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# **METRO TRANSIT SYSTEM**

An Enterprise Fund of the  
City of Madison, Wisconsin

Audit Presentation

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**METRO TRANSIT SYSTEM**  
2013 Audit Presentation

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**OVERALL AUDIT SUMMARY**

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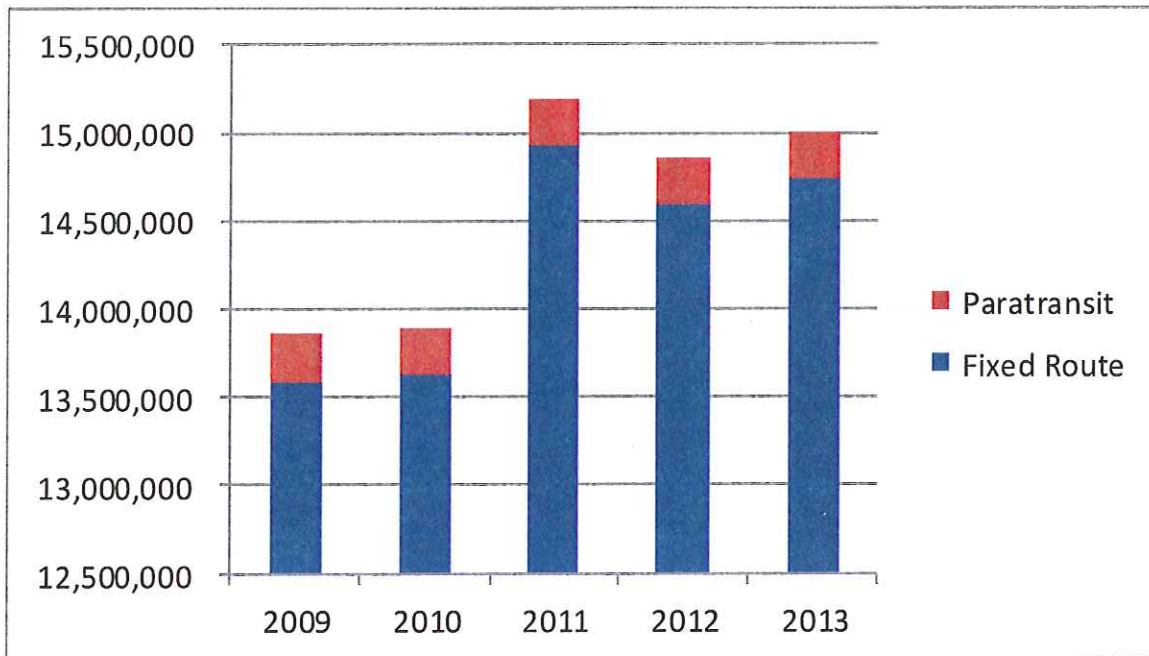
**Overall Results**

- > 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, 2013 and 2012
  - > Financial statements are management's responsibility and are prepared by management
  - > *Management discussion and analysis on pages 3-18 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
  - > No transit related findings for 2013
  
- > Certification of annual National Transit Database (NTD) report is in progress with no issues noted or anticipated.

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**FINANCIAL HIGHLIGHTS – FINANCIAL POSITION**

**Ridership**

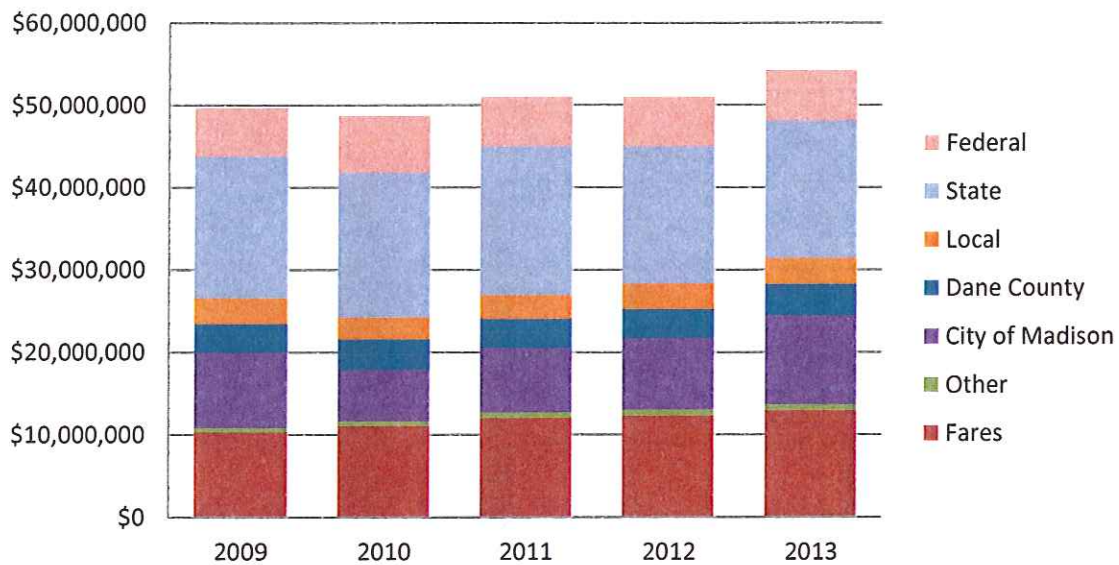


Metro has experienced a slight increase in ridership in the past year. Metro's 2013 ridership increased 1% as a whole and excluding the campus circulator routes, the rest of the fixed route system increased 2.7%.

