# METRO TRANSIT SYSTEM

An Enterprise Fund of the
City of Madison, Wisconsin

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2025 and 2024

**METRO TRANSIT SYSTEM**
An Enterprise Fund of the City of Madison, Wisconsin

TABLE OF CONTENTS
As of and for the Years Ended December 31, 2025 and 2024

# Independent Auditors' Report

To the Transportation Commission of
Metro Transit System

**Opinion**

We have audited the financial statements of Metro Transit System (Metro Transit), an enterprise fund of the City of Madison, Wisconsin, (City) as of and for the years ended December 31, 2025 and 2024, 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, of the City, as of December 31, 2025 and 2024, 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 the Madison Metro Transit System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Metro Transit, are intended to present the financial position, the changes in the financial position, and where applicable, cash flows of only Metro Transit. They do not purport to, and do not, present fairly the financial position of the City, as of December 31, 2025, and 2024, 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.

**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.

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**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 Metro Transit'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 audits 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 audits were 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 24, 2026

# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

**Introduction and Mission**

The following narrative provides an overview of the activities and financial performance of Metro Transit for the fiscal year ending December 31, 2025. This report should be read in conjunction with the audited financial statements and accompanying notes.

Metro Transit, an Enterprise Fund of the City of Madison and a division of the Department of Transportation, remains dedicated to providing safe, reliable, convenient, and efficient public transportation. Operating across a 110-square-mile service area, the agency serves the City of Madison and its regional partners, including Fitchburg, Middleton, Monona, Sun Prairie, and Verona.

**Annual Overview**

Fiscal year 2025 was a landmark year for Metro Transit, defined by record ridership recovery and a significant administrative transition. While the agency's financial trajectory and primary capital projects were established under the tenure of the prior General Manager, a leadership transition occurred on October 13, 2025. Following this change, the final quarter of the year focused on stabilizing operations and introducing a new strategic framework to guide the agency's long-term sustainability.

**Financial Highlights**

The 2025 fiscal year saw a total operating budget of $77.4 million. Financial stability was supported by an $18.4 million General Fund subsidy from the City of Madison, which included the second year of a three-year plan to replenish the subsidy following the full exhaustion of federal pandemic-era economic recovery funds.

Capital investments remained a priority, for the agency supported by the $14.5 million Capital Improvement Plan (CIP). Total grant expenditures for the year reached $15.14 million, with a focus on fleet electrification and facility resilience. Metro Transit concluded the year maintaining a balance of available capital grant funding for future initiatives.

**Analysis of Operating Expenses**

Employee compensation and benefits remain the primary driver of operating costs, totaling approximately $55 million in the 2025 Executive Budget. This represents roughly 71% of the total $77.4 million operating budget. To align with recent operational trends, the 2025 budget included an additional $1.8 million for overtime costs.
Additionally, as Metro Transit continues to support the City's sustainability goals by transitioning to battery electric buses (BEB), there was a shift in supply costs: diesel fuel expenses were projected to decrease by $561,800, while electricity costs were expected to increase by $499,800 to support the BEB operational needs.

# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

**Operational Performance and Ridership**

Ridership reached 12.3 million annual passengers, a dramatic increase from the 9.2 million recorded in 2024. This growth validates the 2023 network redesign and the successful launch of the BRT system. Key findings from the inaugural 2025 Service Report Card to be released in the summer of 2026 include:

- **Rapid Route A (BRT):** Achieved a weekday average of 8,177 riders. The route demonstrated significant weekend utility, with Sunday ridership increasing by 73% year-over-year highlighting the community's reliance on high-frequency transit for non-commute trips.
- **Cost Efficiency:** The estimated cost per passenger for the **BRT service was $4.51,** outperforming traditional local routes and demonstrating the fiscal productivity of high-capacity transit corridors.
- **Fare Payment Technology:** Passenger revenues increased by $1.0 million, supported by the city-wide adoption of new fare technology, including smart cards and mobile payment platforms.

**Capital Asset and Facility Update**

- **East Washington Maintenance Facility:** Work continued the final phase of this multi-year improvement project. This stage addresses critical infrastructure needs, including the replacement of 13 maintenance bays and the modernization of administrative and dispatch areas to improve staff safety and operational workflow.
- **Hanson Road Facility:** Having opened in 2024, the Hanson Road facility continues to provide the necessary capacity for bus storage and maintenance required to support the expanded BRT and local service levels.
- **Fleet Electrification:** The 2025 capital budget allocated $13.6 million toward Electric Transit Buses and Charging Equipment. This funding is essential for maintaining the 62 60-foot articulated BEBs delivered in 2024 and continuing the City's commitment to reducing its carbon footprint.

### Management Strategy and Future Outlook

In November 2025, the new General Manager introduced four foundational pillars to align future budget cycles and operational priorities:

1. **Doing the Basics Well:** Ensuring core operations are safe, reliable, and compliant with all federal and state regulations.
2. **Safety and Security:** Prioritizing the safety and well-being of staff and riders across all facilities and vehicles.
3. **Fiscal Stewardship:** Maintaining transparency and maximum utility of public and grant funds.
4. **Improved Communications:** Enhancing transparency internally and externally through data-driven tools like the Metro Transit Service Report Card.

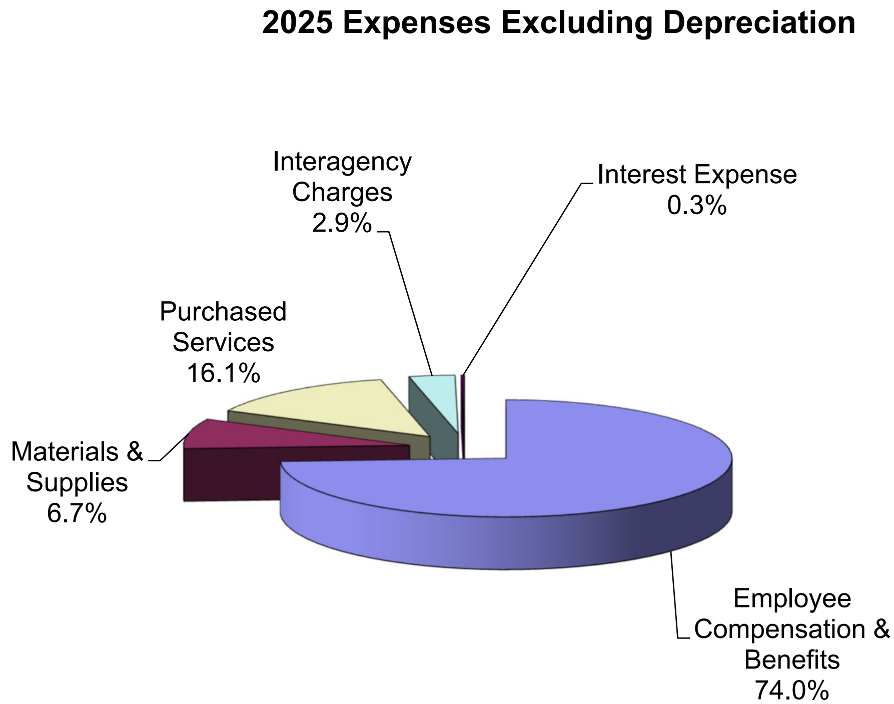
While 2025 was a year of executing previous commitments, the shift in leadership and the introduction of these pillars have established a new baseline for accountability. Metro Transit entered 2026 focused on maintaining the momentum of its ridership growth while ensuring the administrative stability required for future system refinements.

# METRO TRANSIT SYSTEM

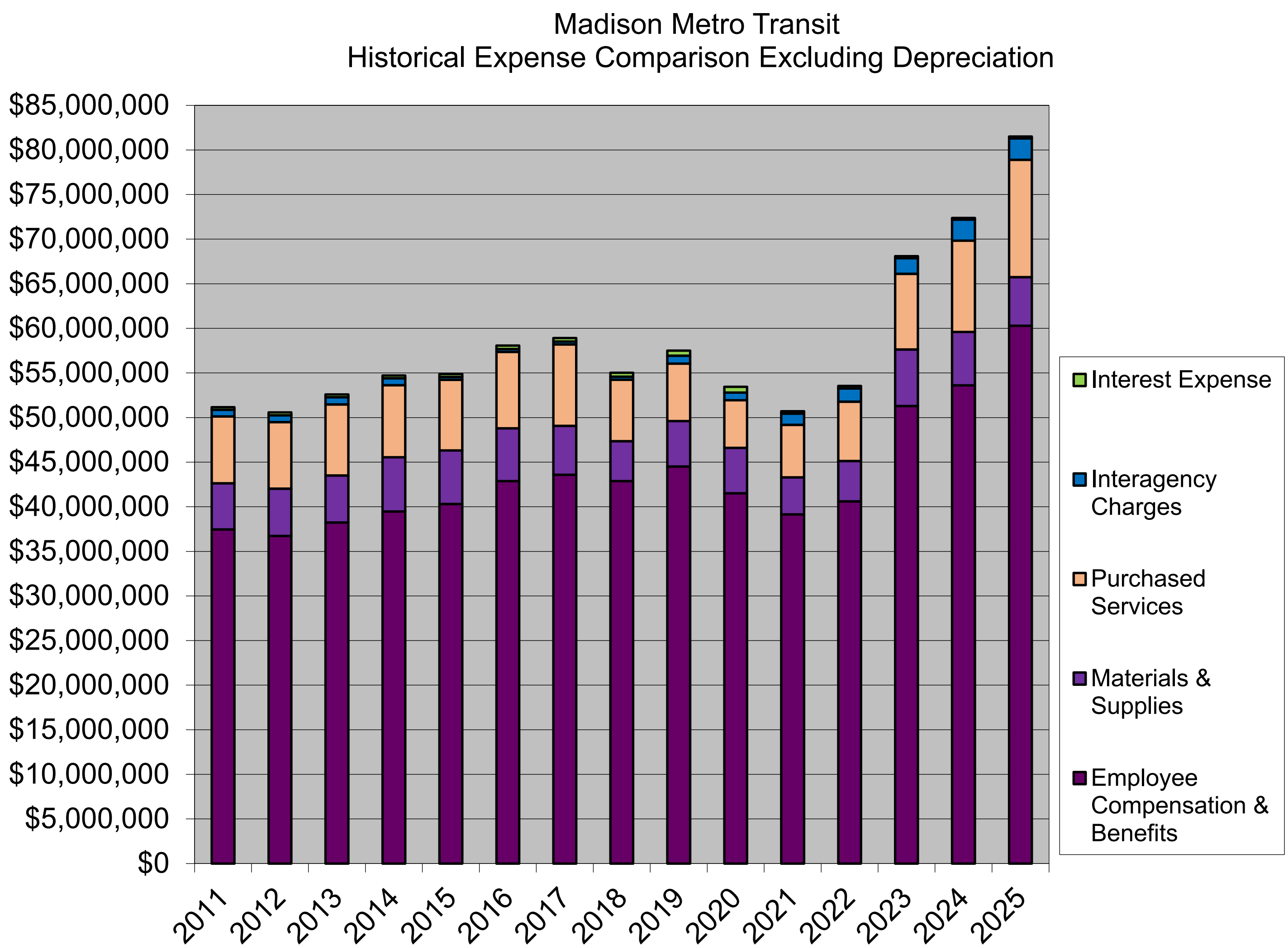
## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

