

Financial Report – Fiscal Year 2018

Year to Date December 31, 2017

Presented on February 14, 2018

Major Highlights

Revenue

- FY2018 sales tax revenue budgeted at 2.5% growth over FY2017
- Sales tax remittances received YTD December 2017 are 3.34% higher than YTD December 2016
- Capital contributions and grants are below budget due to timing of processing eligible paid expenses

Operating Expenses

- \$56.0 million expended to date, or 22.4% of full year budget
- Year to date diesel cost of \$1.95 per gallon is in-line with budgeted rate of \$2.00 per gallon

Capital Projects

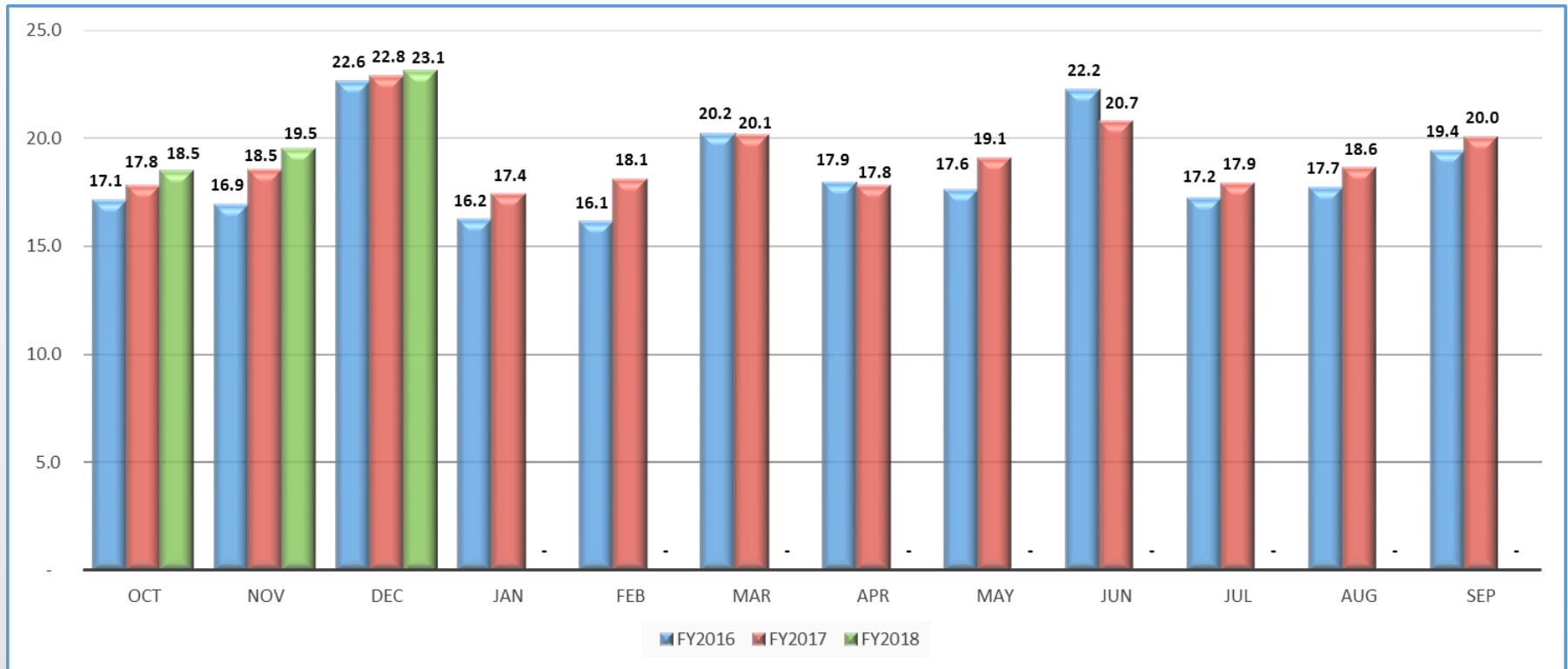
- FY2018 capital project budget of \$151.5 million
- \$10.4 million expended to date, or 6.9% of full year budget
 - Bus Replacements – 11 Transit Buses
- \$58.2 million outstanding commitments have been issued, or 38.4% of full year budget
 - Positive Train Control, TIGER Grant Project, MetroRapid and Intelligent Transportation System

