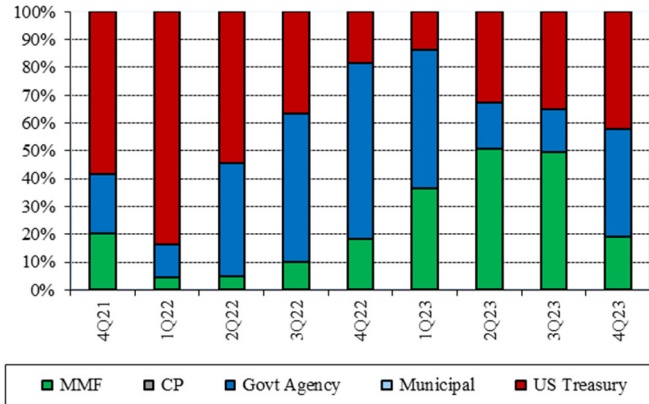
INVESTMENT PORTFOLIOS BALANCES



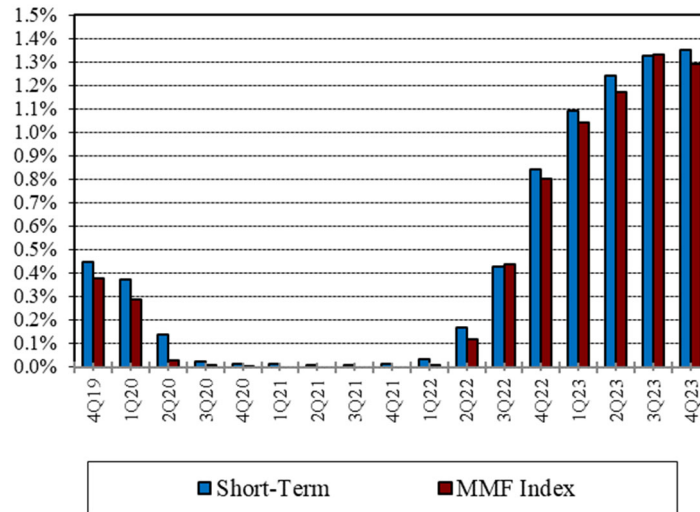
	Market Value (millions)		
	<u>4Q 2021</u>	<u>4Q 2022</u>	<u>4Q 2023</u>
Short-term	1,010.6	1,066.8	1,285.6
Long-term	474.5	443.6	473.0
OPEB	361.2	296.8	330.9
Total	<u>\$ 1,846.30</u>	<u>\$ 1,807.20</u>	<u>\$ 2,089.50</u>

INVESTMENT HOLDINGS AND PERFORMANCE - SHORT-TERM PORTFOLIO

Sector Allocation



Total Return

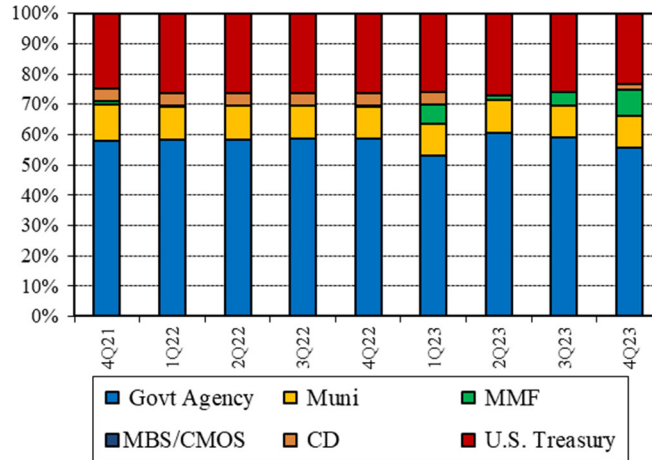


Short-term Portfolio 4Q23 Performance. The Short-term portfolio invests available short-term cash around the Council’s cash-flow. The portfolio outperformed for the quarter with a total return of 1.35%, compared to 1.29% for the portfolio’s benchmark. The average yield of portfolio holdings increased to 5.45% during the quarter, up from 5.35% in the third quarter. Portfolio earnings rose to \$17.6 million for the quarter, up from \$15.2 million in the third quarter. The \$1.3 billion portfolio was invested in U.S. Treasury Bills (\$544 million, 42%), U.S. Government Agency Discount Notes (\$494 million, 39%), and government money market funds (\$247 million, 19%). Portfolio investments range from 0 to 5 months in length.

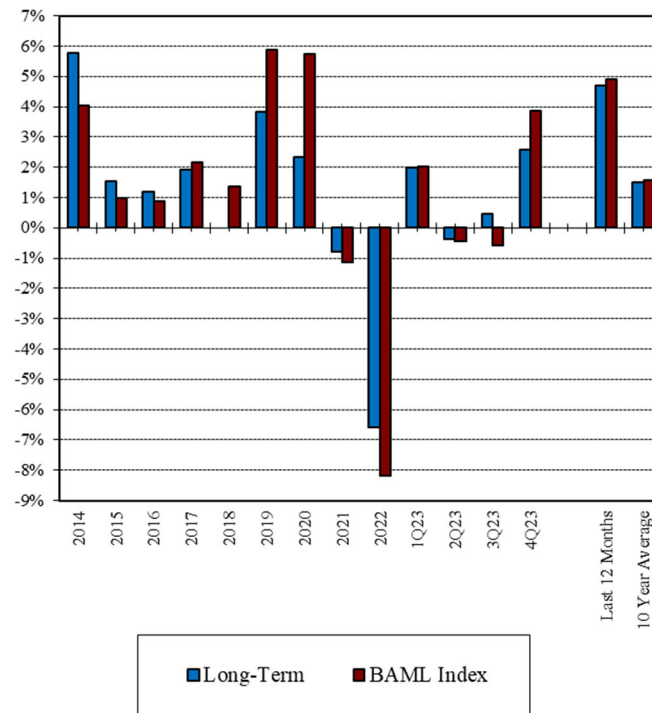
Strategy. Investment maturities align with large cash outflows such as capital expenditures, payroll, and debt service. The portfolio is diversified among high quality short-term securities permissible under MN. Statutes Chapter 118A. Allocation to U.S. Treasury Bills and U.S. Government Discount Notes increased during the quarter to increase duration and lock-in yields for a longer period because the Federal Reserve is expected to decrease short-term interest rates in mid-2024.

INVESTMENT HOLDINGS AND PERFORMANCE - LONG-TERM PORTFOLIO

Sector Allocation



Total Return



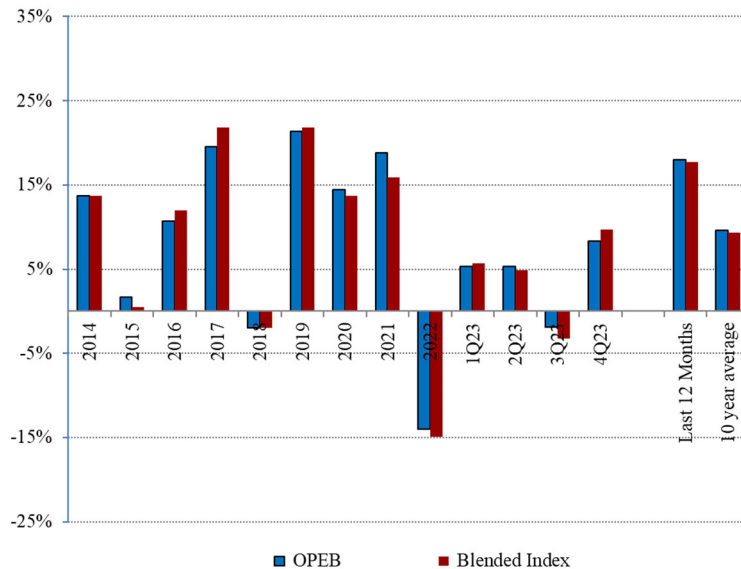
Long-term Portfolio 4Q23 Results. The Long-term portfolio invests the Council’s longer-term reserves. Portfolio average yield and interest income increased during the quarter, but the portfolio underperformed on a total return basis, with a total return of 2.60% vs 3.90% for the portfolio’s benchmark. The portfolio underperformed on a total return basis due to its short duration versus the benchmark, therefore not realizing as much price appreciation on paper when interest rates decreased during the quarter. Average yield increased to 1.73% from 1.39% in the third quarter, and interest income was \$1.88 million vs. \$1.46 million for the third quarter. The \$473 million portfolio was invested in U.S. Government Agency

securities (\$264 million, 56%), U.S. Treasury Notes (\$110 million, 23%), taxable municipal bonds (\$49 million, 10%), government money funds (\$41 million, 9%), Certificates of Deposit (\$9 million, 2%) and a very small amount of mortgage-backed securities. The duration of the portfolio remains short of the benchmark, 1.37 years vs 3.35 years.