| | All Modes | | Fixed Route | | Paratransit | |
|---|---|---|---|---|---|---|
| | Actual | Budget | Actual | Budget | Actual | Budget |
| **Revenue** | | | | | | |
| Farebox | $ 864,785 | $ 1,000,000 | $ 864,785 | $ 1,000,000 | $ - | $ - |
| Passes & Tickets | 4,959,052 | 4,587,891 | 3,877,702 | 3,567,969 | 1,081,350 | 1,019,922 |
| Unlimited Ride Programs | 5,127,977 | 4,752,765 | 5,076,697 | 4,705,237 | 51,280 | 47,528 |
| **Passenger Revenue** | **$ 10,951,814** | **$ 10,340,656** | **$ 9,819,184** | **$ 9,273,206** | **$ 1,132,630** | **$ 1,067,450** |
| County Programs | $ 639,692 | $ 600,000 | $ - | $ - | $ 639,692 | $ 600,000 |
| Federal Operating Assistance | 8,833,539 | 8,097,327 | 8,316,484 | 7,643,877 | 517,055 | 453,450 |
| Federal subsidy pass-through to sub recipient | (328,982) | (131,871) | (328,982) | (131,871) | - | - |
| State Operating Assistance | 18,247,989 | 18,513,404 | 17,226,102 | 17,476,653 | 1,021,887 | 1,036,751 |
| Local Subsidies | 12,189,443 | 12,099,561 | 11,823,760 | 11,797,072 | 365,683 | 302,489 |
| Vehicle Registration Fee | 7,369,917 | 6,970,250 | 7,369,917 | 6,970,250 | - | - |
| Advertising | 836,624 | 450,000 | 836,624 | 450,000 | - | - |
| Miscellaneous | 51,571 | 150,000 | 51,571 | 150,000 | - | - |
| **Total Revenue** | **$ 58,791,607** | **$ 57,089,327** | **$ 55,114,660** | **$ 53,629,187** | **$ 3,676,947** | **$ 3,460,140** |
| **Expenditures** | | | | | | |
| Salaries | $ 41,354,888 | $ 41,414,984 | $ 40,749,039 | $ 40,793,759 | $ 605,849 | $ 621,225 |
| Benefits | 18,936,432 | 16,975,272 | 18,659,013 | 16,805,519 | 277,419 | 169,753 |
| Utilities/Telephone | 2,222,536 | 2,230,497 | 2,189,976 | 2,208,192 | 32,560 | 22,305 |
| Repairs & Maint B&G | 238,126 | 89,235 | 234,637 | 88,343 | 3,489 | 892 |
| Repairs & Maint Equip | 721,765 | 729,000 | 711,191 | 721,710 | 10,574 | 7,290 |
| Rentals | 48,579 | 400,000 | 47,867 | 396,000 | 712 | 4,000 |
| Employee Services | 123,759 | 215,380 | 121,946 | 213,226 | 1,813 | 2,154 |
| Insurance & Financial | 1,728,854 | 1,715,492 | 1,703,512 | 1,698,337 | 25,342 | 17,155 |
| Purchased Transportation | 6,874,847 | 6,305,920 | - | - | 6,874,847 | 6,305,920 |
| Other Services | 1,011,784 | 1,224,541 | 993,713 | 1,214,526 | 18,071 | 10,015 |
| Office Supplies | 65,362 | 154,313 | 64,404 | 152,770 | 958 | 1,543 |
| Equipment Supplies | 2,599,727 | 1,958,311 | 2,573,730 | 1,938,728 | 25,997 | 19,583 |
| Bldg & Const Supplies | 31,071 | 15,000 | 30,760 | 14,850 | 311 | 150 |
| Fuels, Oils & Lubricants | 2,423,540 | 2,927,094 | 2,399,305 | 2,897,823 | 24,235 | 29,271 |
| Other Supplies | 329,754 | 370,000 | 325,708 | 366,300 | 4,046 | 3,700 |
| Interdepartmental Charges | 2,395,826 | 2,400,769 | 2,371,868 | 2,376,761 | 23,958 | 24,008 |
| Depreciation | 21,788,291 | - | 21,570,408 | - | 217,883 | - |
| Taxes | 179,339 | 135,000 | 179,339 | 135,000 | - | - |
| Interest | 216,508 | - | 214,343 | - | 2,165 | - |
| **Total Expenses** | **$ 103,290,988** | **$ 79,260,808** | **$ 95,140,759** | **$ 72,021,844** | **$ 8,150,229** | **$ 7,238,964** |
| **Income(Deficit)** | **$ (44,499,381)** | **$ (22,171,481)** | **$ (40,026,099)** | **$ (18,392,657)** | **$ (4,473,282)** | **$ (3,778,824)** |
| Depreciation | $ (21,788,291) | $ - | $ (21,570,408) | $ - | $ (217,883) | $ - |
| Unfunded OPEB | (1,057,447) | - | (1,041,955) | - | (15,492) | - |
| Unfunded Pension | (1,037,520) | - | (1,022,320) | - | (15,200) | - |
| Debt | 2,752,113 | 3,778,064 | 2,724,592 | 3,778,064 | 27,521 | - |
| **Total Expenditures(City)** | **$ 82,159,843** | **$ 83,038,872** | **$ 74,230,668** | **$ 75,799,908** | **$ 7,929,175** | **$ 7,238,964** |
| Added To/(Taken From)Reserves | $ 2,236,928 | $ (344,380) | $ 2,136,278 | $ (406,331) | $ 100,650 | $ 61,951 |
| **Income/(Deficit) (City)** | **$ (25,605,164)** | **$ (25,605,165)** | **$ (21,252,286)** | **$ (21,764,390)** | **$ (4,352,878)** | **$ (3,840,775)** |

Employee compensation and benefits expenses are down slightly as a percentage of total expenses from 74.1% in 2024. Purchased services expense is up from 14.1% in 2024 primarily due to an increase in purchased transportation costs for paratransit rides.



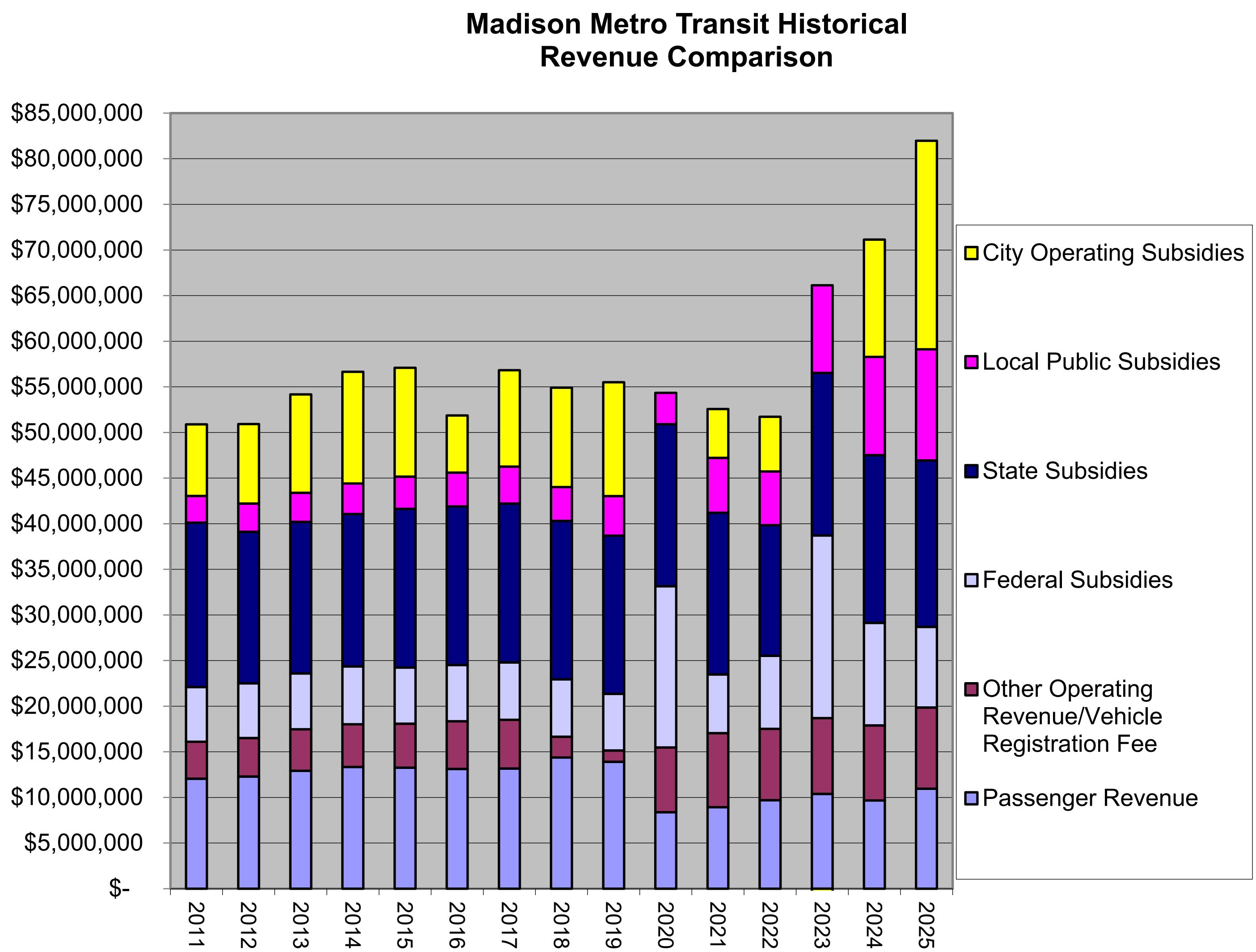
The chart below illustrates that total operating expenses excluding depreciation increased by 12.6% between 2024 and 2025. A large part of the increase was due to a 20% increase in purchased transportation services expense, which was driven by a 13% increase in paratransit rides provided.



# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The next chart compares Metro's revenue sources for the same period. State aid, which traditionally provides the largest portion of Metro's revenue, did not change from 2024. Federal operating subsidies decreased by 21% due to the exhaustion of the Federal 2021 ARPA Stimulus grant funds. Passenger revenue increased by 13% from 2024 as ridership recovers from COVID related effects.



# 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 December 31, 2025 future capital project plans are budgeted to draw down those balances.

