

Madison Metro Transit System
and its subsidiaries

August 14, 2019

Madison Metro Transit System

METRO TRANSIT SYSTEM

An Enterprise Fund of the
City of Madison, Wisconsin

Audit Presentation

August 14, 2019

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METRO TRANSIT SYSTEM

2018 Audit Presentation

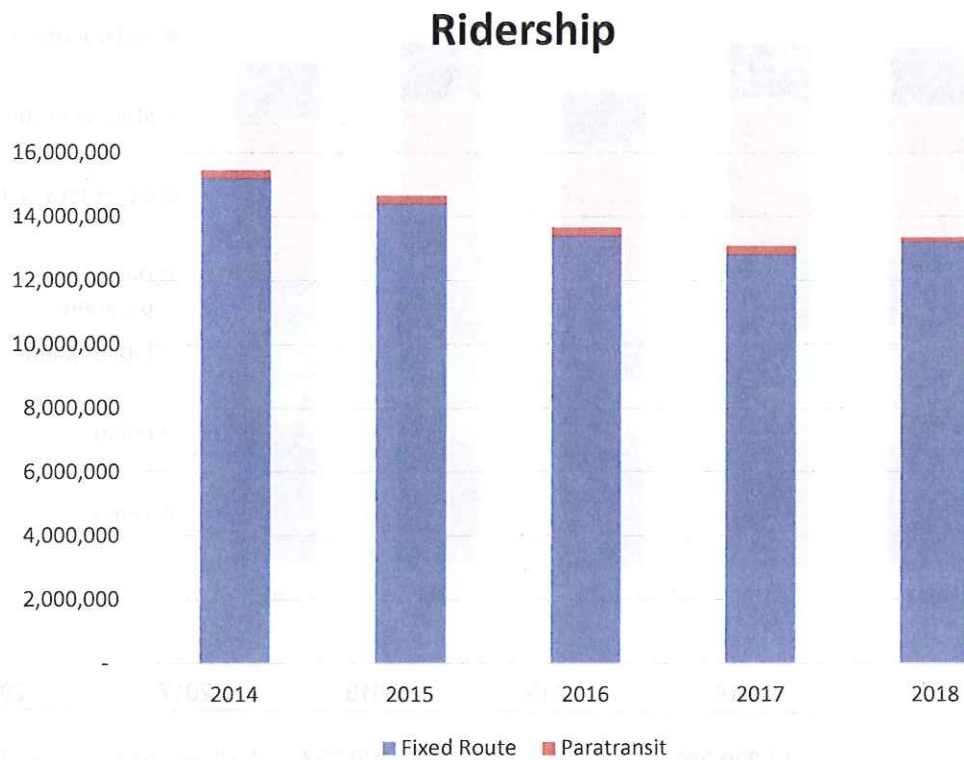
OVERALL AUDIT SUMMARY

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, 2018 and 2017
 - > Financial statements are management's responsibility and are prepared by management
 - > *Management discussion and analysis on pages 4-21 provides a nice overview of the operations for the year*
- > Federal and State grant compliance tested for reporting with city-wide single audit report
 - > No findings noted for FY18
- > Certification of annual National Transit Database (NTD) report is complete with no significant issues noted.

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FINANCIAL HIGHLIGHTS – FINANCIAL POSITION



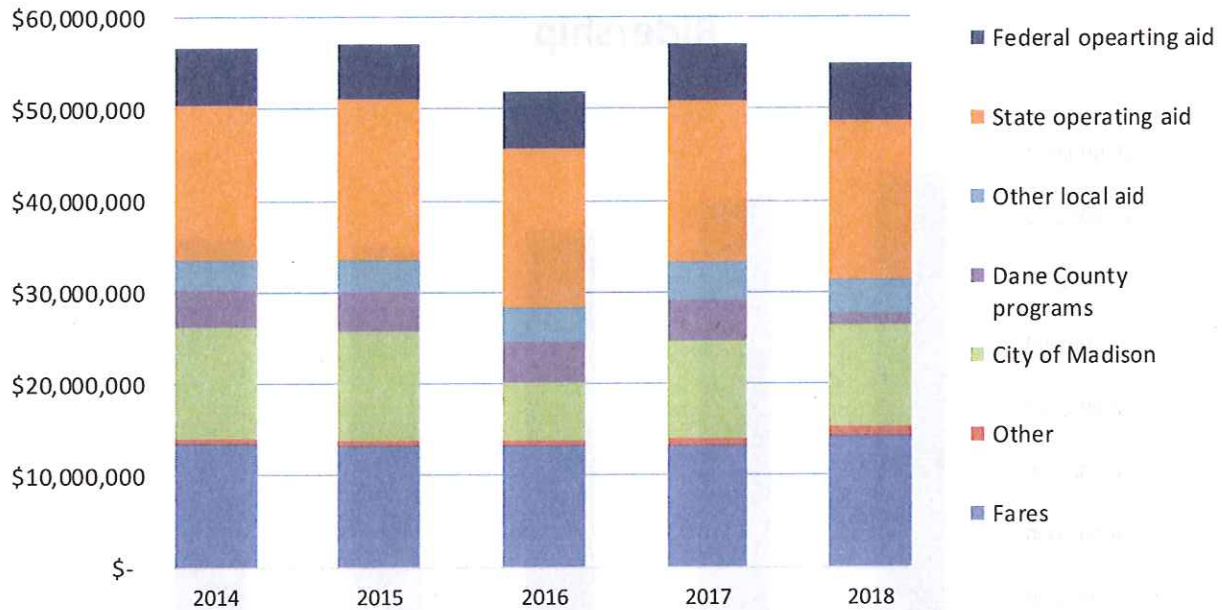
Metro's 2018 ridership fixed route ridership increased 3.1% while the paratransit ridership decreased as a result of the changes in the program, which were anticipated.