Strategy. There has been only a small amount of activity in the portfolio over the past few quarters due to a lack of maturing investments. That will change in January when reinvestment opportunities allow for yield pick-up and duration extension. The Council has also begun to reinvest in Certificates of Deposit (CD) with local community banks. The Council’s CD program had been inactive since the “banking crisis” of spring 2023. The CD Program reached its investment goal of \$20-25 million in January 2024.

INVESTMENT HOLDINGS AND PERFORMANCE – OPEB TRUST

OPEB Trust Total Return



OPEB Trust 4Q23 Results. The OPEB Trust contains assets set aside to fund future OPEB liabilities, which stretch 30+ years into the future. The trust had a total return of 8.4% for the quarter, which underperformed the benchmark return of 9.7%. Quarterly underperformance occurred in the fixed income allocation, as fixed income securities held in the allocation had a shorter duration than the benchmark and therefore realized less market price appreciation as interest rates decreased during the quarter. For the year 2023, the trust total return was 17.95%, which slightly outperformed the benchmark total return of 17.69%. The market value of the Trust increased from \$318.8.9 million to \$330.9 million during the quarter. At year end, trust investments were allocated 64% to the S&P 500 pool, 36% to US Treasury and Government Agency securities, and <1%% to the cash pool.

Strategy. Trust assets are managed by the Minnesota State Board of Investment but allocated at the Council’s direction. The trust uses the S&P 500 index pool to realize the historically higher average returns of the equity markets over the long term. Trust returns have averaged 10.9% over the past 5 years and 9.6% over the past 10 years. These solid returns have resulted in projected future OPEB liabilities being currently fully funded. OPEB liability funding levels and trust investment allocations are monitored monthly. Periodic adjustments are made to trust investments to remain near the allocation target of 60/40 equity-to-fixed income/cash. The Council also withdraws funds from the trust annually to fund OPEB benefits.

Financial Management Report

GENERAL FUND

Unaudited - dollars in thousands

2023 4th Quarter Financial Report General Fund Unaudited - dollars in thousands

General Fund				
	Year-End	% Budget	2023 Budget	Variance
Revenues	18,854	100%	18,860	(6)
Expenses	94,285	89%	106,322	12,037
Transfers	79,411	95%	83,678	(4,267)
Change in Reserve Balance	3,980		(3,784)	7,764
Beginning Fund Balance	31,144			
Assigned/Committed	(7,851)			
Carry Forward - Amendment	(4,579)			
Ending Unassigned Reserve Balance	22,694			
Target Balance	10,632			

General Fund

General Fund revenue meets the budget expectations by 100%. The main sources of revenue in the General Fund are property taxes and interest earnings.

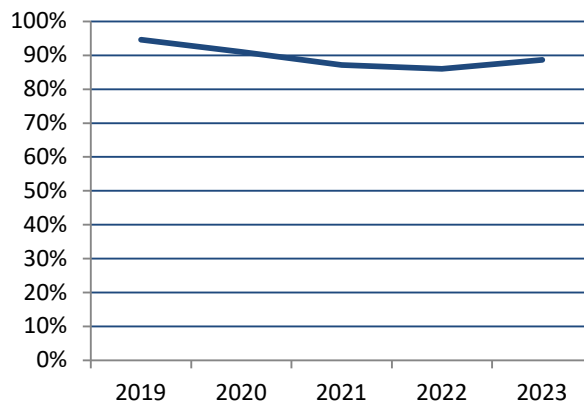
Overall expenses were under budget by \$12.0M or 89% spent. This is primarily due to open positions in Information Services and low spending on consulting, as well as low spending on a Community Development grant that will be available in 2024.

Currently, the 2023 General Fund budget approved by the Council reflects a \$3.8M use of General Fund reserves. Actual activity resulted in an increase of \$4.0M of reserve fund balance. Total operation savings is \$7.7M.

The budget carried forward from calendar year 2023 to 2024 is \$4.6M for Equity initiatives, Information Services contracts, and Community Development Programs.

The year-end fund balance is \$22.7M with a target balance of \$10.6M.

General Fund % of Budget Spent - 4th Qtr.



Environmental Services

Unaudited - dollars in thousands

2023 4th Quarter Financial Report Environmental Services Unaudited - dollars in thousands

	Environmental Services			
	Year-End	% Budget	2023 Budget	Variance
Revenues	299,555	102%	294,998	4,557
Expenses	165,098	99%	167,136	2,038
Transfers	(128,555)	99%	(129,684)	1,129
Change in Reserve Balance	5,902		(1,822)	7,724
Beginning Reserve Balance	38,249			
Ending Unassigned Reserve Balance	<u>44,151</u>			
Target Balance	16,714			

Environmental Services

Total revenues were \$4.6M over budget in 2023. Industrial charges were \$1.8M over due to a large customer with higher strength charges. In addition, investment earnings were \$1.8M over budget (interest rates), and State appropriations were \$1.3M over budget. Other revenue was also \$0.3M under budget.

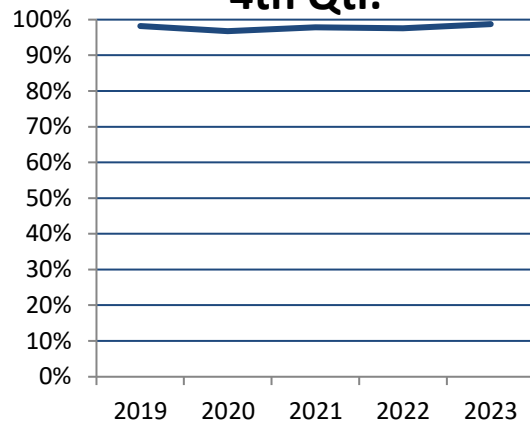
Total expenses were \$2M under budget in 2023. Salary and benefits were \$4M under budget due to vacancies; Rent and Utilities were also \$1.4M under due to natural gas prices declines after a significant increase in 2022. In addition, materials and supplies ran \$3.4M over budget due to inflation/prices, and increased maintenance productivity. Other variances are mostly offsetting.

Transfers were \$1.1M under budget, primarily due to RA expense being under budget for salaries (vacancy driven).

Given these variances, Environmental Services operating reserve will increase by \$5.9M with an ending balance of *\$44.2M. The \$44.2M ending balance is well above the year-end target of \$16.7M.

*\$4.75M of the reserves are earmarked for Newport and White Bear Lake grant expenses that are expected in 2024/2025.

Environmental Services % of Budget Spent - 4th Qtr.



Financial Management Report

HOUSING AND REDEVELOPMENT FUND

Unaudited - dollars in thousands

2023 4th Quarter Financial Report Housing and Redevelopment Fund Unaudited - dollars in thousands

Revenues
Expenses
Transfers
Change in Reserve Balance
Beginning Reserve Balance

Ending Reserve Balance

Target Balance

Housing and Redevelopment Authority				
	Year-End	% Budget	2023 Budget	Variance
	97,383	101%	96,536	847
	94,221	97%	96,867	2,646
	(1,229)	66%	(1,850)	621
	1,933		(2,181)	4,114
	16,446			
	<u>18,378</u>			
	8,193			

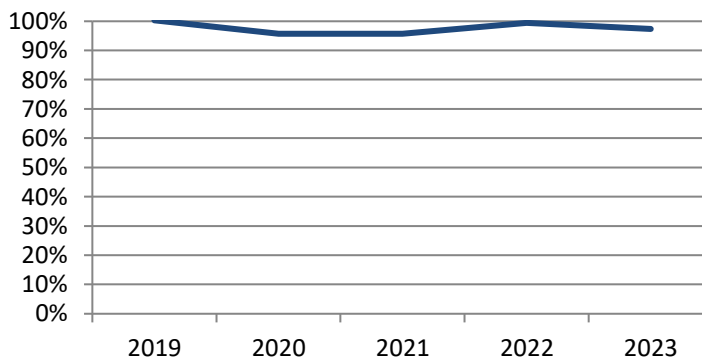
Housing and Redevelopment Authority

HRA revenues came in \$0.8M favorable to budget. The main reason for the favorable variance is higher interest earnings than anticipated.

