

**METRO TRANSIT SYSTEM**

An Enterprise Fund of the  
City of Madison, Wisconsin

**FINANCIAL STATEMENTS**

As of and for the Years Ended December 31, 2022 and 2021

# METRO TRANSIT SYSTEM

An Enterprise Fund of the City of Madison, Wisconsin

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As of and for the Years Ended December 31, 2022 and 2021

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## Independent Auditors' Report

To the Transit and Parking Commission of  
Metro Transit System

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of Madison Metro Transit System, an enterprise fund (Madison Metro Transit System), of the City of Madison (City), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position for Madison Metro Transit System, as of December 31, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Madison Metro Transit System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the Madison Metro Transit System, are intended to present the financial position, the changes in the financial position, and where applicable, cash flows of only the Madison Metro Transit System. They do not purport to, and do not, present fairly the financial position of the City, as of December 31, 2022, and 2021, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, Madison Metro Transit System adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Accordingly, the accounting changes have been retroactively applied to prior periods presented. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Madison Metro Transit System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated in all material respects, in relation to the financial statements as a whole.

*Baker Tilly US, LLP*

Madison, Wisconsin  
June 26, 2023

# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The following report of Metro Transit's activities and financial performance provides the reader with an introduction and overview to the financial statements for the fiscal year ended December 31, 2022.

The information contained in this report should be considered in conjunction with the information contained in the other historical summaries and activities and financial performance section of this report.

### **Mission**

It is the mission of Metro Transit (Metro), through the efforts of dedicated, well-trained employees to provide safe, reliable, convenient and efficient public transportation to the citizens and visitors of the Metro service area.

Metro provides extensive fixed route and ADA paratransit service in a 72 square mile regional service area with a population of 375,000 and also provides contributions to Dane County for the delivery of Group Access Services (providing transportation of the elder to meal-sites), and Volunteer Driver Escort programs in the Metro service area. Metro is an Enterprise Fund of the City of Madison. Local investment partners are the Cities of Fitchburg, Middleton, Sun Prairie and Verona, Town of Madison, Madison College, Madison Metropolitan School District, the University of Wisconsin-Madison, the University of Wisconsin Hospital East, and the Village of Shorewood Hills. Unlimited ride pass program participants include the UW-Madison, Madison College, Edgewood College, St. Mary's and Meriter Hospitals, Dane County and the City of Madison.

### **Annual Overview**

#### *Impact of Covid-19*

Since the presence of Covid-19 in 2020 and the emergence of additional variants, Metro has been operating service at approximately 85% of pre-pandemic levels. Metro will return to full service in June 2023 with the implementation of the updated network redesign.

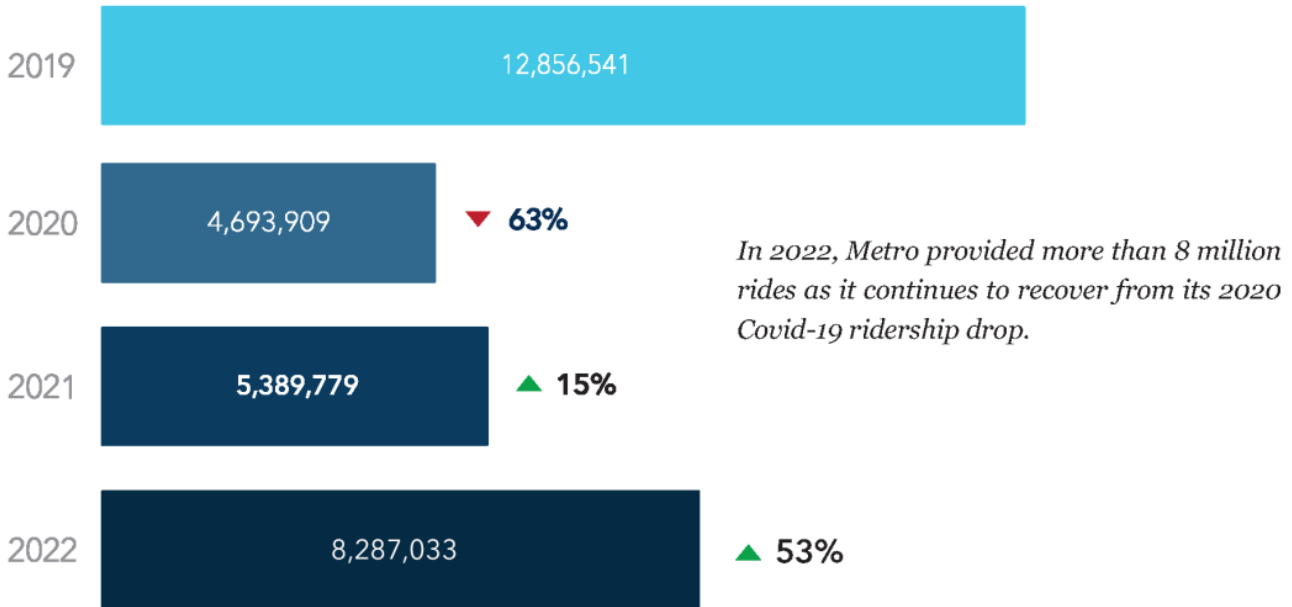
Metro serves a vital need in the community and supports residents and visitors in getting to places that meet their critical needs, such as employment, education, healthcare, and entertainment and retail sites. Metro has continued to work closely with essential service organizations to make sure these needs are still being met despite the decreased service levels. Extra trips have been added when overcrowding is occurring on specific routes.

Despite the challenges experienced nationwide in hiring bus drivers, Metro has made some adjustments to its recruiting processes and expects to be fully staffed and able to return to full service in 2023.

# METRO TRANSIT SYSTEM

## MANAGEMENT’S DISCUSSION AND ANALYSIS REPORT

### Ridership Infographic



### *Bus Rapid Transit*

Metro continues to work towards the implementation of a bus rapid transit (BRT) system. Madison’s BRT system will provide more frequent, faster and more reliable bus service across the region with direct routes and fewer stops.

In addition, Metro has purchased 46 all-electric 60-foot buses to provide to provide the ability to transport more passengers with less of a carbon footprint. The system will also feature special traffic signals to help buses get through intersections faster, dedicated bus lanes and stations with off-board fare payment kiosks.

Metro is implementing this type of system in expectation of thousands of new jobs and residents by the year 2050, which is expected to generate even more thousands of new road trips to work, school and recreation.

Construction is now underway on an initial corridor that operates east to west through Madison’s downtown and university campus areas. An addition north/south BRT route is also in development. The initial east-west corridor is expected to cost \$186 million, Madison has secured \$137 million in federal funding and locally committed \$13 million of in-kind contributions, \$20 million in TIF funding, and \$16 million in local borrowing to complete the project. Service on the east-west line is expected to start in the summer of 2024.

# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

### *Network Redesign*

Metro Transit is currently in the process of completely updating its system. New routes and schedules go into effect on Sunday, June 11. New service has been designed to provide better access to jobs, reduce travel times, make the system easier to use and integrate the route system into Metro's upcoming bus rapid transit system expected to go online in 2024. This is the largest route system overhaul since it converted to a transfer point system in 1998.

Initially, the routes will run without the 60-foot buses or BRT infrastructure in the East-West corridor until the opening of BRT service in 2024.

### *Facilities Update*

Metro is completing a capital improvement project at its main maintenance and bus storage facility on East Washington Ave. Inadequate space to store buses, coupled with the aging infrastructure and inadequate ventilation has led to unsafe working conditions and substandard, inefficient amenities that needed to be addressed.

The first and second phases of construction, which were completed between 2019 and 2020, included building new service lanes, remodeling of the workshop and body shop, structural work, critical HVAC upgrades and widespread electrical upgrades to support the addition of electric buses.

The first part of the third phase of remodeling began in the summer of 2021 and was completed in 2022. This included ten additional maintenance bays/lifts, new driver break room, training space, parts room, restrooms, boilers and water heaters, including new HVAC and lighting in remodeled areas.

The next phase is set to start in 2024, which is to include replacement of thirteen maintenance bays, reconstruction of the administration space, new driver and maintenance staff locker rooms, additional restrooms and a new dispatch area.

Metro was awarded a \$6.4 million bus and bus facilities grant from the federal government to put towards the next phase of construction. This award will help to cover the rising costs of construction due to the labor shortage, inflation and scarcity of materials.

### *Satellite Facility on Madison's Far East Side*

To provide capacity to expand service and implement BRT, Metro has purchased a satellite maintenance and bus storage facility on the far-east side of the city. The site will feature a large bus storage facility as well as a fully-functional bus wash and maintenance facility.

Staff is completing design work for the addition of a wash bay, service lane, utilities to accommodate electric vehicles, and lifts for maintenance of the 60-foot BRT buses. The location will also include training/conference space and a dispatch and administration area. Construction is expected to be completed in early 2024 for the BRT rollout.



# **METRO TRANSIT SYSTEM**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

### *New Fare Technology*

To speed up boarding on both its bus rapid transit and local route systems, Metro is implementing new fare technology in 2023/24. New technology will feature smart cards, customer online accounts, and the ability to use smartphones and credit cards to board the bus. Metro's fare technology has also not been updated in more than 20 years. Improvements will make it both easier to ride the bus, and make the system more accessible to low income riders through a fare capping process.

# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

### Madison Metro Transit Income Statement For the Year Ended December 31, 2022

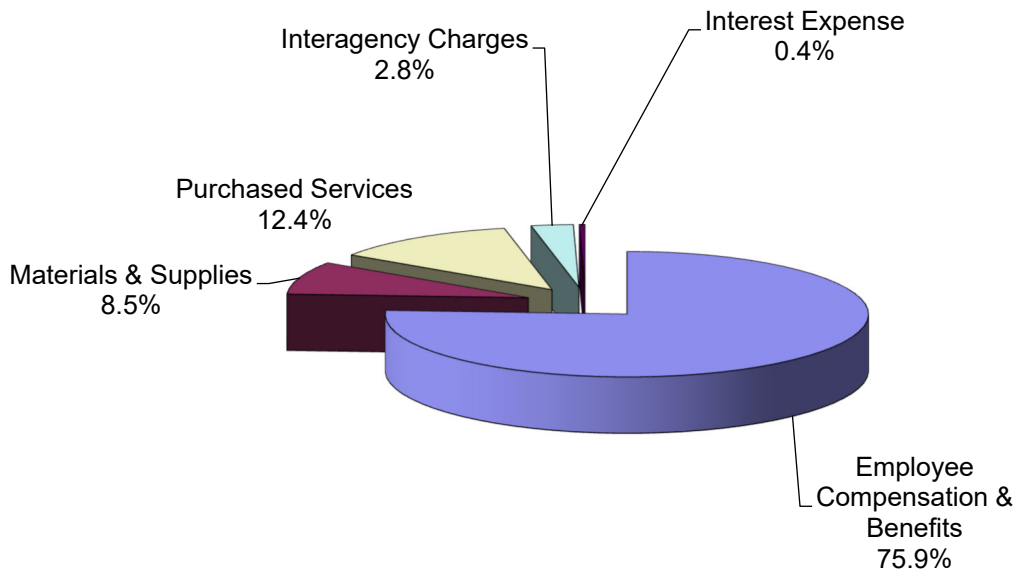
	All Modes		Fixed Route		Paratransit	
	Actual	Budget	Actual	Budget	Actual	Budget
<b>Revenue</b>						
Farebox	\$ 1,083,425	\$ 954,284	\$ 1,014,210	\$ 899,193	\$ 69,215	\$ 55,091
Passes & Tickets	\$ 3,966,062	\$ 3,569,678	\$ 3,287,872	\$ 2,744,847	\$ 678,190	\$ 824,831
Unlimited Ride Programs	\$ 4,640,802	\$ 6,846,625	\$ 4,082,430	\$ 6,846,625	\$ 558,372	\$ -
<b>Passenger Revenue</b>	<b>\$ 9,690,289</b>	<b>\$ 11,370,587</b>	<b>\$ 8,384,512</b>	<b>\$ 10,490,665</b>	<b>\$ 1,305,777</b>	<b>\$ 879,922</b>
County Programs	\$ 267,907	\$ 600,000	\$ -	\$ -	\$ 267,907	\$ 600,000
Federal Operating Assistance	\$ 8,011,468	\$ 15,480,245	\$ 7,542,531	\$ 14,574,137	\$ 468,937	\$ 906,108
State Operating Assistance	\$ 14,314,128	\$ 14,122,700	\$ 13,512,537	\$ 13,331,829	\$ 801,591	\$ 790,871
Local Subsidies	\$ 7,732,241	\$ 6,300,000	\$ 7,500,274	\$ 6,111,000	\$ 231,967	\$ 189,000
Vehicle Registration Fee	\$ 6,868,623	\$ 6,000,000	\$ 6,834,280	\$ 5,100,000	\$ 34,343	\$ 900,000
Advertising	\$ 556,746	\$ 675,000	\$ 556,746	\$ 675,000	\$ -	\$ -
Miscellaneous	\$ 44,183	\$ 200,000	\$ 44,183	\$ 200,000	\$ -	\$ -
<b>Total Revenue</b>	<b>\$ 47,485,585</b>	<b>\$ 54,748,532</b>	<b>\$ 44,375,063</b>	<b>\$ 50,482,631</b>	<b>\$ 3,110,522</b>	<b>\$ 4,265,901</b>
<b>Expenditures</b>						
Salaries	\$ 30,830,016	\$ 31,049,106	\$ 30,213,416	\$ 30,428,124	\$ 616,600	\$ 620,982
Benefits	\$ 9,884,083	\$ 13,070,759	\$ 9,686,401	\$ 12,809,344	\$ 197,682	\$ 261,415
Utilities/Telephone	\$ 668,740	\$ 974,988	\$ 655,365	\$ 955,488	\$ 13,375	\$ 19,500
Repairs & Maint B&G	\$ 106,400	\$ 249,000	\$ 104,272	\$ 244,020	\$ 2,128	\$ 4,980
Repairs & Maint Equip	\$ 630,919	\$ 690,000	\$ 618,301	\$ 676,200	\$ 12,618	\$ 13,800
Rentals	\$ 36,169	\$ 465,000	\$ 35,446	\$ 455,700	\$ 723	\$ 9,300
Employee Services	\$ 122,730	\$ 117,000	\$ 120,275	\$ 114,660	\$ 2,455	\$ 2,340
Insurance & Financial	\$ 964,214	\$ 1,295,105	\$ 944,930	\$ 1,269,203	\$ 19,284	\$ 25,902
Purchased Transportation	\$ 3,482,051	\$ 3,910,000	\$ -	\$ -	\$ 3,482,051	\$ 3,910,000
Other Services	\$ 627,637	\$ 1,119,500	\$ 615,084	\$ 1,097,110	\$ 12,553	\$ 22,390
Office Supplies	\$ 161,947	\$ 300,983	\$ 158,708	\$ 294,963	\$ 3,239	\$ 6,020
Equipment Supplies	\$ 1,724,469	\$ 1,849,000	\$ 1,707,224	\$ 1,830,510	\$ 17,245	\$ 18,490
Bldg & Const Supplies	\$ 7,562	\$ 200,000	\$ 7,486	\$ 198,000	\$ 76	\$ 2,000
Fuels, Oils & Lubricants	\$ 2,305,905	\$ 2,024,000	\$ 2,282,846	\$ 2,003,760	\$ 23,059	\$ 20,240
Other Supplies	\$ 223,349	\$ 353,200	\$ 221,116	\$ 349,668	\$ 2,233	\$ 3,532
Interdepartmental Charges	\$ 1,495,868	\$ 1,436,109	\$ 1,480,909	\$ 1,421,748	\$ 14,959	\$ 14,361
Depreciation	\$ 7,688,124	\$ 8,000,000	\$ 7,611,243	\$ 7,920,000	\$ 76,881	\$ 80,000
Interest	\$ 271,245	\$ -	\$ 268,533	\$ -	\$ 2,712	\$ -
<b>Total Expenses</b>	<b>\$ 61,231,428</b>	<b>\$ 67,103,750</b>	<b>\$ 56,731,555</b>	<b>\$ 62,068,498</b>	<b>\$ 4,499,873</b>	<b>\$ 5,035,252</b>
<b>Income(Deficit)</b>	<b>\$ (13,745,843)</b>	<b>\$ (12,355,218)</b>	<b>\$ (12,356,492)</b>	<b>\$ (11,585,867)</b>	<b>\$ (1,389,351)</b>	<b>\$ (769,351)</b>
Depreciation	\$ (7,688,124)	\$ (8,000,000)	\$ (7,611,243)	\$ (7,920,000)	\$ (76,881)	\$ (80,000)
Unfunded OPEB	\$ 283,093	\$ -	\$ 277,431	\$ -	\$ 5,662	\$ -
Unfunded Pension	\$ 2,949,288	\$ -	\$ 2,890,302	\$ -	\$ 58,986	\$ -
Debt	\$ 3,823,073	\$ 359,910	\$ 3,784,842	\$ 356,311	\$ 38,231	\$ 3,599
Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Portion of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Expenditures (City)</b>	<b>\$ 60,598,758</b>	<b>\$ 59,463,660</b>	<b>\$ 56,072,887</b>	<b>\$ 54,504,809</b>	<b>\$ 4,525,871</b>	<b>\$ 4,958,851</b>
Added To/(Taken From)Reserves	\$ (3,986,609)	\$ 4,411,436	\$ (3,164,487)	\$ 4,009,198	\$ (822,122)	\$ 402,238
<b>Income/(Deficit) (City)</b>	<b>\$ (9,126,564)</b>	<b>\$ (9,126,564)</b>	<b>\$ (8,533,337)</b>	<b>\$ (8,031,376)</b>	<b>\$ (593,227)</b>	<b>\$ (1,095,188)</b>

# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Although employee compensation and benefits went up almost \$1.5 million, it actually accounted for just under 76% of expenses, compared to over 77% in 2021. The 1% overall decrease in employee compensation, was made up between increases in materials & supplies, purchased services, and interagency charges.

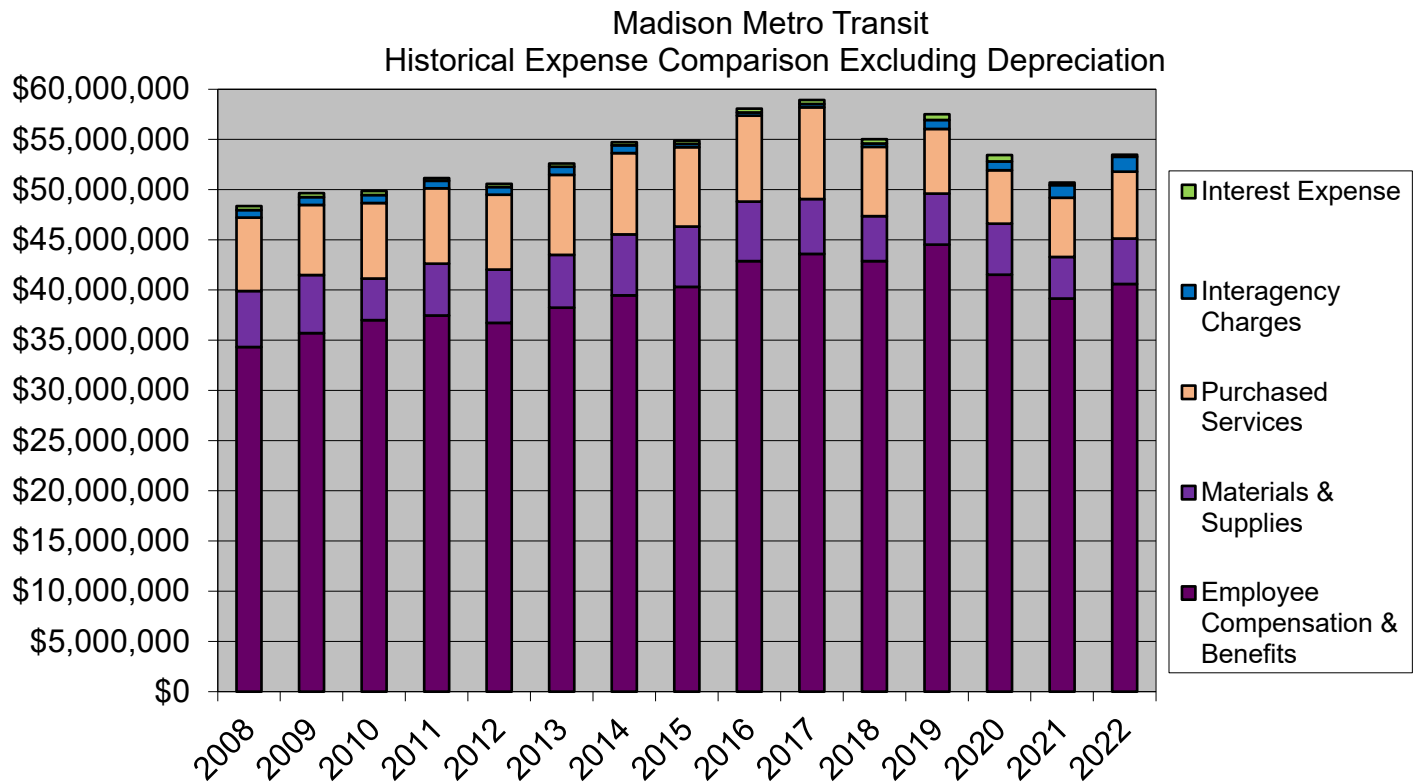
### 2022 Expenses Excluding Depreciation



# METRO TRANSIT SYSTEM

## MANAGEMENT’S DISCUSSION AND ANALYSIS REPORT

The below chart illustrates that total operating expenses increased by 5.5% between 2021 and 2022. Metro saw increases in each expense area with the exception of interest expense. Metro was expecting to see an increase in expenses due to higher inflation and an increase in costs for additional staff positions being filled across the organization.

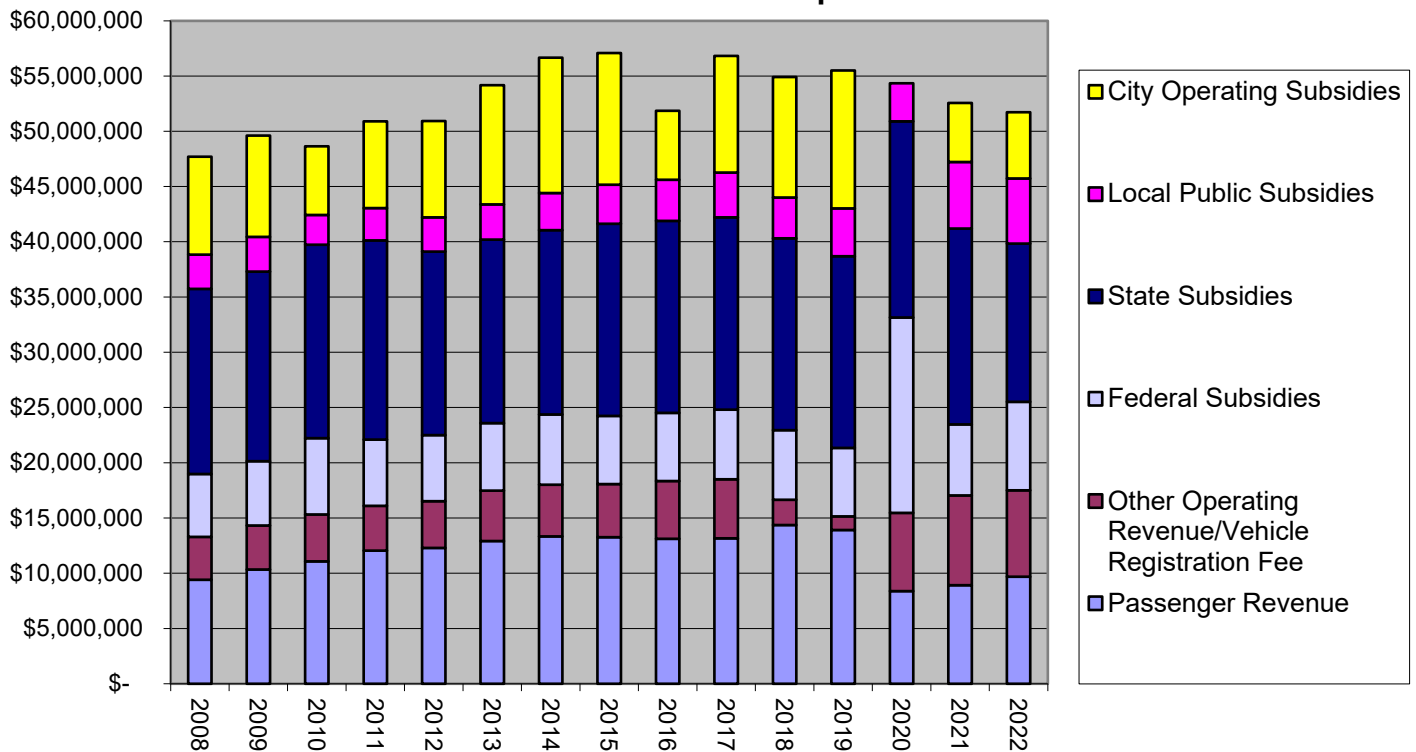


# METRO TRANSIT SYSTEM

## MANAGEMENT’S DISCUSSION AND ANALYSIS REPORT

The next chart compares Metro’s revenue sources for the same period of time. Passenger revenue has decreased 32.5% since hitting a peak in 2018. This large decrease is attributed to the COVID-19 pandemic and many businesses and facilities switching to virtual work and instruction since early 2020. On a positive note, passenger revenue was up 8.6% in 2022 from the previous year. State aid, which traditionally provides the largest portion of Metro’s revenue, decreased 3.6% in 2022 due to legislative budget cuts for the first year of the 2022-2023 biennial budget.

**Madison Metro Transit Historical Revenue Comparison**



# **METRO TRANSIT SYSTEM**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

### **GRANT STATUS**

Metro is fortunate to have federal support for capital funding for rolling stock (buses), ITS hardware/software, transit enhancements, facilities improvements and other capital projects. The following chart shows the year-end grant status of each grant against which expenditures were charged during the year. Note that where balances are available as of 12/31/22 future capital project plans are budgeted to draw down those balances.

# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

### Madison Metro Transit Year End Grant Status as of 12/31/22

Note: All amounts listed are "Eligible Funds" at 100% of cost not the FTA or State amount.