# METRO TRANSIT SYSTEM

## MANAGEMENT’S DISCUSSION AND ANALYSIS REPORT

| CAPITAL GRANTS | Funding Year | Total Funds Apportionment | Prior years expenditures | Beginning Balance | 2025 expenditures | Balance available as of 12/31/25 | Future Budgeted projects | Balance after budgeted projects | Detail of future budgeted projects- see page 2. |
|---|---|---|---|---|---|---|---|---|---|
| **Federal Section 5307** | | | | | | | | | |
| WI-2021-041 (CRRSA Stimulus) | 2021 | $ 14,983,291 | $ 11,470,726 | $ 3,512,565 | $ 2,242,134 | $ 1,270,431 | $ 1,270,431 | $ - | Technology Upgrade |
| WI-2023-047 | 2021 | $ 9,665,549 | $ 9,665,549 | $ - | $ - | $ - | $ - | $ - | Will be closed with Super Grant |
| WI-2023-057 | 2022 | $ 12,477,915 | $ 12,408,721 | $ 69,194 | $ 69,194 | $ - | $ - | $ - | Will be closed with Super Grant |
| WI-2023-057 | 2023 | $ 12,738,692 | $ 8,971,336 | $ 3,767,356 | $ - | $ 3,767,356 | $ 3,767,356 | $ - | Facility Renovations |
| WI-2023-057 | 2024 | $ 13,070,535 | $ 9,717,380 | $ 3,353,155 | $ (2,291,291) | $ 5,644,446 | $ 5,644,446 | $ - | Facility Renovations, Vehicles and Equipment |
| WI-2025-019 | 2025 | $ 13,505,703 | $ - | $ 13,505,703 | $ 8,838,190 | $ 4,667,513 | $ 4,667,513 | $ - | Bus Replacements |
| FFY 2026 (estimate) | 2026 | $ 14,642,116 | $ - | $ 14,642,116 | $ - | $ 14,642,116 | $ 14,642,116 | $ - | Various |
| **Total Section 5307** | | **$ 91,083,801** | **$ 52,233,712** | **$ 38,850,089** | **$ 8,858,227** | **$ 29,991,862** | **$ 29,991,862** | **$ -** | |
| **Federal Section 5310** | | | | | | | | | |
| WI-2023-039 | 2023 | $ 671,097 | $ 601,939 | $ 69,158 | $ 22,302 | $ 46,856 | $ 46,856 | $ - | Mobility management |
| WI-2023-039 | 2024 | $ 533,542 | $ 376,824 | $ 156,718 | $ 156,718 | $ - | $ - | $ - | Will be closed with Super Grant |
| WI-2025-018 | 2025 | $ 668,928 | $ - | $ 668,928 | $ 399,533 | $ 269,395 | $ 269,395 | $ - | Mobility management |
| FFY 2026 (estimate) | 2026 | $ 518,910 | $ - | $ 518,910 | $ - | $ 518,910 | $ 518,910 | $ - | Mobility management |
| **Total Section 5310** | | **$ 2,392,477** | **$ 978,763** | **$ 1,413,714** | **$ 578,553** | **$ 835,161** | **$ 835,161** | **$ -** | |
| **Federal Section 5337 & 5339a** | | | | | | | | | |
| WI-2023-047 | 2021 | $ 2,800,004 | $ 2,800,004 | $ - | $ - | $ - | $ - | $ - | Will be closed with Super Grant |
| WI-2023-057 | 2022 | $ 3,399,927 | $ 3,399,927 | $ - | $ - | $ - | $ - | $ - | Will be closed with Super Grant |
| WI-2023-057 | 2023 | $ 3,448,205 | $ 2,187,577 | $ 1,260,628 | $ 1,260,628 | $ - | $ - | $ - | Will be closed with Super Grant |
| WI-2023-057 | 2024 | $ 3,470,674 | $ - | $ 3,470,674 | $ 1,797,917 | $ 1,672,757 | $ 1,672,757 | $ - | Facility Renovations, Fixed Route Buses |
| WI-2025-019 | 2025 | $ 3,643,577 | $ - | $ 3,643,577 | $ - | $ 3,643,577 | $ 3,643,577 | $ - | Fixed Route Buses |
| FFY 2026 (estimate) | 2026 | $ 4,013,795 | $ - | $ 4,013,795 | $ - | $ 4,013,795 | $ 4,013,795 | $ - | Fixed Route Buses |
| **Total Section 5337 & 5339a** | | **$ 20,776,182** | **$ 8,387,508** | **$ 12,388,674** | **$ 3,058,545** | **$ 9,330,129** | **$ 9,330,129** | **$ -** | |
| **Federal Section 5339 Discretionary** | | | | | | | | | |
| WI-2023-057 (FTA 5339b Bus Facility) | 2020 | $ 7,086,000 | $ 3,442,095 | $ 3,643,905 | $ 2,171,428 | $ 1,472,477 | $ 1,472,477 | $ - | BRT Equipment & Infrastructure |
| WI-2023-047 (FTA 5339b Bus Facility) | 2021 | $ 8,000,000 | $ - | $ 8,000,000 | $ - | $ 8,000,000 | $ 8,000,000 | $ - | Facility Renovations |
| WI-2024-014 (FTA 5339c Low or No Emission) | 2023 | $ 47,453,550 | $ 26,773,932 | $ 20,679,618 | $ 477,213 | $ 20,202,405 | $ 20,202,405 | $ - | E-Buses, Chargers, Facility Reno & Solar Panels |
| FFY25 (FTA 5339c Low or No Emission) | 2025 | $ 20,569,000 | $ - | $ 20,569,000 | $ - | $ 20,569,000 | $ 20,569,000 | $ - | Buses, Training, & Diagnostic Tools and Equipment |
| **Total Section 5339 Discretionary** | | **$ 83,108,550** | **$ 30,216,027** | **$ 52,892,523** | **$ 2,648,641** | **$ 50,243,882** | **$ 50,243,882** | **$ -** | |
| **Total Capital Grants** | | **$ 197,361,010** | **$ 91,816,010** | **$ 105,545,000** | **$ 15,143,966** | **$ 90,401,034** | **$ 90,401,034** | **$ -** | |
| **OTHER GRANTS** | | | | | | | | | |
| WI-2021-038 (TOD Planning) | 2020 | $ 390,000 | $ 334,819 | $ 55,181 | $ 55,181 | $ - | $ - | $ - | Closed |
| WI-2023-040 (FFY 2021&2023 AoPP) | 2021 | $ 1,036,054 | $ 748,854 | $ 287,200 | $ 287,200 | $ - | $ - | $ - | Closed |
| WI-2023-025 (Routes Plan Restoration) | 2021 | $ 436,170 | $ 346,627 | $ 89,543 | $ 89,543 | $ - | $ - | $ - | Closed |
| WI-2023-061 (CIG-Small Starts) | 2022 | $ 151,210,772 | $ 144,509,077 | $ 6,701,695 | $ 5,126,971 | $ 1,574,724 | $ 1,574,724 | $ - | East-West BRT |
| WisDOT-2024-5304 (Statewide Planning) | 2024 | $ 800,000 | $ - | $ 800,000 | $ - | $ 800,000 | $ 800,000 | $ - | Transit Planning for the Madison Region |
| **Total Other Grants** | | **$ 153,872,996** | **$ 145,939,377** | **$ 7,933,619** | **$ 5,558,895** | **$ 2,374,724** | **$ 2,374,724** | **$ -** | |

# METRO TRANSIT SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

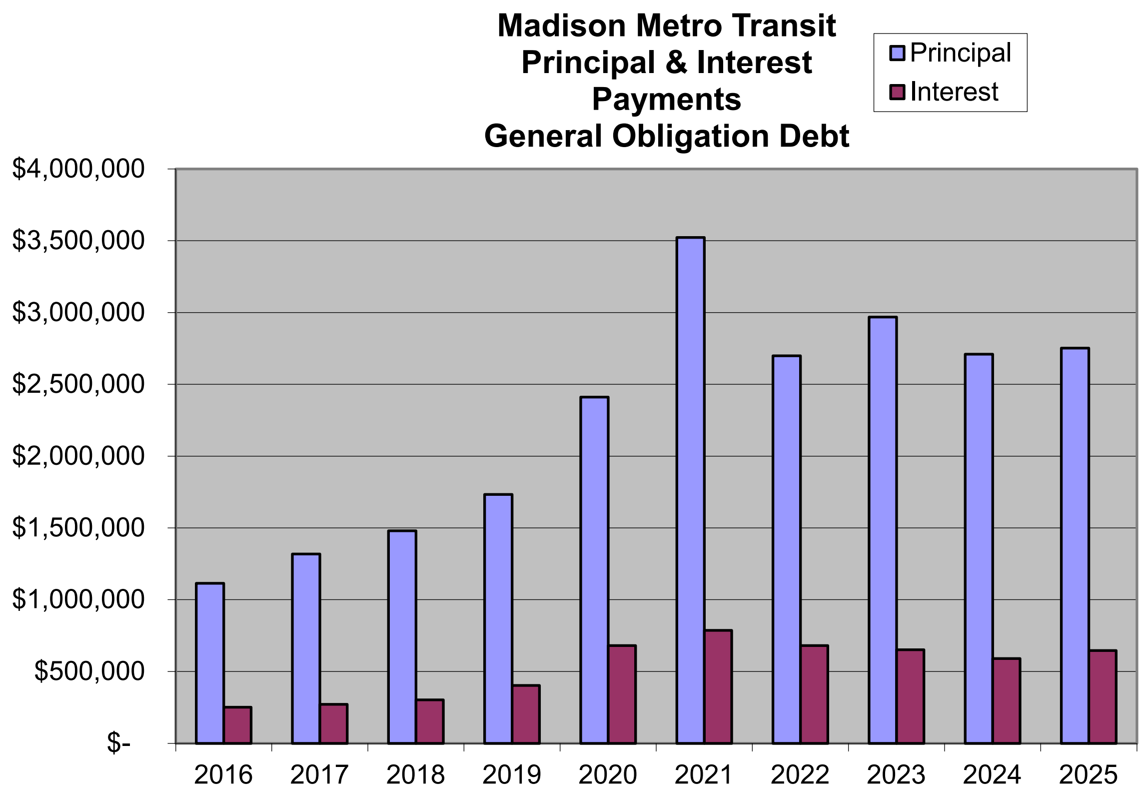
| CAPITAL GRANTS | Transit Enhancements | Equipment | Facility | Computer hardware & software | Mobility management | Consultants | Buses -BRT/Fixed Route | Emergency Operating Assistance | Associated capital maintenance | Total Budgeted Projects |
|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Section 5307** | | | | | | | | | | |
| WI-2021-041 (CRRSA Stimulus) | | | | $ 1,270,431 | | | | | | $ 1,270,431 |
| WI-2023-047 | | | | | | | | | | $ - |
| WI-2023-057 | | | | | | | | | | $ - |
| WI-2023-057 | | | $ 3,767,356 | | | | | | | $ 3,767,356 |
| WI-2023-057 | | $ 653,332 | $ 4,991,114 | | | | | | | $ 5,644,446 |
| WI-2025-019 | | | | | | | $ 4,667,513 | | | $ 4,667,513 |
| FFY 2026 (estimate) | $ 225,000 | $ 450,000 | $ 1,200,000 | | | | $ 6,767,116 | | $ 6,000,000 | $ 14,642,116 |
| **Total Section 5307** | **$ 225,000** | **$ 1,103,332** | **$ 9,958,470** | **$ 1,270,431** | **$ -** | **$ -** | **$ 11,434,629** | **$ -** | **$ 6,000,000** | **$ 29,991,862** |
| **Federal Section 5310** | | | | | | | | | | |
| WI-2023-039 | | | | | $ 46,856 | | | | | $ 46,856 |
| WI-2023-039 | | | | | | | | | | $ - |
| WI-2025-018 | | | | | $ 269,395 | | | | | $ 269,395 |
| FFY 2026 (estimate) | | | | | $ 518,910 | | | | | $ 518,910 |
| **Total Section 5310** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 835,161** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 835,161** |
| **Federal Section 5337 & 5339a** | | | | | | | | | | |
| WI-2023-047 | | | | | | | | | | $ - |
| WI-2023-057 | | | | | | | | | | $ - |
| WI-2023-057 | | | | | | | | | | $ - |
| WI-2023-057 | | | $ 937,741 | | | | $ 735,016 | | | $ 1,672,757 |
| WI-2025-019 | | | | | | | $ 3,643,577 | | | $ 3,643,577 |
| FFY 2026 (estimate) | | | | | | | $ 4,013,795 | | | $ 4,013,795 |
| **Total Section 5337 & 5339a** | **$ -** | **$ -** | **$ 937,741** | **$ -** | **$ -** | **$ -** | **$ 8,392,388** | **$ -** | **$ -** | **$ 9,330,129** |
| **Federal Section 5339 Discretionary** | | | | | | | | | | |
| WI-2023-057 (FTA 5339b Bus Facility) | | | | | | $ 1,472,477 | | | | $ 1,472,477 |
| WI-2023-047 (FTA 5339b Bus Facility) | | | $ 8,000,000 | | | | | | | $ 8,000,000 |
| WI-2024-014 (FTA 5339c Low or No Emission) | | $ 1,650,576 | $ 16,265,000 | | | $ 399,000 | $ 1,887,829 | | | $ 20,202,405 |
| FFY25 (FTA 5339c Low or No Emission) | | $ 425,000 | | | | $ 594,000 | $ 19,550,000 | | | $ 20,569,000 |
| **Total Section 5339 Discretionary** | **$ -** | **$ 2,075,576** | **$ 24,265,000** | **$ -** | **$ -** | **$ 2,465,477** | **$ 21,437,829** | **$ -** | **$ -** | **$ 50,243,882** |
| **Total Capital Grants** | **$ 225,000** | **$ 3,178,908** | **$ 35,161,211** | **$ 1,270,431** | **$ 835,161** | **$ 2,465,477** | **$ 41,264,846** | **$ -** | **$ 6,000,000** | **$ 90,401,034** |
| **OTHER GRANTS** | | | | | | | | | | |
| WI-2021-038 (TOD Planning) | | | | | | | | | | $ - |
| WI-2023-040 (FFY 2021&2023 AoPP) | | | | | | | | | | $ - |
| WI-2023-025 (Routes Plan Restoration) | | | | | | | | | | $ - |
| WI-2023-061 (CIG-Small Starts) | | | | | | $ 1,574,724 | | | | $ 1,574,724 |
| WisDOT-2024-5304 (Statewide Planning) | | | | $ 82,000 | | $ 718,000 | | | | $ 800,000 |
| **Total Other Grants** | **$ -** | **$ -** | **$ -** | **$ 82,000** | **$ -** | **$ 2,292,724** | **$ -** | **$ -** | **$ -** | **$ 2,374,724** |

