

METRO TRANSIT SYSTEM

An Enterprise Fund of the
City of Madison, Wisconsin

Audit Presentation

July 11, 2012

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OVERALL AUDIT SUMMARY

Overall Results

- > Unqualified 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, 2011 and 2010
 - > Financial statements are management's responsibility and are prepared by management
 - > *Management discussion and analysis on pages 3-14 provides a nice overview of the operations for the year*

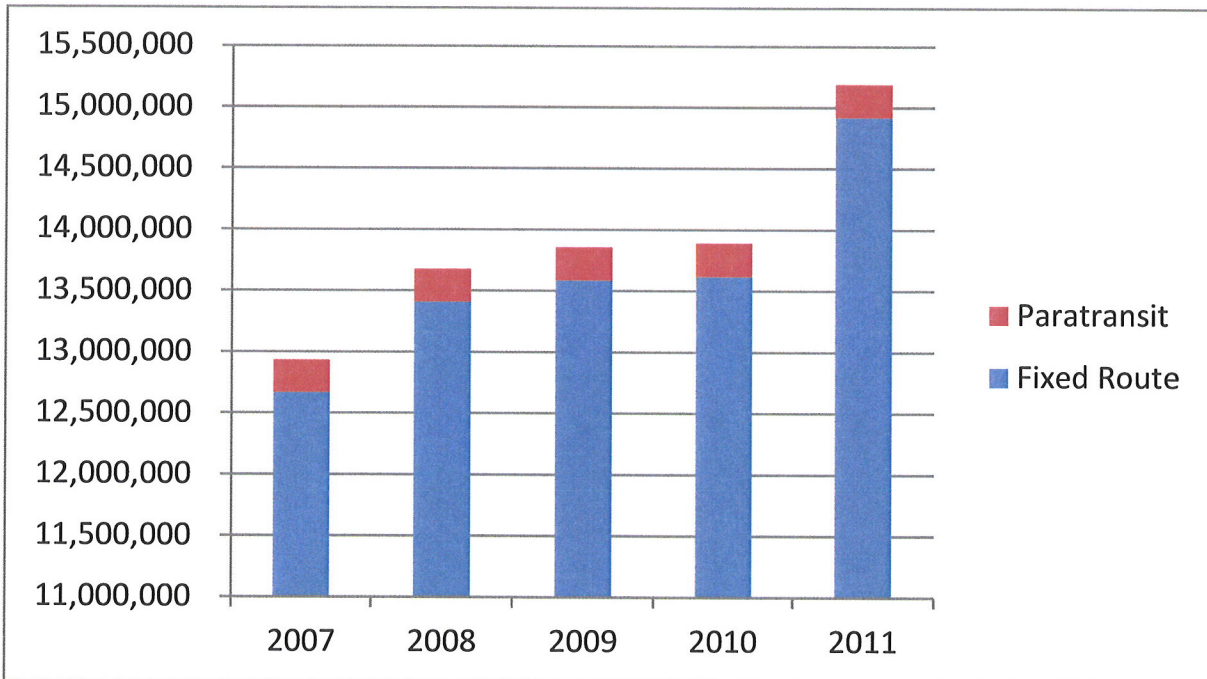
- > Federal and State grant compliance tested for reporting with city-wide A-133 single audit report
 - > Transit is in compliance with the federal grant funding agreements
 - > State quarterly reports were filed but not filed in a timely fashion; no other compliance issues with state grants

- > Certification of annual National Transit Database (NTD) report is in progress