Revenue

\$' Million Category	FY17 Dec YTD Actual	FY18 Dec YTD Actual	FY18 Full Year Budget	% of Budget	Comments
<i>Ridership</i>	<i>7,828,748</i>	<i>7,663,433</i>	<i>31,680,026</i>	<i>24.2%</i>	
Sales Tax	\$59.1	\$61.3	\$234.1	26.2%	Oct - Nov actual receipts; Dec accrued
Passenger Fares	4.3	4.1	19.0	21.8%	
Third Party Fares	1.6	1.7	6.2	28.4%	
Freight Railroad Revenue	1.1	1.2	4.1	28.8%	
Other Revenue	0.8	1.4	3.0	44.9%	
Operating Contributions and Grants	3.6	7.0	30.6	23.0%	
Capital Contributions and Grants	4.2	.2	38.5	0.6%	Timing of processing eligible paid expenses
Total	\$74.6	\$77.0	\$335.4	23.0%	
<i>Fare Revenue per Passenger</i>	<i>\$ 0.75</i>	<i>\$ 0.77</i>	<i>\$ 0.80</i>		

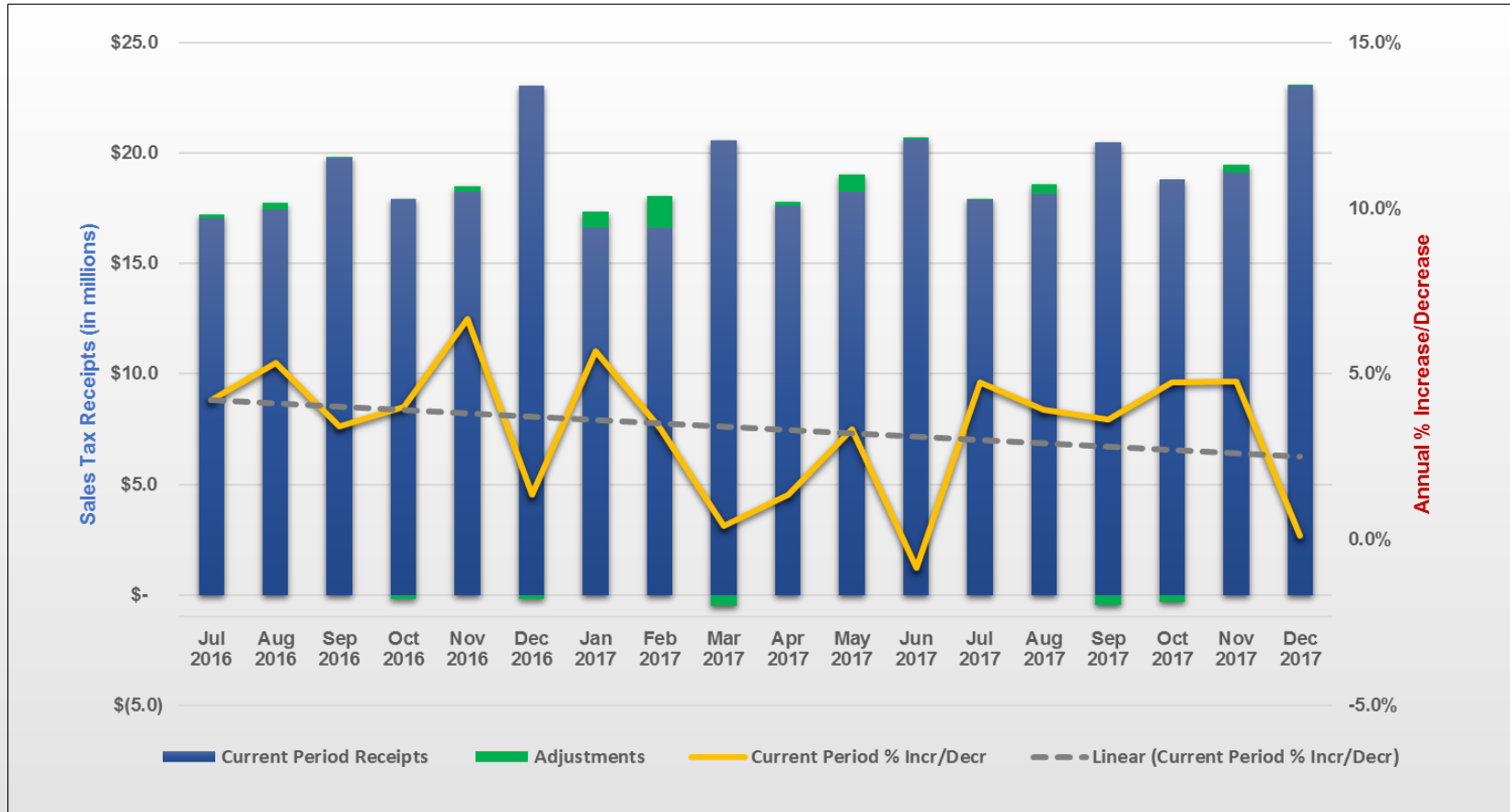
Actual Sales Tax Receipts

\$'M



Total \$221.3M \$228.7M \$61.1M

Sales Tax Trend



6 Month Annual Growth
4.0%
6 Month Annual Growth
2.0%
6 Month Annual Growth
3.5%

Job Growth Trend



Operating Expense

\$' Million Category	FY17 Dec YTD Actual	FY18 Dec YTD Actual	FY18 Full Year Budget	% of Budget	Comments
