

# **METRO TRANSIT SYSTEM**

An Enterprise Fund of the  
City of Madison, Wisconsin

Audit Presentation

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2017 Audit Presentation

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**OVERALL AUDIT SUMMARY**

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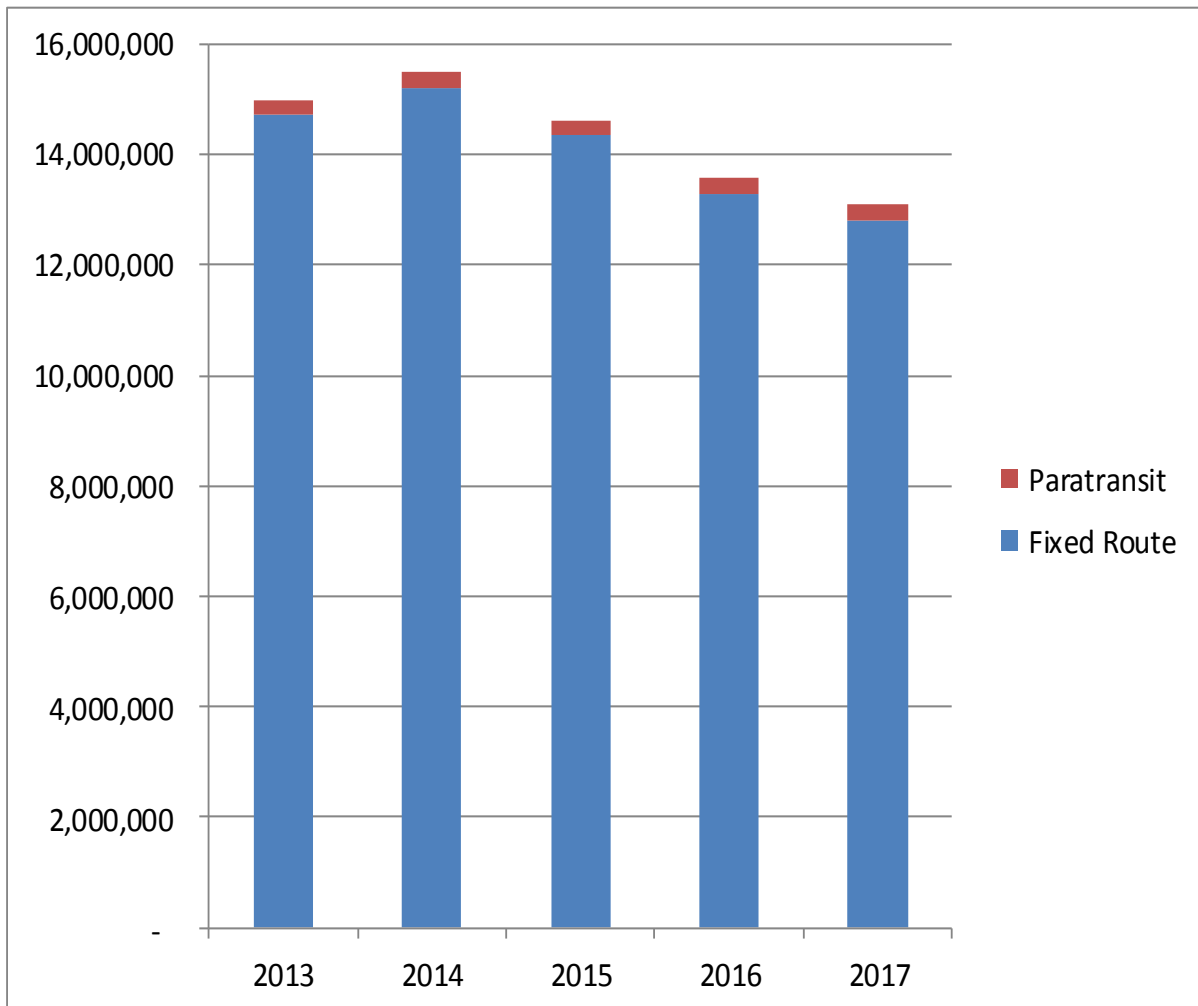
**Overall Results**

- > 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, 2017 and 2016
  - > 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 single audit report
  - > No findings noted for FY17