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FINANCIAL HIGHLIGHTS – FINANCIAL POSITION

Ridership

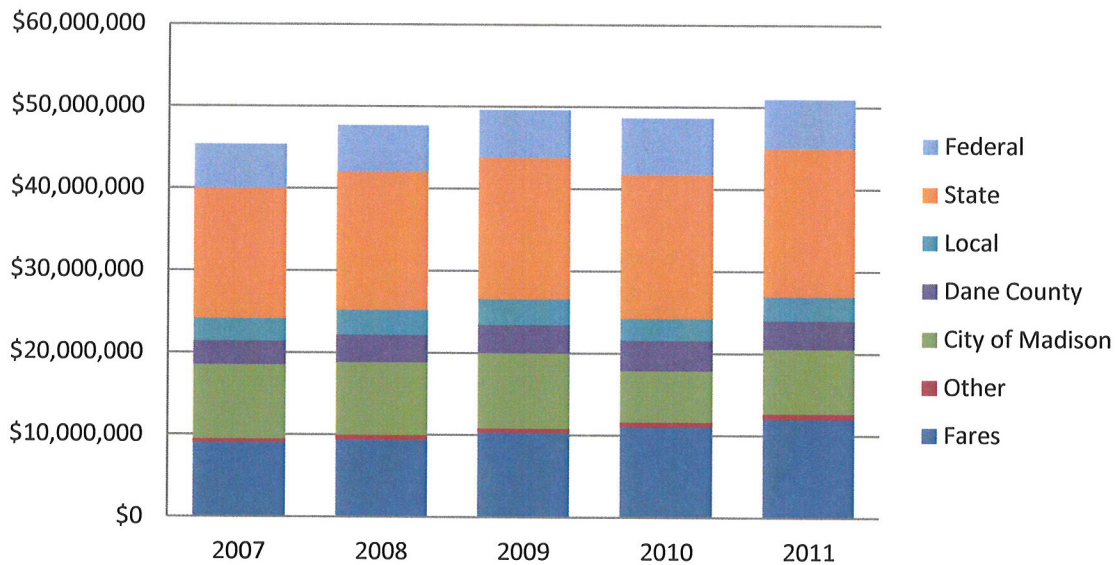


Metro has experienced a significant increase in ridership in the past year. This is consistent with the other transits we work with and general industry trends for increased ridership.

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FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

Revenues by Source



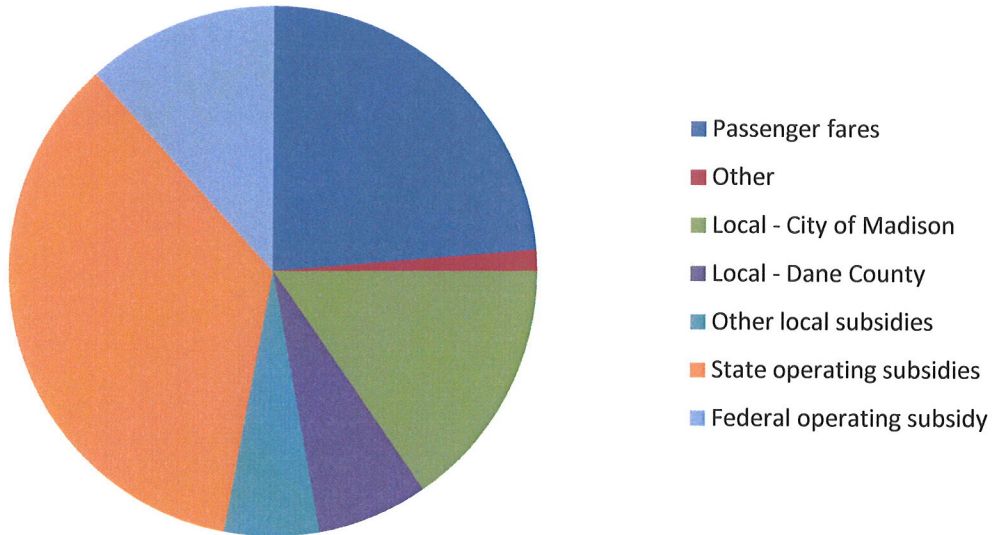
	2007	2008	2009	2010	2011
Fares	\$ 9,047,942	\$ 9,402,391	\$ 10,329,265	\$ 11,084,076	\$ 12,042,202
Other	438,856	567,585	498,414	589,253	655,125
City of Madison subsidy	9,032,579	8,857,385	9,157,264	6,212,924	7,844,538
Dane County programs	2,875,728	3,324,930	3,483,465	3,691,141	3,481,257
Other local subsidies	2,788,137	3,106,964	3,152,384	2,702,178	2,934,744
State subsidies	15,842,773	16,763,289	17,167,320	17,505,072	18,029,731
Federal subsidy	5,348,904	5,681,854	5,824,984	6,902,527	5,985,721
Total Revenues	\$ 45,374,919	\$ 47,704,398	\$ 49,613,096	\$ 48,687,171	\$ 50,973,318