<i>Revenue Hours</i>	<i>452,888</i>	<i>466,289</i>	<i>1,901,039</i>	<i>24.5%</i>	
<i>Revenue Miles</i>	<i>6,161,249</i>	<i>6,539,368</i>	<i>26,844,169</i>	<i>24.4%</i>	
Salaries and Benefits	\$8.8	\$10.1	\$42.2	24.0%	
Professional Services	2.9	3.0	22.0	13.8%	Timing of spending on contracts
Materials and Supplies	0.1	0.1	1.4	6.6%	
Fuel and Fluids	2.9	2.6	12.4	20.7%	\$284K favorable - \$1.95/gallon actual cost versus \$2.00/gallon budget
Utilities	0.6	0.5	3.2	16.5%	
Insurance	0.3	0.3	1.0	30.5%	Timing of premium payments at beginning of fiscal year
Taxes	0.3	0.3	0.0	0.0%	
Purchased Transportation	36.9	38.1	158.7	24.0%	
Lease/Rentals	0.3	0.4	2.0	22.0%	
Other Expenses	0.6	0.6	7.0	8.1%	Timing of software contract expense and unspent contingency
Total	\$53.7	\$56.0	\$250.0	22.4%	
<i>Cost per Revenue Hour</i>	<i>\$ 118.48</i>	<i>\$ 120.09</i>	<i>\$ 131.51</i>		

Budget Transfers

Consistent with Capital Metro's financial policies, there were 2 budget transfers to report for Quarter 1 for the period ending December 31, 2017 that cumulatively exceeded \$150,000