CAPITAL GRANTS	Funding Year	Total Funds Apportionment	Prior years expenditures	Beginning Balance	2022 expenditures	Balance available as of 12/31/22	Future Budgeted projects	Balance after budgeted projects	Detail of future budgeted projects- see page 2.
<b>Federal Section 5307</b>									
WI-2019-022	2019	\$ 10,677,962	\$ 10,056,256	\$ 621,705	\$ -	\$ 621,705	\$ 621,705	\$ -	Buses
WI-2020-031	2020	\$ 10,377,418	\$ 9,721,119	\$ 656,299	\$ -	\$ 656,299	\$ 656,299	\$ -	Buses
WI-2020-049 (CARES Stimulus)	2020	\$ 24,498,820	\$ 11,904,457	\$ 12,594,363	\$ 8,429	\$ 12,585,934	\$ 12,585,934	\$ -	Emergency Operating, Facility Renovations, Buses
WI-2021-041 (CRRSA Stimulus)	2021	\$ 14,983,291	\$ -	\$ 14,983,291	\$ 241,437	\$ 14,741,854	\$ 14,741,854	\$ -	Various
WI-2021-042 (ARPA Stimulus)	2021	\$ 30,006,405	\$ 6,000,000	\$ 24,006,405	\$ 7,900,000	\$ 16,106,405	\$ 16,106,405	\$ -	Emergency Operating Assistance
FFY 2021 (estimate)	2021	\$ 9,665,549	\$ -	\$ 9,665,549	\$ -	\$ 9,665,549	\$ 9,665,549	\$ -	Facility
FFY 2022 (estimate)	2022	\$ 12,477,915	\$ -	\$ 12,477,915	\$ -	\$ 12,477,915	\$ 12,477,915	\$ -	BRT Buses
FFY 2023 (estimate)	2023	\$ 12,738,691	\$ -	\$ 12,738,691	\$ -	\$ 12,738,691	\$ 12,738,691	\$ -	Facility Renovations, BRT & Fixed Route Buses
<b>Total Section 5307</b>		<b>\$ 125,426,051</b>	<b>\$ 37,681,832</b>	<b>\$ 87,744,218</b>	<b>\$ 8,149,866</b>	<b>\$ 79,594,353</b>	<b>\$ 79,594,353</b>	<b>\$ -</b>	
<b>Federal Section 5310</b>									
WI-2021-029	2021	\$ 301,779	\$ 243,384	\$ 58,395	\$ 58,395	\$ -	\$ -	\$ -	Closed
WI-2021-036	2021	\$ 54,368	\$ 44,932	\$ 9,436	\$ -	\$ 9,436	\$ 9,436	\$ -	Emergency Assistance for Mobility management
WI-2022-028	2022	\$ 344,070	\$ -	\$ 344,070	\$ 187,624	\$ 156,446	\$ 156,446	\$ -	Mobility management
FFY 2023 (estimate)	2023	\$ 671,097	\$ -	\$ 671,097	\$ -	\$ 671,097	\$ 671,097	\$ -	Mobility management
<b>Total Section 5310</b>		<b>\$ 1,371,314</b>	<b>\$ 288,316</b>	<b>\$ 1,082,998</b>	<b>\$ 246,019</b>	<b>\$ 836,979</b>	<b>\$ 836,979</b>	<b>\$ -</b>	
<b>Federal Section 5337 &amp; 5339a</b>									
WI-2019-022	2019	\$ 2,334,648	\$ 1,456,000	\$ 878,648	\$ -	\$ 878,648	\$ 878,648	\$ -	Buses
WI-2020-031	2020	\$ 2,220,850	\$ -	\$ 2,220,850	\$ -	\$ 2,220,850	\$ 2,220,850	\$ -	Buses
FFY 2021 (estimate)	2021	\$ 2,800,004	\$ -	\$ 2,800,004	\$ -	\$ 2,800,004	\$ 2,800,004	\$ -	Facility
FFY 2022 (estimate)	2022	\$ 3,399,926	\$ -	\$ 3,399,926	\$ -	\$ 3,399,926	\$ 3,399,926	\$ -	BRT Buses
FFY 2023 (estimate)	2023	\$ 3,454,878	\$ -	\$ 3,454,878	\$ -	\$ 3,454,878	\$ 3,454,878	\$ -	BRT & Fixed Route Buses
<b>Total Section 5337 &amp; 5339a</b>		<b>\$ 14,210,306</b>	<b>\$ 1,456,000</b>	<b>\$ 12,754,306</b>	<b>\$ -</b>	<b>\$ 12,754,306</b>	<b>\$ 12,754,306</b>	<b>\$ -</b>	
<b>Federal Section 5339 Discretionary</b>									
WI-2018-012 (FTA 5339c Low-No)	2017	\$ 1,491,341	\$ 1,438,988	\$ 52,353	\$ 37,004	\$ 15,349	\$ 15,349	\$ -	Electric Bus Deployment project
WI-2020-031 (FTA 5339b Bus Facility)	2019	\$ 10,240,000	\$ 10,240,000	\$ -	\$ -	\$ -	\$ -	\$ -	Will be closed with Super Grant
FFY 2020 (FTA 5339b Bus Facility)	2020	\$ 7,086,000	\$ -	\$ 7,086,000	\$ -	\$ 7,086,000	\$ 7,086,000	\$ -	BRT Buses, Equipment and Infrastructure
FFY 2021 (FTA 5339b Bus Facility)	2021	\$ 8,000,000	\$ -	\$ 8,000,000	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -	Facility Renovations
<b>Total Section 5339 Discretionary</b>		<b>\$ 26,817,341</b>	<b>\$ 11,678,988</b>	<b>\$ 15,138,353</b>	<b>\$ 37,004</b>	<b>\$ 15,101,349</b>	<b>\$ 15,101,349</b>	<b>\$ -</b>	
<b>Total Capital Grants</b>		<b>\$ 167,825,012</b>	<b>\$ 51,105,136</b>	<b>\$ 116,719,876</b>	<b>\$ 8,432,889</b>	<b>\$ 108,286,987</b>	<b>\$ 108,286,987</b>	<b>\$ -</b>	
<b>OTHER GRANTS</b>									
WI390002	2007	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	Closed
WI-2021-038 (TOD Planning)	2020	\$ 390,000	\$ 7,574	\$ 382,426	\$ 54,677	\$ 327,750	\$ 327,750	\$ -	Various
FFY 2021 Areas of Persistent Poverty	2021	\$ 748,824	\$ -	\$ 748,824	\$ -	\$ 748,824	\$ 748,824	\$ -	BRT North-South Line Planning
FFY 2021 Routes Planning Restoration	2021	\$ 436,170	\$ -	\$ 436,170	\$ -	\$ 436,170	\$ 436,170	\$ -	Various
WisDOT-2021-5304 (Statewide Planning)	2021	\$ 400,000	\$ -	\$ 400,000	\$ -	\$ 400,000	\$ 400,000	\$ -	On-Board Survey
<b>Total Other Grants</b>		<b>\$ 3,474,994</b>	<b>\$ 1,507,574</b>	<b>\$ 1,967,420</b>	<b>\$ 54,677</b>	<b>\$ 1,912,744</b>	<b>\$ 1,912,744</b>	<b>\$ -</b>	

\$ 8,487,565

# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

CAPITAL GRANTS	Transit Enhancements	Equipment	Facility	Computer hardware & software	Mobility management	Consultants	Buses -BRT/Fixed Route	Emergency/Operating Assistance	Associated capital maintenance	Total Budgeted Projects
<b>Federal Section 5307</b>										
WI-2019-022							\$ 621,705			\$ 621,705
WI-2020-031							\$ 656,299			\$ 656,299
WI-2020-049 (CARES Stimulus)							\$ 6,000,000	\$ 6,585,934		\$ 12,585,934
WI-2021-041 (CRRSA Stimulus)				\$ 13,741,854			\$ 1,000,000			\$ 14,741,854
WI-2021-042 (ARPA Stimulus)								\$ 16,106,405		\$ 16,106,405
FFY 2021 (estimate)			\$ 9,665,549							\$ 9,665,549
FFY 2022 (estimate)							\$ 12,477,915			\$ 12,477,915
FFY 2023 (estimate)			\$ 3,159,448				\$ 9,579,243			\$ 12,738,691
<b>Total Section 5307</b>	\$ -	\$ -	\$ 12,824,997	\$ 13,741,854	\$ -	\$ -	\$ 30,335,162	\$ 22,692,339	\$ -	\$ 79,594,353
<b>Federal Section 5310</b>										
WI-2021-029										\$ -
WI-2021-036								\$ 9,436		\$ 9,436
WI-2022-028					\$ 156,446					\$ 156,446
FFY 2023 (estimate)					\$ 671,097					\$ 671,097
<b>Total Section 5310</b>	\$ -	\$ -	\$ -	\$ -	\$ 827,543	\$ -	\$ -	\$ 9,436	\$ -	\$ 836,979
<b>Federal Section 5337 &amp; 5339a</b>										
WI-2019-022							\$ 878,648			\$ 878,648
WI-2020-031							\$ 2,220,850			\$ 2,220,850
FFY 2021 (estimate)			\$ 2,800,004							\$ 2,800,004
FFY 2022 (estimate)							\$ 3,399,926			\$ 3,399,926
FFY 2023 (estimate)							\$ 3,454,878			\$ 3,454,878
<b>Total Section 5337 &amp; 5339a</b>	\$ -	\$ -	\$ 2,800,004	\$ -	\$ -	\$ -	\$ 9,954,302	\$ -	\$ -	\$ 12,754,306
<b>Federal Section 5339 Discretionary</b>										
WI-2018-012 (FTA 5339c Low-No)						\$ 15,349				\$ 15,349
WI-2020-031 (FTA 5339b Bus Facility)										\$ -
FFY 2020 (FTA 5339b Bus Facility)		\$ 400,000				\$ 4,376,000	\$ 2,310,000			\$ 7,086,000
FFY 2021 (FTA 5339b Bus Facility)			\$ 8,000,000							\$ 8,000,000
<b>Total Section 5339 Discretionary</b>	\$ -	\$ 400,000	\$ 8,000,000	\$ -	\$ -	\$ 4,391,349	\$ 2,310,000	\$ -	\$ -	\$ 15,101,349
<b>Total Capital Grants</b>	\$ -	\$ 400,000	\$ 23,625,001	\$ 13,741,854	\$ 827,543	\$ 4,391,349	\$ 42,599,464	\$ 22,701,775	\$ -	\$ 108,286,987
<b>OTHER GRANTS</b>										
WI390002										\$ -
WI-2021-038 (TOD Planning)						\$ 327,750				\$ 327,750
FFY 2021 Areas of Persistent Poverty						\$ 748,824				\$ 748,824
FFY 2021 Routes Planning Restoration				\$ 212,000		\$ 224,170				\$ 436,170
WisDOT-2021-5304 (Statewide Planning)						\$ 400,000				\$ 400,000
<b>Total Other Grants</b>	\$ -	\$ -	\$ -	\$ 212,000	\$ -	\$ 1,700,744	\$ -	\$ -	\$ -	\$ 1,912,744

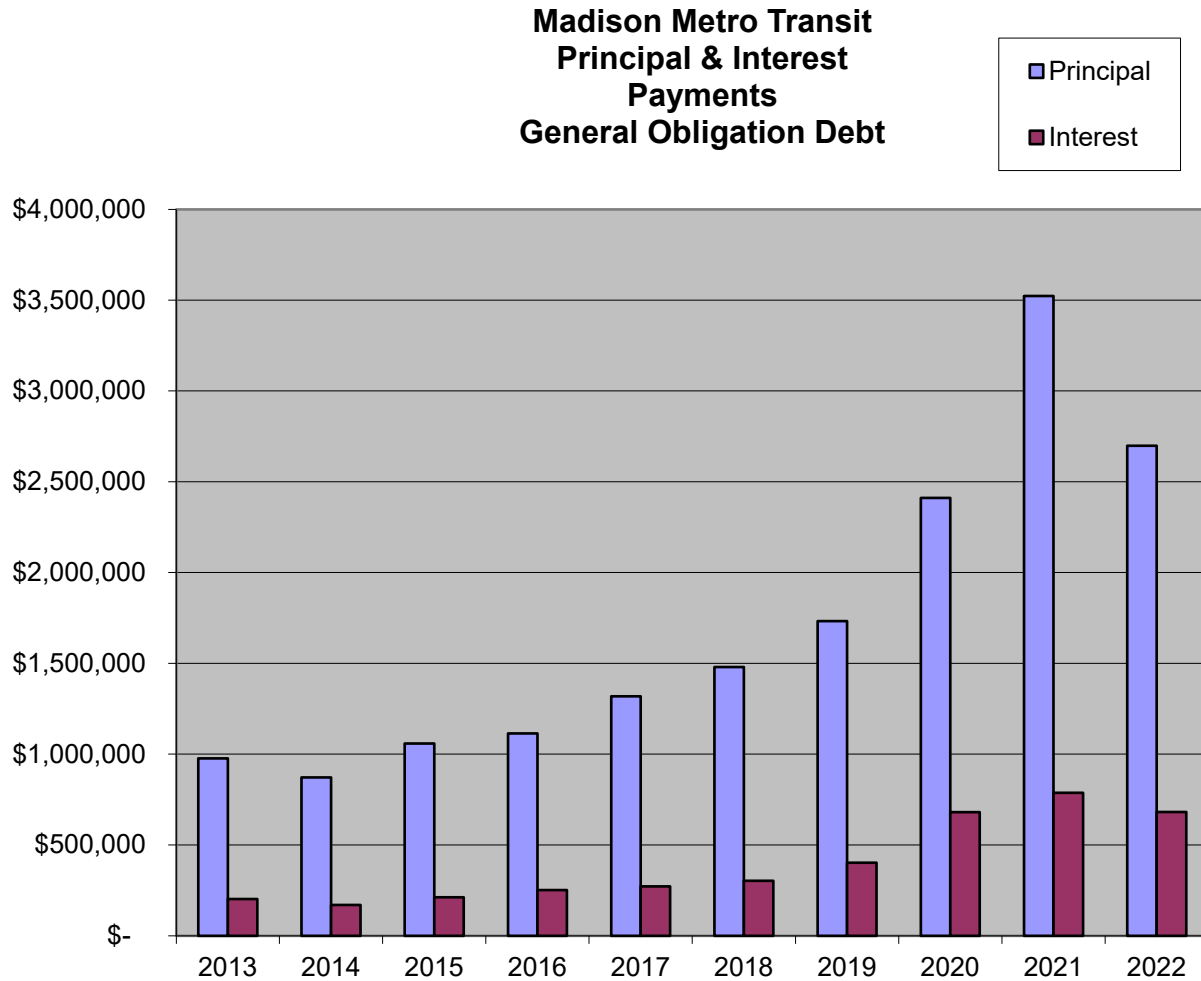


# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

### Borrowing

As is shown in the information provided below, Metro's debt through the City's General Obligation borrowing (G.O. debt) has been kept to manageable levels. Most borrowing is related to capital purchases where 50 to 80 per cent of funding is derived from federal grant sources and the balance from local borrowing. The City has a AAA bond rating. The City carefully manages the borrowing and debt service.