Expenses came in \$2.6M favorable to budget. This variance is primarily the result of Housing Choice Voucher (HCV) subsidy payments being less than projected (-\$2.1M). The HRA budget was amended earlier in the year to account for higher HCV monthly rent and utility costs than planned. These costs have grown slower than anticipated the second half of the year, resulting in a favorable variance to the amended budget. Lower spending than budgeted on contracted services and other general administrative expenses (-\$0.5M) also contributed to the favorable spending variance.

The year-end reserve balance is \$18.4M for 2023, which is above the Council's minimum reserve target balance of \$8.2M.

HRA % of Budget Spent - 4th Qtr.



Financial Management Report

METRO TRANSIT-BUS

Unaudited - dollars in thousands

2023 4th Quarter Financial Report

Metro Transit - Bus

Unaudited - dollars in thousands

Revenues
Expenses
Transfers
Change in Reserve Balance
Beginning Reserve Balance

Ending Reserve Balance

Metro Transit - Bus			
	%	2023	
Year-End	Budget	Budget	Variance
Revenues	101%	470,885	4,897
Expenses	82%	380,291	67,715
Transfers	101%	(41,310)	(609)
Change in Reserve Balance		49,284	72,003
Beginning Reserve Balance		139,482	
Ending Reserve Balance		260,769	
Target Balance		34,138	

Metro Transit Bus

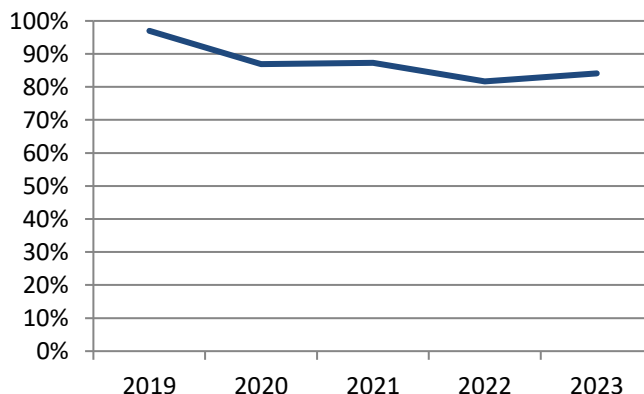
Total revenue was \$4.9M over budget. Passenger fares were \$4.3M below the revised budget due to lower than expected ridership. Auxiliary Revenues (advertising) are down due to service reductions so fewer opportunities for advertising. Interest earning are \$9.9M over budget due to higher fund balances from federal revenues.

Operating expenses in the amended budget are \$421.6M and are below budget by \$68.3M. These savings are due to: Reduced service and vacant positions with labor and benefits under budget \$47.6M. Professional and technical services were \$1.0M below budget. Fuel savings were \$4.5M due to lower service levels. Increases in parts and materials will cause a budget overage of \$4.6M. Other expenses budgeted for enhancing the bus system that are continuously under review are under budget by \$18.2M.

Modal allocations are below the budgeted level due to the savings in labor and benefits.

The 2023 amended budget has an addition to reserves of \$49.3M with a positive balance of \$121.3M a ending reserve balance of \$260.8M.

Metro Transit - Bus % of Budget Spent - 4th Qtr.



Financial Management Report

METRO TRANSIT-LIGHT RAIL

Unaudited - dollars in thousands

2023 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	2023 Budget	Variance
Revenues	98,165	96%	102,175	(4,010)
Expenses	70,446	90%	78,072	7,626
Transfers	(22,028)	91%	(24,144)	2,116
Change in Reserve Balance	5,691		(41)	5,732
Beginning Reserve Balance	17,178			
Ending Reserve Balance	<u>22,870</u>			
Target Balance	8,484			

Metro Transit Light Rail

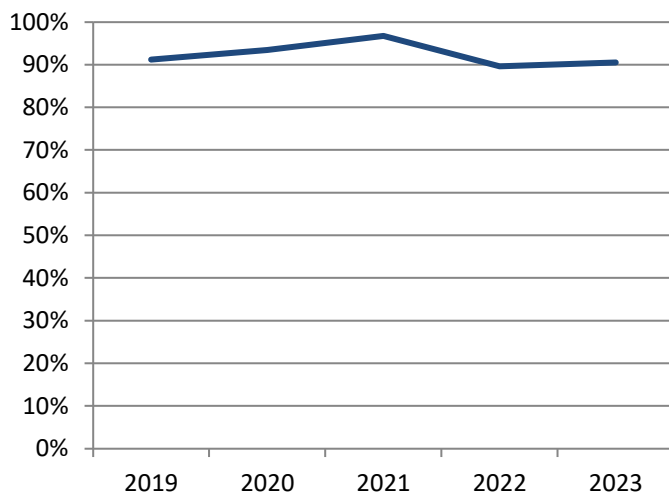
Total revenue was \$4.0M under budget. Passenger fares ended at \$500K over budget. Federal Pandemic Relief funds of \$30.4M were drawn in 2023 consistent with the budget.

Operating expenses were \$9.7M below the budgeted level due to: Labor and benefits were \$4.6M due to open positions. Materials and supplies were \$4.0M under budget. Utilities will be \$0.9M over budget due to changes in utility rates.

Modal allocations are \$2.4M under budget due to labor reductions in these departments resulting in decreases in the allocations.

The 2023 amended budget for LRT is to use \$41K from reserves. The year ended with a positive balance of \$5.7M bringing the ending reserve to a reserve balance of \$22.9M.

Metro Transit - Light Rail % of Budget Spent - 4th Qtr.



Financial Management Report

METRO TRANSIT-COMMUTER RAIL

Unaudited - dollars in thousands

2023 4th Quarter Financial Report Metro Transit - Commuter Rail Unaudited - dollars in thousands

Revenues
Expenses
Transfers
Change in Reserve Balance
Beginning Reserve Balance

Ending Reserve Balance

Target Balance

Metro Transit - Commuter Rail				
2023				
Year-End	% Budget	Budget	Variance	
11,730	76%	15,390	(3,660)	
10,623	69%	15,374	4,751	
(1,007)	41%	(2,466)	1,459	
100		(2,450)	2,550	
11,033				
11,132				
1,481				

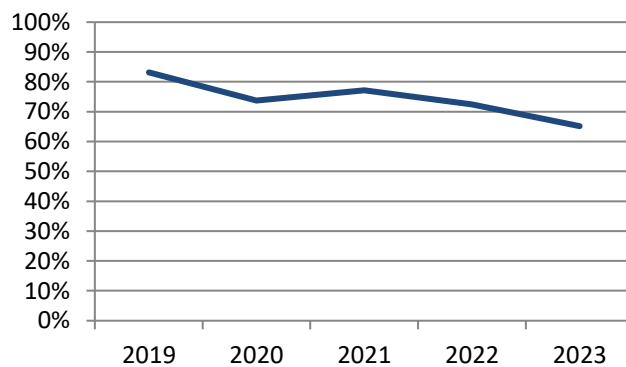
Metro Transit - Commuter Rail

Total revenue was \$3.7M under budget. Passenger fares were \$149K under budget due to lower than anticipated ridership.

Operating expenses were \$6.2M below the budgeted level due to: Labor and benefits ended \$3.2M under budget due reduced service. Consulting expenses (which include BNSF services) were \$0.4M over the budget. Modal allocations were \$1.5M under budget due to labor reductions in the allocation departments resulting in decreases in the allocations.

Commuter Rail has an amended budget to use fund balance of \$2.5M for 2023. The year ended with a positive balance of \$100K bringing ending reserve balance of \$11.1M.

MT - Commuter Rail % of Budget Spent - 4th Qtr.