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**FINANCIAL HIGHLIGHTS – FINANCIAL POSITION**

**Ridership**

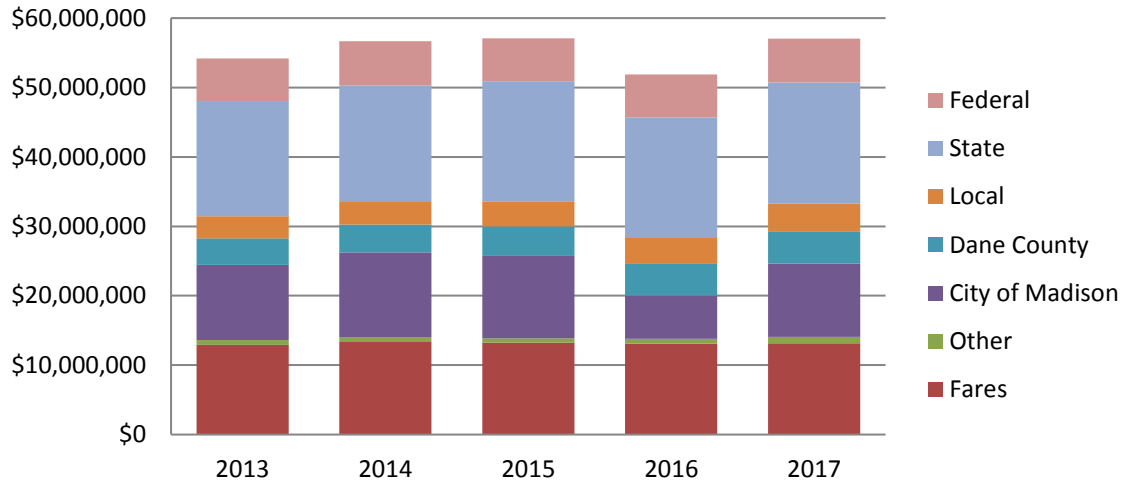


While Metro had experienced growth in ridership in recent years, Metro’s 2017 ridership decreased 3.5% primarily in the fixed route service as a result of sustained lower gas prices.

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**FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS**

**Revenues by Source**



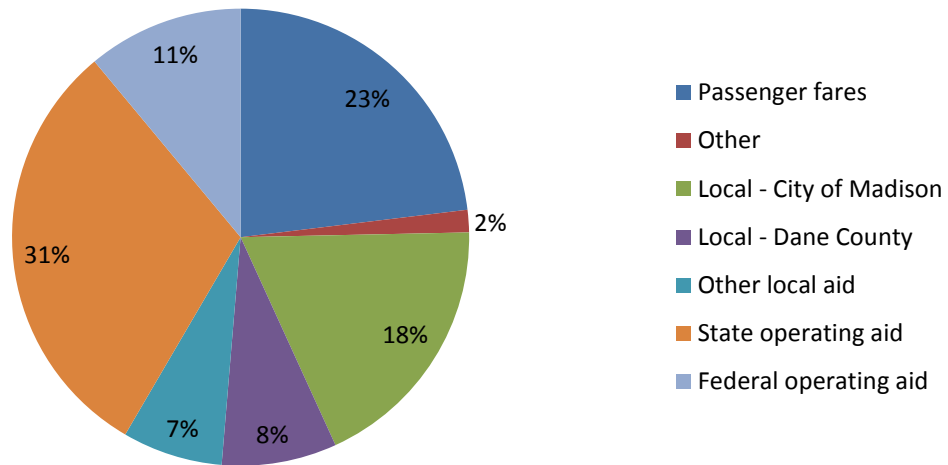
	2013	2014	2015	2016	2017
Fares	\$ 12,908,682	\$ 13,329,705	\$ 13,265,239	\$ 13,109,257	\$ 13,162,969
Other	722,409	665,622	557,870	675,220	882,254
City of Madison	10,794,879	12,241,956	11,921,295	6,252,167	10,562,056
Dane County programs	3,837,075	4,015,648	4,250,430	4,554,041	4,641,203
Other local aid	3,194,851	3,356,826	3,533,200	3,713,717	4,046,352
State operating aid	16,613,746	16,690,879	17,392,178	17,379,894	17,414,239
Federal operating aid	<u>6,118,984</u>	<u>6,352,153</u>	<u>6,162,528</u>	<u>6,175,948</u>	<u>6,295,936</u>
<b>Total Revenues</b>	<u>\$ 54,190,626</u>	<u>\$ 56,652,789</u>	<u>\$ 57,082,740</u>	<u>\$ 51,860,244</u>	<u>\$ 57,005,009</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**