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FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

Revenues by Source



	2014	2015	2016	2017	2018
Fares	\$ 13,329,705	\$ 13,265,239	\$ 13,109,257	\$ 13,161,533	\$ 14,368,484
Other	665,622	557,870	675,220	902,972	1,048,430
City of Madison	12,241,956	11,921,295	6,252,167	10,562,056	10,889,415
Dane County programs	4,015,648	4,250,430	4,554,041	4,621,923	1,303,271
Other local aid	3,356,826	3,533,200	3,713,717	4,046,352	3,701,989
State operating aid	16,690,879	17,392,178	17,379,894	17,414,239	17,357,996
Federal operating aid	6,352,153	6,162,528	6,175,948	6,295,936	6,299,461
Total Revenues	\$ 56,652,789	\$ 57,082,740	\$ 51,860,244	\$ 57,005,011	\$ 54,969,046

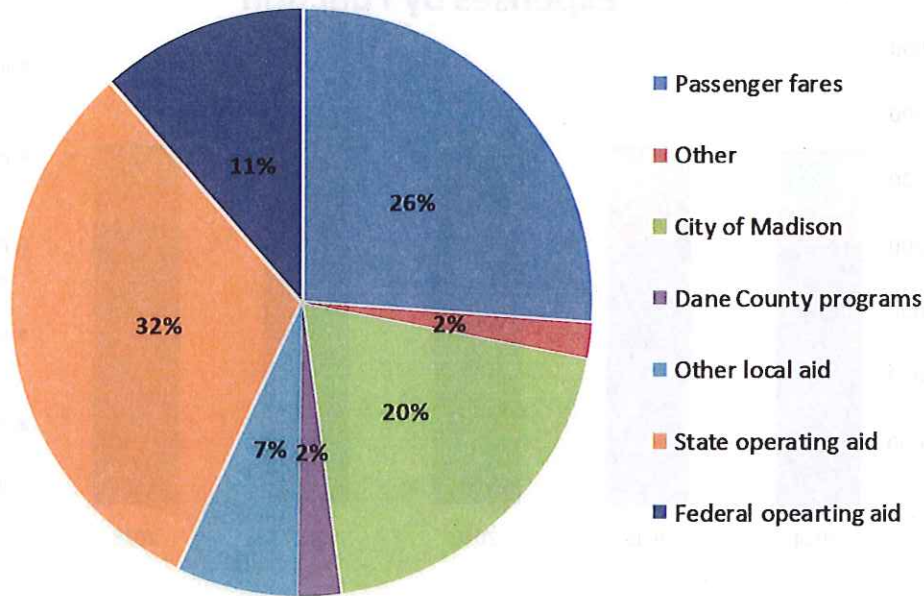
Please note this does not include capital contributions which vary greatly from year to year based on the projects or purchases planned for each period.

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FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

