

TPC 07.10.13
ITEM G.2.
HAND-OUT

METRO TRANSIT SYSTEM

An Enterprise Fund of the
City of Madison, Wisconsin

Audit Presentation

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METRO TRANSIT SYSTEM
2012 Audit Presentation

OVERALL AUDIT SUMMARY

Overall Results

- > Unmodified opinion on financial statements
 - > Present fairly, in material respects, the financial position and results of operations as of and for the years ended December 31, 2012 and 2011
 - > Financial statements are management's responsibility and are prepared by management
 - > *Management discussion and analysis on pages 3-16 provides a nice overview of the operations for the year*

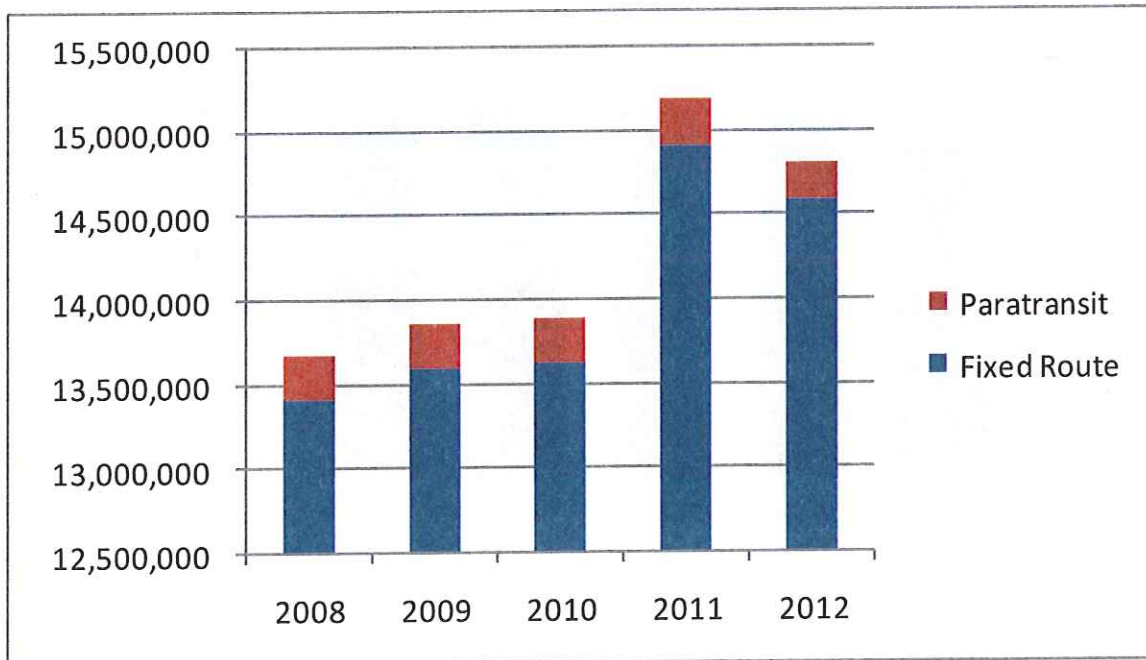
- > Federal and State grant compliance tested for reporting with city-wide A-133 single audit report
 - > Transit materially compliant with the federal grant funding agreements; noted one Disadvantaged Business Enterprise (DBE) report filed after due date.
 - > State quarterly reports were filed but one not filed in a timely fashion; no other compliance issues with state grants.

- > Certification of annual National Transit Database (NTD) report is substantially complete with no issues noted.