Financial Management Report

MTS-Transportation Planning

Unaudited - dollars in thousands

2023 4th Quarter Financial Report Metropolitan Transportation Services - Transportation Planning Unaudited - dollars in thousands

MTS - Transportation Planning				
	Year-End	% Budget	2023 Budget	Variance
Revenues	10,183	97%	10,531	(348)
Expenses	6,771	77%	8,820	2,049
Transfers	(2,085)	98%	(2,129)	44
Change in Reserve Balance	1,327		(418)	1,745
Beginning Reserve Balance	9,608			
Ending Reserve Balance	10,934			
Target Balance	3,285			

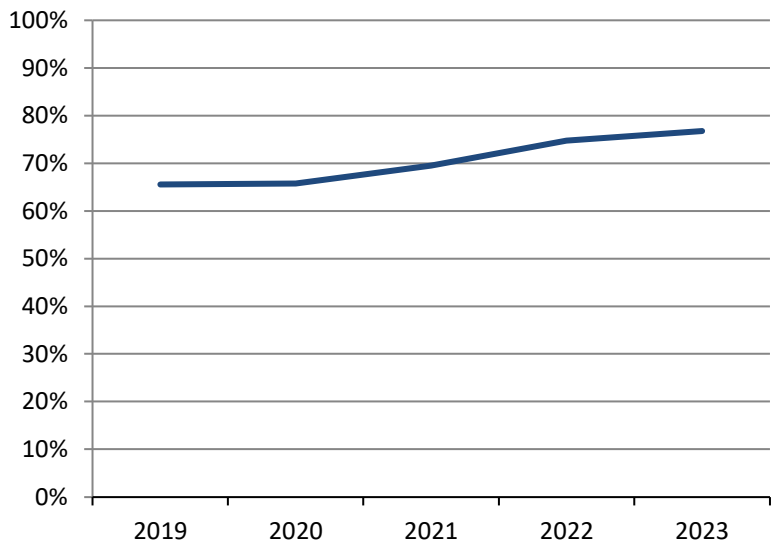
MTS - Transportation Planning

Transportation Planning revenue came in \$0.3M unfavorable to budget as a result of less federal planning grant revenue in 2023 than originally budgeted. This grant revenue is available to spend in 2024.

Expenses were favorable to budget by \$2.0M primarily due to lower consulting activity and administrative expenses.

The year-end reserve balance is \$10.9M for 2023, which is above the Council's minimum reserve target balance of \$3.3M.

MTS - Planning % of Budget Spent - 4th Qtr.



Financial Management Report

MTS-METRO MOBILITY

Unaudited - dollars in thousands

2023 4th Quarter Financial Report Metropolitan Transportation Services - Metro Mobility Unaudited - dollars in thousands

Revenues
Expenses
Transfers
Change in Reserve Balance
Beginning Reserve Balance

Ending Reserve Balance

Target Balance

MTS - Metro Mobility				
	Year-End	% Budget	2023 Budget	Variance
Revenues	101,449	100%	101,883	(434)
Expenses	100,008	98%	101,854	1,846
Transfers	(2,752)	97%	(2,828)	76
Change in Reserve Balance	(1,311)		(2,799)	1,488
Beginning Reserve Balance	31,870			
Ending Reserve Balance	30,560			
Target Balance	10,468			

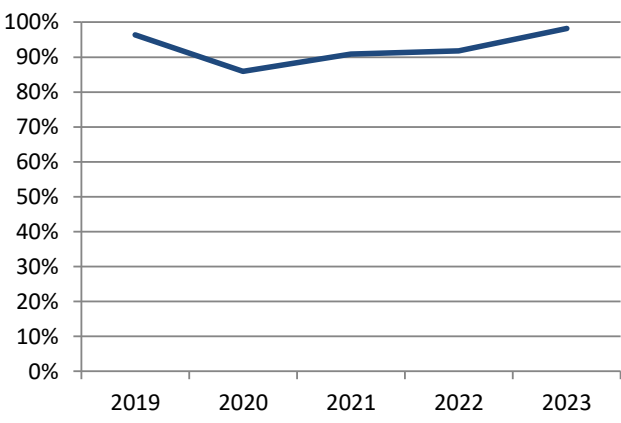
MTS - Metro Mobility

Metro Mobility's revenue was unfavorable by \$0.4M as a result of lower passenger fare revenue than budgeted. Ridership for the year was below budgeted and pre-COVID levels.

Total expenses for Metro Mobility came in favorable to budget by \$1.8M. Higher contracted service expenses as a result of recent rate increases (+\$5.3M) were offset by lower fuel costs (-\$6.6M) and general administrative expenses (-\$0.5M) than budgeted. Contract rates were increased to raise driver wages. Fuel costs are down as a result of lower gas prices than anticipated and fewer vehicle hours on the road than budgeted.

The year-end reserve balance is \$30.6M for 2023, which is above the Council's minimum reserve target balance of \$10.5M.

MTS - Metro Mobility % of Budget Spent - 4th Qtr.



Financial Management Report

MTS-CONTRACTED SERVICES

Unaudited - dollars in thousands

2023 4th Quarter Financial Report Metropolitan Transportation Services - Contracted Service Unaudited - dollars in thousands

	MTS - Contracted Service			
	Year-End	% Budget	2023 Budget	Variance
Revenues	33,415	105%	31,855	1,560
Expenses	33,584	99%	34,093	509
Transfers	(2,610)	99%	(2,629)	19
Change in Reserve Balance	(2,779)		(4,867)	2,088
Beginning Reserve Balance	17,904			
Ending Reserve Balance	15,125			
Target Balance	3,672			

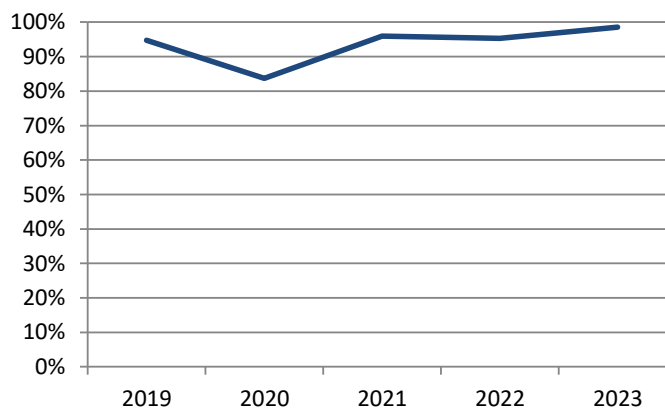
MTS - Contracted Service

Contracted Services revenue are favorable to budget by \$1.6M as a result of additional federal grant revenue and higher interest earnings.

Total expenses for Contracted Services ended the year \$0.5M favorable to budget. Fixed Route came in favorable (\$0.2M) due to the budget amendment that accounted for an increase in contract rates and service activity. Transit Link finished favorable (\$0.3M) as a result of lower consulting and administrative expenses.

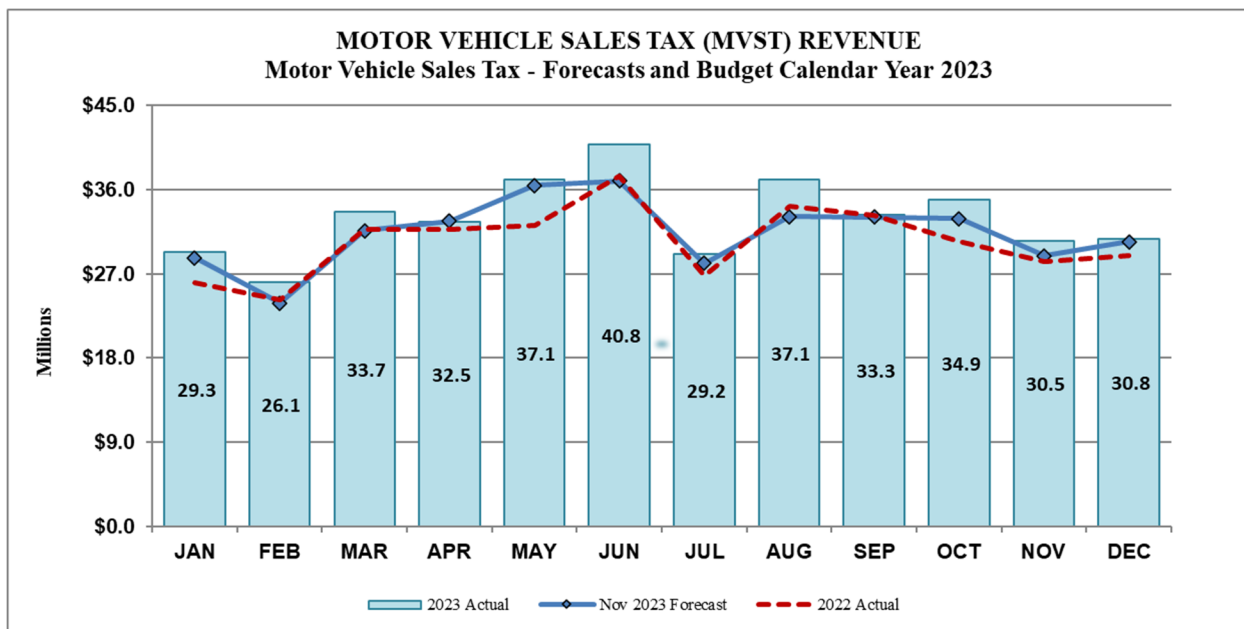
The projected ending reserve balance is \$15.1M for 2023, which is above the Council's reserve target balance of \$3.7M.