# **METRO TRANSIT SYSTEM**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

### **Financial Statements**

Metro's basic financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America, promulgated by the Government Accounting Standards Board (GASB). Revenues are recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets, except land, are depreciated over their useful lives. See the notes to the financial report for a summary of Metro's significant accounting policies.

### **Condensed Statements**

The following condensed Statements found in Table 1 and Table 2 below is information required to appear in the Management Discussion and Analysis (MD & A) report. The footnoted references will assist in locating more details in the MD & A and Audit Report.

# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

### Condensed Statements of Net Position

	2022	Restated 2021	2020
Current and other assets	\$ 27,802,807	\$ 33,961,607	\$ 23,013,988
Capital assets <sup>1</sup>	\$ 88,777,207	\$ 80,474,404	\$ 56,673,864
<b>Total Assets</b>	<b>\$ 116,580,014</b>	<b>\$ 114,436,011</b>	<b>\$ 79,687,852</b>
Deferred outflows related to pensions <sup>2</sup>	\$ 28,169,030	\$ 19,067,816	\$ 14,192,779
Deferred outflows related to other post-employment benefits <sup>3</sup>	\$ 1,150,893	\$ 1,474,326	\$ 1,732,431
Long-term debt <sup>4</sup>	\$ 22,667,097	\$ 24,222,893	\$ 29,458,509
Other liabilities	\$ 36,212,161	\$ 46,148,238	\$ 27,203,868
<b>Total Liabilities</b>	<b>\$ 58,879,258</b>	<b>\$ 70,371,131</b>	<b>\$ 56,662,377</b>
Deferred inflows related to pensions <sup>2</sup>	\$ 33,465,859	\$ 24,400,796	\$ 17,464,876
Deferred Inflows related to other post-employment benefits <sup>3</sup>	\$ 3,244,594	\$ 1,328,461	\$ 1,213,765
Net investment in capital assets <sup>5</sup>	\$ 54,790,145	\$ 43,012,422	\$ 30,615,031
Restricted net position related to pensions	\$ 13,394,573	\$ 10,481,436	\$ 5,848,135
Unrestricted (Deficit)	\$ (17,874,492)	\$ (14,616,093)	\$ (16,191,122)
<b>Total Net Position</b>	<b>\$ 50,310,226</b>	<b>\$ 38,877,765</b>	<b>\$ 20,272,044</b>

<sup>1</sup> See Note 2 for details in this Audit report

<sup>2</sup> See Note 7 for details in this Audit report

<sup>3</sup> See Note 8 for details in this Audit report

<sup>4</sup> See Note 4 for details in this Audit report

<sup>5</sup> See Note 1 for details in this Audit report

**METRO TRANSIT SYSTEM**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

**Table 2**

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	2022	Restated 2021	2020
Operating Revenues	\$ 10,559,128	\$ 10,122,406	\$ 9,429,533
Depreciation and amortization expense	\$ 8,151,767	\$ 8,276,355	\$ 7,801,792
Other operating expenses	\$ 53,277,516	\$ 50,035,758	\$ 52,795,328
Non-operating expenses <sup>1</sup>	<u>\$ 275,009</u>	<u>\$ 357,317</u>	<u>\$ 646,048</u>
 Total Expenses	 <u>\$ 61,704,292</u>	 <u>\$ 58,669,430</u>	 <u>\$ 61,243,168</u>
 Operating subsidies <sup>1</sup>	 \$ 30,057,837	 \$ 30,180,070	 \$ 38,872,549
Insurance recovery	\$ 79,311	\$ 8,921	\$ 12,634
Loss before capital Contributions and Transfers	\$(21,008,016)	\$(18,358,033)	\$(12,928,452)
 Capital contributions <sup>2</sup>	 \$ 19,582,586	 \$ 24,712,882	 \$ 2,167,978
Transfers	\$ 5,989,267	\$ 5,348,267	
Vehicle registration fee	<u>\$ 6,868,624</u>	<u>\$ 6,902,604</u>	<u>\$ 6,023,521</u>
 Changes in Net Position	 <u>\$ 11,432,461</u>	 <u>\$ 18,605,721</u>	 <u>\$ (4,736,953)</u>
 Beginning Net Position - Restated	 \$ 38,877,765	 \$ 20,272,044	 \$ 25,008,997
 Ending Net Position	 <u>\$ 50,310,226</u>	 <u>\$ 38,877,765</u>	 <u>\$ 20,272,044</u>

<sup>1</sup> See Statements of Revenues, Expenses and Changes in Net Position for more detail

<sup>2</sup> See Year End Grant Status in this MD&A report for more detail

# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

### **Request for Information**

This financial report is designed to provide a general overview of Metro's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to Justin Stuehrenberg, Transit General Manager, Metro Transit 1245 East Washington Avenue, Suite 201, Madison, WI 53703 or by e-mail to: [jstuehrenberg@cityofmadison.com](mailto:jstuehrenberg@cityofmadison.com).

Respectfully submitted

Transit General Manager

# METRO TRANSIT SYSTEM

## STATEMENTS OF NET POSITION

December 31, 2022 and 2021

<b>ASSETS</b>		
	<u>2022</u>	Restated <u>2021</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 2,177,589	\$ 11,482,623
Restricted cash - retiree health insurance escrow and 2022 state funding	388,225	5,528,617
Receivable from FTA - capital and maintenance	2,477,663	1,253,381
Receivable from Wisconsin - capital	-	68,406
Receivable from other governmental units	3,976,641	1,909,993
Accounts receivable (net)	2,686,403	678,859
Materials and supplies (net)	441,951	392,866
Prepaid expenses	622,768	576,072
Current portion of prepaid expense - land and tower lease	2,665	2,872
Total Current Assets	<u>12,773,905</u>	<u>21,893,689</u>
<b>NON-CURRENT ASSETS</b>		
Restricted cash - retiree health insurance escrow	1,623,104	1,569,272
Restricted net pension asset	13,394,573	10,481,436
Other Assets		
Prepaid expenses - land and tower lease	11,225	17,210
Capital Assets		
Transit plant in service	172,846,459	161,503,745
Accumulated depreciation and amortization	(84,781,995)	(81,029,341)
Construction work in progress	712,744	-
Total Non-Current Assets	<u>103,806,110</u>	<u>92,542,322</u>
Total Assets	<u>116,580,014</u>	<u>114,436,011</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	28,169,030	19,067,816
Deferred outflows related to other post-employment benefits	1,150,893	1,474,326
Total Deferred Outflows of Resources	<u>29,319,923</u>	<u>20,542,142</u>

See notes to financial statements

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**LIABILITIES**

	<u>2022</u>	Restated <u>2021</u>
<b>CURRENT LIABILITIES</b>		
Current portion of general obligation debt	\$ 2,697,887	\$ 2,698,526
Current portion of advance from other funds	472,616	438,771
Current portion of unearned revenue - land and tower lease	2,665	2,872
Current portion due to other governments	359,910	359,910
Current portion of lease liability	302,410	289,404
Accounts payable	1,746,966	1,549,251
Unearned revenue	1,725	6,010,460
Accrued compensation, vacation and sick leave	3,549,438	3,477,354
Accrued interest	171,402	171,402
Retiree health insurance escrow payable from restricted assets	388,225	326,411
Total Current Liabilities	<u>9,693,244</u>	<u>15,324,361</u>
<b>NON-CURRENT LIABILITIES</b>		
General obligation debt	19,969,210	21,524,367
Bond premium	3,855,530	4,353,017
Due to other governments	2,519,370	2,879,280
Advance from other funds	498,525	971,141
Retiree health insurance escrow payable from restricted assets	1,623,104	1,569,271
Accrued sick leave	3,292,538	3,225,928
Deposits from other governments	-	271,165
Other post-employment benefit liability	8,593,372	11,116,031
Lease liability	8,823,140	9,125,551
Unearned revenue - land and tower lease	11,225	11,018
Total Non-Current Liabilities	<u>49,186,014</u>	<u>55,046,770</u>
Total Liabilities	<u>58,879,258</u>	<u>70,371,131</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	33,465,859	24,400,796
Deferred inflows related to other post-employment benefits	3,244,594	1,328,461
Total Deferred Inflows of Resources	<u>36,710,453</u>	<u>25,729,257</u>
<b>NET POSITION</b>		
Net investment in capital assets	54,790,145	43,012,422
Restricted net position (Deficit) related to pensions	13,394,573	10,481,436
Unrestricted (Deficit)	<u>(17,874,492)</u>	<u>(14,616,093)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 50,310,226</u>	<u>\$ 38,877,765</u>

See notes to financial statements

## METRO TRANSIT SYSTEM

### STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
<b>OPERATING REVENUES</b>	\$ 10,559,128	\$ 10,122,406
<b>OPERATING EXPENSES</b>		
Employee compensation and benefits	40,601,436	39,140,614
Materials and supplies	4,526,616	4,151,740
Purchased services	6,653,597	5,487,826
Interagency charges	<u>1,495,867</u>	<u>1,255,577</u>
Total Operation and Maintenance Expenses	53,277,516	50,035,758
Depreciation and amortization expense	<u>8,151,767</u>	<u>8,276,355</u>
Total Operating Expenses	<u>61,429,282</u>	<u>58,312,113</u>
Operating Loss Before Operating Subsidies	<u>(50,870,155)</u>	<u>(48,189,707)</u>
<b>OPERATING SUBSIDIES</b>		
Federal subsidies	8,011,468	6,676,311
Federal subsidies pass-through to sub recipient	-	(235,035)
State operating subsidies	14,314,128	17,721,470
Local public subsidies	<u>7,732,241</u>	<u>6,017,324</u>
Total Operating Subsidies	<u>30,057,837</u>	<u>30,180,070</u>
Operating Loss	<u>(20,812,318)</u>	<u>(18,009,637)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Insurance recoveries	79,311	8,921
Vehicle registration fee	6,868,624	6,902,604
Interest expense	<u>(275,009)</u>	<u>(357,317)</u>
Loss Before Contributions and Transfers	<u>(14,139,392)</u>	<u>(11,455,428)</u>
<b>CAPITAL CONTRIBUTIONS - CITY &amp; OTHER</b>	3,137,297	3,522,958
<b>CAPITAL CONTRIBUTIONS - FEDERAL &amp; STATE</b>	272,890	12,790,069
<b>CAPITAL CONTRIBUTIONS - MUNICIPAL</b>	16,172,400	8,257,376
<b>CAPITAL CONTRIBUTIONS - OTHER</b>	-	142,479
<b>TRANSFERS IN - CITY OPERATING SUBSIDIES</b>	<u>5,989,267</u>	<u>5,348,267</u>
Total Contributions and Transfers	<u>25,571,853</u>	<u>30,061,149</u>
<b>CHANGE IN NET POSITION</b>	11,432,461	18,605,721
NET POSITION - Beginning of Year	<u>38,877,765</u>	<u>20,272,044</u>
<b>NET POSITION - End of Year</b>	<u>\$ 50,310,226</u>	<u>\$ 38,877,765</u>

See notes to financial statements



## METRO TRANSIT SYSTEM

### STATEMENTS OF CASH FLOWS December 31, 2022 and 2021

	<u>2022</u>	Restated <u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers	\$ 9,377,658	\$ 12,792,263
Paid to suppliers for goods and services	(26,636,562)	(20,517,695)
Paid to employees for services	<u>(31,514,020)</u>	<u>(29,282,538)</u>
Cash Flows from Operating Activities	<u>(48,772,924)</u>	<u>(37,007,970)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating subsidies received - federal	6,991,669	7,514,767
Federal subsidies pass-through to sub recipient	-	(235,035)
Operating subsidies received - state	9,111,922	17,721,470
Operating subsidies received - local	5,823,950	5,230,337
Unearned revenue - 2022 State ARPA (restricted)	-	5,202,206
Deposits received from (refunded to) other governments	(271,165)	86,998
Repayment of non-capital advances from other funds	(438,771)	(423,478)
Interest paid on non-capital advances from other funds	-	(5,248)
Vehicle registration fee	6,868,624	6,902,604
Operating transfer from city	<u>5,989,267</u>	<u>5,348,267</u>
Cash Flows from Noncapital Financing Activities	<u>34,075,496</u>	<u>47,342,888</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Debt retired	(2,698,527)	(3,522,955)
Interest paid	(772,497)	(786,271)
Lease payments	(289,406)	(403,250)
Proceeds from issuance of general obligation debt	1,142,730	120,730
Acquisition and construction of capital assets	(16,454,571)	(22,348,056)
Capital contributions - city and other	19,378,103	11,922,813
Capital contributions - federal and state	<u>-</u>	<u>13,921,363</u>
Cash Flows From Capital and Related Financing Activities	<u>305,832</u>	<u>(1,095,626)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(14,391,596)</b>	<b>9,239,292</b>
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>18,580,514</u>	<u>9,341,220</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 4,188,918</u></b>	<b><u>\$ 18,580,512</u></b>

*See notes to financial statements*

	<u>2022</u>	Restated <u>2021</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH</b>		
<b>FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (50,870,155)	\$ (48,189,707)
Nonoperating income	79,311	8,921
Noncash items included in operating loss		
Depreciation and amortization expense	8,151,767	8,276,355
Changes in Assets and Liabilities		
Accounts receivable	(3,580,220)	951,000
Materials and supplies	(49,085)	(970)
Prepaid expenses	(40,504)	5,194
Accrued payroll liabilities	(6,362,870)	(352,410)
Retiree health insurance escrow payable from restricted assets	115,646	148,407
Other post-employment benefits	1,148,564	666,720
Accounts payable	861,821	6,590
Due to other governments	5,528,617	3,239,190
Pension related deferrals and liabilities	(2,949,288)	(2,572,418)
Unearned revenue	(806,529)	808,254
Unearned revenue - land and tower lease	-	(3,096)
	<u>                    </u>	<u>                    </u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ (48,772,924)</u></b>	<b><u>\$ (37,007,970)</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO</b>		
<b>STATEMENT OF NET POSITION ACCOUNTS</b>		
Cash	\$ 2,177,589	\$ 11,482,623
Restricted Cash - 2022 State ARPA Funds	-	5,202,206
Restricted Cash - Retiree Health Insurance Escrow	<u>2,011,329</u>	<u>1,895,683</u>
	<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 4,188,918</u></b>	<b><u>\$ 18,580,512</u></b>

See notes to financial statements

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements of Madison Metro Transit System (Metro) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by Metro are described below:

#### ***REPORTING ENTITY***

Metro provides public bus transportation in the Cities of Madison, Middleton, Fitchburg, Sun Prairie and Verona, the Town of Madison and the Village of Shorewood Hills. Metro is governed by the Transportation Planning and Policy Board and Transportation Commission which consists of City Council members and citizen representatives. Service is provided in two major areas: fixed route service utilizing 215 coaches and paratransit services for the elderly and handicapped using purchased transportation services (as of August 2018 Metro no longer provides directly operated paratransit service).