October-17				
Transfer #1				
From:	BPS1403	Non-revenue Vehicle Replacement	591,190	Realign funding between capital projects with CIP Reforecast
To:	BPS1501	Bus Replacements	(2,970,258)	
	BPS1603	Senior Route Vans	(335,150)	
	CPG1409	North Lamar Transit Center Facility Enhancements	8,595	
	CPG1412	Rail Maintenance Building Drainage	24,084	
	CPG1501	Bus Stop Improvements - Rebranding Effort Upgrades	27,132	
	CPG1502	Howard Lane Parking Spaces	45,397	
	CPG1503	Lakeline Additional Parking	215,000	
	CPG1516	Downtown Station Improvements funded by TxDOT	(6,853,503)	
	CPG1518	Bus Stop Signage	45,029	
	CPG1521	MetroRapid Project	991,649	
	CPG1602	North Operations SERTA Demolition/Paving	32,127	
	CPG1605	Westgate Transit Center Park and Ride	48,114	
	CPG1704	MetroRapid - Additional Stations for 801 and 803	214,626	
	CPG1706	South Congress Transit Center Parking Expansion	22,492	
	CPG1709	DT Station-Pedestrian Crossings	(125,000)	
	CPG1712	DT Station - Storm Water Improvements	(1,476,569)	
	CPG1713	Double Tracking-NBFR to Plaza Saltillo	(3,085,000)	
	CPG1715	N Ops Rail Maintenance Facility Light Replacement	70,000	
	FIN1802	Capital Project FY2017 Carry Forward	16,974,855	
	ITS0402	Intelligent Transportation Systems (ITS) Project	1,151,296	
	ITS1502	Mobile Applications	(80,000)	
	ITS1505	Fare Collection System Rollout to Fleet	(421,296)	
	ITS1601	Dynamic Message Signs for Fixed Route and Commuter Rail	(250,000)	
	ITS1605	Management System/SPEAR Replacement	(3,040)	
	ITS1704	Scheduling Systems Upgrade	100,000	
	ITS1806	Ticket Vending Machine Replacement	(500,000)	
	PAM1404	Fuel System Upgrade at Thompson Lane	123,000	
	PAM1517	North Operations Reconstruct Extraction Fans	(28,700)	

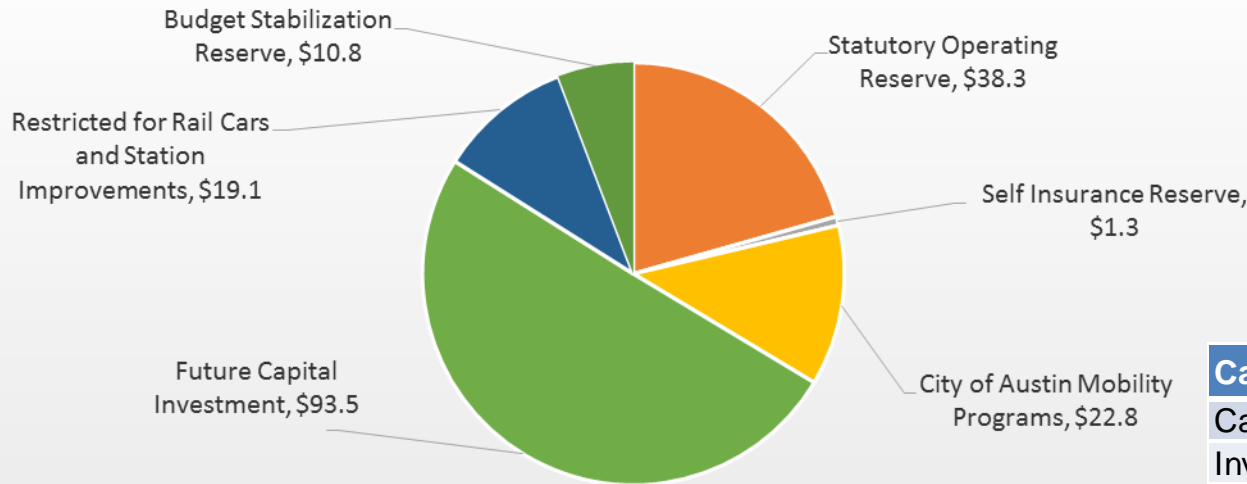
Budget Transfers (continued)

Consistent with Capital Metro's financial policies, there were 2 budget transfers to report for Quarter 1 for the period ending December 31, 2017 that cumulatively exceeded \$150,000