MTS - Contracted Service % of Budget Spent - 4th Qtr.

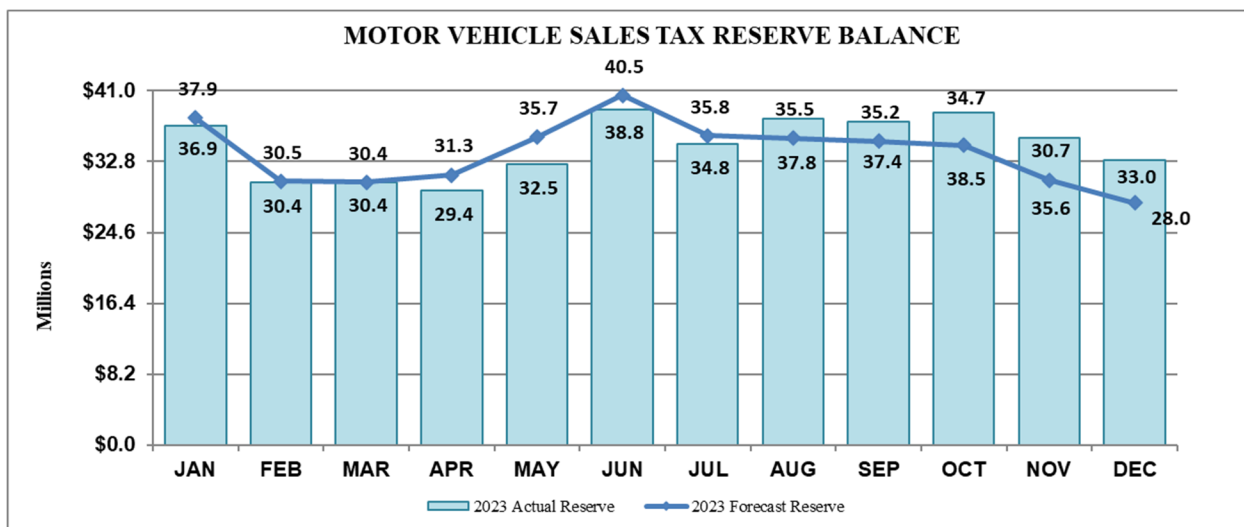


Financial Management Report

MOTOR VEHICLE SALES TAX (MVST) REVENUES



Motor vehicle sales tax receipts for 2023 thru December totaled around \$395.4 million, 104.9% of November 2023 forecast thru December. MVST reserves were \$33.0 million at the end of December.



Financial Management Report

MOTOR VEHICLE SALES TAX (MVST) REVENUES FORECASTS & BUDGET

Dollars in millions

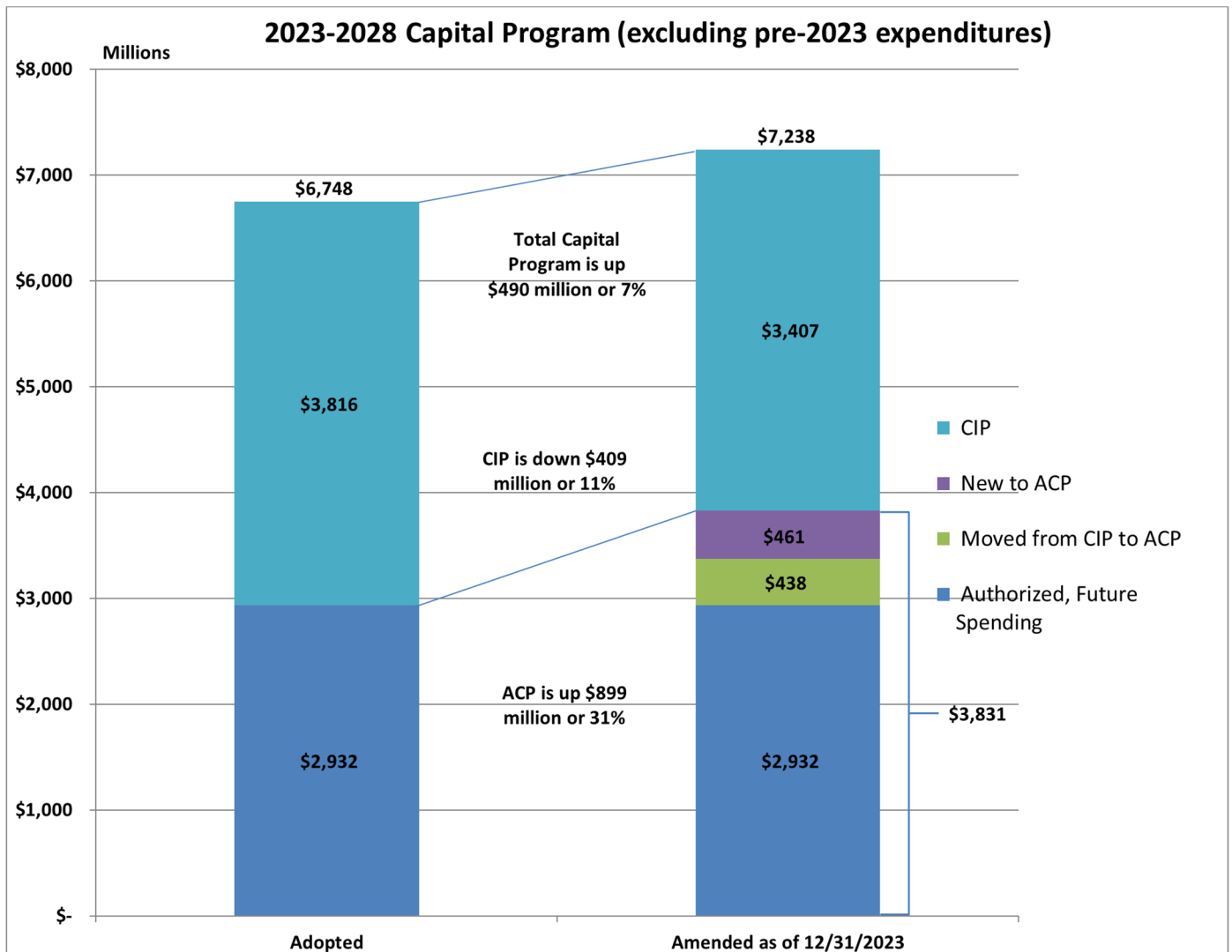
MOTOR VEHICLE SALES TAX – FORECASTS AND BUDGET CALENDAR YEAR 2023

Motor Vehicle Sales Tax – Forecasts and Budget Calendar Year 2023			
(Millions)			
	Total	Jan-Jun	Jul-Dec
Nov 2022 Forecast (2023 Adopted Budget)	366.9	183.5	183.5
2023 Council Budget:			
Current MVST Revenues	350.7	175.4	175.4
Use of MVST Reserve	16.2	8.1	8.1
February 2023 Forecast	348.9	180.4	168.6
YTD Actuals	395.4	199.6	195.8
November 2023 Forecast	376.9	190.3	186.6
YTD Actuals	395.4	199.6	195.8
% of February 2023 Forecast	113.3%	110.7%	116.2%
% of November 2023 Forecast	104.9%	104.9%	104.9%