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

2011 Revenues

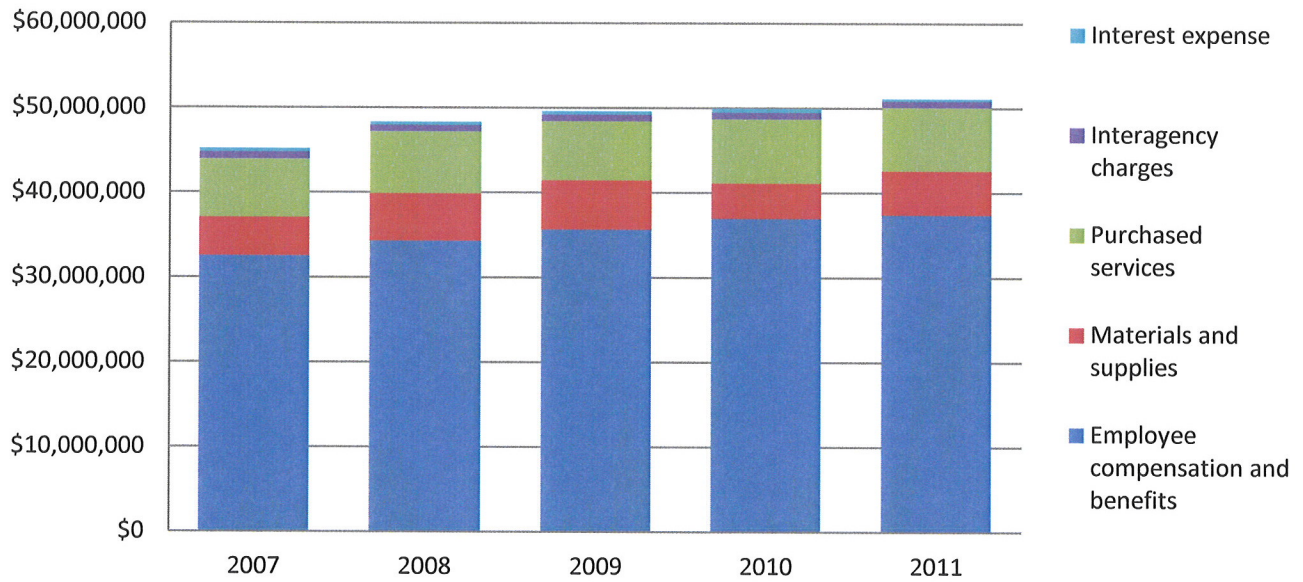


Passenger fares	\$ 12,042,202
Other	655,125
Local - City of Madison	7,844,538
Local – Dane County	3,481,257
Other local subsidies	2,934,744
State operating subsidies	18,029,731
Federal operating subsidy	5,985,721
	<u>\$ 50,973,318</u>

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FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

Expenses by Function



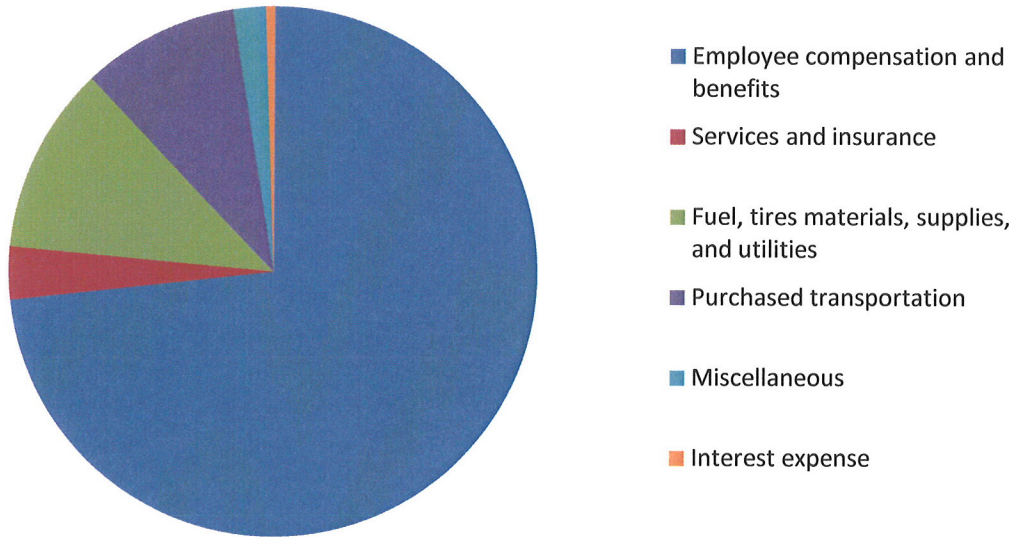
	2007	2008	2009	2010	2011
Employee compensation and benefits	\$ 32,553,008	\$34,309,490	\$ 35,697,169	\$ 37,001,510	\$ 37,462,095
Materials and supplies	4,519,946	5,585,864	5,797,744	4,131,430	5,164,721
Purchased services	6,854,688	7,315,145	6,981,135	7,597,128	7,491,505
Interagency charges	837,896	752,017	768,423	793,575	756,878
Interest Expense	409,243	400,290	398,553	406,204	277,723
Total Expenses	\$ 45,174,781	\$48,362,806	\$ 49,643,024	\$ 49,929,847	\$ 51,152,922

Please note the above analysis excludes depreciation expense.

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FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

2011 Expenses by Type



Employee compensation and benefits	\$ 37,462,095
Services and insurance	1,638,439
Fuel, tires, materials, supplies, and utilities	5,863,171
Purchased transportation	4,898,237
Miscellaneous	1,013,257
Interest Expense	277,723

\$ 51,152,922

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RECOMMENDATIONS

- > *State Quarterly Reporting* – management should implement a process to ensure the state quarterly reports are filed by the deadline to the Wisconsin Department of Transportation

- > *Year End Local Subsidy Calculation* –management should implement an internal process where one person prepares the calculation and another reviews the calculation and support data

- > Prior year updates:
 - > *Journal Entry Review* – no change was implemented in 2011, however, a review process is intended to be put in place in 2012
 - > *Documentation of Year End Accounting Procedures* – consistency in the Metro's finance department staff over the last few years has allowed management to develop more consistent year end procedures, these are to be documented during 2012

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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 2011
- > 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