#### ***MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION***

The term measurement focus is used to denote what is being measured and reported in Metro's operating statement. Metro is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether Metro is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on Metro's operating statement. Metro uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Metro is presented as an enterprise fund of the municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (cont.)**

In June, 2017, the GASB issued Statement No. 87, *Leases*. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about Metros' leasing activities. Metro adopted this statement effective January 1, 2022. Accordingly, the accounting changes have been retroactively applied to the prior periods presented.

#### **ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION**

##### **Cash and Cash Equivalents**

All Metro cash is commingled with the city cash and investments, which are managed by the City Treasurer. The disclosures regarding deposit and investment risks, as required by Statement No. 40 of the Governmental Accounting Standards Board are included in the general-purpose financial statements of the city, since it is not possible to segregate them by fund.

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

##### **Deposits and Investments**

State statutes restrict investment of transit funds. Investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION (cont.)***

##### ***Deposits and Investments (cont.)***

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on the methods and inputs outlined in the financial statements of the city in compliance with Statement No. 72 of the Governmental Accounting Standards Board. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

##### ***Accounts Receivable***

Metro considers receivables from government units to be fully collectible; accordingly, no allowance for doubtful accounts from governmental units is presented. An allowance of \$23,183 is included in 2022 and 2021 for general accounts receivable.

##### ***Materials and Supplies***

Materials and supplies are generally used for operation and maintenance work, not for resale. They are valued at lower of cost or market based on the FIFO method and charged to operation and maintenance expense when used. An allowance of \$30,000 for obsolete materials is included in 2022 and 2021.

##### ***Prepaid Expenses***

This represents amounts paid for services or coverage to be provided in future periods.

##### ***Capital Assets***

Capital assets are defined by Metro as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.

Additions to and replacements of Metro capital assets are recorded at original cost, which includes material, labor, and overhead. The cost of renewals and betterments relating to retirement units is added to capital asset accounts. The cost of property replaced, retired or otherwise disposed of is deducted from capital asset accounts and is charged to accumulated depreciation.

Fixed assets (including right-to-use lease assets) other than land are depreciated/amortized using the straight line method over their estimated useful life.

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

#### ***ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION (cont.)***

A summary of capital assets and estimated useful lives follows:

	Balance 12/31/22	Balance 12/31/21	Years
Land	\$ 8,049,742	\$ 8,049,742	N/A
Building	43,910,277	35,747,547	5 – 40
Right to use lease assets	9,728,837	9,728,837	5 – 40
Curb and land improvements	6,353,046	6,353,046	5
Construction in progress	712,744	-	N/A
Revenue equipment	92,781,363	89,601,378	8 – 20
Service vehicles	875,220	875,221	4 – 5
Shop and garage equipment	1,372,015	1,372,015	3 – 10
Furniture and office equipment	420,817	420,817	3 – 10
Miscellaneous and farebox	9,355,142	9,355,142	3 – 15
<b>Total Capital Assets</b>	<b>\$ 173,599,203</b>	<b>\$ 161,503,745</b>	

#### ***Pensions***

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

#### ***Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, benefit payments are recognized when due and payable in accordance with the benefit terms.

#### ***Deferred Outflow of Resources***

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION (cont.)***

##### ***Accrued Compensation, Sick Leave and Vacation***

Employees are allowed to accumulate up to 150 days of sick time. For office employees and drivers one day is equivalent to eight hours; for all other employees one day is equivalent to 8-36/60 hours. Upon retirement or disability, Wisconsin Retirement System participants may receive the cash value of the accumulated sick leave subject to the above maximum or use all or a portion for the payment of continued health insurance premiums. Funding for those costs is provided out of Metro's operating revenues. The estimated liability for current employees at December 31, 2022 and 2021 is \$3,261,113 and \$3,398,896 respectively.

Employees earn varying amounts of vacation depending on the number of years of service. Vacation time for all non-represented employees and represented employees hired prior to January 1, 1998 is awarded based on the prior years' service and is, therefore, accrued at the end of each year. Represented employees hired after January 1, 1998 are awarded their vacation immediately and can use it once they have completed their probationary period. Represented employees may opt to carry over one week of vacation each year. All other vacation time must be used within the year received.

##### ***Retiree Health Insurance Escrow***

Metro makes an annual deposit into an escrow account for contributions toward the health insurance premiums for certain eligible retirees. The deposits were \$483,110 in 2022 and \$471,326 in 2021, respectively. To qualify a retiree must have retired on or after reaching age 55, must have completed ten continuous years of full-time service with Metro in a position represented by Teamsters Union Local 695, just prior to retiring and be eligible to retire under the Wisconsin Retirement System (WRS). Retirees receive this benefit for a maximum of five consecutive years or until becoming eligible for Medicare. Retirees will be eligible for premium contributions to the extent that funds are available in the escrow account and Metro will not be required to make any additional payments to the account should the cost of providing premium contributions exceed the amount deposited. Interest income remains with the escrow account less a 1% administrative fee transferred to the City. As of December 31, 2022 and 2021, 83 and 113 current employees have met the eligibility requirements, respectively.

##### ***Unearned Revenue***

Madison Metropolitan School District (MMSD) purchases passes for the school district that are valid for the entire school year. The estimated value of those passes that is related to rides to be provided in the following calendar year has been recorded as unearned revenue at year end. As of December 31, 2022 there was \$1,725 of unearned revenue from MMSD due to the timing of billings. As of December 31, 2021, MMSD accounted for \$808,254 of unearned revenue.

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION (cont.)***

In response to an expected cut in state funding for 2022 to Metro Transit, the Governor allocated \$5,202,206 in ARPA funds to Metro to help fill the anticipated gap for 2022. The grant funds were received in December of 2021 with funding restricted to use in the 2022 calendar year. Since funds were received in 2021, but restricted until 2022, they were recorded as unearned revenue at year end.

#### ***Long-Term Obligations***

Long-term debt and other obligations are reported as Metro liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

#### ***Deposits from Other Governments***

Metro collects deposits from various entities that provide Metro with local operating assistance subsidies. These deposits are held by Metro in reserve to help fund unanticipated cost increases in future years. The reserve balance is reviewed annually and amounts received in excess of the annual cost and the required reserve balance are reported as payables and refunded in the subsequent year. In 2022 and 2021, \$0 and \$271,165 respectively, were contracted as returns to these entities.

#### ***Due to Other Governments***

Metro received \$4,798,800 related to a Volkswagen settlement with the State of Wisconsin for the purchase of low emission buses. The award requires that 75% be paid back with no interest over a ten year period. At the end of 2022, \$359,910 is the current liability, with \$2,519,370 as future due, and at the end of 2021, \$359,910 is the current liability, with \$2,879,280 as future due.

#### ***Leases***

Metro is a lessee because it leases capital assets from other entities. As a lessee, Metro reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) in the financial statements. Metro has a policy to recognize leases over \$10,000 as a lease liability and intangible capital asset.



# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

#### ***ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION (cont.)***

##### ***Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

##### ***Net Position***

Equity is classified as Net Position and is displayed in three components:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislations.
- *Unrestricted net position* – This component of net position consists of net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is Metro’s policy to use restricted resources first then unrestricted resources as they are needed.

The following calculation supports the net investment in capital assets:

	2022	2021
Plant in service & capital leases	\$ 172,846,459	\$ 161,503,745
Accumulated depreciation & amortization	(84,781,995)	(81,029,341)
Construction work in progress	712,744	-
Sub-Totals	88,777,208	80,474,404
Less: Capital related debt		
Current portion of general obligation bonds	2,697,887	2,698,526
Current portion of lease liability	302,410	289,404
Premium on capital bonds	3,855,530	4,353,017
Lease Liability	8,823,140	9,125,551
Long-term portion of capital related general obligation bonds	19,969,210	21,524,367
Sub-Totals	35,648,177	37,990,865
Add unspent proceeds of capital-related debt included above	1,661,114	528,883
Net Investment in Capital Assets	\$ 54,790,145	\$ 43,012,422

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **REVENUES AND EXPENSES**

##### **Revenue Recognition**

Metro distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services. The principal operating revenues of Metro are charges to customers for services. In addition, as fully described in Note 5, Metro also receives operating subsidies from state, local and federal governments. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### **Taxes**

Municipal transit utilities are exempt from federal and state income taxes and, therefore, no income tax liability is recorded by Metro.

##### **Capital Contributions**

Metro has received Federal, State and local funding for acquisition and construction of capital assets. In accordance with GASB Statement No. 33, this funding is reported as an increase in net position.

The Federal and State grants are subject to grantor agency compliance audits. Management believes losses, if any, resulting from those compliance audits are not material to these statements

##### **Transfers**

Transfers in are for operating subsidies received from the City of Madison.

#### **EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved the following statements:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62.*
- Statement No.101, *Compensated Absences.*

When they become effective, application of these standards may restate portions of these financial statements.

#### **COMPARATIVE DATA**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

#### **NOTE 2 – CHANGES IN CAPITAL ASSETS**

A summary of changes in Metro capital assets for 2022 and 2021 follows:

	Balance 1/1/22	Additions	Retirements	Balance 12/31/22
Capital assets not being depreciated				
Land	\$ 8,049,742	\$ -	\$ -	\$ 8,049,742
Capital assets being depreciated/ amortized				
Building and improvements	35,747,547	8,475,300	(312,570)	43,910,277
Curb and land improvements	6,353,046	-	-	6,353,046
Revenue vehicles	89,601,378	7,266,527	(4,086,543)	92,781,362
Service vehicles	875,220	-	-	875,220
Shop and garage equipment	1,372,016	-	-	1,372,016
Office equipment	420,817	-	-	420,817
Miscellaneous and farebox	9,355,142	-	-	9,355,142
Right to use lease asset	9,728,837	-	-	9,728,837
Total Capital Assets Being Depreciated	<u>153,454,003</u>	<u>15,741,827</u>	<u>(4,399,113)</u>	<u>164,796,717</u>
Total Capital Assets	<u>161,503,745</u>	<u>15,741,827</u>	<u>(4,399,113)</u>	<u>172,846,459</u>
Less: Accumulated depreciation/ amortization				
Building and improvements	(8,324,397)	(1,172,526)	377,494	(9,119,429)
Curb and land improvements	(6,353,046)	-	-	(6,353,046)
Revenue vehicles	(55,479,671)	(5,928,038)	4,017,344	(57,390,365)
Service vehicles	(767,775)	(35,472)	-	(803,247)
Shop and garage equipment	(1,296,530)	(10,027)	-	(1,306,557)
Office equipment	(420,817)	-	-	(420,817)
Miscellaneous and farebox	(7,923,464)	(537,786)	-	(8,461,250)
Right to use lease asset	(463,642)	(463,642)	-	(927,284)
Total Accumulated Depreciation/amortization	<u>(81,029,342)</u>	<u>(8,147,491)</u>	<u>4,394,838</u>	<u>(84,781,995)</u>
Construction in progress	-	712,744	-	712,744
Net Transit System Plant	<u>\$ 80,474,403</u>	<u>\$ 8,307,080</u>	<u>\$ (4,275)</u>	<u>\$ 88,777,208</u>

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

#### **NOTE 2 – CHANGES IN CAPITAL ASSETS (cont.)**

	Balance 1/1/21	Additions	Retirements	Balance 12/31/21
Capital assets not being depreciated				
Land	\$ 2,604,992	\$ 5,444,750	\$ -	\$ 8,049,742
Capital assets being depreciated /amortized				
Building and improvements	27,657,188	13,901,997	(5,811,638)	35,747,547
Curb and land improvements	6,652,515	-	(299,469)	6,353,046
Revenue vehicles	86,390,279	3,211,099	-	89,601,378
Service vehicles	832,635	74,552	(31,967)	875,220
Shop and garage equipment	1,840,236	-	(468,220)	1,372,016
Office equipment	643,887	-	(223,070)	420,817
Miscellaneous and farebox	10,351,796	46,180	(1,042,834)	9,355,142
Right to use lease asset	-	9,728,837	-	9,728,837
Total Capital Assets Being Depreciated	<u>134,368,536</u>	<u>26,962,665</u>	<u>(7,877,198)</u>	<u>153,454,003</u>
Total Capital Assets	<u>136,973,528</u>	<u>32,407,415</u>	<u>(7,877,198)</u>	<u>161,503,745</u>
Less: Accumulated depreciation /amortization				
Building and improvements	(12,981,630)	(1,154,404)	5,811,638	(8,324,396)
Curb and land improvements	(6,627,722)	(24,793)	299,469	(6,353,046)
Revenue vehicles	(49,478,358)	(6,001,313)	-	(55,479,671)
Service vehicles	(766,058)	(33,684)	31,967	(767,775)
Shop and garage equipment	(1,746,885)	(17,865)	468,220	(1,296,530)
Office equipment	(643,887)	-	223,070	(420,817)
Miscellaneous and farebox	(8,385,645)	(580,653)	1,042,834	(7,923,464)
Right to use lease asset	-	(463,642)	-	(463,642)
Total Accumulated Depreciation/amortization	<u>(80,630,185)</u>	<u>(8,276,354)</u>	<u>7,877,198</u>	<u>(81,029,341)</u>
Construction in progress	<u>330,522</u>	<u>-</u>	<u>(330,522)</u>	<u>-</u>
Net Transit System Plant	<u>\$56,673,865</u>	<u>\$ 24,131,061</u>	<u>\$ (330,522)</u>	<u>\$80,474,404</u>