2023-2028 CAPITAL PROGRAM

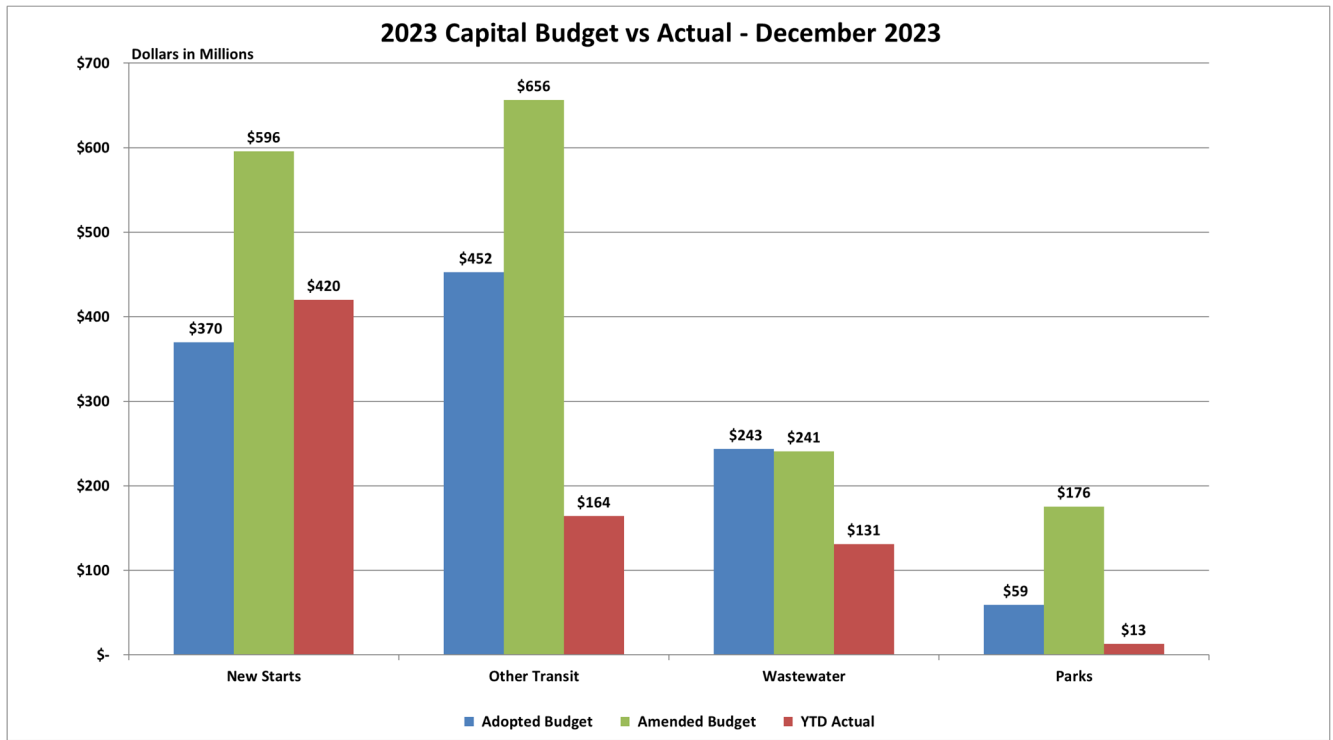
Capital Program (Excluding Pre-2023 Expenditures)

The Capital Program (excluding pre-2023 expenditures) increased by \$490 million, or a 7% increase, for amendments through December 2023. The authorized portion of the capital program (ACP) is up \$899 million, or a 31% increase, through December 2023. The ACP typically increases during the year as federal, state, and regional funding becomes available to transit and parks. Additionally, projects are moved from the planned portion of the capital program, called the capital improvement plan (CIP), to the authorized capital program (ACP) throughout the year.



CAPITAL SPENDING

Capital Budget



The adopted 2023 Capital Budget was \$1.125 billion. Amendments through December 2023 increased the amended 2023 Capital Budget to \$1.668 billion. Actual 2023 capital expenditures total 65% of the adopted budget and 44% percent of the amended budget. Actual expenditures as a percent of their amended budget were 47% for transit projects, 54% for wastewater projects and 7% for parks projects.

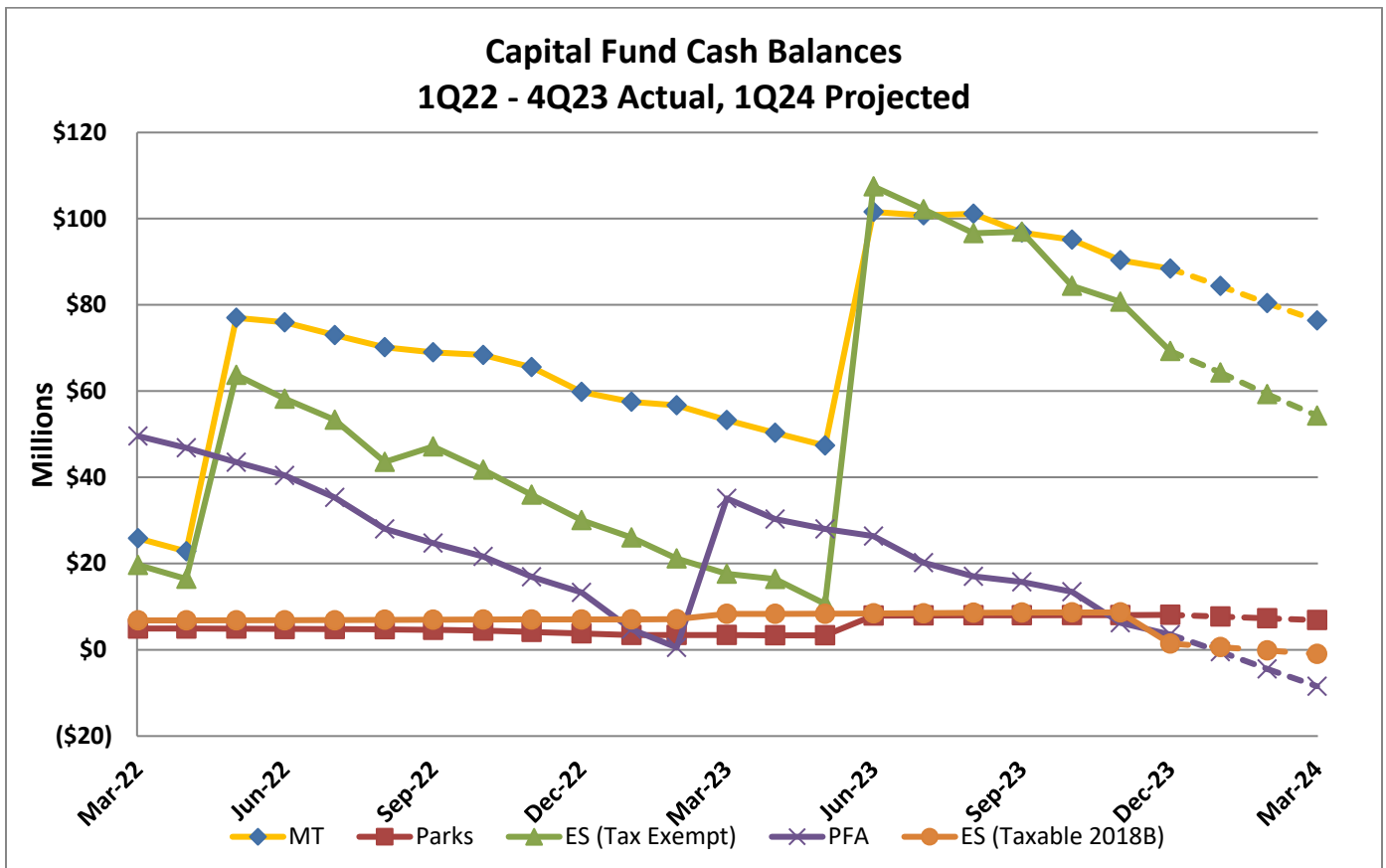
CAPITAL FUND CASH BALANCES

At the end of the 4th quarter, Transit had approximately \$88.3 million of cash remaining to be spent from its 2022 and 2023 bond issuance. The pace of Transit capital spending increased slightly during the 4th quarter, as the average monthly capital spend went from \$1.5 million per month in the third quarter to \$2.8 million per month in the fourth quarter.

At the end of the quarter, Environmental Services had approximately \$69.2 million of cash remaining to be spent from its 2023 bond issuance. The pace of Environmental Services capital spending increased during the fourth quarter, as the average monthly spend was \$9.2 million per month, compared to \$3.5M per month in the third quarter. In addition to bond debt, Environmental Services had a 2023 PFA loan balance available to draw on of \$3.5 million at quarter end. The average monthly draw on this loan has been \$4.1 million YTD. We are in the process of obtaining a \$42 million 2024 PFA loan, which is expected to be finalized in March.

At the end of the quarter, Parks had approximately \$8.0 million of cash remaining to be spent from its 2021 and 2023 bond issuance. Parks capital spending was again near zero for the winter quarter, same as the previous third quarter.

