

METRO TRANSIT SYSTEM

An Enterprise Fund of the
City of Madison, Wisconsin

Audit Presentation

August 12, 2015

Jodi Dobson
Partner
608.240.2469
jodi.dobson@bakertilly.com

METRO TRANSIT SYSTEM
2014 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, 2014 and 2013
 - > Financial statements are management's responsibility and are prepared by management
 - > *Management discussion and analysis on pages 3-21 provides a nice overview of the operations for the year*

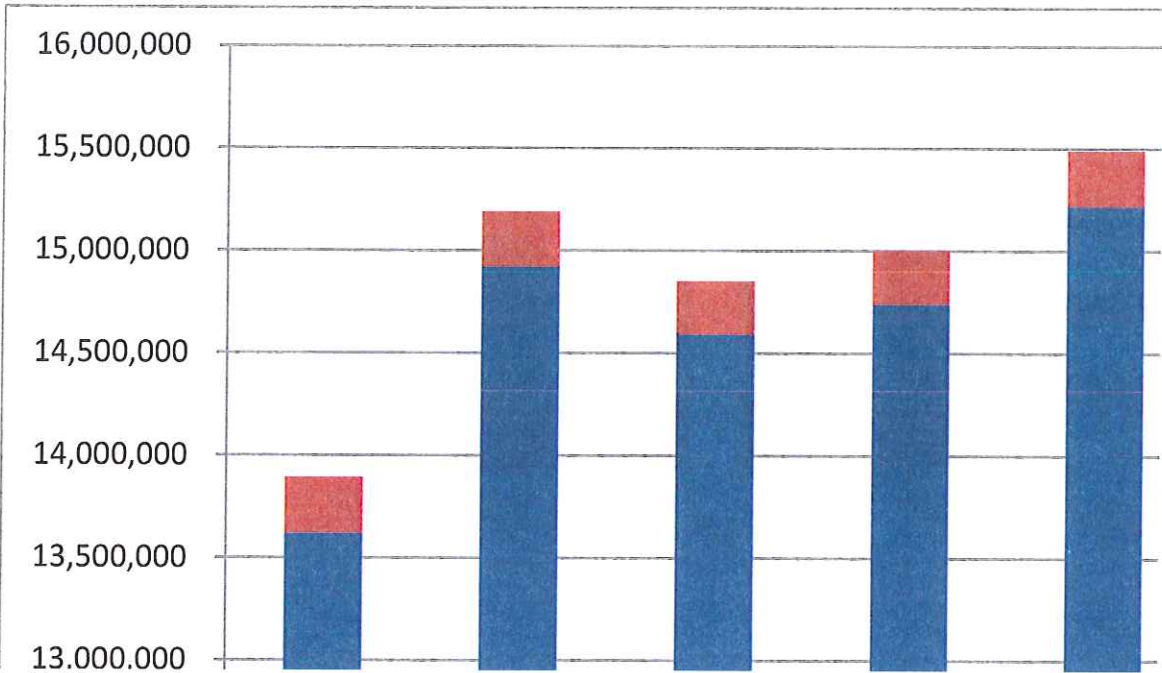
- > Federal and State grant compliance tested for reporting with city-wide A-133 single audit report
 - > No transit related findings for 2014

- > Certification of annual National Transit Database (NTD) report is in progress with no issues noted or anticipated.