	PAM1606	2910 Drinking Fountain Replacement	25,000	Realign funding between capital projects with CIP Reforecast (continued)	
	PAM1608	Thompson Lane Roofing Repairs	3,570		
	PAM1609	Thompson Lane Flooring Repairs	35,000		
	PAM1703	Dynamic Brake Tester (North Operations Facility)	300,000		
	PAM1704	Electric Car Chargers	18,000		
	PAM1709	Vehicle Exhaust Adaptors	15,000		
	PAM1710	Water Boilers Replacement (East 5th Street Facility)	(10,000)		
	PAM1802	Forklift North Operations Facility	(20,000)		
	PAM1805	A/C Unit at S. Congress Park & Ride (For IT Equipment)	(19,000)		
	PAM1812	Pallet Forklift for Warehouse	(7,100)		
	PLN1801	I-35 Corridor - Right of Way Initial Commitment	(3,600,000)		
	REA1102	Saltillo Track Relocation	15,936		
	RRC1407	TIGER Grant Project	1,199,618		
	RRC1501	Commuter Operation Risk Reduction	91,216		
	RRC1503	Central Subdivision Quiet Zone	17,100		
	RRC1507	Four New Diesel Multiple Units	400,000		
	RRC1508	Engineering for Existing Diesel Multiple Units	13,280		
	RRC1511	Public Crossing Surface Renewal Program - Commuter Rail	(542,000)		
	RRC1512	Rail Drainage Improvements	(786,000)		
	RRC1513	Rail Replacement Program - Commuter Corridor	329,656		
	RRC1515	Timber and Surface Program - Commuter Rail	(2,224,500)		
	RRC1604	North Operations Improvements to Accommodate New Rail C	325,613		
	RRF1601	Crossing Gate Mechanism Changeout	(30,000)		
	SEC1701	Electronic security system replacements and improvements	202,541		
	SEC1702	Property perimeter hardening and enhancements	(345,000)		
	SEC1802	Security Cameras in Capital Metro Police vehicles	36,000		
November-17					
Transfer #2					
From:	CPG1804	Connections 2025 - New Bus Stop Connectivity	(1,800,000)	Merge two projects	
To:	CPG1805	Connections 2025 - New Bus Stops	1,800,000		

Cash, Investments and Reserves

Rounded in millions of dollars



Cash & Investments	
Cash and cash equivalents	\$73.1M
Investments	\$112.5M
Total	\$185.6M

Notes:

- Additional funding was allocated to the statutory operating and budget stabilization reserves based on the board approved funding formula. The statutory operating reserve equals 2 months of FY2017 estimated operating expenses. Contributions to the budget stabilization reserve began in February 2016 with \$7 million reserved in FY2016 and \$3 million in FY2017. An additional contribution of \$3 million is budgeted for FY2018 in quarterly installments of \$750,000 offset by board approved spending of \$2 million for Downtown Station Storm Water Improvements.
- Funds for future capital investment will be required to help address extensive FY2018 capital needs. The capital budget for FY2018 is \$152 million, with \$69 million funded by FY2018 income and \$83 million from reserves. Due to project delays \$60 million of the FY2017 capital budget was carried forward to FY2018. These capital improvements are needed to get caught up with the state of good repair of the community's transit infrastructure and to be in compliance with Federal regulations.

Statement of Revenue, Expenses and Changes in Net Position

\$' Million	FY17 Dec YTD Actual	FY18 Dec YTD Actual	FY18 Full Year Budget	% of Budget
<i>Operating Revenue</i>				
Passenger Fares	\$4.3	\$4.1	\$19.0	21.8%
Third Party Fares	1.6	1.7	6.2	28.4%
Freight Railroad Revenue	1.1	1.2	4.1	28.8%
Other Revenue	.5	.8	2.2	38.5%
Total	7.4	7.9	31.5	25.1%
<i>Operating Expenses</i>				
Salaries and Benefits	8.8	10.1	42.2	24.0%
Professional Services	2.9	3.0	22.0	13.8%
Fuel and Fluids	2.9	2.6	12.4	20.7%
Utilities	.6	.5	3.2	16.5%
Purchased Transportation	36.9	38.1	158.7	24.0%
Other Expenses	1.2	1.2	9.4	13.0%
Lease/Rental	.3	.4	2.0	22.0%
Depreciation & Amortization	9.3	10.0	39.6	25.2%
Total	63.0	66.0	289.6	22.8%
<i>Operating Income/Loss</i>	<i>(55.5)</i>	<i>(58.1)</i>	<i>(258.2)</i>	<i>22.5%</i>
<i>Non-Operating Revenue/(Expenses)</i>				
Sales Tax	59.1	61.3	234.1	26.2%
Investment Income	.3	.5	.9	62.5%
Operating Contributions and Grants	3.6	7.0	30.6	23.0%
Capital Contributions and Grants	4.2	.2	38.5	0.6%
Mobility Interlocal Agreements	(.1)	(1.1)	(12.4)	8.6%
Other	.0	.1	-	0.0%
<i>Non-Operating Income/(Loss)</i>	<i>67.1</i>	<i>68.1</i>	<i>291.6</i>	<i>23.4%</i>
Change in Net Position	\$11.5	\$10.1	\$33.4	30.1%