# 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 percent 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

| | 2025 | 2024 | (Restated) 2023 |
|---|---|---|---|
| Current and other assets | $ 10,942,464 | $ 31,459,296 | $ 20,283,800 |
| Capital assets [1] | $ 266,425,971 | $ 277,407,441 | $ 83,419,674 |
| Total Assets | $ 277,368,435 | $ 308,866,737 | $ 103,703,474 |
| Deferred outflows related to pensions [2] | $ 18,008,900 | $ 24,159,994 | $ 35,220,278 |
| Deferred outflows related to other post-employment benefits[3] | $ 1,968,158 | $ 1,566,598 | $ 1,775,608 |
| Long-term debt [4] | $ 18,295,246 | $ 20,559,859 | $ 20,169,210 |
| Other liabilities | $ 39,699,760 | $ 59,760,571 | $ 53,432,741 |
| Total Liabilities | $ 57,995,006 | $ 80,320,430 | $ 73,601,951 |
| Deferred inflows related to pensions [2] | $ 9,533,539 | $ 14,945,308 | $ 20,275,055 |
| Deferred Inflows related to other post-employment benefits[3] | $ 2,008,559 | $ 2,576,552 | $ 2,577,119 |
| Net investment in capital assets [5] | $ 240,310,543 | $ 248,945,670 | $ 53,852,754 |
| Unrestricted (Deficit) | $ (12,502,154) | $ (12,194,631) | $ (9,607,519) |
| Total Net Position | $ 227,808,389 | $ 236,751,039 | $ 44,245,235 |

[1] See Note 2 for details in this Audit report
[2] See Note 7 for details in this Audit report
[3] See Note 8 for details in this Audit report
[4] See Note 4 for details in this Audit report
[5] 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**

| | 2025 | 2024 | (Restated) 2023 |
|---|---|---|---|
| Operating Revenues | $ 12,453,311 | $ 10,709,714 | $ 11,512,535 |
| Depreciation and amortization expense | $ 21,788,291 | $ 14,652,565 | $ 7,982,809 |
| Other operating expenses | $ 81,286,189 | $ 72,196,378 | $ 67,860,515 |
| Non-operating expenses [1] | $ 216,508 | $ 168,122 | $ 230,007 |
| Total Expenses | $ 103,290,988 | $ 87,017,065 | $ 76,073,331 |
| Operating subsidies [1] | $ 38,941,989 | $ 39,783,566 | $ 45,700,946 |
| Insurance recovery | $ 24,911 | $ 793 | $ 19,757 |
| Gain (Loss) on sale of assets | $ 1,479 | $ (17,306) | $ 90,959 |
| Lease revenue | $ - | $ - | $ 64,834 |
| Loss before capital Contributions and Transfers | $ (51,869,298) | $ (36,540,298) | $ (18,684,300) |
| Capital contributions [2] | $ 12,703,680 | $ 208,990,899 | $ 6,860,513 |
| Transfers | $ 22,853,051 | $ 12,865,120 | $ (519,471) |
| Vehicle registration fee | $ 7,369,917 | $ 7,190,083 | $ 7,093,366 |
| Changes in Net Position | $ (8,942,650) | $ 192,505,804 | $ (5,249,892) |
| Beginning Net Position | $ 236,751,039 | $ 44,245,235 | $ 50,310,227 |
| Restatement | | | $ (815,100) |
| Ending Net Position | $ 227,808,389 | $ 236,751,039 | $ 44,245,235 |

[1] See Statements of Revenues, Expenses and Changes in Net Position for more detail
[2] See Year End Grant Status in this MD&A report for more detail

**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 Jaime Acton, Transit General Manager, Metro Transit 1245 East Washington Avenue, Suite 201, Madison, WI 53703 or by e-mail to: jacton@cityofmadison.com.

Respectfully submitted

Transit General Manager

**Statements of Net Position** Follow

**METRO TRANSIT SYSTEM**

STATEMENTS OF NET POSITION
December 31, 2025 and 2024

***ASSETS***

| | 2025 | 2024 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash | $ 2,595,673 | $ 568,344 |
| Restricted cash - retiree health insurance escrow | 340,681 | 396,082 |
| Receivable from FTA - capital and maintenance | 1,120,363 | 14,869,517 |
| Receivable from other governmental units | 2,854,807 | 11,348,577 |
| Accounts receivable (net) | 355,378 | 965,146 |
| Materials and supplies (net) | 619,529 | 600,584 |
| Prepaid expenses | 920,339 | 760,484 |
| Current portion of prepaid expense - land and tower lease | 2,130 | 2,130 |
| Total Current Assets | 8,808,900 | 29,510,864 |
| **NON-CURRENT ASSETS** | | |
| Restricted cash - retiree health insurance escrow | 2,132,109 | 1,944,682 |
| Other Assets | | |
| Prepaid expenses - land and tower lease | 1,455 | 3,750 |
| Capital Assets | | |
| Transit plant in service | 375,943,116 | 370,565,710 |
| Accumulated depreciation and amortization | (112,620,610) | (93,158,269) |
| Construction work in progress | 3,103,465 | - |
| Total Non-Current Assets | 268,559,535 | 279,355,873 |
| Total Assets | 277,368,435 | 308,866,737 |

***DEFERRED OUTFLOWS OF RESOURCES***

| | 2025 | 2024 |
|---|---|---|
| Deferred outflows related to pensions | 18,008,900 | 24,159,994 |
| Deferred outflows related to other post-employment benefits | 1,968,158 | 1,566,598 |
| Total Deferred Outflows of Resources | $ 19,977,058 | $ 25,726,592 |

*See notes to financial statements*

## METRO TRANSIT SYSTEM

STATEMENTS OF NET POSITION
December 31, 2025 and 2024

### *LIABILITIES*

| | 2025 | 2024 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Current portion of general obligation debt | $ 2,540,159 | $ 2,752,113 |
| Current portion of unearned revenue - land and tower lease | 2,130 | 2,130 |
| Current portion due to other governments | 359,910 | 359,910 |
| Current portion of lease liability | 296,654 | 284,440 |
| Current portion of subscription liability | 5,150 | 77,894 |
| Current portion of other post-employment benefit liability | 1,016,824 | - |
| Accounts payable | 1,712,513 | 7,937,112 |
| Unearned revenue | 630,000 | 762,398 |
| Accrued compensation, vacation and sick leave | 5,351,559 | 5,088,184 |
| Accrued interest | 148,916 | 169,258 |
| Due to other funds | - | 15,000,000 |
| Retiree health insurance escrow payable from restricted assets | 340,681 | 396,082 |
| Total Current Liabilities | 12,404,496 | 32,829,521 |
| **NON-CURRENT LIABILITIES** | | |
| General obligation debt | 15,755,087 | 17,807,746 |
| Bond premium | 2,363,067 | 2,860,554 |
| Due to other governments | 1,439,640 | 1,799,550 |
| Retiree health insurance escrow payable from restricted assets | 2,132,109 | 1,944,682 |
| Accrued sick leave | 2,143,717 | 2,326,563 |
| Net pension liability | 2,873,515 | 2,575,320 |
| Other post-employment benefit liability | 12,161,077 | 11,150,901 |
| Lease liability | 6,720,843 | 7,017,497 |
| Subscription liability | - | 4,346 |
| Unearned revenue - land and tower lease | 1,455 | 3,750 |
| Total Non-Current Liabilities | 45,590,510 | 47,490,909 |
| Total Liabilities | 57,995,006 | 80,320,430 |

### *DEFERRED INFLOWS OF RESOURCES*

| | 2025 | 2024 |
|---|---|---|
| Deferred inflows related to pensions | 9,533,539 | 14,945,308 |
| Deferred inflows related to other post-employment benefits | 2,008,559 | 2,576,552 |
| Total Deferred Inflows of Resources | 11,542,098 | 17,521,860 |

### *NET POSITION*

| | 2025 | 2024 |
|---|---|---|
| **NET POSITION** | | |
| Net investment in capital assets | 238,510,993 | 248,945,670 |
| Unrestricted (Deficit) | (10,702,604) | (12,194,631) |
| **TOTAL NET POSITION** | $ 227,808,389 | $ 236,751,039 |

*See notes to financial statements*

## METRO TRANSIT SYSTEM

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **OPERATING REVENUES** | $ 12,453,311 | $ 10,709,714 |
| **OPERATING EXPENSES** | | |
| Employee compensation and benefits | 60,291,320 | 53,605,058 |
| Materials and supplies | 5,449,454 | 5,984,947 |
| Purchased services | 13,149,589 | 10,236,142 |
| Interagency charges | 2,395,826 | 2,370,231 |
| Total Operation and Maintenance Expenses | 81,286,189 | 72,196,378 |
| Depreciation and amortization expense | 21,788,291 | 14,652,565 |
| Total Operating Expenses | 103,074,480 | 86,848,943 |
| Operating Loss Before Operating Subsidies | (90,621,169) | (76,139,229) |
| **OPERATING SUBSIDIES** | | |
| Federal subsidies | 8,833,539 | 11,249,412 |
| Federal subsidies pass-through to sub recipient | (328,982) | (608,808) |
| State operating subsidies | 18,247,989 | 18,374,570 |
| Local public subsidies | 12,189,443 | 10,768,392 |
| Total Operating Subsidies | 38,941,989 | 39,783,566 |
| Operating Loss | (51,679,180) | (36,355,663) |
| **NON-OPERATING REVENUES (EXPENSES)** | | |
| Insurance recoveries | 24,911 | 793 |
| Vehicle registration fee | 7,369,917 | 7,190,083 |
| Gain (loss) on sale of assets | 1,479 | (17,306) |
| Interest expense and premium amortization | (216,508) | (168,122) |
| Loss Before Contributions and Transfers | (44,499,381) | (29,350,215) |
| **CAPITAL CONTRIBUTIONS - CITY & OTHER** | 2,752,113 | 2,709,351 |
| **CAPITAL CONTRIBUTIONS - FEDERAL & STATE** | 2,600,468 | 46,936,142 |
| **CAPITAL CONTRIBUTIONS-MUNICIPAL** | 7,351,099 | 159,345,406 |
| **TRANSFERS IN/(Out) - CITY OPERATING SUBSIDIES** | 22,853,051 | 12,865,120 |
| Total Contributions and Transfers | 35,556,731 | 221,856,019 |
| **CHANGE IN NET POSITION** | (8,942,650) | 192,505,804 |
| NET POSITION - Beginning of Year | 236,751,039 | 44,245,235 |
| **NET POSITION - End of Year** | $ 227,808,389 | $ 236,751,039 |

*See notes to financial statements*

**Statements of Cash Flows** Follow

## METRO TRANSIT SYSTEM

STATEMENTS OF CASH FLOWS
December 31, 2025 & 2024

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Received from customers | $ 20,881,369 | $ 6,312,273 |
| Paid to suppliers for goods and services | (37,483,611) | (34,154,449) |
| Paid to employees for services | (41,142,333) | (36,606,095) |
| Cash Flows from Operating Activities | (57,744,575) | (64,448,271) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| Operating subsidies received - federal | 22,582,693 | 5,807,529 |
| Federal subsidies pass-through to sub recipient | (328,982) | (608,808) |
| Operating subsidies received - state | 18,247,989 | 18,374,570 |
| Operating subsidies received - local | 11,829,533 | 9,732,894 |
| Repayment of non-capital advances from other funds | - | (498,525) |
| Transfer in (out) to other funds | 22,853,051 | 12,865,120 |
| Vehicle registration fee | 7,369,917 | 7,190,083 |
| Advance (payment) from city funds | (15,000,000) | 6,400,000 |
| Cash Flows from Noncapital Financing Activities | 67,554,201 | 59,262,863 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Debt retired | (2,752,113) | (2,709,351) |
| Interest paid | (734,337) | (656,409) |
| Lease payments | (284,440) | (272,614) |
| Subscription payments | (77,894) | (69,031) |
| Sale of assets | 1,479 | 49,379 |
| Proceeds from issuance of general obligation debt | 487,500 | 3,100,000 |
| Acquisition and construction of capital assets | (9,643,047) | (43,172,915) |
| Capital contributions - city and other | 2,752,113 | 2,709,351 |
| Capital contributions - federal and state | 2,600,468 | 46,936,142 |
| Cash Flows From Capital and Related Financing Activities | (7,650,271) | 5,914,552 |
| **Net Change in Cash and Cash Equivalents** | 2,159,355 | 729,144 |
| CASH AND CASH EQUIVALENTS – Beginning of Year | 2,909,108 | 2,179,964 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 5,068,463 | $ 2,909,108 |

*See notes to financial statements*

# METRO TRANSIT SYSTEM

STATEMENTS OF CASH FLOWS
December 31, 2025 & 2024

| | 2025 | 2024 |
|---|---|---|
| **RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Operating loss | $ (90,621,169) | $ (76,139,229) |
| Nonoperating income | 24,911 | 793 |
| Noncash items included in operating loss | | |
| Depreciation expense | 21,788,291 | 14,652,565 |
| Changes in Assets and Liabilities | | |
| Accounts receivable | 9,103,538 | (4,165,593) |
| Materials and supplies | (18,945) | (87,510) |
| Prepaid expenses | (157,560) | (75,778) |
| Accrued payroll liabilities | 80,529 | 464,378 |
| Retiree health insurance escrow payable from restricted assets | 132,026 | 190,361 |
| Other post-employment benefits | 1,057,447 | 1,537,792 |
| Accounts payable | (36,470) | 50,114 |
| Pension related deferrals and liabilities | 1,037,520 | (641,617) |
| Unearned revenue | (132,398) | (232,074) |
| Unearned revenue - land and tower lease | (2,295) | (2,473) |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | $ (57,744,575) | $ (64,448,271) |
| **RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION ACCOUNTS** | | |
| Cash | $ 2,595,673 | $ 568,344 |
| Restricted Cash - Retiree Health Insurance Escrow | 2,472,790 | 2,340,764 |
| **CASH AND CASH EQUIVALENTS** | $ 5,068,463 | $ 2,909,108 |
| **NON-CASH ACTIVITY** | | |
| Transfer of Fixed Assets and Contributed Capital from City | $ 7,351,099 | $ 159,345,406 |
| Amortization of bond premium | $ 497,488 | $ - |

*See notes to financial statements*

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 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 248 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.