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**FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS**

**Revenues by Source**



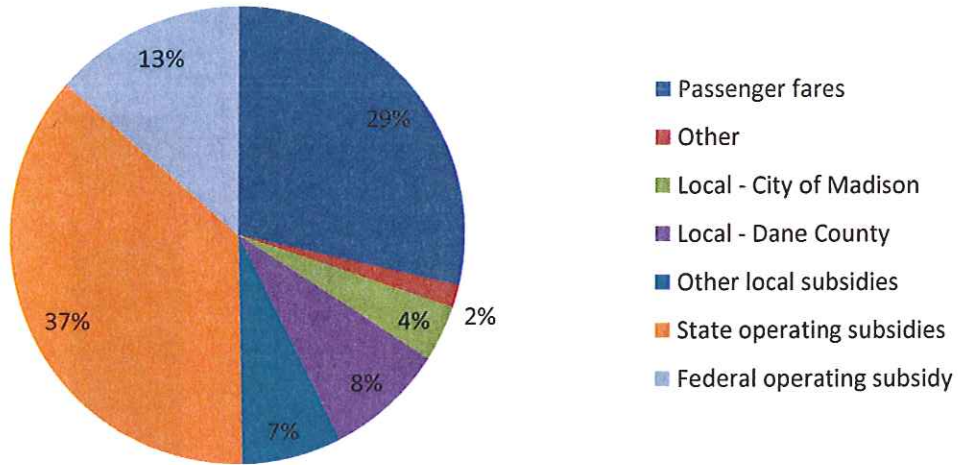
	2009	2010	2011	2012	2013
Fares	\$ 10,329,265	\$ 11,084,076	\$ 12,042,202	\$ 12,290,638	\$ 12,908,682
Other	498,414	589,253	655,125	718,146	722,409
City of Madison subsidy	9,157,264	6,212,924	7,844,538	8,709,952	10,794,879
Dane County programs	3,483,465	3,691,141	3,481,257	3,506,276	3,837,075
Other local subsidies	3,152,384	2,702,178	2,934,744	3,110,854	3,194,851
State subsidies	17,167,320	17,505,072	18,029,731	16,608,172	16,613,746
Federal subsidy	5,824,984	6,902,527	5,985,721	5,988,679	6,118,984
<b>Total Revenues</b>	<b>\$ 49,613,096</b>	<b>\$ 48,687,171</b>	<b>\$ 50,973,318</b>	<b>\$ 50,932,717</b>	<b>\$ 54,190,626</b>