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

#### **NOTE 3 – INTER-FUND RECEIVABLES/PAYABLES AND TRANSFERS**

The following is a schedule of transfer balances as of December 31, 2022 and 2021:

To	From	2022		2021	
		Amount	Principal Purpose	Amount	Principal Purpose
Metro	City of Madison	\$5,989,267	City operating subsidy	\$5,348,267	City operating subsidy

#### **NOTE 4 – LONG-TERM OBLIGATIONS**

##### **GENERAL OBLIGATION NOTE**

The city on behalf of Metro has borrowed funds for the purpose of capital purchases. The following is a summary of Metro's share of city general obligation note issues:

Title of Issue	Date of Issue	Final Maturity	Interest Rates	Original Amount	Amount
					Outstanding 12/31/2022
Promissory Note	10-1-15	10-1-25	2.00 – 3.00%	\$2,631,128	\$ 766,897
Promissory Note	10-1-16	10-1-26	.50 – 4.00	3,047,826	1,103,330
Promissory Note	10-1-17	10-1-27	2.00 – 4.00	2,025,110	1,012,555
Promissory Note	10-1-18	10-1-28	2.00 – 5.00	3,953,533	2,371,567
Promissory Note	10-17-19	10-17-29	2.25 – 3.00	3,583,149	2,507,736
Promissory Note	10-18-19	10-18-39	2.00 – 4.00	7,985,000	6,784,973
Promissory Note	10-7-20	10-7-24	.180-1.40	675,469	441,845
Promissory Note	10-1-20	10-1-30	1.375-4.00	1,846,136	1,476,805
Promissory Note	10-2-20	10-2-40	2.00 – 3.00	5,500,000	4,950,000
Promissory Note	10-1-21	10-1-31	.94	120,732	108,659
Promissory Note	10-6-22	10-6-32	2.12	1,142,730	1,142,730
Total					<u>\$ 22,667,097</u>

The repayment schedules for the debt are shown on the following page.

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

#### NOTE 4 – LONG-TERM OBLIGATIONS (cont.)

Year	10-1-15		10-1-16		10-1-17		10-1-18		10-17-19		10-18-19	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 255,632	\$ 23,007	\$ 275,879	\$ 33,102	\$ 202,511	\$ 28,858	\$ 395,262	\$ 83,005	\$ 358,248	\$ 73,889	\$ 399,116	\$ 203,549
2024	255,633	15,338	275,879	22,066	202,511	20,757	395,261	67,194	358,248	63,141	399,116	195,567
2025	255,632	7,669	275,879	11,031	202,511	12,657	395,261	51,384	358,248	55,976	399,116	187,584
2026	-	-	275,693	5,514	202,511	8,607	395,261	35,574	358,248	41,646	399,116	179,602
2027	-	-	-	-	202,511	4,354	395,261	23,716	358,248	27,316	399,116	171,620
2028	-	-	-	-	-	-	395,261	11,858	358,248	16,569	399,116	155,655
2029	-	-	-	-	-	-	-	-	358,248	8,508	399,116	139,691
2030	-	-	-	-	-	-	-	-	-	-	399,116	123,726
2031	-	-	-	-	-	-	-	-	-	-	399,116	107,761
2032	-	-	-	-	-	-	-	-	-	-	399,116	95,788
2033	-	-	-	-	-	-	-	-	-	-	399,116	83,814
2034	-	-	-	-	-	-	-	-	-	-	399,116	71,841
2035	-	-	-	-	-	-	-	-	-	-	399,116	59,867
2036	-	-	-	-	-	-	-	-	-	-	399,116	47,894
2037	-	-	-	-	-	-	-	-	-	-	399,116	35,920
2038	-	-	-	-	-	-	-	-	-	-	399,116	23,947
2039	-	-	-	-	-	-	-	-	-	-	399,117	11,973
2040	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 766,897</u>	<u>\$ 46,014</u>	<u>\$ 1,103,330</u>	<u>\$ 71,713</u>	<u>\$ 1,012,555</u>	<u>\$ 75,233</u>	<u>\$ 2,371,567</u>	<u>\$ 272,731</u>	<u>\$ 2,507,736</u>	<u>\$ 287,045</u>	<u>\$ 6,784,973</u>	<u>\$ 1,897,799</u>

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

#### NOTE 4 – LONG-TERM OBLIGATIONS (cont.)

Year	10-7-20		10-1-20		10-2-20		10-1-21		10-6-22	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 225,156	\$ 1,649	\$ 184,666	\$ 41,308	\$ 275,000	\$ 107,250	\$ 12,073	\$ 2,777	\$ 114,344	\$ 52,963
2024	216,689	1,018	184,666	33,921	275,000	101,750	12,073	2,535	114,265	47,991
2025	-	-	184,666	26,535	275,000	96,250	12,073	2,505	114,265	42,278
2026	-	-	184,666	20,995	275,000	90,750	12,073	2,203	114,265	36,565
2027	-	-	184,535	15,455	275,000	82,500	12,073	1,720	114,265	30,852
2028	-	-	184,535	9,919	275,000	74,250	12,073	1,238	114,265	25,138
2029	-	-	184,535	6,228	275,000	66,000	12,073	755	114,265	19,425
2030	-	-	184,536	2,537	275,000	60,500	12,073	513	114,265	13,712
2031	-	-	-	-	275,000	55,000	12,075	151	114,265	9,141
2032	-	-	-	-	275,000	49,500	-	-	114,266	4,571
2033	-	-	-	-	275,000	44,000	-	-	-	-
2034	-	-	-	-	275,000	38,500	-	-	-	-
2035	-	-	-	-	275,000	33,000	-	-	-	-
2036	-	-	-	-	275,000	27,500	-	-	-	-
2037	-	-	-	-	275,000	22,000	-	-	-	-
2038	-	-	-	-	275,000	16,500	-	-	-	-
2039	-	-	-	-	275,000	11,000	-	-	-	-
2040	-	-	-	-	275,000	5,500	-	-	-	-
Totals	<u>\$ 441,845</u>	<u>\$ 2,667</u>	<u>\$ 1,476,805</u>	<u>\$ 156,898</u>	<u>\$ 4,950,000</u>	<u>\$ 991,750</u>	<u>\$ 108,659</u>	<u>\$ 14,397</u>	<u>\$ 1,142,730</u>	<u>\$ 282,636</u>

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### NOTE 4 – LONG-TERM OBLIGATIONS (cont.)

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Year	Total	
	Principal	Interest
2023	\$ 2,697,887	\$ 651,357
2024	2,689,341	571,278
2025	2,472,651	493,869
2026	2,216,833	421,456
2027	1,941,009	357,533
2028	1,738,499	294,627
2029	1,343,237	240,607
2030	984,990	200,988
2031	800,454	172,053
2032	788,381	149,859
2033	674,116	127,814
2034	674,116	110,341
2035	674,116	92,867
2036	674,116	75,394
2037	674,116	57,920
2038	674,116	40,447
2039	674,117	22,973
2040	<u>275,000</u>	<u>5,500</u>
Totals	<u>\$22,667,097</u>	<u>\$ 4,086,883</u>



## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

#### **NOTE 4 – LONG-TERM OBLIGATIONS (cont.)**

##### **ADVANCE FROM OTHER FUNDS**

The city originally advanced \$4,333,711 to Metro from the debt service fund on October 19, 2010 to pay off WRS prior service liability. There was a refunding of the 2010-C bonds on October 4, 2020 detailed below.

Date	Purpose	Final Maturity	Interest Rates	Original Amount	Amount Outstanding 12/31/22
October 4, 2020	Pay off WRS Prior Service Liability	October 4, 2024	0.55 - 4.00%	\$ 1,833,390	\$971,141

Advance from other funds debt service requirements to maturity follows:

Year	Principal	Interest	Total
2023	\$ 472,616	\$ 3,666	\$ 476,282
2024	498,525	2,343	500,868
Totals	<u>\$ 971,141</u>	<u>\$ 6,009</u>	<u>\$ 977,150</u>

##### **LESSEE - LEASE LIABILITY**

Date	Purpose	Final Maturity	Interest Rates	Original Amount	Amount Outstanding 12/31/22
1/1/2021	Use of land	9/14/2027	0.93564%	\$ 452,149	\$ 460,688
1/1/2021	Use of building	12/31/2041	0.93564	7,477,014	7,375,029
1/1/2021	Use of land	10/4/2028	0.93564	1,403,677	1,289,833

Debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2023	\$ 302,410	\$ 83,952	\$ 386,362
2024	315,846	81,060	396,906
2025	329,727	78,041	407,768
2026	344,065	74,890	418,955
2027	843,263	70,091	913,354
2028 - 2032	2,094,643	279,542	2,374,185
2033 - 2037	2,429,188	174,284	2,603,472
2038 - 2041	2,466,408	49,768	2,516,176
Totals	<u>\$ 9,125,550</u>	<u>\$ 891,628</u>	<u>\$10,017,178</u>

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

#### **NOTE 4 – LONG-TERM OBLIGATIONS (cont.)**

Metro's long-term obligations activity for the years ended December 31, 2022 and 2021 is as follows:

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
General obligation notes	\$ 24,222,893	\$ 1,142,730	\$ 2,698,526	\$ 22,667,097	\$ 2,697,887
Lease liabilities	9,414,955	-	289,405	9,125,550	302,410
Advance from other funds	1,409,912	-	438,771	971,141	472,616
Retiree health insurance escrow	1,895,682	483,110	367,463	2,011,329	388,225
Accrued sick leave	3,398,896	46,547	596,352	2,849,091	882,646
Deposits from other governments	271,165	-	271,165	-	-
Bond Premium	4,353,017	-	497,488	3,855,530	-
Due to other governments	3,239,190	-	359,910	2,879,280	359,910
Unearned revenue-land and tower lease	13,890	-	-	13,890	2,665
<b>Totals</b>	<b>\$ 48,219,600</b>	<b>\$7,849,842</b>	<b>\$ 5,519,079</b>	<b>\$ 47,455,764</b>	<b>\$ 4,627,314</b>

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
General obligation notes	\$ 27,625,119	\$ 120,732	\$ 3,522,957	\$ 24,222,894	\$ 2,698,526
Lease liabilities	-	9,728,838	313,883	9,414,955	289,404
Advance from other funds	1,833,390	-	423,478	1,409,912	438,771
Retiree health insurance escrow	1,747,276	471,326	322,920	1,895,682	326,411
Accrued sick leave	4,389,247	453,686	1,444,037	3,398,896	287,000
Deposits from other governments	184,167	86,998	-	271,165	-
Bond Premium	4,850,505	-	497,488	4,353,017	-
Due to other governments	-	3,239,190	-	3,239,190	359,910
Unearned revenue-land and tower lease	16,986	-	3,096	13,890	2,872
<b>Totals</b>	<b>\$ 40,646,690</b>	<b>\$14,100,770</b>	<b>\$ 6,527,859</b>	<b>\$48,219,601</b>	<b>\$ 4,402,894</b>

In addition to the liabilities above, information on the net pension and other post-employment benefits liability (asset) are provided in Note 7 and Note 8, respectively.

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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#### NOTE 5 – OPERATING SUBSIDIES

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Metro receives operating subsidies from state and local governments. Federal subsidies are received for capital grants as well as capital grants that reimburse outlays recorded as operating expenses.

State operating assistance is received in quarterly payments from the Wisconsin Department of Transportation.

Local operating assistance is in the form of subsidies from the City of Madison, Town of Madison, Cities of Middleton, Fitchburg, Sun Prairie and Verona, the Village of Shorewood Hills, the University of Wisconsin, Madison Area Technical College and Madison Metropolitan School District. Contracts are executed with all entities defining subsidy amounts and procedures.

A \$40 vehicle registration fee is received from City of Madison residents.

The following are the operating subsidies for the years 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Federal	\$ 8,011,468	\$ 6,676,311
Federal operating grant pass-through to sub recipient	-	(235,035)
State	14,314,128	17,721,470
Local public subsidies	7,732,241	4,329,544
Vehicle Registration Fee	6,868,624	6,023,521

Federal and State subsidies are subject to granting agency compliance audits. Management believes losses, if any, resulting from the compliance audits are not material to these statements.

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#### NOTE 6 – UNEARNED REVENUE/PREPAID EXPENSE – LAND AND TOWER LEASE

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In 1993 the city on behalf of Metro entered into an operating lease with the University Research Park, Inc. for use of a tower. Metro's share of the lease was \$96,250. The lease is 25 years in length and was fully prepaid. The revenue received to pay for the lease was deferred and is being recognized using the straight-line method over the life of the lease.

In 1997 the city on behalf of Metro entered into a thirty year, fully prepaid operating lease with University Research Park, Inc. for a parcel of land used in conjunction with bus transfer facilities for \$214,000. The revenue received to pay for the lease was deferred and is being recognized over the life of the lease.

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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#### **NOTE 6 – UNEARNED REVENUE/PREPAID EXPENSE – LAND AND TOWER LEASE (cont.)**

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In 2004, the city on behalf of Metro entered into an operating lease for \$103,488 with Kraft Foods for a parcel of land to be used as the North Park & Ride lot through 2012. At the same time extensions of both the North Transfer Point lease and the North Park & Ride lease were also negotiated through 2018 for an additional \$96,200. These leases were fully prepaid. The revenue received to pay for these leases was unearned and is being recognized over the life of the leases. These leases were fully recognized in 2018.