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

### *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.

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

### *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 $200,000 is included in 2025 and 2024 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 2025 and 2024.

#### *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 and subscription assets) other than land are depreciated/amortized using the straight-line method over their estimated useful life.

## 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 12/31/25 | Balance 12/31/24 | Years |
|---|---|---|---|
| Land | $ 8,049,742 | $ 8,049,742 | N/A |
| Building | 63,491,759 | 63,394,081 | 5 - 40 |
| Right to use lease assets | 8,325,160 | 8,325,160 | 5 - 40 |
| Subscription assets | 219,177 | 218,372 | N/A |
| Curb and land improvements | 85,223,473 | 82,240,210 | 5 |
| Construction in progress | 3,103,465 | - | N/A |
| Revenue equipment | 173,866,341 | 173,870,818 | 8 - 20 |
| Service vehicles | 1,511,374 | 1,166,099 | 4 - 5 |
| Shop and garage equipment | 1,863,922 | 1,767,905 | 3 - 10 |
| Furniture and office equipment | 47,316 | 420,817 | 3 - 10 |
| Miscellaneous and farebox | 33,344,852 | 31,112,506 | 3 - 15 |
| Total Capital Assets | $ 379,046,581 | $ 370,565,710 | |

### *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.

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

### *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, 2025 and 2024 is $2,873,100 and $3,044,841 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 $517,706 in 2025 and $502,627 in 2024, 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, 2025 and 2024, 83 and 86 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, 2025 and 2024 there was $630,000 and $762,398 of unearned revenue, respectively from MMSD.

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

### *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.

### *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 2025 and 2024 the current liability is $359,910 and the noncurrent portion is $1,439,640 and $1,799,550, respectively.

### *Leases*

Metro is a lessee because it leases capital assets from other entities. As a lessee, Metro reports a lease liability 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.

### *Subscription-Based IT Arrangements*

Subscription-based IT arrangements are defined as a contract that conveys control of the right to use another entity's underlying information technology software alone or in combination with tangible capital assets for a specified period.

*Measurement of SBITAs*

Metro Transit's subscription liability is measured at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. Transit's subscription asset is initially measured at the initial amount of the subscription liability, adjusted for subscriptions payments made at or before the subscription commencement date, plus capitalizable initial implementation costs. Subsequently, the Transit's subscription asset is amortized on a straight-line basis over its useful life which matches the term of the subscription. Key estimates and judgments related to SBITAs are the same as those for leases.

*Key Estimates and Judgments*
Metro Transit recognizes subscription-based information technology arrangements (SBITAs) greater than one year, and with a present value of the minimum payments greater than $10,000. SBITAs are recorded as a liability and an intangible right-to-use asset in the statement of net position

*Remeasurement of SBITAs*
Metro Transit monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets and subscription liabilities are reported with current and long-term liabilities on the statement of net position.

## 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:

| | 2025 | 2024 |
|---|---|---|
| Plant in service & capital leases | $ 375,943,116 | $ 370,565,710 |
| Accumulated depreciation & amortization | (112,620,610) | (93,158,269) |
| Construction work in progress | 3,103,465 | - |
| Sub-Totals | 266,425,971 | 277,407,441 |
| Less: Capital related debt | | |
| Current portion of general obligation bonds | 2,540,159 | 2,752,113 |
| Current portion due to other governments | 359,910 | - |
| Current portion of lease and SBITA liability | 301,804 | 362,334 |
| Premium on capital bonds | 2,363,067 | 2,860,554 |
| Lease and SBITA liability | 6,720,843 | 7,021,843 |
| Due to other governments | 1,439,640 | - |
| Long-term portion of capital related general obligation bonds | 15,755,087 | 17,807,746 |
| Sub-Totals | 29,480,510 | 30,804,590 |
| Add unspent proceeds of capital-related debt included above | 1,565,532 | 2,342,819 |
| Net Investment in Capital Assets | $238,510,993 | $248,945,670 |

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

### *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.

In 2025 Metro began paying a state excise tax on electric generation. The tax expense in 2025 was $179,339.

#### *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. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*
- Statement No. 105, *Subsequent Events*

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.

## NOTE 2 - CHANGES IN CAPITAL ASSETS

A summary of changes in Metro capital assets for 2025 and 2024 follows:

| | Balance 1/1/25 | Additions | Retirements | Balance 12/31/25 |
|---|---|---|---|---|
| Capital assets not being Depreciated | | | | |
| Land | $ 8,049,742 | $ - | $ - | $ 8,049,742 |
| Capital assets being depreciated/ Amortized | | | | |
| Building and improvements | 63,394,081 | 1,425,557 | (1,327,879) | 63,491,759 |
| Curb and land improvements | 82,240,210 | 3,459,278 | (476,015) | 85,223,473 |
| Revenue vehicles | 173,870,818 | - | (4,477) | 173,866,341 |
| Service vehicles | 1,166,099 | 345,275 | - | 1,511,374 |
| Shop and garage equipment | 1,767,905 | 96,017 | - | 1,863,922 |
| Office equipment | 420,817 | - | (373,501) | 47,316 |
| Miscellaneous and farebox | 31,112,506 | 2,376,424 | (144,078) | 33,344,852 |
| SBITA Asset | 218,372 | 805 | - | 219,177 |
| Right to use lease asset | 8,325,160 | - | - | 8,325,160 |
| Total Capital Assets Being Depreciated | 362,515,968 | 7,703,356 | (2,325,950) | 367,893,374 |
| Total Capital Assets | 370,565,710 | 7,703,356 | (2,325,950) | 375,943,116 |
| Less: Accumulated depreciation/ Amortization | | | | |
| Building and improvements | (12,394,749) | (2,245,966) | 1,327,879 | (13,312,836) |
| Curb and land improvements | (6,207,492) | (2,639,161) | 476,015 | (8,370,638) |
| Revenue vehicles | (59,176,956) | (12,255,803) | 4,477 | (71,428,282) |
| Service vehicles | (894,897) | (120,534) | - | (1,015,431) |
| Shop and garage equipment | (1,345,867) | (83,404) | - | (1,429,271) |
| Office equipment | (420,817) | - | 373,501 | (47,316) |
| Miscellaneous and farebox | (10,998,865) | (3,971,017) | 144,078 | (14,825,804) |
| SBITA Asset | (110,742) | (70,435) | - | (181,177) |
| Right to use lease asset | (1,607,884) | (401,971) | - | (2,009,855) |
| Total Accumulated Depreciation/amortization | (93,158,269) | (21,788,291) | 2,325,950 | (112,620,610) |
| Construction in progress | - | 3,103,465 | - | 3,103,465 |
| Net Transit System Plant | $277,407,441 | $ (10,981,470) | $ - | $266,425,971 |

## NOTE 2 - CHANGES IN CAPITAL ASSETS (cont.)

| | Balance 1/1/24 | Additions | Retirements | Balance 12/31/24 |
|---|---|---|---|---|
| Capital assets not being Depreciated | | | | |
| Land | $8,049,742 | $ - | $ - | $ 8,049,742 |
| Capital assets being depreciated /amortized | | | | |
| Building and improvements | 44,417,027 | 18,977,054 | - | 63,394,081 |
| Curb and land improvements | 5,023,260 | 77,216,950 | - | 82,240,210 |
| Revenue vehicles | 82,572,922 | 93,930,664 | (2,632,768) | 173,870,818 |
| Service vehicles | 1,230,703 | - | (64,604) | 1,166,099 |
| Shop and garage equipment | 1,373,020 | 394,885 | - | 1,767,905 |
| Office equipment | 420,817 | - | - | 420,817 |
| Miscellaneous and farebox | 9,419,281 | 21,693,225 | - | 31,112,506 |
| SBITA Asset | 217,806 | 566 | - | 218,372 |
| Right to use lease asset | 8,325,160 | - | - | 8,325,160 |
| Total Capital Assets Being Depreciated | 152,999,996 | 212,213,344 | (2,697,372) | 362,515,968 |
| Total Capital Assets | 161,049,738 | 212,213,344 | (2,697,372) | 370,565,710 |
| Less: Accumulated depreciation /amortization | | | | |
| Building and improvements | (10,620,389) | (1,774,360) | | (12,394,749) |
| Curb and land improvements | (4,912,934) | (1,294,558) | - | (6,207,492) |
| Revenue vehicles | (52,840,894) | (8,902,145) | 2,566,083 | (59,176,956) |
| Service vehicles | (867,980) | (91,521) | 64,604 | (894,897) |
| Shop and garage equipment | (1,301,597) | (44,270) | - | (1,345,867) |
| Office equipment | (420,817) | - | - | (420,817) |
| Miscellaneous and farebox | (8,925,275) | (2,073,590) | - | (10,998,865) |
| SBITA Asset | (40,592) | (70,150) | - | (110,742) |
| Right to use lease asset | (1,205,913) | (401,971) | - | (1,607,884) |
| Total Accumulated Depreciation/amortization | (81,136,391) | (14,652,565) | 2,630,687 | (93,158,269) |
| Construction in progress | 3,506,327 | - | (3,506,327) | - |
| Net Transit System Plant | $83,419,674 | 197,560,779 | $ (3,573,012) | 277,407,441 |

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

The following is a schedule of interfund balances as of December 31, 2025 and 2024:

| | | 2025 | | 2024 | |
|---|---|---|---|---|---|
| **To** | **From** | **Amount** | **Principal Purpose** | **Amount** | **Principal Purpose** |
| City of Madison | Metro | - | Due to city funds | $15,000,000 | Due to city funds |

The following is a schedule of transfer balances as of December 31, 2025 and 2024:

| | | 2025 | | 2024 | |
|---|---|---|---|---|---|
| **To** | **From** | **Amount** | **Principal Purpose** | **Amount** | **Principal Purpose** |
| Metro | City of Madison | $22,853,051 | City operating subsidy | $12,865,120 | 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 12/31/2025 |
|---|---|---|---|---|---|
| Promissory Note | 10-01-16 | 10-01-26 | .50 - 4.00% | $ 3,047,826 | $ 275,693 |
| Promissory Note | 10-01-17 | 10-01-27 | 2.00 - 4.00 | 2,025,110 | 405,022 |
| Promissory Note | 10-01-18 | 10-01-28 | 2.00 - 5.00 | 3,953,533 | 1,185,784 |
| Promissory Note | 10-17-19 | 10-17-29 | 2.25 - 3.00 | 3,583,149 | 1,432,992 |
| Promissory Note | 10-18-19 | 10-18-39 | 2.00 - 4.00 | 7,985,000 | 5,587,625 |
| Promissory Note | 10-01-20 | 10-01-30 | 1.375 - 4.00 | 1,846,136 | 922,808 |
| Promissory Note | 10-02-20 | 10-02-40 | 2.00 - 3.00 | 5,500,000 | 4,125,000 |
| Promissory Note | 10-01-21 | 10-01-31 | .94 | 120,732 | 72,439 |
| Promissory Note | 10-06-22 | 10-06-32 | 2.12 | 1,142,730 | 799,856 |
| Promissory Note | 10-02-23 | 10-06-33 | 5.00 | 200,000 | 159,978 |
| Promissory Note | 09-01-24 | 10-01-43 | 4.00 - 5.00 | 600,000 | 543,104 |
| Promissory Note | 09-02-24 | 10-01-43 | 4.00 - 5.00 | 2,500,000 | 2,297,445 |
| Promissory Note | 09-10-25 | 10-01-44 | 4.00 - 5.00 | 487,500 | 487,500 |
| Total | | | | | $ 18,295,246 |