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**

**2013 Revenues**

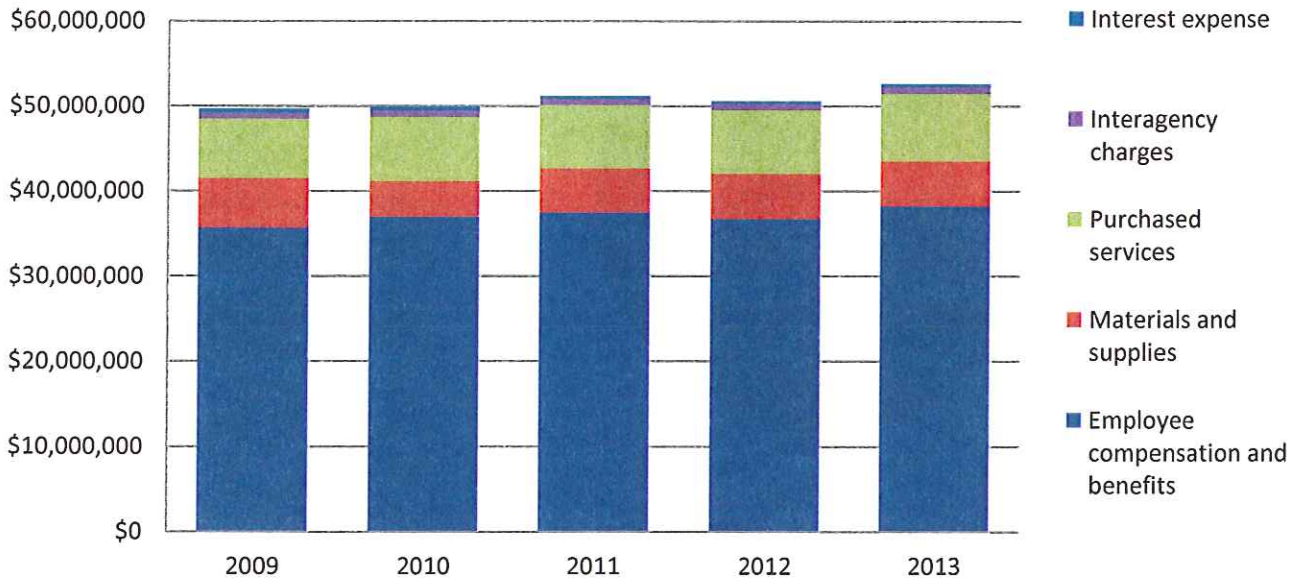


Passenger fares	\$ 12,908,682
Other	722,409
Local - City of Madison	10,794,879
Local – Dane County	3,837,075
Other local subsidies	3,194,851
State operating subsidies	16,613,746
Federal operating subsidy	6,118,984
	<u>\$ 54,190,626</u>

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**FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS**

**Expenses by Function**



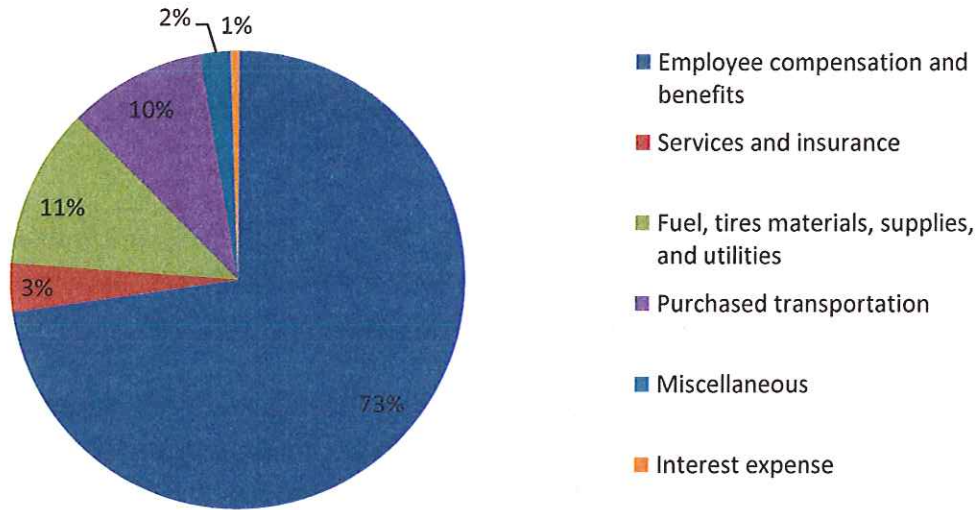
	2009	2010	2011	2012	2013
Employee compensation and benefits	\$ 35,697,169	\$ 37,001,510	\$ 37,462,095	\$ 36,724,780	\$ 38,238,265
Materials and supplies	5,797,744	4,131,430	5,164,721	5,301,924	5,265,765
Purchased services	6,981,135	7,597,128	7,491,505	7,468,495	7,957,501
Interagency charges	768,423	793,575	756,878	753,115	811,305
Interest Expense	398,553	406,204	277,723	320,537	318,353
<b>Total Expenses</b>	<b>\$ 49,643,024</b>	<b>\$ 49,929,847</b>	<b>\$ 51,152,922</b>	<b>\$ 50,568,851</b>	<b>\$ 52,591,189</b>

Please note the above analysis excludes depreciation expense.

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**FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS**

**2013 Expenses by Type**



Employee compensation and benefits	\$	38,238,265
Services and insurance		1,805,925
Fuel, tires, materials, supplies, and utilities		5,960,037
Purchased transportation		5,119,096
Miscellaneous		1,149,013
Interest Expense		318,353

<u>\$</u>	<u>52,591,189</u>
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**RECOMMENDATIONS**

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Updates on prior year recommendations:

- > *Timely Filing of Required Reports* – Management implemented new processes and as such all reports were reviewed and filed in a timely manner in 2013.
  
- > *Timely Preparation of Invoices for Services* – Management should implement processes and controls to ensure timelier billing in order to improve overall cash flows.
  
- > *Journal Entry Review* – With the change in staff in 2013 there was not consistent review of journal entries. Management will review the responsibilities of each employee and implement a process in 2014.
  
- > *Documentation of Year End Accounting Procedures* – Management continues to agree that this is valuable, however with staffing changes this was not completed in 2013. The intent is to document these procedures in 2014.



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**REQUIRED COMMUNICATIONS**

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- > 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 2013
- > 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