The following table represents the prepaid asset to be amortized over the remaining life of the leases:

	<u>University Research Park</u>	<u>Total</u>
2023	\$ 2,665	\$ 2,665
2024	5,345	5,345
2025	2,295	2,295
2026	2,130	2,130
2027	<u>1,455</u>	<u>1,455</u>
	<u>\$ 13,890</u>	<u>\$ 13,890</u>

The previous difference between the prepaid and the deferred revenue was equal to the 20% local match on the North Park and Ride Lot which was not deferred.

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### NOTE 7 - EMPLOYEES RETIREMENT SYSTEM

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#### General Information About the Pension Plan

**Plan description:** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011 expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can be found using the link above.

**Vesting:** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided:** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

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### NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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Vested participants may retire at age 55 (50 for protective occupation employees) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**Post-retirement adjustments:** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

**Contributions:** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

The WRS recognized \$1,940,155 and \$1,965,131 in contributions from Metro during the current and prior reporting periods, respectively.

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

#### **NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)**

Contribution rates for the plan year reported as of December 31, 2022 and December 31, 2021 are:

	2022		2021	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.75 %	6.75 %	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.35 %	6.75 %	16.25 %

#### **Pension Liabilities, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2022, Metro reported a liability (asset) of \$(13,394,573) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. Metro's proportion of the net pension liability (asset) was based on Metro's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 1.84805176%, which was an increase of 0.02007684% from its proportion measured as of December 31, 2020.

At December 31, 2021, Metro reported a liability (asset) of \$(10,481,436) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. Metro's proportion of the net pension liability (asset) was based on Metro's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 1.82797492%, which was an increase of 0.02585015% from its proportion measured as of December 31, 2019.

For the years ended December 31, 2022 and 2021, Metro recognized pension expense (revenue) of \$(2,949,288) and \$(2,572,418), respectively.

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

#### **NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)**

At December 31, 2022, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual experience	\$ 23,351,863	\$ 3,049,782
Changes in assumption	2,780,390	-
Net differences between project and actual earnings on pension plan	-	30,363,9776
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,228	52,101
Employer contributions subsequent to the measurement date	2,002,549	-
Total	\$ 28,169,030	\$ 33,465,859

At December 31, 2021, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 16,566,248	\$ 4,688,661
Changes in assumption	514,189	-
Net differences between project and actual earnings on pension plan	-	19,665,759
Changes in proportion and differences between employer contributions and proportionate share of contributions	47,224	46,376
Employer contributions subsequent to the measurement date	1,940,155	-
Total	\$ 19,067,816	\$ 24,400,796

Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date reported in the tables above will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<b>2022</b>
Years Ending December 31:	
2023	\$ (621,386)
2024	(3,582,555)
2025	(1,577,668)
2026	(1,517,769)
2027	-
Thereafter	-
Total	\$ (7,299,378)



## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

#### **NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)**

**Actuarial assumptions:** The total pension liability in the actuarial valuation used in the current and prior year was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>2022</b>	<b>2021</b>
Actuarial Valuation Date:	December 31, 2020	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2021	December 31, 2020
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021	January 1, 2015 - December 31, 2017
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	Fair Value	Fair Value
Long-Term Expected Rate of Return:	6.8%	7.0%
Discount Rate:	6.8%	7.0%
Salary Increases:		
Wage Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments: *	1.7%	1.9%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. The percentages listed above are the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions for the December 31, 2020 actuarial valuation are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Actuarial assumptions for the December 31, 2019 actuarial valuation are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

#### **NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)**

**Long-term expected return on plan assets:** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2022 are summarized in the following table:

#### Asset Allocation Targets and Expected Returns As of December 31, 2022

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	52 %	6.8 %	4.2 %
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund <sup>3</sup>	115	6.6	4.0
<u>Variable Fund Asset</u>			
U.S Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

<sup>1</sup> Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

<sup>2</sup> New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.

<sup>3</sup> The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

#### **NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2021 are summarized in the following table:

<u>Core Fund Asset Class</u>	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51 %	7.2 %	4.7 %
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<u>Variable Fund Asset Class</u>			
U.S Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

*New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.4%.  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.*

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

### NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)

**Single discount rate:** A single discount rate of 6.80% and 7.00% was used to measure the total pension liability as of December 31, 2022 and December 31, 2021, respectively. As of December 31, 2022, this single discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 1.84%. As of December 31, 2021, the single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 2.0%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021 and 2020, respectively. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.80% (7.00% for 2021) expected rate of return implies that a dividend of approximately 1.7% (1.9% for 2021) will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of Metro's proportionate share of the net pension liability (asset) to changes in the discount rate:** The following presents Metro's proportionate share of the net pension liability (asset) calculated using the current discount rate, as well as what Metro's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

The sensitivity analysis as of December 31, 2022 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Metro's proportionate share of the net position liability (asset)	\$ 9,504,399	\$ (13,394,573)	\$ (29,877,572)

The sensitivity analysis as of December 31, 2021 follows:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Metro's proportionate share of the net position liability (asset)	\$ 9,976,874	\$ (10,481,436)	\$ (25,507,913)

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

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### NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

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The city administers a single-employer defined benefit healthcare plan, (the Retiree Health Plan) in which Metro participates. The Plan provides healthcare coverage to city employees and their spouses, which covers both active and eligible retired members. The Plan is affiliated with the Wisconsin Public Employer's Group Health Insurance – Dane County service area plan, a purchasing plan administered by the State of Wisconsin. Benefit provisions are established through collective bargaining agreements. The Retiree Health Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the city and the union. The Plan provides eligible retirees with the opportunity to stay on the city's health insurance plan. Eligible retirees and spouses contribute the full amount of the premiums after age 55, except for teamsters who contribute the difference between the rate paid by the city and current year rate. As the eligibility requirements for different classes of employees vary, please see the City of Madison audit report for complete details of all benefits offered.

**Employees covered by benefit terms.** At December 31, 2022 and 2021, the following employees were covered by the benefit terms for the City of Madison:

	City of Madison	
	2022	2021
Inactive plan members or beneficiaries currently receiving benefit payments	2,587	2,800
Active plan members	689	687
Total members	<u>3,276</u>	<u>3,487</u>

#### Total OPEB Liability

At December 31, 2022, Metro's total OPEB liability of \$8,593,372 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date. At December 31, 2021, Metro's total OPEB liability of \$11,116,031 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

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### NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

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**Actuarial assumptions and other inputs.** The total OPEB liability in the December 31, 2022 and 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2022</u>	<u>2021</u>
Actuarial valuation date	December 31, 2022	December 31, 2021
Inflation	2.50% per year	2.50% per year
Salary increases	3.00%	3.00%
Healthcare cost trend rates	7.0% initially reduced by decrements to an ultimate rate of 4.5% after 7 years	7.5% initially reduced by decrements to an ultimate rate of 4.5% after 7 years
Retirees' share of benefit-related costs	100%	100%
Discount rate	4.31%	2.25%

The discount rate was based on 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality Rates are based on RPH-2021 Total Dataset Mortality Table fully generated using Scale MP-2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period 1/1/2022 - 12/31/2022.

## METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS  
As of and for the years ended December 31, 2022 and 2021

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### NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

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#### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2020	\$ 10,822,111
Changes for the year:	
Service cost	847,278
Interest	242,902
Differences between expected and actual experience	(252,806)
Changes in assumptions or other inputs	(117,716)
Benefit payments	<u>(425,738)</u>
Net changes	<u>293,920</u>
Balances at December 31, 2021	\$ 11,116,031
Changes for the year:	
Service cost	796,329
Interest	249,403
Changes of benefit terms	39,505
Differences between expected and actual experience	(1,216,116)
Changes in assumptions or other inputs	(1,930,307)
Benefit payments	<u>(461,473)</u>
Net changes	<u>(2,522,659)</u>
Balances at December 31, 2022	\$ 8,593,372

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

#### NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of Metro, as well as what Metro's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

As of December 31, 2022:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<u>(3.31%)</u>	<u>(4.31%)</u>	<u>(5.31%)</u>
Total OPEB liability	\$ 9,295,513	\$ 8,593,372	\$ 7,955,351

As of December 31, 2021:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<u>(1.25%)</u>	<u>(2.25%)</u>	<u>(3.25%)</u>
Total OPEB liability	\$ 12,063,387	\$ 11,116,031	\$ 10,260,529

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:** The following presents the net OPEB liability of Metro, as well as what Metro's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

As of December 31, 2022:

	<b>1% Decrease (6.50%)</b>	<b>Healthcare Cost Trend Rates (7.50%)</b>	<b>1% Increase (8.50%)</b>
Total OPEB liability	\$ 7,803,624	\$ 8,593,372	\$ 9,520,818

As of December 31, 2021:

	<b>1% Decrease (6.50%)</b>	<b>Healthcare Cost Trend Rates (7.50%)</b>	<b>1% Increase (8.50%)</b>
Total OPEB liability	\$ 9,932,540	\$ 11,116,031	\$ 12,534,605



## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

#### NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022 and 2021, Metro recognized OPEB expense of \$283,093 and \$666,721, respectively. At December 31, 2022 and 2021, Metro reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,915,179	\$ -	\$ 200,206
Changes of assumptions or other inputs	1,150,893	1,329,415	1,474,326	1,128,255
Total	\$ 1,150,893	\$ 3,244,594	\$ 1,474,326	\$ 1,328,461

Deferred outflows related to OPEB resulting from the employer's contributions subsequent to the measurement date reported in the table above will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31:	
2023	\$ 313,487
2024	313,487
2025	313,487
2026	212,987
2027	246,399
Thereafter	693,854
Total	\$ 2,093,701

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

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### NOTE 9 – RISK MANAGEMENT

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Metro is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. The city purchases commercial insurance for liability and most property losses. Settled claims have not exceeded the commercial coverage for health claims in any of the past three years. There has been no reduction in coverage compared to the prior year.

Metro is partially self-funded and purchases insurance from three municipal carriers for liability and transit system property losses.

#### *TRANSIT MUTUAL INSURANCE CORPORATION OF WISCONSIN (TMI)*

Transit Mutual Insurance Corporation of Wisconsin (TMI) is a municipal mutual insurance corporation which provides auto liability and physical damage coverage for municipally-owned transit systems in Wisconsin. Each insured property is an owner of the mutual insurance corporation. Metro insures its transit systems' auto liability and physical damage with TMI and is an owner of the corporation.

In 2021, TMI issued Metro an auto liability policy with a \$250,000 per person policy limit and a \$7,000,000 per accident policy limit. Of the per accident policy limit, TMI insures \$2,000,000 and reinsures \$5,000,000 with Great American Reinsurance Group. In addition, Metro's policy provides for \$25,000 per person and \$50,000 per accident in uninsured motorist insurance.

In 2021, TMI also provided Metro with auto physical damage coverage for its buses with a total limit of \$78,200,000 and a \$5,000 deductible for collision and comprehensive coverage. TMI insures \$750,000 and reinsures the remainder of \$77,450,000 with Great American Insurance Group.

Management of TMI consists of a board of directors comprised of one representative for each member. Metro does not exercise any control over the activities of TMI beyond its representation on the board of directors.

Premiums are determined in advance of each premium year, which begins on January 1. TMI is an assessable mutual; accordingly, the board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the premium year. Members are required by Wisconsin statute and TMI bylaws to fund any deficit attributable to a premium year during which they were a member. TMI was incorporated in 1985 and began issuing insurance policies in 1986; there has never been a member assessment beyond the annual premiums.

# METRO TRANSIT SYSTEM

## NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

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### NOTE 9 – RISK MANAGEMENT (cont.)

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#### *Other Liability Coverage*

For its other liability coverage Metro Transit was insured under the City of Madison's liability program with Wisconsin Mutual Insurance Company (WMMIC). Details of the City's participation with WMMIC are provided in the City's financial statements. Metro Transit's workers' compensation program is also included in the City's self-insured workers' compensation program. Metro Transit's property exposures are insured under the City's property coverage through Municipal Property Insurance Company (MPIC).

Metro's share of TMI is 30.57% for auto liability. A list of the other members and their share of participation is available in the TMI report which is available from: TMI, PO Box 1135, Appleton, WI 54915-1483 or by email from [tmi@transitmutual.com](mailto:tmi@transitmutual.com).

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### NOTE 10 – BASIS FOR EXISTING FARES

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Current fares were made effective August 28, 2016 as approved by the Transit and Parking Commission.

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### NOTE 11 – COMMITMENTS AND CONTINGENCIES

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Metro provides Wisconsin Department of Transportation Section 85.20 funds to Dane County for door-to-door volunteer driver escort services and Group Access Transportation for the elderly and disabled in the Metro Transit System service area.

Metro contracts with a number of providers for demand-responsive paratransit services. Contract terms and conditions vary for each provider.

In September of 2018 the Transit and Parking Commission approved a contract with New Flyer Corp. for the purchase of up to 72 buses over a five-year period. As of December 31, 2022, 27 buses had been purchased under this contract.

From time to time Metro is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and Metro's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on Metro's financial position or results of operations.

## METRO TRANSIT SYSTEM

### NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

#### **NOTE 12 – RESTATEMENT OF NET POSITION**

The District adopted GASB Statement No. 87 effective January 1, 2022. Prior year balances were restated for the new standard. The following balances were restated at January 1, 2021.