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

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

| | 10-1-16 | | 10-1-17 | | 10-1-18 | | 10-17-19 | | 10-18-19 | | 10-1-20 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year** | **Principal** | **Interest** | **Principal** | **Interest** | **Principal** | **Interest** | **Principal** | **Interest** | **Principal** | **Interest** | **Principal** | **Interest** |
| 2026 | $ 275,693 | $ 5,514 | $ 202,511 | $ 8,607 | $ 395,261 | $ 35,574 | $ 358,248 | $ 41,646 | $ 399,116 | $ 179,602 | $ 184,666 | $ 20,995 |
| 2027 | - | - | 202,511 | 4,354 | 395,261 | 23,716 | 358,248 | 27,316 | 399,116 | 171,620 | 184,536 | 15,455 |
| 2028 | - | - | - | - | 395,262 | 11,858 | 358,248 | 16,569 | 399,116 | 155,655 | 184,536 | 9,919 |
| 2029 | - | - | - | - | - | - | 358,248 | 8,508 | 399,116 | 139,691 | 184,535 | 6,228 |
| 2030 | - | - | - | - | - | - | - | - | 399,116 | 123,726 | 184,535 | 2,537 |
| 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 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2041 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2042 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2043 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2044 | - | - | - | - | - | - | - | - | - | - | - | - |
| Totals | $ 275,693 | $ 5,514 | $ 405,022 | $ 12,961 | $ 1,185,784 | $ 71,148 | $ 1,432,992 | $ 94,039 | $ 5,587,625 | $ 1,309,099 | $ 922,808 | $ 55,134 |

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

| | 10-2-20 | | 10-1-21 | | 10-6-22 | | 10-6-23 | | 9-1-24 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | $ 275,000 | $ 90,750 | $ 12,073 | $ 2,203 | $ 114,265 | $ 36,565 | $ 19,997 | $ 7,999 | $ 56,823 | $ 26,979 |
| 2027 | 275,000 | 82,500 | 12,073 | 1,720 | 114,265 | 30,852 | 19,997 | 6,999 | 56,823 | 24,138 |
| 2028 | 275,000 | 74,250 | 12,073 | 1,238 | 114,265 | 25,138 | 19,997 | 5,999 | 56,823 | 21,297 |
| 2029 | 275,000 | 66,000 | 12,073 | 755 | 114,265 | 19,425 | 19,997 | 4,999 | 56,823 | 18,456 |
| 2030 | 275,000 | 60,500 | 12,073 | 513 | 114,265 | 13,712 | 19,997 | 3,999 | 56,823 | 15,614 |
| 2031 | 275,000 | 55,000 | 12,074 | 151 | 114,265 | 9,141 | 19,997 | 3,000 | 56,823 | 12,773 |
| 2032 | 275,000 | 49,500 | - | - | 114,266 | 4,571 | 19,998 | 2,000 | 56,823 | 9,932 |
| 2033 | 275,000 | 44,000 | - | - | - | - | 19,998 | 1,000 | 56,823 | 7,091 |
| 2034 | 275,000 | 38,500 | - | - | - | - | - | - | 56,823 | 4,250 |
| 2035 | 275,000 | 33,000 | - | - | - | - | - | - | 3,522 | 1,409 |
| 2036 | 275,000 | 27,500 | - | - | - | - | - | - | 3,522 | 1,233 |
| 2037 | 275,000 | 22,000 | - | - | - | - | - | - | 3,522 | 1,056 |
| 2038 | 275,000 | 16,500 | - | - | - | - | - | - | 3,522 | 880 |
| 2039 | 275,000 | 11,000 | - | - | - | - | - | - | 3,522 | 704 |
| 2040 | 275,000 | 5,500 | - | - | - | - | - | - | 3,522 | 563 |
| 2041 | - | - | - | - | - | - | - | - | 3,522 | 423 |
| 2042 | - | - | - | - | - | - | - | - | 3,522 | 282 |
| 2043 | - | - | - | - | - | - | - | - | 3,521 | 141 |
| 2044 | - | - | - | - | - | - | - | - | - | - |
| Totals | $ 4,125,000 | $ 676,500 | $ 72,439 | $ 6,580 | $ 799,856 | $ 139,404 | $ 159,978 | $ 35,995 | $ 543,104 | $ 147,221 |

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

| Year | 9-2-24 Principal | 9-2-24 Interest | 9-1-25 Principal | 9-1-25 Interest | Total Principal | Total Interest |
|---|---|---|---|---|---|---|
| 2026 | $ $202,554 | $ $112,229 | $ $43,952 | $ $25,592 | $ $2,540,159 | $ $594,255 |
| 2027 | 202,554 | 102,101 | 43,952 | 21,984 | 2,264,336 | 512,755 |
| 2028 | 202,554 | 91,973 | 43,952 | 19,787 | 2,061,826 | 433,683 |
| 2029 | 202,554 | 81,846 | 43,952 | 17,589 | 1,666,563 | 363,497 |
| 2030 | 202,554 | 71,718 | 43,952 | 15,391 | 1,308,315 | 307,710 |
| 2031 | 202,554 | 61,590 | 43,952 | 13,194 | 1,123,781 | 262,610 |
| 2032 | 202,554 | 51,463 | 43,952 | 10,996 | 1,111,709 | 224,250 |
| 2033 | 201,868 | 41,335 | 43,952 | 8,799 | 996,757 | 186,039 |
| 2034 | 201,868 | 31,241 | 43,952 | 6,601 | 976,759 | 152,433 |
| 2035 | 52,870 | 21,148 | 43,933 | 4,404 | 774,441 | 119,828 |
| 2036 | 52,870 | 18,505 | 5,344 | 2,207 | 735,852 | 97,339 |
| 2037 | 52,870 | 15,861 | 5,344 | 1,940 | 735,852 | 76,777 |
| 2038 | 52,870 | 13,218 | 5,344 | 1,672 | 735,852 | 56,217 |
| 2039 | 52,870 | 10,574 | 5,344 | 1,405 | 735,853 | 35,656 |
| 2040 | 52,870 | 8,459 | 5,325 | 1,192 | 336,717 | 15,714 |
| 2041 | 52,870 | 6,344 | 5,325 | 965 | 61,717 | 7,732 |
| 2042 | 52,870 | 4,230 | 5,325 | 739 | 61,717 | 5,251 |
| 2043 | 52,871 | 2,115 | 5,324 | 493 | 61,716 | 2,749 |
| 2044 | - | - | 5,324 | 246 | 5,324 | 246 |
| Total | $ 2,297,445 | $ 745,950 | $ 487,500 | $ 155,196 | $ 18,295,246 | $ 3,454,741 |

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

### *LESSEE - LEASE LIABILITY*

| Date | Purpose | Final Maturity | Interest Rates | Original Amount | Amount Outstanding 12/31/25 |
|---|---|---|---|---|---|
| 1/1/2021 | Use of land | 9/14/2027 | 0.93564% | $ 452,149 | $ 473,801 |
| 1/1/2021 | Use of building | 12/31/2041 | 0.93564 | 7,477,014 | 6,543,696 |

Debt service requirements to maturity are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 296,654 | $ 64,123 | $ 360,777 |
| 2027 | 793,656 | 59,773 | 853,429 |
| 2028 | 330,233 | 53,757 | 383,990 |
| 2029 | 345,619 | 50,591 | 396,210 |
| 2030 | 361,579 | 47,278 | 408,857 |
| 2031 - 2035 | 1,962,956 | 182,508 | 2,145,464 |
| 2036 - 2040 | 2,383,109 | 82,226 | 2,465,335 |
| 2041 - 2045 | 543,691 | 2,334 | 546,025 |
| Totals | $ 7,017,497 | $ 542,590 | $ 7,560,087 |

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

### *LESSEE - SUBSCRIPTION LIABILITY*

| Date | Purpose | Final Maturity | Interest Rates | Original Amount | Amount Outstanding 12/31/25 |
|---|---|---|---|---|---|
| 1/1/2022 | Use of software | 12/31/2026 | 3.204779% | $ 18,959 | $ 5,150 |
| 7/1/2023 | Use of software | 6/30/2026 | 3.574405% | 199,414 | - |

Debt service requirements to maturity are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 5,150 | $ - | $ 5,150 |

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

Metro's long-term obligations activity for the years ended December 31, 2025 and 2024 is as follows:

| | Balance 1/1/25 | Additions | Reductions | Balance 12/31/25 | Due Within One Year |
|---|---|---|---|---|---|
| General obligation notes | $ 20,559,859 | $ 487,500 | $ 2,752,113 | $ 18,295,246 | $ 2,540,159 |
| Lease liabilities | 7,301,937 | - | 284,440 | 7,017,497 | 296,654 |
| Subscription liabilities | 82,240 | 804 | 77,894 | 5,150 | 5,150 |
| Retiree health insurance escrow | 2,340,764 | 517,706 | 385,680 | 2,472,790 | 340,681 |
| Accrued sick leave* | 3,044,841 | - | 171,741 | 2,873,100 | 729,383 |
| Bond Premium | 2,860,554 | - | 497,487 | 2,363,067 | - |
| Due to other governments | 2,159,460 | - | 359,910 | 1,799,550 | 359,910 |
| Unearned revenue-land and tower lease | 5,880 | - | 2,295 | 3,585 | 2,130 |
| Total | $ 38,355,535 | $ 1,006,010 | $ 4,531,560 | $ 34,829,985 | $ 4,274,067 |

| | Balance 1/1/24 | Additions | Reductions | Balance 12/31/24 | Due Within One Year |
|---|---|---|---|---|---|
| General obligation notes | $ 20,169,210 | $ 3,100,000 | $ 2,709,351 | $ 20,559,859 | $ 2,752,113 |
| Lease liabilities | 7,574,551 | - | 272,614 | 7,301,937 | 284,440 |
| Subscription liabilities | 150,704 | - | 68,464 | 82,240 | 77,894 |
| Advance from other funds | 498,525 | - | 498,525 | - | - |
| Retiree health insurance escrow | 2,150,403 | 502,627 | 312,266 | 2,340,764 | 396,082 |
| Accrued sick leave* | 3,229,284 | - | 184,443 | 3,044,841 | 718,278 |
| Bond Premium | 3,358,042 | - | 497,488 | 2,860,554 | - |
| Due to other governments | 2,519,370 | - | 359,910 | 2,159,460 | 359,910 |
| Unearned revenue-land and tower lease | 8,353 | - | 2,473 | 5,880 | 2,130 |
| Total | $ 39,658,442 | $ 3,602,627 | $ 4,905,534 | $ 38,355,535 | $ 4,590,847 |

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.

* The change in the compensated absences liability is presented as a net change.

## NOTE 5 - OPERATING SUBSIDIES

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, Cities of Middleton, Fitchburg, Sun Prairie, Monona, 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 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Federal | $ 8,833,539 | $ 11,249,412 |
| Federal operating grant pass-through to sub recipient | (328,982) | (608,808) |
| State | 18,247,989 | 18,374,570 |
| Local public subsidies | 12,189,443 | 10,768,392 |
| Vehicle Registration Fee | 7,369,917 | 7,190,083 |

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.

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

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.

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

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:

| Years | University Research Park |
|---|---|
| 2026 | $ 2,130 |
| 2027 | 1,455 |
| | $ 3,585 |

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.

## NOTE 7 - EMPLOYEES RETIREMENT SYSTEM

### 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.

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.

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

**General Information About the Pension Plan** (cont.)

***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:

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|---|---|---|
| 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 |
| 2022 | 7.4 | 15.0 |
| 2023 | 1.6 | (21.0) |
| 2024 | 3.6 | 15.0 |

***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 $2,593,095 and $2,310,145 in contributions from Metro during the current and prior reporting periods, respectively.