METRO TRANSIT SYSTEM
2014 Audit Presentation

FINANCIAL HIGHLIGHTS – FINANCIAL POSITION

Ridership

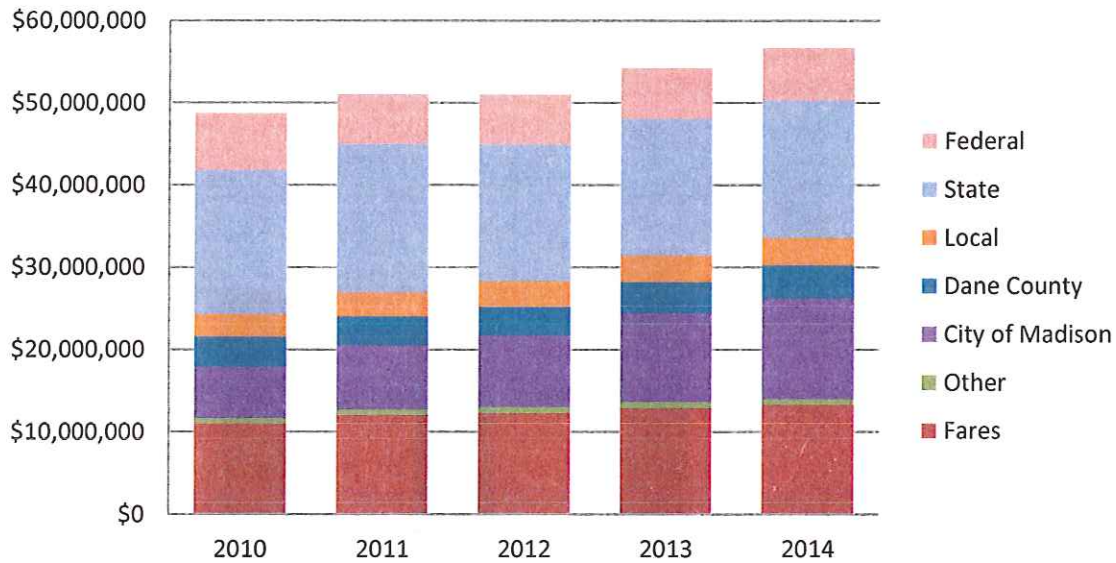


Metro has experienced continued growth in ridership in the past year. Metro's 2014 ridership increased 3.4% as a whole setting a new record high ridership over the 15 million mark.

METRO TRANSIT SYSTEM
2014 Audit Presentation

FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

Revenues by Source



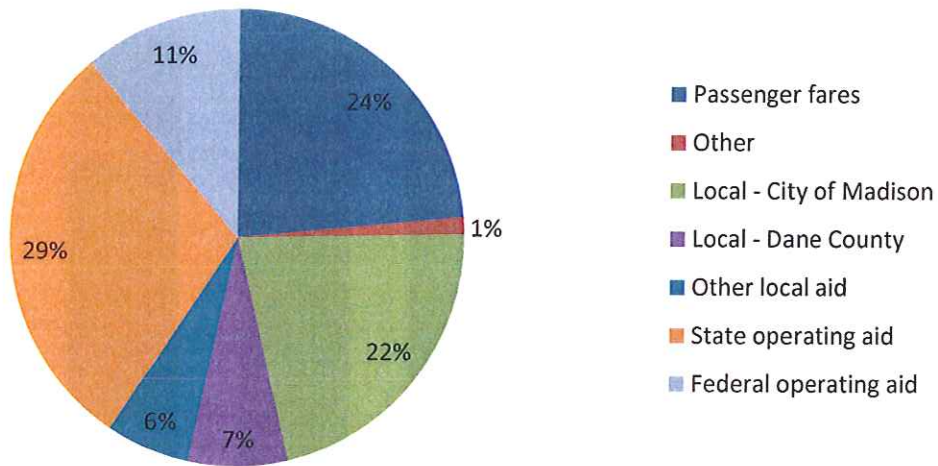
	2010	2011	2012	2013	2014
Fares	\$ 11,084,076	\$ 12,042,202	\$ 12,290,638	\$ 12,908,682	\$ 13,329,705
Other	589,253	655,125	718,146	722,409	665,622
City of Madison	6,212,924	7,844,538	8,709,952	10,794,879	12,241,956
Dane County programs	3,691,141	3,481,257	3,506,276	3,837,075	4,015,648
Other local aid	2,702,178	2,934,744	3,110,854	3,194,851	3,356,826
State operating aid	17,505,072	18,029,731	16,608,172	16,613,746	16,690,879
Federal operating aid	<u>6,902,527</u>	<u>5,985,721</u>	<u>5,988,679</u>	<u>6,118,984</u>	<u>6,352,153</u>
Total Revenues	\$ 48,687,171	\$ 50,973,318	\$ 50,932,717	\$ 54,190,626	\$ 56,652,789

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.