The Council's outstanding debt is continually monitored for refunding opportunities, at present there are no scenarios to consider.



STATEMENT OF REVENUES AND EXPENSES
General Fund
December 31, 2023

Unaudited

	YTD ACTUALS	2023 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Property Taxes	16,564,749	16,833,034	(268,285)
State Revenues	21,650	247,000	(225,350)
Investment Earnings	1,627,963	630,389	997,574
Chargebacks - MAC	218,407	-	218,407
Other Revenue	420,907	1,150,000	(729,093)
Total Revenues	18,853,676	18,860,423	(6,747)
<u>EXPENSES</u>			
Salary and Benefits	56,545,772	60,037,986	3,492,214
Consulting & Contractual Services	25,077,581	33,357,867	8,280,286
Rent & Utilities	6,376,891	6,417,754	40,863
Printing	15,879	55,000	39,121
Travel & Professional Development	769,910	927,700	157,790
Insurance	163,847	123,000	(40,847)
Other Operating Expense	5,335,000	5,402,911	67,911
Total Expenses	94,284,880	106,322,218	12,037,338
<u>TRANSFERS</u>			
Transfer In	85,536,740	89,782,089	(4,245,349)
Transfer Out	(6,125,245)	(6,104,567)	(20,678)
Total Transfers	79,411,495	83,677,522	(4,266,027)
Change in Reserve Balance	3,980,291	(3,784,273)	7,764,564
Beginning Fund Balance	31,144,372		
Assigned/Committed	(7,851,431)		
Carry Over	(4,579,000)		
Ending Unassigned Reserve Balance	22,694,232		
2023 Target Balance (10%)	10,632,222		

Appendix
Environmental Services Operations

STATEMENT OF REVENUES AND EXPENSES
Environmental Services
December 31, 2023

Unaudited

	YTD ACTUALS	2023 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Municipal Wastewater Charges	263,700,553	263,703,000	(2,447)
Industrial Charges	20,290,110	18,500,000	1,790,110
State Appropriations Revenue	12,118,398	10,819,000	1,299,398
Investment Earnings	2,986,091	1,250,000	1,736,091
Other Revenue	460,235	726,417	(266,182)
Total Revenues	299,555,387	294,998,417	4,556,970
<u>EXPENSES</u>			
Salary and Benefits	77,313,499	81,332,786	4,019,287
Consulting & Contractual Services	23,349,796	22,033,268	(1,316,528)
Rent & Utilities	23,430,249	24,816,090	1,385,841
Travel	428,553	730,636	302,083
Materials & Supplies	16,116,813	12,705,559	(3,411,254)
Chemicals	15,713,651	16,650,366	936,715
Capital Outlay	1,526,392	2,520,460	994,068
I&I, Storm water, CWF, WOMP Grant Expense	6,403,769	5,065,000	(1,338,769)
Other Operating Expense	815,072	1,281,780	466,708
Total Expenses	165,097,795	167,135,945	2,038,150
<u>TRANSFERS</u>			
SAC Transfer	60,057,000	60,057,000	-
Transfers In	278,825	350,000	(71,175)
Transfer - OPEB	-	-	-
Debt Service	(156,500,000)	(156,500,000)	(0)
Transfer Out - RA Expense Allocation	(21,010,390)	(22,590,780)	1,580,390
Transfers Out	(11,380,773)	(11,000,000)	(380,773)
Total Transfers	(128,555,338)	(129,683,780)	1,128,442
Change in Reserve Balance	5,902,254	(1,821,308)	7,723,562
Beginning Reserve Balance	38,249,024		
Ending Unassigned Reserve Balance	44,151,278		
2023 Target Balance (10%)	16,713,595		

STATEMENT OF REVENUES AND EXPENSES
Housing and Redevelopment Authority (HRA)
December 31, 2023

Unaudited

	YTD ACTUALS	2023 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	YTD ACTUAL PASS THROUGH
<u>REVENUES</u>				
Federal Revenue	91,856,334	92,044,937	(188,603)	82,882,880
State Revenue	207,635	318,000	(110,365)	195,710
Investment Earnings	618,959	-	618,959	-
Other Revenue	4,699,796	4,172,896	526,900	-
Total Revenues	97,382,724	96,535,833	846,891	83,078,590
<u>EXPENSES</u>				
Salary and Benefits	6,114,207	6,480,777	(366,570)	-
Consulting & Contractual Services	993,412	1,197,194	(203,782)	-
Rent & Utilities	142,956	145,951	(2,995)	-
Housing Expenses	86,500,616	88,554,920	(2,054,304)	83,979,956
Travel	43,060	67,000	(23,940)	-
Insurance	76,060	100,000	(23,940)	-
Other Operating Expense	350,523	320,680	29,843	-
Total Expenses	94,220,834	96,866,522	(2,645,688)	83,979,956
<u>TRANSFERS</u>				
Transfer Out - RA Expense Allocation	(1,379,172)	(2,000,066)	620,894	-
Transfer In - Allocation	150,000	150,000	-	-
Total Transfers	(1,229,172)	(1,850,066)	620,894	-
Change in Reserve Balance	1,932,718	(2,180,755)	(1,177,903)	(901,366)
Beginning Reserve Balance:				
Operating	15,464,312			
Federal Passthrough (HAP Assistance)	981,428			
Total Beginning Balance	16,445,740			
Change in Reserve Balance:				
Operating	2,834,084			
Federal Passthrough	(901,366)			
Total Change in Reserve Balance	1,932,718			
Ending Reserve Balance	18,378,458			
2023 Target Balance (8.3%)	8,193,477			

Appendix

Metro Transit Bus Operations

STATEMENT OF REVENUES AND EXPENSES

Metro Transit - Bus Operations

December 31, 2023

Unaudited

	YTD ACTUALS	2023 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Passenger Revenues	29,867,597	34,179,194	(4,311,597)
Auxiliary Transit Revenue	2,206,833	2,439,348	(232,515)
State Revenue - MVST	323,528,809	323,528,808	1
Regional Sales Tax	3,500,000	3,500,000	-
State Appropriations	617,227	617,000	227
Federal Grants	104,635,792	103,579,522	1,056,270
Investment Earnings	9,995,451	50,000	9,945,451
Other Revenue	1,430,310	2,991,306	(1,560,996)
Total Revenues	475,782,019	470,885,178	4,896,841
<u>EXPENSES</u>			
Salary and Benefits	251,255,565	298,817,316	47,561,751
Consulting & Contractual Services	14,471,079	15,513,440	1,042,361
Fuel	9,832,155	14,287,380	4,455,225
Materials & Supplies	25,944,528	21,357,024	(4,587,504)
Utilities	4,812,462	5,798,268	985,806
Other Operating Expense	6,260,135	24,517,944	18,257,809
Total Expenses	312,575,924	380,291,372	67,715,448
<u>TRANSFERS</u>			
Transfer In - Transit Allocations	16,606,674	20,567,928	(3,961,254)
Transfer Out - RA Expense Allocation	(48,225,521)	(51,577,936)	3,352,415
Transfer Out - Capital Program	(10,300,000)	(10,300,000)	-
Total Transfers	(41,918,847)	(41,310,008)	(608,839)
Change in Reserve Balance	121,287,248	49,283,798	72,003,450
Beginning Reserve Balance	139,481,675		
Ending Reserve Balance	260,768,923		
2023 Target Balance (8.3 - 12.5%)	34,138,015		

Appendix

Metro Transit Light Rail Operations

STATEMENT OF REVENUES AND EXPENSES Metro Transit - Light Rail Operations December 31, 2023