Budget Variances by Department

\$'000 Department	FY17 Dec YTD Actual	FY18 Dec YTD Actual	FY18 Full Year Budget	YTD % of Budget	Comments
100 - Non-Allocated Benefits	\$2,340	\$3,168	\$11,796	26.9%	Timing of Administrative Pension payments
102 - Wellness Center	41	39	277	13.9%	
103 - Child Care Center	133	226	862	26.3%	
105 - Business Center	27	89	357	25.1%	
110 - Executive Staff	166	117	852	13.7%	Vacancy savings, timing of dues and subscription expense
115 - Communications	145	104	658	15.8%	
118 - Government Relations & Compliance	163	173	1,220	14.2%	Timing of Transit Empowerment Fund and dues and subscription expense
120 - Board Of Directors	50	55	314	17.6%	
125 - Internal Audit	74	35	351	9.9%	Vacancy savings
130 - Strategic Oper Mgt. & Administration	168	153	726	21.0%	
141 - Security	978	1,065	4,362	24.4%	
150 - Legal	162	159	953	16.7%	
220 - Finance	644	825	6,438	12.8%	Unspent contingency
230 - Information Technology	2,001	1,902	10,401	18.3%	
250 - Procurement	281	310	1,380	22.4%	
275 - Rideshare	572	624	2,778	22.5%	
320 - Planning	496	626	3,297	19.0%	
330 - Marketing	454	538	3,428	15.7%	
331 - Community Involvement	119	174	976	17.8%	
332 - Customer Service	285	206	1,085	19.0%	
340 - Human Resources	386	412	1,958	21.1%	
420 - Risk Management And Safety	503	482	2,110	22.8%	
457 - Public Facilities	823	835	4,676	17.9%	
530 - Capital Projects	274	364	1,869	19.5%	
540 - Real Estate And Property Mgt.	330	365	1,959	18.6%	
542 - Freight Rail Management	26	425	1,794	23.7%	
544 - Commuter Rail Operations	4,577	3,539	17,636	20.1%	
546 - Rail Compliance	0	103	672	15.3%	
550 - Real Estate and Facility Planning	655	625	3,237	19.3%	
600 - Operations and Maintenance Oversight	694	518	3,871	13.4%	Timing of CTECC invoicing
610 - Bus Contract Operations	28,167	30,308	122,050	24.8%	
620 - Paratransit Contract Operations	7,193	6,741	30,441	22.1%	
630 - Paratransit Administration	57	77	359	21.5%	
640 - Paratransit Reservation & Control	371	426	1,834	23.2%	
650 - Paratransit Eligibility	192	190	931	20.4%	
920 - Central Corridor Development	116	1	2,079	0.1%	Timing of corridor analyses spending
Total	\$53,660	\$55,999	\$249,990	22.4%	

Capital Projects Summary

\$'000 Project Category	Expended	Outstanding Commitments	Budget	Expended & Committed as % of Budget	Comments
Commuter Rail	\$2,299	\$32,561	\$54,805	63.6%	Positive Train Control
Vehicles	5,366	3,290	15,121	57.2%	Bus Replacements - 11 Transit Buses
Information Technology	1,272	1,443	10,476	25.9%	Intelligent Transportation Systems Project
Real Estate	-	6	2,000	0.3%	
Facilities	1,337	20,383	51,827	41.9%	TIGER Grant Project
Freight Railroad	5	30	3,895	0.9%	
Property and Asset Mgmt	168	326	2,472	20.0%	
Contingency	-	-	4,662	0.0%	
Strategic Planning	-	-	5,200	0.0%	
Security	-	194	1,045	18.5%	
Total	\$10,448	\$58,232	\$151,503	45.3%	

Outstanding commitments are for the purchase orders that have been issued.

Questions/Discussion