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FINANCIAL HIGHLIGHTS – FINANCIAL POSITION

Ridership

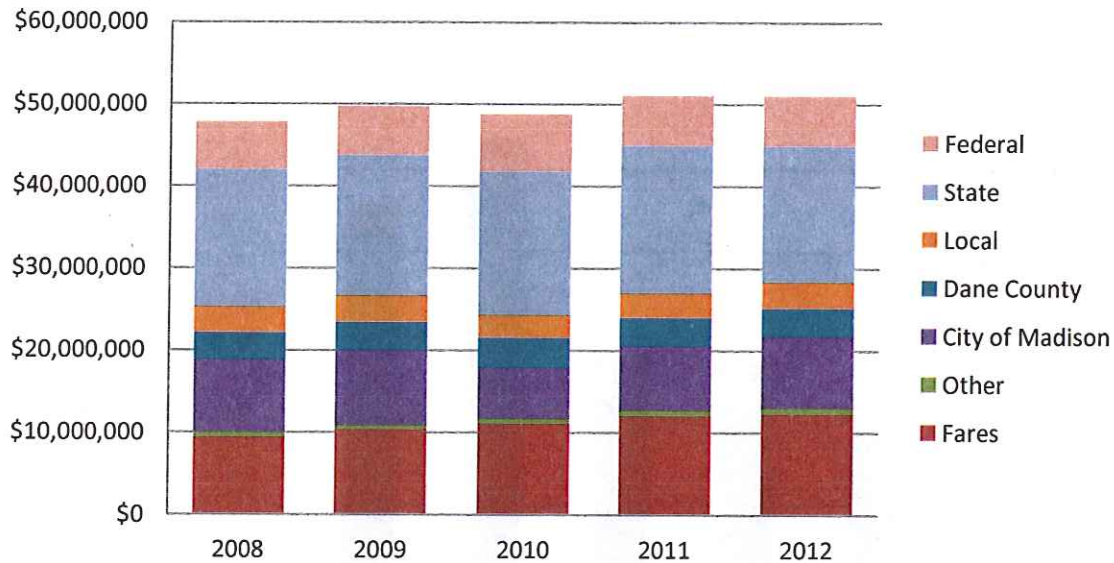


Metro has experienced a slight decrease in ridership in the past year. Campus service decreased by 10% while remaining routes experienced a 2% increase.

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FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

Revenues by Source



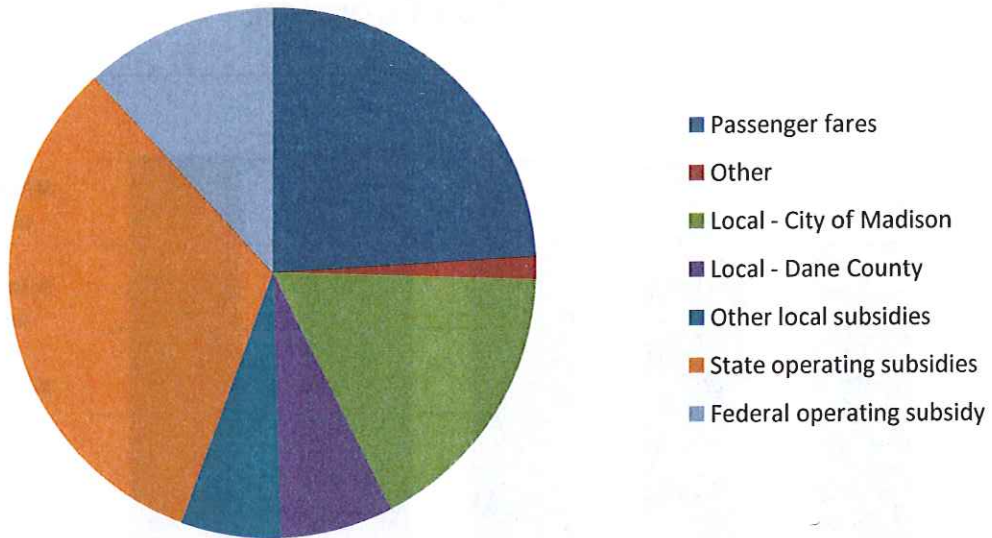
	2008	2009	2010	2011	2012
Fares	\$ 9,402,391	\$ 10,329,265	\$ 11,084,076	\$ 12,042,202	\$ 12,290,638
Other	567,585	498,414	589,253	655,125	718,146
City of Madison subsidy	8,857,385	9,157,264	6,212,924	7,844,538	8,709,952
Dane County programs	3,324,930	3,483,465	3,691,141	3,481,257	3,506,276
Other local subsidies	3,106,964	3,152,384	2,702,178	2,934,744	3,110,854
State subsidies	16,763,289	17,167,320	17,505,072	18,029,731	16,608,172
Federal subsidy	<u>5,681,854</u>	<u>5,824,984</u>	<u>6,902,527</u>	<u>5,985,721</u>	<u>5,988,679</u>
Total Revenues	<u>\$ 47,704,398</u>	<u>\$ 49,613,096</u>	<u>\$ 48,687,171</u>	<u>\$ 50,973,318</u>	<u>\$ 50,932,717</u>