Unaudited

	YTD ACTUALS	2023 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Passenger Revenues	12,560,821	12,058,965	501,856
Auxiliary Transit Revenue	802,623	1,178,352	(375,729)
Regional Sales Tax	7,524,982	7,311,873	213,109
State Revenue - GF Appropriation	29,224,123	29,224,116	-
Local Revenue	17,037,019	21,935,619	(4,898,600)
Investment Earnings	599,759	50,688	549,071
Other Revenue	30,415,724	30,415,728	(4)
Total Revenues	98,165,051	102,175,341	(4,010,297)
<u>EXPENSES</u>			
Salary and Benefits	53,128,153	57,727,464	4,599,311
Consulting & Contractual Services	5,102,662	3,818,370	(1,284,292)
Fuel	81,724	50,544	(31,180)
Materials & Supplies	4,641,438	9,690,315	5,048,877
Utilities	6,944,686	6,020,664	(924,022)
Other Operating Expense	547,021	764,821	217,800
Total Expenses	70,445,684	78,072,178	7,626,494
<u>TRANSFERS</u>			
Transfer Out - Transit Allocations	(16,291,847)	(18,759,480)	2,467,633
Transfer Out - RA Expense Allocation	(5,735,984)	(5,384,328)	(351,656)
Total Transfers	(22,027,831)	(24,143,808)	2,115,977
Change in Reserve Balance	5,691,536	(40,645)	5,732,174
Beginning Reserve Balance	17,178,266		
Ending Reserve Balance	22,869,802		
2023 Target Balance (8.3 - 12.5%)	8,483,927		

Appendix

Metro Transit Commuter Rail Operations

STATEMENT OF REVENUES AND EXPENSES Metro Transit - Commuter Rail Operations December 31, 2023

Unaudited

	YTD ACTUALS	2023 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Passenger Revenues	323,589	472,747	(149,158)
State Revenue - MVST	3,429,878	3,429,876	2
Regional Sales Tax	1,486,305	1,487,001	-
Local Revenue - Counties / MNDOT	2,525,956	6,518,590	(3,992,634)
Federal Revenues	3,481,896	3,481,896	-
Investment Earnings	482,233	-	482,233
Total Revenues	11,729,857	15,390,110	(3,659,557)
<u>EXPENSES</u>			
Salary and Benefits	3,323,732	6,525,945	3,202,213
Consulting & Contractual Services	3,405,026	3,787,668	382,642
Fuel	553,012	871,704	318,692
Materials & Supplies	538,419	712,536	174,117
Utilities	578,355	402,936	(175,419)
Other Operating Expense	2,224,679	3,073,369	848,690
Total Expenses	10,623,223	15,374,158	4,750,935
<u>TRANSFERS</u>			
Transfer Out - Transit Allocations	(314,828)	(1,808,448)	1,493,620
Transfer Out - RA Expense Allocation	(692,255)	(657,504)	(34,751)
Total Transfers	(1,007,083)	(2,465,952)	1,458,869
Change in Reserve Balance	99,551	(2,450,000)	2,550,247
Beginning Reserve Balance	11,032,770		
Ending Reserve Balance	11,132,321		
2023 Target Balance (8.3 - 12.5%)	1,480,729		

STATEMENT OF REVENUES AND EXPENSES
MTS -Transportation Planning
December 31, 2023

Unaudited

	YTD ACTUALS	2023 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Federal Revenue	5,309,407	5,844,813	(535,406)
State Revenue - MVST	4,550,000	4,550,000	-
Investment Earnings	280,093	-	280,093
Chargebacks from MAC	43,051	136,000	(92,949)
Total Revenues	10,182,551	10,530,813	(348,262)
<u>EXPENSES</u>			
Salary and Benefits	3,678,125	3,914,633	236,508
Consulting & Contractual Services	2,802,343	4,513,125	1,710,782
Rent & Utilities	149,738	150,415	677
Travel	31,328	65,000	33,672
Other Operating Expense	109,751	176,450	66,699
Total Expenses	6,771,285	8,819,623	2,048,338
<u>TRANSFERS</u>			
Chargebacks from MAC			
Transfer Out - RA Expense Allocation	(2,085,466)	(2,129,000)	(43,534)
Total Transfers	(2,085,466)	(2,129,000)	(43,534)
Change in Reserve Balance	1,325,800	(417,810)	1,656,542
Beginning Reserve Balance	9,608,387		
Ending Reserve Balance	10,934,187		
2023 Target Balance (30%)	3,285,000		

STATEMENT OF REVENUES AND EXPENSES
MTS - Metro Mobility
December 31, 2023

Unaudited

	YTD ACTUALS	2023 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Passenger Revenue	6,800,431	8,907,000	(2,106,569)
Federal Revenue	37,000,000	37,000,000	-
State Appropriations	55,976,000	55,976,000	-
Investment Earnings	1,672,730	-	1,672,730
Total Revenues	101,449,161	101,883,000	(433,839)
<u>EXPENSES</u>			
Salary and Benefits	2,819,486	3,010,838	191,352
Consulting & Contractual Services	88,633,471	83,283,674	(5,349,797)
Fuel	8,062,397	14,718,092	6,655,695
Rent & Utilities	87,713	135,927	48,214
Other Operating Expense	405,239	705,910	300,671
Total Expenses	100,008,307	101,854,441	1,846,134
<u>TRANSFERS</u>			
Transfer Out - RA Expense Allocation	(2,751,629)	(2,827,999)	76,370
Total Transfers	(2,751,629)	(2,827,999)	76,370
Change in Reserve Balance	(1,310,775)	(2,799,440)	1,488,665
Beginning Reserve Balance	31,870,308		
Ending Reserve Balance	30,559,533		
2023 Target Balance (10%)	10,468,000		

Appendix
MTS- Contracted Services

STATEMENT OF REVENUES AND EXPENSES
MTS - Contracted Service
December 31, 2023

Unaudited

	YTD ACTUALS	2023 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Passenger Revenues	1,517,427	1,358,000	159,427
Federal Revenue	3,308,807	2,497,070	811,737
State Revenue - MVST	28,000,000	28,000,000	-
Investment Earnings	588,496	-	588,496
Total Revenues	33,414,730	31,855,070	1,559,660
<u>EXPENSES</u>			
Salary and Benefits	973,629	1,048,207	74,578
Consulting & Contractual Services	32,128,939	32,549,665	420,726
Rent & Utilities	54,672	109,669	54,997
Travel	3,804	12,500	8,696
Other Operating Expense	423,089	373,000	(50,089)
Total Expenses	33,584,133	34,093,041	508,908
<u>TRANSFERS</u>			
Transfer Out - RA Expense Allocation	(877,606)	(897,001)	19,395
Transfers Out - MVST Capital Fund	(1,732,070)	(1,732,070)	1,732,070
Total Transfers	(2,609,676)	(2,629,071)	1,751,465
Change in Reserve Balance	(2,779,079)	(4,867,042)	3,820,033
Beginning Reserve Balance	17,903,737		
Ending Reserve Balance	15,124,658		
 2023 Target Balance (10%)	 3,672,000		

STATEMENT OF REVENUES AND EXPENSES
Self-Insurance
December 31, 2023
Unaudited

	MEDICAL	DENTAL	TOTAL
<u>REVENUES</u>			
Medical premiums:			
Active employees	72,782,693	3,915,427.39	76,698,120
Retirees	7,794,316	1,170,689.00	8,965,005
Investment Earnings	1,557,335.3	225,915	1,783,250
Other Revenue	1,256,875.1	-	1,256,875
Total Revenues	83,391,219	5,312,031	88,703,250
<u>EXPENSES</u>			
Claims and Fees	78,969,388	4,764,456	83,733,844
Services	1,255,244	-	1,255,244
Other Operating Expense	21,701	-	21,701
Total Expenses	80,246,333	4,764,456	85,010,789
Change in Reserve Balance	3,144,886	547,575	3,692,461
Beginning Reserve Balance	30,104,268	5,694,762	35,799,030
Ending Reserve Balance	33,249,154	6,242,337	39,491,491

STATEMENT OF REVENUES AND EXPENSES
Other Post Employment Benefits
December 31, 2023

Unaudited

	ES RETIREE HEALTH	MT REITREE HEALTH	RA RETIREE HEALTH	TOTAL
<u>REVENUES</u>				
Investment Earnings	(34,587)	(37,646)	(5,283)	(77,516)
Unrealized Gain/Loss	16,288,638	34,161,791	1,248,646	51,699,075
Total Revenues	16,254,051	34,124,144	1,243,363	51,621,559
<u>EXPENSES</u>				
Post Retirement Health Care	(26,633)	13,230,408	649,494	13,853,269
Contractual Services	7,525	20,184	756	28,466
Total Expenses	(19,108)	13,250,592	650,250	13,881,735
Change in OPEB fund	16,273,159	20,873,552	593,113	37,739,825
Beginning Asset Value	87,292,561	234,650,556	8,588,323	330,531,440
Change in Net OPEB Obligation (NOO)	10,960,495	19,702,190	1,713,593	32,376,278
Ending Asset Value	98,253,056	254,352,745	10,301,916	362,907,718