METRO TRANSIT SYSTEM
2014 Audit Presentation

FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

2014 Revenues

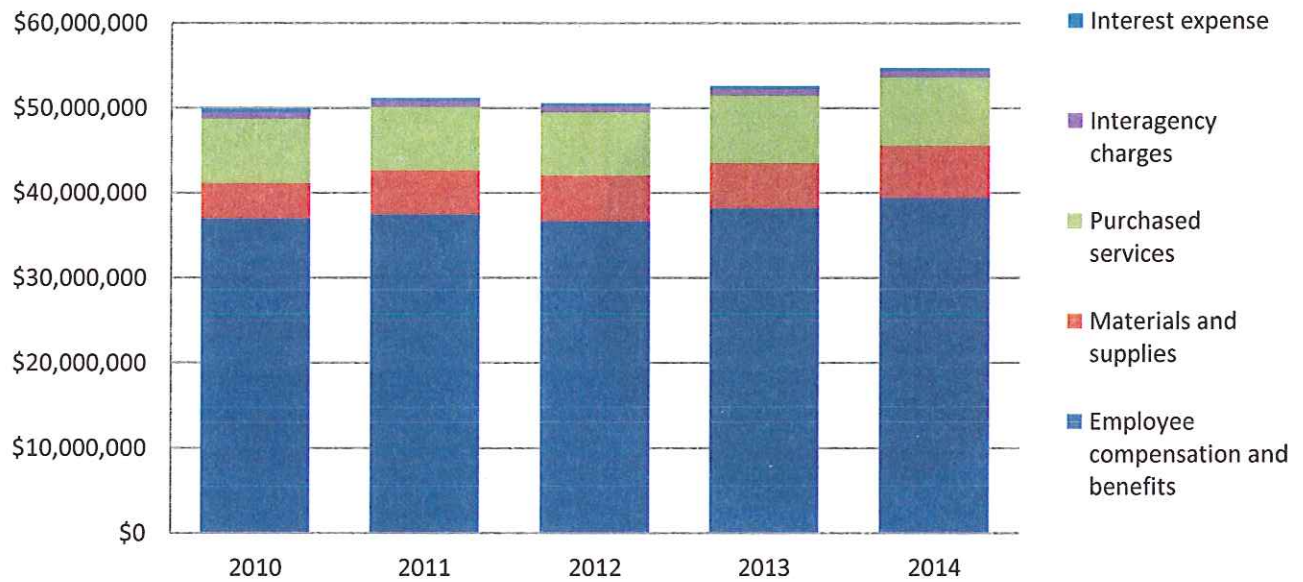


Passenger fares	\$ 13,329,705
Other	665,622
Local - City of Madison	12,241,956
Local – Dane County	4,015,648
Other local operating aid	3,356,826
State operating aid	16,690,879
Federal operating aid	6,352,153
	<u>\$ 56,652,789</u>

METRO TRANSIT SYSTEM
2014 Audit Presentation

FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

Expenses by Function



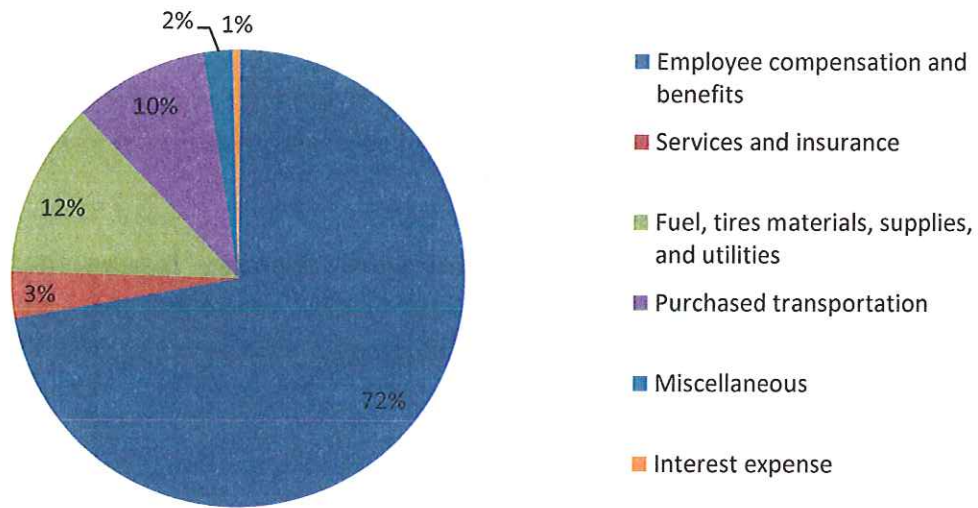
	2010	2011	2012	2013	2014
Employee compensation and benefits	\$ 37,001,510	\$ 37,462,095	\$ 36,724,780	\$ 38,238,265	\$ 39,468,159
Materials and supplies	4,131,430	5,164,721	5,301,924	5,265,765	6,073,559
Purchased services	7,597,128	7,491,505	7,468,495	7,957,501	8,086,712
Interagency charges	793,575	756,878	753,115	811,305	781,028
Interest Expense	<u>406,204</u>	<u>277,723</u>	<u>320,537</u>	<u>318,353</u>	<u>302,746</u>
Total Expenses	<u>\$ 49,929,847</u>	<u>\$ 51,152,922</u>	<u>\$ 50,568,851</u>	<u>\$ 52,591,189</u>	<u>\$ 54,712,204</u>

Please note the above analysis excludes depreciation expense.

METRO TRANSIT SYSTEM
2014 Audit Presentation

FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS

2014 Expenses by Type



Employee compensation and benefits	\$	39,456,159
Services and insurance		1,808,668
Fuel, tires, materials, supplies, and utilities		6,799,125
Purchased transportation		5,216,166
Miscellaneous		1,117,340
Interest Expense		302,746
	<u>\$</u>	<u>54,712,204</u>

METRO TRANSIT SYSTEM
2014 Audit Presentation

RECOMMENDATIONS

Updates on prior year recommendations:

- > *Timely Preparation of Invoices for Services* – Management is working to implement processes and controls to ensure timelier billing in order to improve overall cash flows.

- > *Journal Entry Review* –As vacant positions are filled management will review the responsibilities of each employee and implement a process in 2015 to ensure proper review and documentation.

- > *Documentation of Year End Accounting Procedures* – Management continues to agree that this is valuable, however with staffing changes this was not completed in 2014. The intent is to document these procedures in 2015.

METRO TRANSIT SYSTEM
2014 Audit Presentation

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 2014
- > 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