Please note this does not include capital contributions which vary greatly from year to year based on the projects or purchases planned for each period.

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FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

2012 Revenues

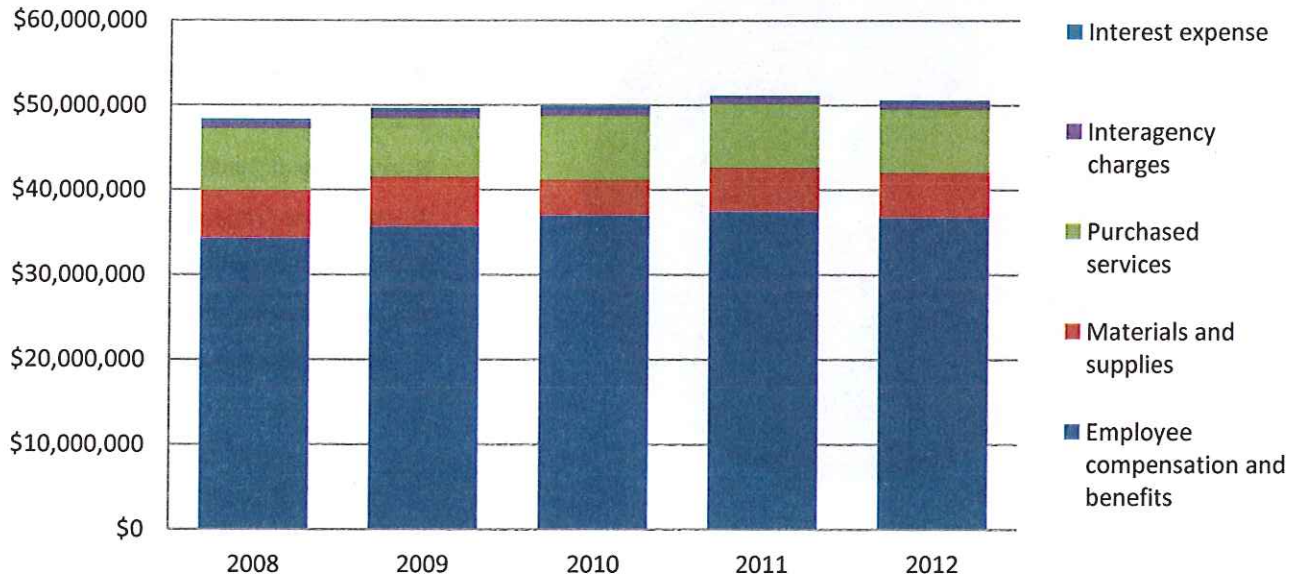


Passenger fares	\$ 12,290,638
Other	718,146
Local - City of Madison	8,709,952
Local – Dane County	3,506,276
Other local subsidies	3,110,854
State operating subsidies	16,608,172
Federal operating subsidy	5,988,679
	<u>\$ 50,932,717</u>

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FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