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

Contribution rates for the plan year reported as of December 31, 2025 and December 31, 2024 are:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **Employee** | **Employer** | **Employee** | **Employer** |
| General (including Executives and Elected Officials) | 6.90 % | 6.90 % | 6.80 % | 6.80 % |
| Protective with Social Security | 6.90 % | 14.30% | 6.80 % | 13.20 % |
| Protective without Social Security | 6.90 % | 19.10% | 6.80 % | 18.10 % |

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

At December 31, 2025, Metro reported a liability (asset) of $2,873,515 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. 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, 2024, the City's proportion was 1.89032088%, which was an increase of 0.01202059% from its proportion measured as of December 31, 2023.

At December 31, 2024, Metro reported a liability (asset) of $2,575,320 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. 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, 2023, the City's proportion was 1.87830029%, which was an increase of 0.01326165% from its proportion measured as of December 31, 2022.

For the years ended December 31, 2025 and 2024, Metro recognized pension expense (revenue) of $3,741,727 and $(641,617), respectively.

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

At December 31, 2025, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between projected and actual experience | $ 10,190,367 | $ 9,476,993 |
| Changes in assumption | 1,080,577 | - |
| Net differences between project and actual earnings on pension plan | 3,871,578 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 10,082 | 56,546 |
| Employer contributions subsequent to the measurement date | 2,856,296 | - |
| Total | $ 18,008,900 | $ 9,533,539 |

At December 31, 2024, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 11,683,356 | $ 14,888,538 |
| Changes in assumption | 1,354,043 | - |
| Net differences between project and actual earnings on pension plan | 8,508,356 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 21,144 | 56,770 |
| Employer contributions subsequent to the measurement date | 2,593,095 | - |
| Total | $ 24,159,994 | $ 14,945,308 |

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:

| | 2025 |
|---|---|
| Years Ending December 31: | |
| 2026 | $ 1,681,974 |
| 2027 | 5,838,266 |
| 2028 | (1,449,106) |
| 2029 | (452,069) |
| 2030 | - |
| Thereafter | - |
| Total | $ 5,619,065 |

**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:

| | 2025 | 2024 |
|---|---|---|
| Actuarial Valuation Date: | December 31, 2023 | December 31, 2022 |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2024 | December 31, 2023 |
| Actuarial Cost Method: | Entry Age Normal | Entry Age Normal |
| Asset Valuation Method: | Fair Value | Fair Value |
| Long-Term Expected Rate of Return: | 6.8% | 6.8% |
| Discount Rate: | 6.8% | 6.8% |
| Salary Increases: | | |
| Wage Inflation | 3.0% | 3.0% |
| Seniority/Merit | 0.1% - 5.7% | 0.1% - 5.6% |
| Mortality: | 2020 WRS Experience Mortality Table | 2020 WRS Experience Mortality Table |
| Post-Retirement Adjustments: * | 1.7% | 1.7% |

** 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, 2024 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, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

## 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, 2025 are summarized in the following table:

**Asset Allocation Targets and Expected Returns as of December 31, 2024**

| **Core Fund Asset Class** | **Asset Allocation %** | **Long-Term Expected Nominal Rate of Return %** | **Long-Term Expected Real Rate of Return %** |
|---|---|---|---|
| Global Equities | 38 % | 7.3 % | 4.5 % |
| Fixed Income | 27 | 5.8 | 3.0 |
| Inflation Sensitive | 19 | 4.4 | 1.7 |
| Real Estate | 8 | 5.8 | 3.0 |
| Private Equity/Debt | 20 | 9.6 | 6.7 |
| Leverage[3] | (12) | 3.7 | 1.1 |
| Total Core Fund[3] | 100 | 7.5 | 4.8 |
| **Variable Fund Asset** | | | |
| U.S Equities | 70 | 6.5 | 3.8 |
| International Equities | 30 | 7.4 | 4.7 |
| Total Variable Fund | 100 | 6.9 | 4.2 |

[1] *Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.*

[2] *New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.5%.*

[3] *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%.*

**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, 2023 are summarized in the following table:

| **Core Fund Asset Class** | **Asset Allocation %** | **Long-Term Expected Nominal Rate of Return %** | **Long-Term Expected Real Rate of Return %** |
|---|---|---|---|
| Global Equities | 40 % | 7.3 % | 4.5 % |
| Fixed Income | 27 | 5.8 | 3.0 |
| Inflation Sensitive | 19 | 4.4 | 1.7 |
| Real Estate | 8 | 5.8 | 3.0 |
| Private Equity/Debt | 18 | 9.6 | 6.7 |
| Total Core Fund[3] | (12) | 3.7 | 1.0 |
| **Variable Fund Asset** | | | |
| U.S Equities | 70 | 6.8 | 4.6 |
| International Equities | 30 | 7.6 | 4.8 |
| Total Variable Fund | 100 | 7.3 | 4.5 |
| Global Equities | 40 % | 7.3 % | 4.5 % |

[1] *Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.*
[2] *New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.5%.*
[3] *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%.*

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

***A single discount rate*** of 6.80% was used to measure the total pension liability as of December 31, 2025 and December 31, 2024. As of December 31, 2025, this discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Services' Aa2 rating and Standard and Poor's Corp.'s AA.) As of December 31, 2024, the discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long-term bond rate of 3.77%. (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, 2023. 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% expected rate of return implies that a dividend of approximately 1.7% 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, 2025 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) | $ 26,957,332 | $ 2,873,515 | $ (14,237,344) |

The sensitivity analysis as of December 31, 2024 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) | $ 24,841,711 | $ 2,575,320 | $ (13,040,403) |

***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.

## NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

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, 2025 and 2024, the following employees were covered by the benefit terms for the City of Madison:

| | City of Madison | |
|---|---|---|
| | **2025** | **2024** |
| Inactive plan members or beneficiaries currently receiving benefit payments | 2,691 | 2,615 |
| Active plan members | 665 | 697 |
| Total members | 3,356 | 3,312 |

**Total OPEB Liability**

At December 31, 2025, Metro's total OPEB liability of $13,177,901 was measured as of December 31, 2025, and was determined by an actuarial valuation as of that date. At December 31, 2024, Metro's total OPEB liability of $11,150,901 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

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

**Actuarial assumptions and other inputs.** The total OPEB liability in the December 31, 2025 and 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | 2025 | 2024 |
|---|---|---|
| Actuarial valuation date | December 31, 2025 | December 31, 2024 |
| Inflation | 2.40% per year | 2.40% per year |
| Salary increases | 3.00% | 3.00% |
| Healthcare cost trend rates | 8.0% 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 | 4.83% | 4.28% |

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, 2025 valuation were based on the results of an actuarial experience study for the period 1/1/2025 - 12/31/2025.

**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS** (cont.)

**Changes in the Total OPEB Liability**

| | Total OPEB Liability |
|---|---|
| Balances at December 31, 2023 | $ 9,821,552 |
| Changes for the year: | |
| Service cost | 749,017 |
| Interest | 454,156 |
| Change of Benefit Terms | - |
| Difference between expected and actual experience | (90,821) |
| Changes In Assumption or other Inputs | 807,126 |
| Benefit Payments | (590,129) |
| Net changes | 1,329,349 |
| Balances at December 31, 2024 | $ 11,150,901 |
| Changes for the year: | |
| Service cost | 852,061 |
| Interest | 518,443 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | 38,902 |
| Changes in assumptions or other inputs | 1,256,633 |
| Benefit payments | (639,039) |
| Net changes | 2,027,000 |
| Balances at December 31, 2025 | $ 13,177,901 |

**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, 2025:

| | 1% Decrease (3.83%) | Discount Rate (4.83%) | 1% Increase (5.83%) |
|---|---|---|---|
| Total OPEB liability | $ 14,256,815 | $ 13,177,901 | $ 12,194,131 |

As of December 31, 2024:

| | 1% Decrease (3.28%) | Discount Rate (4.28%) | 1% Increase (5.38%) |
|---|---|---|---|
| Total OPEB liability | $ 12,066,095 | $ 11,150,901 | $ 10,317,090 |

***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, 2025:

| | 1% Decrease (7.00%) | Healthcare Cost Trend Rates (8.00%) | 1% Increase (9.00%) |
|---|---|---|---|
| Total OPEB liability | $ 11,830,385 | $ 13,177,901 | $ 14,755,133 |

As of December 31, 2024:

| | 1% Decrease (6.50%) | Healthcare Cost Trend Rates (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|
| Total OPEB liability | $ 10,078,525 | $ 11,150,901 | $ 12,405,696 |

**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, 2025 and 2024, Metro recognized OPEB expense of ($1,057,447) and ($1,537,792) respectively. At December 31, 2025 and 2024, Metro reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 344,007 | $ 1,008,828 | $ 361,401 | $ 1,373,337 |
| Changes of assumptions or other inputs | 1,624,151 | 999,731 | 1,205,197 | 1,203,215 |
| Total | $ 1,968,158 | $ 2,008,559 | $ 1,566,598 | $ 2,576,552 |

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: | |
| 2026 | (26,803) |
| 2027 | (64,100) |
| 2028 | (189,797) |
| 2029 | (141,329) |
| 2030 | 210,949 |
| Thereafter | 170,679 |
| Total | $ (40,401) |

## NOTE 9 - RISK MANAGEMENT

Metro is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, and workers compensation. The City purchases commercial insurance for liability and most property losses. Settled claims have not exceeded the commercial coverage for 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 2025, 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 2025, 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.

## NOTE 9 - RISK MANAGEMENT (cont.)

***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 42.01% 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.

## NOTE 10 - BASIS FOR EXISTING FARES

In September 2024 Metro implemented a new fare system (FastFare) which uses on-line accounts with reloadable smartcards, pay-as-you go fares and fare capping. Adult rates are as follows:

| | |
|---|---|
| Single ride | $2.00 |
| Day pass | $5.00 |
| Week | $16.25 |
| Month | $65.00 |

There are reduced fares for youth, seniors and those with disabilities as follows:

| | |
|---|---|
| Single ride | $1.00 |
| Day pass | $2.50 |
| Week | $7.00 |
| Month | $28.00 |

## NOTE 11 - COMMITMENTS AND CONTINGENCIES

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.

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.

# 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, 2025

| 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) |
|---|---|---|---|---|---|
| 12/31/25 | 1.89032088% | $ 2,873,515 | $ 38,012,338 | 7.56% | 98.79% |
| 12/31/24 | 1.87830029% | 2,575,320 | 35,540,692 | 7.25% | 98.85% |
| 12/31/23 | 1.86503864% | 8,947,474 | 29,459,422 | 30.37% | 95.72% |
| 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% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2025

| 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 |
|---|---|---|---|---|---|
| 12/31/25 | $ 2,856,296 | $ (2,856,296) | $ - | $ 39,666,058 | 6.90% |
| 12/31/24 | 2,593,095 | (2,593,095) | - | 38,012,338 | 6.80% |
| 12/31/23 | 2,310,145 | (2,310,145) | - | 35,540,692 | 6.50% |
| 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% |

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

*Changes of assumptions*.

| | 2016 - 2018 | 2019 - 2021 | 2022 - 2024 | 2025 |
|---|---|---|---|---|
| Long-term expected rate of return | 7.2% | 7.0% | 6.8% | 6.8% |
| Discount rate | 7.2% | 7.0% | 6.8% | 6.8% |
| Salary increases | | | | |
| Inflation | 3.2% | 3.0% | 3.0% | 3.0% |
| Seniority/Merit | 0.2% - 5.6% | 0.1% - 5.6% | 0.1% - 5.6% | 0.1% - 5.7% |
| Mortality | Wisconsin 2012 Mortality Table | Wisconsin 2018 Mortality Table | 2020 WRS Experience Mortality Table | 2020 WRS Experience Mortality Table |
| Post-retirement adjustments | 2.10% | 1.90% | 1.70% | 1.70% |