2018 Revenues



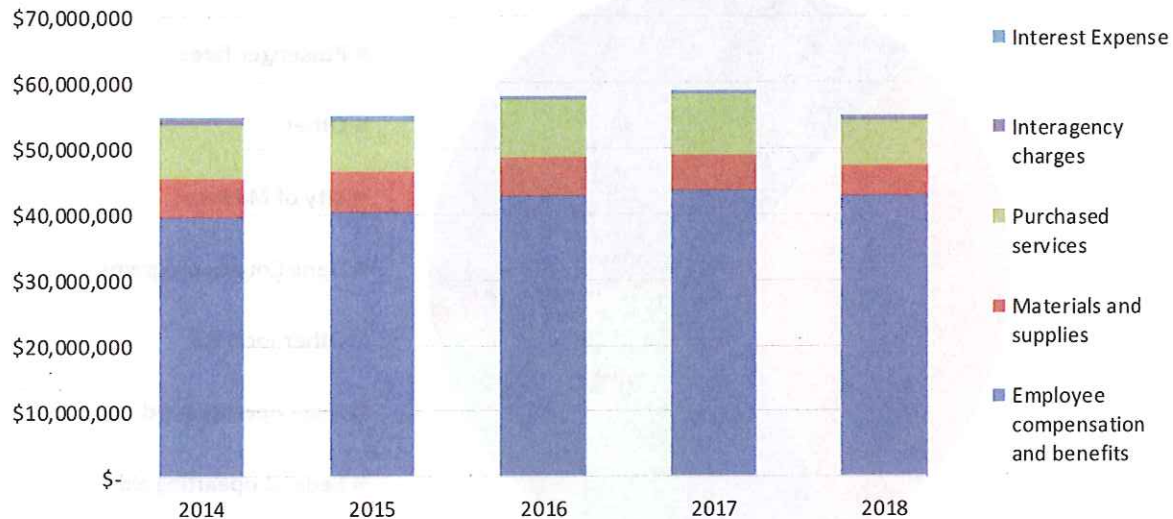
Passenger fares	\$ 14,368,484
Other	1,048,430
City of Madison	10,889,415
Dane County programs	1,303,271
Other local aid	3,701,989
State operating aid	17,357,996
Federal operating aid	6,299,461
	<u>\$ 54,969,046</u>

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FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

Expenses by Function



	2014	2015	2016	2017	2018
Employee compensation and benefits	\$ 39,468,159	\$ 40,310,311	\$ 42,877,994	\$ 43,584,469	\$ 42,880,871
Materials and supplies	6,073,559	6,134,932	5,919,000	5,430,356	4,471,349
Purchased services	8,086,712	7,774,379	8,558,997	9,131,812	6,892,799
Interagency charges	781,028	328,609	326,851	333,570	338,979
Interest Expense	302,746	331,984	385,874	385,859	433,853
Total Expenses	\$ 54,712,204	\$ 54,880,215	\$ 58,068,716	\$ 58,866,066	\$ 55,017,851

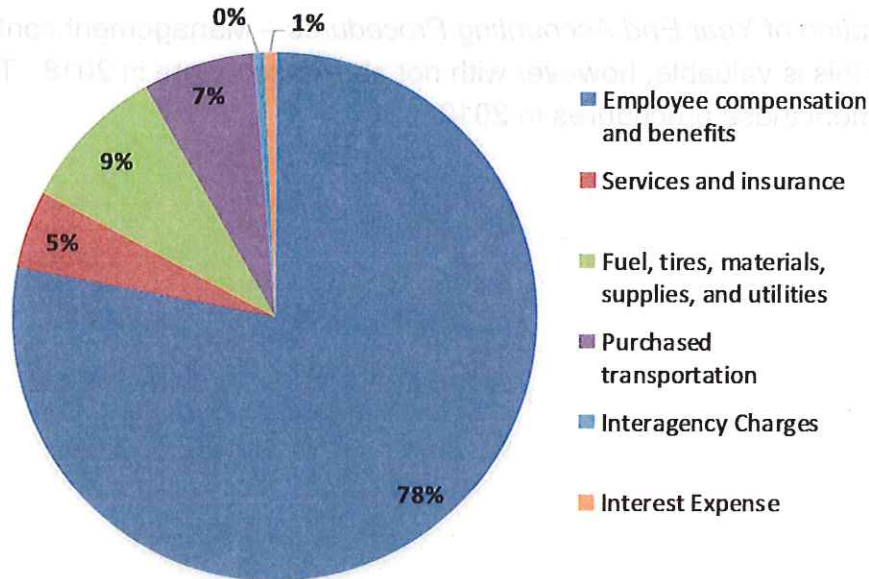
Please note the above analysis excludes depreciation expense.

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FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

2018 Expenses by Type



Employee compensation and benefits	\$42,880,871
Services and insurance	2,636,052
Fuel, tires, materials, supplies, and utilities	4,939,866
Purchased transportation	3,788,230
Interagency Charges	338,979
Interest Expense	433,853
	<u>\$55,017,851</u>

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RECOMMENDATIONS

Updates on prior year recommendations:

- > *Documentation of Year End Accounting Procedures* – Management continues to agree that this is valuable, however with not able to complete in 2018. The intent is to document these procedures in 2019.

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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
- > Implemented GASB No. 75 in 2018
- > Key estimates include the net pension asset/liability and related deferred outflows or inflows, 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