Expenses by Function



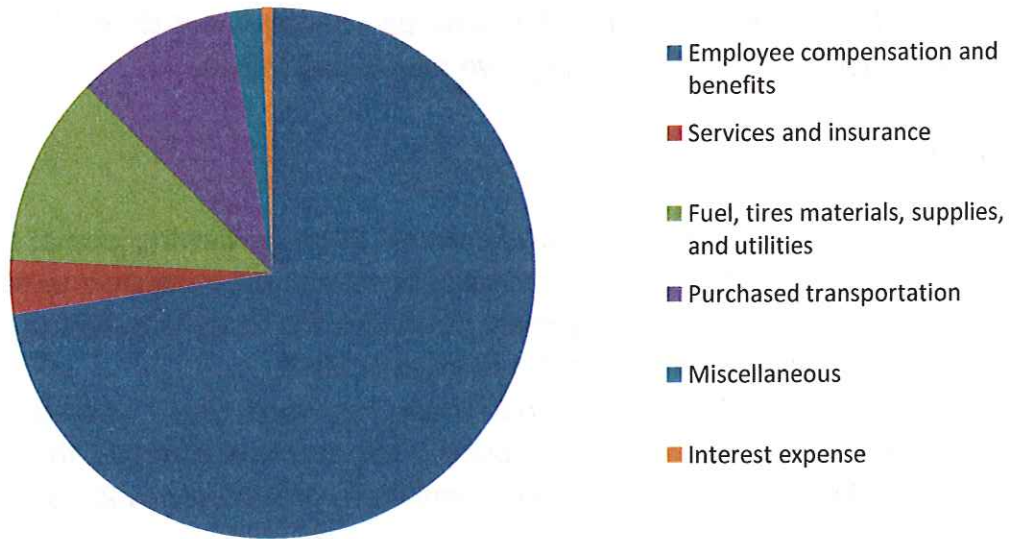
	2008	2009	2010	2011	2012
Employee compensation and benefits	\$ 34,309,490	\$35,697,169	\$ 37,001,510	\$ 37,462,095	\$ 36,724,780
Materials and supplies	5,585,864	5,797,744	4,131,430	5,164,721	5,301,924
Purchased services	7,315,145	6,981,135	7,597,128	7,491,505	7,468,495
Interagency charges	752,017	768,423	793,575	756,878	753,115
Interest Expense	<u>400,290</u>	<u>398,553</u>	<u>406,204</u>	<u>277,723</u>	<u>320,537</u>
Total Expenses	<u>\$ 48,362,806</u>	<u>\$49,643,024</u>	<u>\$ 49,929,847</u>	<u>\$ 51,152,922</u>	<u>\$ 50,568,851</u>

Please note the above analysis excludes depreciation expense.

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FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

2012 Expenses by Type



Employee compensation and benefits	\$ 36,724,780
Services and insurance	1,656,460
Fuel, tires, materials, supplies, and utilities	5,876,025
Purchased transportation	4,955,612
Miscellaneous	1,035,437
Interest Expense	320,537

\$ 50,568,851

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RECOMMENDATIONS

- > *Timely Filing of Required Reports* – management should implement a process to ensure the state quarterly reports and federal DBE reports are completed, reviewed, approved and filed by the established deadlines.

- > *Timely Preparation of Invoices for Services* –management should implement more timely billing in order to improve overall cash flows.

- > Prior year updates:
 - > *Journal Entry Review* – management began reviewing journal entries in 2012 but with the change in staff, there was not consistent review of journal entries. Management will review the responsibilities of each employee and implement a process in 2013.
 - > *Documentation of Year End Accounting Procedures* – management planned to do this in 2012, but due to personnel changes, they were not able to. The intent is to document these procedures in 2013.

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REQUIRED COMMUNICATIONS

- > Responsibilities
 - > Financial statements and related controls are managements' responsibility
 - > Our responsibility is to design and perform tests to obtain reasonable assurance that the statements are free from material misstatement
- > No new policies, standards or unique transactions for 2012
- > Key estimates include other post employment benefits and accrued sick leave
 - > We have evaluated the methods and key assumptions used in these estimates and feel they are reasonable
- > No difficulties or disagreements with management
- > Management representations provided