## METRO TRANSIT SYSTEM

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

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| **Total OPEB Liability** | | | | | | | | |
| Service Cost | $ 705,351 | $ 550,035 | $ 444,639 | $ 847,278 | $ 796,329 | $ 578,628 | $ 749,017 | $ 852,061 |
| Interest on Total OPEB Liability | 380,003 | 332,805 | 119,888 | 242,902 | 249,403 | 371,725 | 454,156 | 518,443 |
| Changes in benefits terms | - | - | - | - | 39,505 | - | - | - |
| Difference between expected and actual experience | (781,976) | (407,454) | (714,326) | (252,806) | (1,216,116) | 434,309 | (90,821) | 38,902 |
| Changes in assumptions | (202,495) | 576,405 | 1,277,049 | (117,716) | (1,930,307) | 257,355 | 807,126 | 1,256,633 |
| Employee Contributions | - | - | - | - | - | - | - | - |
| Benefit payments, including employee refunds | (430,900) | (546,452) | (662,920) | (425,738) | (461,473) | (413,837) | (590,129) | (639,039) |
| Administrative expense | - | - | - | - | - | - | - | - |
| **Net Change in total OPEB Liability** | (330,017) | 505,339 | 464,330 | 293,920 | (2,522,659) | 1,228,180 | 1,329,349 | 2,027,000 |
| **Total OPEB Liability - beginning** | 10,182,459 | 9,852,442 | 10,357,781 | 10,822,111 | 11,116,031 | 8,593,372 | 9,821,552 | 11,150,901 |
| **Total OPEB Liability - ending** | $ 9,852,442 | $ 10,357,781 | $ 10,822,111 | $ 11,116,031 | $ 8,593,372 | $ 9,821,552 | $ 11,150,901 | $ 13,177,901 |
| **Plan fiduciary net position as a percentage of the total OPEB liability** | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **Covered-employee payroll** | $ 29,558,916 | $ 29,960,152 | $ 27,291,374 | $ 29,496,682 | $ 26,050,168 | $ 29,900,921 | $ 31,702,448 | $ 38,390,659 |
| **Total OPEB liability as a percentage of covered-employee payroll** | 33.33% | 34.57% | 39.65% | 37.69% | 32.99% | 32.85% | 35.17% | 34.33% |

**Notes to OPEB Schedule:**

Changes in Assumptions

*Discount Rate* - The discount rate has been updated from 4.28% to 4.83% in the December 31, 2025 valuation.

* Measurement fiscal year 2018 was the first year of GASB 75 implementation, therefore only eight 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, 2019 and 2.5% as of December 31, 2020, 2021, 2022, 2023, 2024, and 2025 |
| Healthcare cost trend rates | 7.5% 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, 2023, 2024, and 2025. |
| Salary increases | 0.4% - 4.8% as of December 31, 2019 and 3.00% as of December 31, 2020, 2021, 2022, 2023, 2024, and 2025. |
| Investment rate of return | 3.26% as of December 31, 2019, 2.12% as of December 31, 2020, 2.25% as of December 21, 2021, 4.31% as of December 31, 2022, 4.8% for December 31, 2023, and 6.8% for December 31, 2024 and 2025. |
| 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 Scale MP-2020. |

Other information:

*None*

# SUPPLEMENTARY INFORMATION

# METRO TRANSIT SYSTEM

OPERATING REVENUES AND EXPENSES
December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Passenger Fares for Transit Services | | |
| Farebox | $ 864,785 | $ 1,180,523 |
| Fastfare | 1,835,901 | 489,029 |
| Adult 10 ride and 2 ride passes | 39,669 | 317,406 |
| Youth 10 ride and 2 ride passes | 1,915 | 67,923 |
| Senior & disabled passes | 1,351,688 | 1,287,799 |
| Adult 31 day passes | 205,575 | 671,182 |
| Easy rider passes | 89,461 | 192,824 |
| MMSD passes | 1,434,143 | 1,030,365 |
| Summer youth passes | 700 | 23,310 |
| UW ASM unlimited ride pass | 2,979,621 | 2,448,435 |
| UW Staff unlimited ride pass | 1,138,893 | 1,137,626 |
| Edgewood College unlimited ride pass | 39,580 | 31,170 |
| Madison College unlimited ride pass | 337,118 | 250,211 |
| City of Madison Employee unlimited ride pass | 108,398 | 138,018 |
| St Marys Hospital unlimited ride pass | 21,574 | 31,422 |
| Meriter Hospital unlimited ride pass | 26,130 | 16,942 |
| Dane County unlimited ride pass | 31,552 | 22,808 |
| Commute Pass unlimited ride pass | 445,111 | 331,548 |
| Total Passenger Fares for Transit Service | 10,951,814 | 9,668,541 |
| Other Operating Revenues | | |
| Advertising revenue | 836,624 | 402,321 |
| Sale of buses, scrap and parts | 5,453 | 13,660 |
| Miscellaneous | 19,728 | 19,521 |
| Dane County - Elderly & Handicapped | 267,908 | 267,908 |
| Dane County - Group Access Service | 172,750 | 149,177 |
| Dane County - Group RSVP Service | 199,034 | 188,586 |
| Total Other Operating Revenues | 1,501,497 | 1,041,173 |
| Total Operating Revenues | 12,453,311 | 10,709,714 |
| **OPERATING EXPENSES** | | |
| Operation and Maintenance Expenses | | |
| Employee compensation and benefits | | |
| Salaries and wages | 41,354,888 | 37,526,095 |
| Pensions and benefits | 18,936,432 | 16,078,963 |
| Total Employee Compensation and Benefits | 60,291,320 | 53,605,058 |
| Materials and supplies | 5,449,454 | 5,984,947 |
| Purchased services | 13,149,589 | 10,236,142 |
| Interagency charges | 2,395,826 | 2,370,231 |
| Total Operation and Maintenance Expenses | 81,286,189 | 72,196,378 |
| Depreciation & Amortization expense | 21,788,291 | 14,652,565 |
| Total Operating Expenses | 103,074,480 | 86,848,943 |
| NET OPERATING LOSS | $ (90,621,169) | $ (76,139,229) |

## METRO TRANSIT SYSTEM

DETAILED SCHEDULE OF REVENUES AND EXPENSES - REGULATORY BASIS
December 31, 2025 and 2024

| | | 2025 | 2024 |
|---|---|---|---|
| | **REVENUES** | | |
| 401.00 | Passenger fares for transit service | $ 10,951,814 | $ 9,668,541 |
| 402.10 | Service charges, NSF charges, etc. | 19,728 | 19,521 |
| 406.00 | Auxiliary transportation revenue - advertising | 836,624 | 402,321 |
| 407.10 | Contra-expense for sale of buses, scrap and parts | 5,453 | 13,660 |
| 409.10 | Local public subsidies | 12,189,443 | 10,768,392 |
| 409.30 | City of Madison operating subsidy | 22,853,051 | 12,865,120 |
| 409.40 | Dane County specialized transportation programs | 639,692 | 605,671 |
| 411.00 | State cash grants and reimbursements | 18,247,989 | 18,374,570 |
| 413.00 | Federal cash grants and reimbursements | 8,833,539 | 11,249,412 |
| | Federal subsidies pass-through to sub recipient | (328,982) | (608,808) |
| | Total Eligible Revenues | 74,248,351 | 63,358,400 |
| | **EXPENSES - BY OBJECT CLASS TOTAL** | | |
| 501.01 | Operators' salaries and wages | 24,927,688 | 23,493,643 |
| 501.02 | Other salaries and wages | 15,975,464 | 13,565,481 |
| 502.00 | Fringe benefits | 19,563,250 | 16,674,497 |
| 503.00 | Services | 1,953,375 | 1,891,451 |
| 504.01 | Fuel and lubricants | 2,423,540 | 3,253,646 |
| 504.02 | Tires and tubes | 308,187 | 230,483 |
| 504.99 | Other materials and supplies | 2,561,760 | 2,372,257 |
| 505.00 | Utilities | 2,222,536 | 1,014,170 |
| 506.00 | Casualty and liability costs | 1,668,742 | 1,124,773 |
| 508.00 | Purchased transportation | 6,874,847 | 5,757,336 |
| 509.00 | Miscellaneous expense | 183,056 | 207,759 |
| 511.00 | Interest expense | 216,508 | 168,122 |
| 512.00 | Leases and rentals | 48,579 | 63,837 |
| 513.00 | Depreciation and amortization | 21,788,291 | 14,652,565 |
| | Less: Ineligible depreciation and amortization on fixed assets | (21,788,291) | (14,652,565) |
| 516.00 | Other Reconciling Items | 2,575,165 | 2,547,045 |
| | Total Eligible Expenses | 81,502,697 | 72,364,500 |
| | NET INCOME (excluding capital contributions and depreciation/ amortization on fixed assets) | $ (7,254,346) | $ (9,006,100) |

## METRO TRANSIT SYSTEM

RECONCILIATION OF REVENUES AND EXPENSES TO WISDOT AND FEDERAL RECOGNIZED REVENUES AND EXPENSES
For the Year Ended December 31, 2025

| | Per WisDOT Guidelines | |
|---|---|---|
| Revenues including subsidies and operating transfer | | $ 74,248,351 |
| Less: Non-recognized revenues | | |
| City operating transfer | $ 22,853,051 | |
| Local public subsidies | 12,189,443 | |
| Dane County specialized transportation programs | 639,692 | |
| Other federal subsidy | 8,833,539 | |
| State operating subsidy | 18,247,989 | |
| Nontransportation revenues | | |
| Sale of buses, scrap and parts | 5,453 | |
| Service charges, NSF charges, etc. | 19,728 | |
| Total Non-Recognized Revenues | | 62,788,895 |
| WisDOT Eligible Operating Revenues | | $ 11,459,456 |
| Total Expenses per statement including interest expense | $ 103,290,988 | |
| Add: Fixed assets eligible for operating assistance | - | |
| Total Expenses | | $ 103,290,988 |
| Less: Non-recognized expenses | | |
| Depreciation | 21,788,291 | |
| Interest expense | 216,508 | |
| Offset of scrap sales and miscellaneous reimbursements | 25,181 | |
| Capital Maintenance Grant @ 100% | 8,838,190 | |
| Leases and rentals | 48,579 | |
| Interagency indirect charges without approved allocation plan | 2,395,826 | |
| Total WisDOT Non-Recognized Expenses | | 33,312,575 |
| WisDOT Eligible Operating Expenses | | $ 69,978,413 |
| WisDOT Recognized Deficit | | $ (58,518,957) |
| Less Operating revenues ineligible for federal assistance: | | |
| Advertising revenue | | 836,624 |
| Federal Recognized Deficit | | $ (57,682,333) |

# METRO TRANSIT SYSTEM

COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS
For the Year Ended December 31, 2025

## STATE FUNDS

| | | | |
|---|---|---|---|
| WisDOT Recognized Deficit | | $ 58,518,957 | |
| WisDOT Contract Amount* | | $ 18,247,989 | |
| City of Madison and Other Local Subsidies | $ 35,042,494 | | |
| 5 Times Operating Subsidy | | $ 175,212,470 | |
| State Share - Least of the Three | | | $ 18,247,989 |

## FEDERAL FUNDS

| | Eligible Costs | Federal Share | |
|---|---|---|---|
| Capital maintenance | | | |
| Grant WI 2025-019 | 8,838,190 | 7,070,551 | |
| Emergency Assistance | | | |
| Grant WI 2021-041* | 1,300,104 | 1,300,104 | |
| Enhanced Mobility | | | |
| Grant WI 2025-018 | 132,218 | 105,775 | |
| Grant WI 2025-018* | 217,080 | 217,080 | |
| Grant WI 2023-039* | 140,029 | 140,029 | |
| Costs accrued - grant to be identified | | - | |
| Total federal operating revenue | | | $ 8,833,539 |

*This portion was 100% federally funded

## SUMMARY OF FUNDING (2025 only)

| | Received in 2025 | Receivable 12/31/25 | Totals |
|---|---|---|---|
| Federal Capital Maintenance Plus Rescue/CARES | $ 8,370,655 | $ - | $ 8,370,655 |
| State Funds | 18,247,989 | - | 18,247,989 |
| Local Public Subsidies | 15,832,229 | 1,589,341 | 17,421,570 |
| City of Madison | 22,853,051 | - | 22,853,051 |
| Total Funding | $ 65,303,924 | $ 1,589,341 | $ 66,893,265 |

*WisDOT Contract Amount includes $17,549,500 from the 2025 Urban Mass Transit Operating Assistance Contract and $698,489 from the 2025 Paratransit Aids Contract.