	<b>As Originally Reported <u>12/31/21</u></b>	<b>Adjustment for <u>GASB No. 87</u></b>	<b>As restated <u>12/31/21</u></b>
Transit plant in service	\$151,774,908	\$9,728,837	\$161,503,745
Accumulated depreciation and amortization	(80,565,699)	(463,642)	(81,029,341)
Current portion of lease liability	-	289,404	289,404
Lease liability	-	9,125,551	9,125,551
Net investment in capital assets	43,162,182	(149,760)	43,012,422
Total net position	39,027,525	(149,760)	38,877,765
Purchase services	5,891,076	(403,250)	5,487,826
Depreciation and amortization expense	7,812,713	463,642	8,276,355
Interest expense	(267,949)	(89,368)	(357,317)
Change in net position	18,755,481	(149,760)	18,605,721

**REQUIRED SUPPLEMENTARY INFORMATION**

## METRO TRANSIT SYSTEM

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2022

Fiscal Year Ending	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/22	1.84805176%	\$ (13,394,573)	\$ 29,356,919	45.63%	106.02%
12/31/21	1.82797492%	(10,481,436)	31,901,793	45.89%	105.26%
12/31/20	1.80212477%	(5,848,135)	31,476,580	26.70%	102.96%
12/31/19	1.76372221%	6,572,282	28,390,029	30.17%	96.45%
12/31/18	1.70513153%	(5,440,545)	28,218,926	23.29%	102.93%
12/31/17	1.63617225%	1,535,389	26,808,868	5.73%	99.12%
12/31/16	1.59818356%	3,065,279	21,892,596	14.00%	98.20%
12/31/15	1.58638589%	(4,594,579)	21,289,768	-21.58%	102.74%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2022

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/22	\$ 1,988,511	\$ (1,988,511)	\$ -	\$ 29,459,422	6.75%
12/31/21	1,981,592	(1,981,592)	-	29,356,919	6.75%
12/31/20	2,153,371	(2,153,371)	-	31,901,793	6.75%
12/31/19	2,061,716	(2,061,716)	-	31,476,580	6.55%
12/31/18	1,930,522	(1,930,522)	-	28,390,029	6.80%
12/31/17	1,918,887	(1,918,887)	-	28,218,926	6.80%
12/31/16	1,823,003	(1,823,003)	-	26,808,868	6.80%
12/31/15	1,838,382	(1,838,382)	-	21,892,596	8.40%

## METRO TRANSIT SYSTEM

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2022

*Changes of benefit terms* . There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions* .

	2015 - 2018	2019 - 2021	2022
Long-term expected rate of return	7.2%	7.0%	6.8%
Discount rate	7.2%	7.0%	6.8%
Salary increases			
Inflation	3.2%	3.0%	3.0%
Seniority/Merit	0.2% - 5.6%	0.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table	2020 WRS Experience Mortality Table
Post-retirement adjustments	2.10%	1.90%	1.70%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**METRO TRANSIT SYSTEM**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
(LAST TEN FISCAL YEARS) \*

	2018	2019	2020	2021	2022
<b>Total OPEB Liability</b>					
Service Cost	\$ 705,351	\$ 550,035	\$ 444,639	\$ 847,278	\$ 796,329
Interest on Total OPEB Liability	380,003	332,805	119,888	242,902	249,403
Changes in benefits terms	-	-	-	-	39,505
Difference between expected and actual experience	(781,976)	(407,454)	(714,326)	(252,806)	(1,216,116)
Changes in assumptions	(202,495)	576,405	1,277,049	(117,716)	(1,930,307)
Employee Contributions	-	-	-	-	-
Benefit payments, including employee refunds	(430,900)	(546,452)	(662,920)	(425,738)	(461,473)
Administrative expense	-	-	-	-	-
<b>Net Change in total OPEB Liability</b>	<b>(330,017)</b>	<b>505,339</b>	<b>464,330</b>	<b>293,920</b>	<b>(2,522,659)</b>
<b>Total OPEB Liability - beginning</b>	<b>10,182,459</b>	<b>9,852,442</b>	<b>10,357,781</b>	<b>10,822,111</b>	<b>11,116,031</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 9,852,442</b>	<b>\$ 10,357,781</b>	<b>\$ 10,822,111</b>	<b>\$ 11,116,031</b>	<b>\$ 8,593,372</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Covered-employee payroll</b>	\$ 29,558,616	\$ 29,960,152	\$ 27,291,374	\$ 29,496,682	\$ 26,050,168
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	33.33%	34.57%	39.65%	37.69%	32.99%

**Notes to OPEB Schedule:**

Changes in Assumptions

*Discount Rate* - The discount rate has been updated from 2.25% to 4.31% in the December 31, 2022 valuation.

\* Measurement fiscal year 2019 was the first year of GASB 75 implementation, therefore only five years are presented.

**Notes to OPEB Schedule:**

Methods and Assumptions used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Amortization method	Level percentage of payroll, closed
Amortization period	15 years
Asset valuation method	5 - year smoothed market
Inflation	2.7% as of December 31, 2018 and 2019 and 2.5% as of December 31, 2020, 2021, and 2022
Healthcare cost trend rates	7.50% decreasing to an ultimate rate of 4.50% as of December 31, 2019, 2021 and 2022 and 8.00% decreasing to an ultimate rate of 4.50% as of December 31, 2020.
Salary increases	0.4% - 4.8% as of December 31, 2018 and 2019 and 3.00% as of December 31, 2020, 2021 and 2022
Investment rate of return	4.11% as of January 1, 2018, 3.26% as of December 31, 2019, 2.12% as of December 31, 2020, 2.25% as of December 21, 2021 and 4.31% as of December 31, 2022.
Retirement age	Expected retirement ages of general employees are based on a March 2018 experience study.
Mortality	In the 2018 and 2019 actuarial valuation Mortality Rates are based on RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018. In the 2020 actuarial valuation Mortality Rates are based on the RPH-2020 Total Dataset Mortality Table fully generational using Scal MP-2020.
Other information:	
<i>None</i>	



**S U P P L E M E N T A R Y   I N F O R M A T I O N**

# METRO TRANSIT SYSTEM

## OPERATING REVENUES AND EXPENSES December 31, 2022 and 2021

<b>OPERATING REVENUES</b>	<u>2022</u>	Restated <u>2021</u>
Passenger Fares for Transit Services		
Farebox	\$ 1,083,426	\$ 861,898
Adult 10 ride and 2 ride passes	479,845	322,377
Youth 10 ride and 2 ride passes	119,875	84,889
Senior & disabled passes	953,982	841,812
Commuter pass revenue		
Adult 31 day passes	682,362	576,577
Easy rider passes	206,249	100,161
MMSD passes	1,487,380	715,260
Summer youth passes	36,370	29,485
UW ASM unlimited ride pass	2,553,937	3,155,594
UW Staff unlimited ride pass	1,479,961	1,886,620
Edgewood College unlimited ride pass	27,573	18,715
Madison College unlimited ride pass	171,792	77,593
City of Madison Employee unlimited ride pass	103,531	76,699
St Marys Hospital unlimited ride pass	28,211	25,581
Meriter Hospital unlimited ride pass	17,069	14,141
Dane County unlimited ride pass	19,190	11,600
Commuter Pass unlimited ride pass	<u>239,538</u>	<u>122,906</u>
Total Passenger Fares for Transit Service	<u>9,690,290</u>	<u>8,921,908</u>
Other Operating Revenues		
Advertising revenue	556,746	469,581
Sale of buses, scrap and parts	9,329	17,179
Miscellaneous	15,554	89,488
Dane County - Elderly & Handicapped	267,908	267,907
Dane County - Group Access Service	-	189,770
Dane County - Group RSVP Service	-	147,273
Dane County - Highway (Marketing)	19,300	19,300
Total Other Operating Revenues	<u>868,838</u>	<u>1,200,498</u>
Total Operating Revenues	<u>10,559,128</u>	<u>10,122,406</u>
<b>OPERATING EXPENSES</b>		
Operation and Maintenance Expenses		
Employee compensation and benefits		
Salaries and wages	31,514,020	29,078,534
Pensions and benefits	<u>9,087,416</u>	<u>10,062,080</u>
Total Employee Compensation and Benefits	40,601,436	39,140,614
Materials and supplies	4,526,616	4,151,740
Purchased services	6,653,597	5,487,826
Interagency charges	<u>1,495,867</u>	<u>1,255,577</u>
Total Operation and Maintenance Expenses	53,277,516	50,035,758
Depreciation & Amortization expense	<u>8,151,767</u>	<u>8,276,355</u>
Total Operating Expenses	<u>61,429,282</u>	<u>58,312,113</u>
 NET OPERATING LOSS	 <u>\$ (50,870,155)</u>	 <u>\$ (48,189,707)</u>

## METRO TRANSIT SYSTEM

### DETAILED SCHEDULE OF REVENUES AND EXPENSES - REGULATORY BASIS December 31, 2022 and 2021

		<u>2022</u>		<u>2021</u>
<b>REVENUES</b>				
401.00	Passenger fares for transit service	\$ 9,690,290	\$	8,921,908
402.10	Service charges, NSF charges, etc.	15,554		89,488
406.00	Auxiliary transportation revenue - advertising	556,746		469,581
407.10	Contra-expense for sale of buses, scrap and parts	9,329		17,179
409.10	Local public subsidies	7,732,241		6,017,324
409.30	City of Madison operating subsidy	5,989,267		5,348,267
409.40	Dane County specialized transportation programs	287,208		624,250
411.00	State cash grants and reimbursements	14,314,128		17,721,470
413.00	Federal cash grants and reimbursements	8,011,468		6,676,311
	Federal subsidies pass-through to sub recipient	-		(235,035)
	Total Eligible Revenues	<u>46,606,231</u>		<u>45,650,743</u>
<b>EXPENSES - BY OBJECT CLASS TOTAL</b>				
501.01	Operators' salaries and wages	19,121,065		17,737,547
501.02	Other salaries and wages	11,190,885		10,557,043
502.00	Fringe benefits	10,402,150		10,878,670
503.00	Services	1,351,288		1,072,467
504.01	Fuel and lubricants	2,305,905		2,206,883
504.02	Tires and tubes	123,639		58,989
504.99	Other materials and supplies	1,993,688		1,868,577
505.00	Utilities	668,740		394,681
506.00	Casualty and liability costs	915,048		922,054
508.00	Purchased transportation	3,482,051		2,902,933
509.00	Miscellaneous expense	191,020		134,431
511.00	Interest expense	275,009		267,949
512.00	Leases and rentals	36,169		449,155
513.00	Depreciation	8,151,767		7,812,713
	Less: Ineligible depreciation on fixed assets	(8,151,767)		(7,812,713)
516.00	Other Reconciling Items	1,495,867		1,255,577
	Total Eligible Expenses	<u>53,552,525</u>		<u>50,706,956</u>
	NET INCOME (excluding capital contributions and depreciation/ amortization on fixed assets)	<u>\$ (6,946,294)</u>	\$	<u>(5,056,213)</u>

## METRO TRANSIT SYSTEM

### RECONCILIATION OF REVENUES AND EXPENSES TO WISDOT AND FEDERAL RECOGNIZED REVENUES AND EXPENSES

For the Year Ended December 31, 2022

		Per WisDOT Guidelines
Revenues including subsidies and operating transfer	\$	46,606,231
Less: Non-recognized revenues		
City operating transfer	\$	5,989,267
Local public subsidies		7,732,241
Dane County specialized transportation programs		287,208
Other federal subsidy		8,011,468
State operating subsidy		14,314,128
Nontransportation revenues		
Sale of buses, scrap and parts		9,329
Service charges, NSF charges, etc.		15,554
Total Non-Recognized Revenues		36,359,195
WisDOT Eligible Operating Revenues	\$	10,247,036
Total Expenses per statement including interest expense	\$	61,704,291
Add: Fixed assets eligible for operating assistance		-
Total Expenses	\$	61,704,291
Less: Non-recognized expenses		
Depreciation		8,151,767
Interest expense		275,009
Offset of scrap sales and miscellaneous reimbursements		24,883
Capital Maintenance Grant @ 100%		7,900,000
Leases and rentals		36,169
Interagency indirect charges without approved allocation plan		1,495,867
Total WisDOT Non-Recognized Expenses		17,883,696
WisDOT Eligible Operating Expenses	\$	43,820,595
WisDOT Recognized Deficit	\$	(33,573,558)
Less Operating revenues ineligible for federal assistance:		
Advertising revenue		556,746
Federal Recognized Deficit	\$	(33,016,812)

**METRO TRANSIT SYSTEM**

COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS  
For the Year Ended December 31, 2022

**STATE FUNDS**

WisDOT Recognized Deficit		<u>\$ 33,573,558</u>
WisDOT Contract Amount*		<u>\$ 14,314,128</u>
City of Madison and Other Local Subsidies	<u>\$ 13,721,508</u>	
5 Times Operating Subsidy		<u>\$ 68,607,540</u>
State Share - Least of the Three		<u>\$ 14,314,128</u>

**FEDERAL FUNDS**

	<u>Eligible Costs</u>	<u>Federal Share</u>
Capital maintenance		
Grant WI 900595	\$ -	\$ -
Grant WI 2021-042*	\$ 7,900,000	\$ 7,900,000
Emergency Assistance		
Grant WI 2020-049*	\$ 8,429	\$ 8,429
Enhanced Mobility		
Grant WI 2021-029	\$ 5,068	4,054
Grant WI 2022-028	\$ 92,906	74,326
Grant WI 2022-028*	\$ 24,658	24,658
Costs accrued - grant to be identified		-
Total federal operating revenue		<u>\$ 8,011,468</u>

\*This portion was 100% federally funded

**SUMMARY OF FUNDING (2022 only)**

	<u>Received in 2022</u>	<u>Receivable 12/31/22</u>	<u>Totals</u>
Federal Capital Maintenance Plus Rescue/CARES	\$ 5,533,805	\$ 2,477,663	\$ 8,011,468
State Funds	14,314,128	-	14,314,128
Local Public Subsidies	7,732,241	-	7,732,241
City of Madison	<u>5,989,267</u>	<u>-</u>	<u>5,989,267</u>
Total Funding	<u>\$ 33,569,441</u>	<u>\$ 2,477,663</u>	<u>\$ 36,047,104</u>

\*WisDOT Contract Amount includes \$8,602,700 from the 2022 Urban Mass Transit Operating Assistance Contract, \$509,222 from the 2022 Paratransit Aids Contract, and \$5,202,206 from ARPA Operating Assistance