**2017 Revenues**

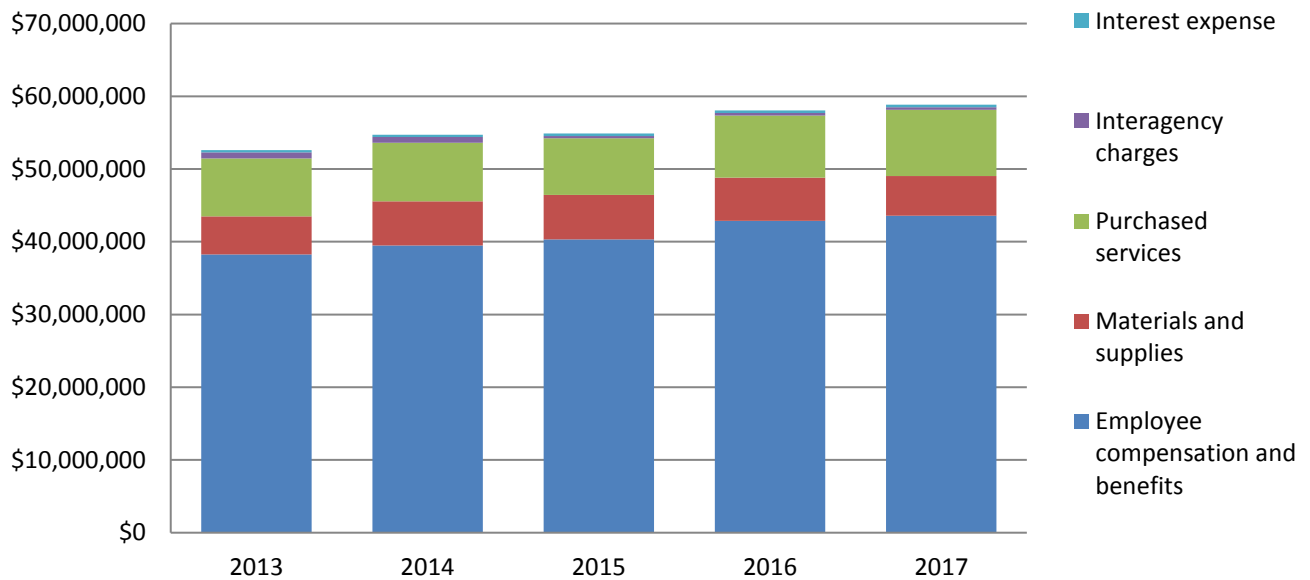


Passenger fares	\$ 13,162,969
Other	882,254
Local - City of Madison	10,562,056
Local – Dane County	4,641,203
Other local operating aid	4,046,352
State operating aid	17,414,239
Federal operating aid	6,295,936
	<u>\$ 57,005,009</u>

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**FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS**

**Expenses by Function**



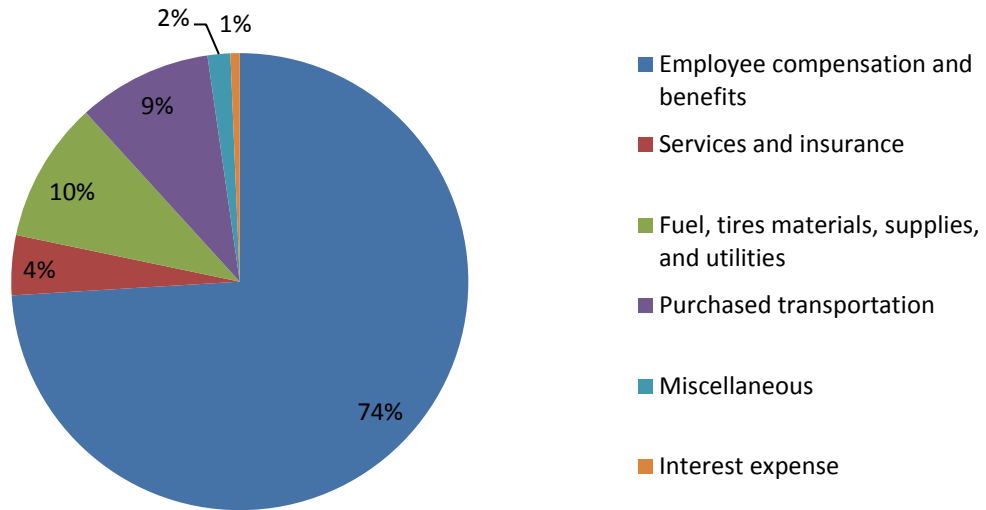
	2013	2014	2015	2016	2017
Employee compensation and benefits	\$ 38,238,265	\$ 39,468,159	\$ 40,310,311	\$ 42,877,994	\$ 43,584,469
Materials and supplies	5,265,765	6,073,559	6,134,932	5,919,000	5,430,356
Purchased services	7,957,501	8,086,712	7,774,379	8,558,997	9,131,812
Interagency charges	811,305	781,028	328,609	326,851	333,570
Interest Expense	318,353	302,746	331,984	385,874	385,859
<b>Total Expenses</b>	<b>\$ 52,591,189</b>	<b>\$ 54,712,204</b>	<b>\$ 54,880,215</b>	<b>\$ 58,068,716</b>	<b>\$ 58,866,066</b>

Please note the above analysis excludes depreciation expense.

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**FINANCIAL HIGHLIGHTS – RESULTS OF OPERATIONS**

**2017 Expenses by Type**



Employee compensation and benefits	\$	43,584,469
Services and insurance		2,493,673
Fuel, tires, materials, supplies, and utilities		5,868,995
Purchased transportation		5,585,594
Miscellaneous		947,476
Interest Expense		385,859
		\$ 58,866,066

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**RECOMMENDATIONS**

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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 2017. The intent is to document these procedures in 2018.
- > *Cash Handling Process Review* – Management implemented some of the recommended improvements and plans to continue monitoring the process to identify additional enhancement



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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 change in accounting policy in 2017
- > 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