

METRO TRANSIT SYSTEM

An Enterprise Fund of the
City of Madison, Wisconsin

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2023 and 2022

METRO TRANSIT SYSTEM

An Enterprise Fund of the City of Madison, Wisconsin

TABLE OF CONTENTS

As of and for the Years Ended December 31, 2023 and 2022

Independent Auditors' Report	1 – 3
Required Supplementary Information	
Management's Discussion and Analysis	4 – 18
Financial Statements	
Statements of Net Position	19 – 20
Statements of Revenues, Expenses and Changes in Net Position	21
Statements of Cash Flows	22 – 23
Notes to Financial Statements	24 – 56
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability (Asset) – WRS	57
Schedule of Contributions – WRS	57
Notes to Required Supplementary Information - Pension	58
Schedule of Changes in the Total OPEB Liability and Related Ratios	59
Notes to Required Supplementary Information - OPEB	59
Supplementary Information	
Operating Revenues and Expenses	60
Detailed Schedule of Revenues and Expenses – Regulatory Basis	61
Reconciliation of Revenues and Expenses to WisDOT and Federal Recognized Revenues and Expenses – Regulatory Basis	62
Computation of the Deficit Distribution Among the Subsidy Grantors – Regulatory Basis	63

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, as of and for the years ended December 31, 2023 and 2022, 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 Metro Transit, as of December 31, 2023 and 2022, 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 Metro Transit 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 the Metro Transit, are intended to present the financial position, the changes in the financial position, and where applicable, cash flows of only the Metro Transit. They do not purport to, and do not, present fairly the financial position of the City of Madison, as of December 31, 2023, and 2022, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, Metro Transit adopted the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements, effective January 1, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Baker Tilly US, LLP

Madison, Wisconsin
June 26, 2024

METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The following report of Metro Transit's activities and financial performance provides the reader with an introduction and overview to the financial statements for the fiscal year ended December 31, 2023.

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

Mission

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

Metro provides extensive fixed route and ADA paratransit service in a more than 100 square mile regional service area with a population of over 390,000. Metro is an Enterprise Fund of the City of Madison. Local investment partners are the Cities of Fitchburg, Middleton, Sun Prairie and Verona, Madison College, Madison Metropolitan School District, the University of Wisconsin-Madison, the University of Wisconsin Hospital East, and the Village of Shorewood Hills. Unlimited ride pass program participants include the UW-Madison, Madison College, Edgewood College, St. Mary's and Meriter Hospitals, Dane County and the City of Madison.

Annual Overview

Network Redesign

Metro Transit completed the Network Redesign in June 2023. New service was designed to provide better access to jobs, reduce travel times, make the system easier to use and integrate the route system into Metro's upcoming bus rapid transit system expected to go online in 2024. This is the largest route system overhaul since it converted to a transfer point system in 1998.

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

System ridership continues steep growth, with a 13.5% increase in unlinked passenger trips 2023. However, preliminary evidence shows a significant reduction in transfers, so the increase in linked passenger trips is likely even higher.

Despite the challenges experienced nationwide in hiring bus drivers, Metro has made some adjustments to its recruiting processes and finally reach full staffing levels for bus operators at the end of 2023.

METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Bus Rapid Transit

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

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

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

Construction is now underway on an initial corridor that operates east to west through Madison's downtown and university campus areas. An additional north/south BRT route is also in development.

The initial east-west corridor is expected to cost \$195 million, Madison has secured \$137 million in federal funding and locally committed \$13 million of in-kind contributions, \$20 million in TIF funding, and \$16 million in local borrowing to complete the project. Service on the east-west line is expected to start in the fall of 2024.

Facilities Update

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

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

The first part of the third phase of remodeling began in the summer of 2021 and was completed in 2023. This included ten additional maintenance bays/lifts, new driver break room, training space, parts room, restrooms, boilers and water heaters, including new HVAC and lighting in remodeled areas.

The final phase is set to start in 2025, which is to include replacement of thirteen maintenance bays, reconstruction of the administration space, new driver and maintenance staff locker rooms, additional restrooms and a new dispatch area.

METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

Satellite Facility on Madison's Far East Side

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

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

New Fare Technology

To speed up boarding on both its bus rapid transit and local route systems, Metro is implementing new fare technology in 2024. New technology will feature smart cards, customer online accounts, and the ability to use smartphones and credit cards to board the bus. Metro's fare technology has also not been updated in more than 20 years. Improvements will make it both easier to ride the bus, and make the system more accessible to low income riders through a fare capping process.

METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

**Madison Metro Transit
Income Statement
For the Year Ended December 31, 2023**

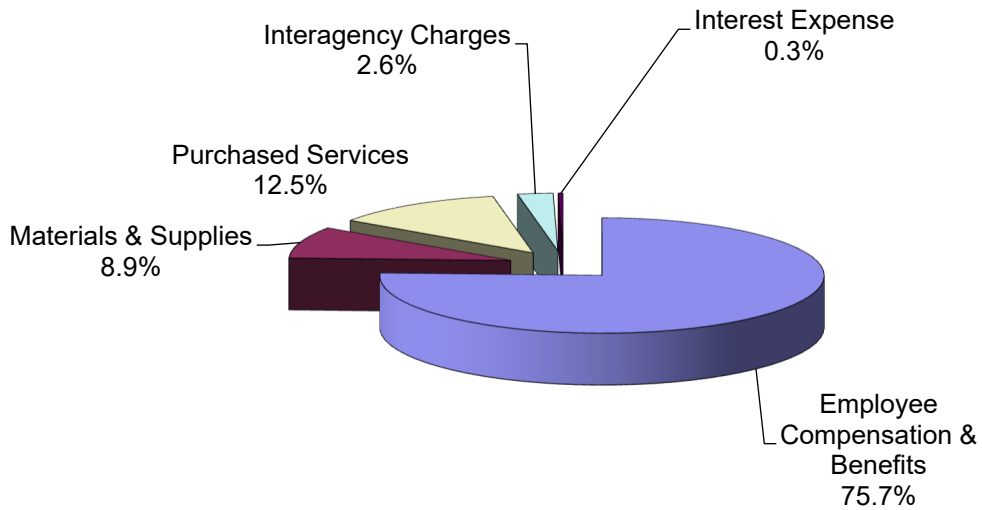
	All Modes		Fixed Route		Paratransit	
	Actual	Budget	Actual	Budget	Actual	Budget
Revenue						
Farebox	\$ 1,169,168	\$ 1,150,000	\$ 1,089,930	\$ 1,086,225	\$ 79,238	\$ 63,775
Passes & Tickets	\$ 4,881,788	\$ 4,762,702	\$ 3,950,914	\$ 3,886,959	\$ 930,874	\$ 875,743
Unlimited Ride Programs	\$ 4,252,868	\$ 4,211,703	\$ 4,224,502	\$ 4,196,013	\$ 28,366	\$ 15,690
Passenger Revenue	\$ 10,303,824	\$ 10,124,405	\$ 9,265,346	\$ 9,169,197	\$ 1,038,478	\$ 955,208
County Programs	\$ 592,384	\$ 600,000	\$ -	\$ -	\$ 592,384	\$ 600,000
Federal Operating Assistance	\$ 20,025,150	\$ 22,926,698	\$ 18,853,014	\$ 21,584,725	\$ 1,172,136	\$ 1,341,973
State Operating Assistance	\$ 17,806,296	\$ 17,721,470	\$ 16,809,143	\$ 16,729,068	\$ 997,153	\$ 992,402
Local Subsidies	\$ 9,627,919	\$ 7,350,000	\$ 9,339,081	\$ 7,129,500	\$ 288,838	\$ 220,500
Vehicle Registration Fee	\$ 7,093,366	\$ 6,833,578	\$ 7,057,899	\$ 5,808,541	\$ 35,467	\$ 1,025,037
Advertising	\$ 470,550	\$ 490,000	\$ 470,550	\$ 490,000	\$ -	\$ -
Miscellaneous	\$ 165,542	\$ 616,678	\$ 165,542	\$ 616,678	\$ -	\$ -
Total Revenue	\$ 66,085,031	\$ 66,662,829	\$ 61,960,575	\$ 61,527,709	\$ 4,124,456	\$ 5,135,120
Expenditures						
Salaries	\$ 35,058,941	\$ 32,523,210	\$ 34,357,762	\$ 31,872,746	\$ 701,179	\$ 650,464
Benefits	\$ 16,416,331	\$ 14,162,646	\$ 16,088,004	\$ 13,879,393	\$ 328,327	\$ 283,253
Utilities/Telephone	\$ 626,456	\$ 696,165	\$ 613,927	\$ 682,242	\$ 12,529	\$ 13,923
Repairs & Maint B&G	\$ 80,182	\$ 129,977	\$ 78,578	\$ 127,377	\$ 1,604	\$ 2,600
Repairs & Maint Equip	\$ 663,067	\$ 729,897	\$ 649,806	\$ 715,299	\$ 13,261	\$ 14,598
Rentals	\$ 72,140	\$ 400,000	\$ 70,697	\$ 392,000	\$ 1,443	\$ 8,000
Employee Services	\$ 184,687	\$ 112,446	\$ 180,993	\$ 110,197	\$ 3,694	\$ 2,249
Insurance & Financial	\$ 1,096,691	\$ 1,232,476	\$ 1,074,757	\$ 1,207,826	\$ 21,934	\$ 24,650
Purchased Transportation	\$ 5,128,098	\$ 4,042,107	\$ -	\$ -	\$ 5,128,098	\$ 4,042,107
Other Services	\$ 751,116	\$ 1,400,297	\$ 736,094	\$ 1,372,291	\$ 15,022	\$ 28,006
Office Supplies	\$ 132,929	\$ 154,000	\$ 130,270	\$ 150,920	\$ 2,659	\$ 3,080
Equipment Supplies	\$ 1,695,741	\$ 1,640,633	\$ 1,678,784	\$ 1,624,227	\$ 16,957	\$ 16,406
Bldg & Const Supplies	\$ 21,595	\$ 40,000	\$ 21,379	\$ 39,600	\$ 216	\$ 400
Fuels, Oils & Lubricants	\$ 3,551,799	\$ 3,797,290	\$ 3,516,281	\$ 3,759,317	\$ 35,518	\$ 37,973
Other Supplies	\$ 250,306	\$ 236,191	\$ 247,803	\$ 233,829	\$ 2,503	\$ 2,362
Interdepartmental Charges	\$ 1,744,126	\$ 1,828,028	\$ 1,726,685	\$ 1,809,748	\$ 17,441	\$ 18,280
Depreciation	\$ 7,497,671	\$ 8,000,000	\$ 7,422,694	\$ 7,920,000	\$ 74,977	\$ 80,000
Interest	\$ 230,008	\$ -	\$ 227,708	\$ -	\$ 2,300	\$ -
Total Expenses	\$ 75,201,884	\$ 71,125,363	\$ 68,822,222	\$ 65,897,012	\$ 6,379,662	\$ 5,228,351
Income(Deficit)	\$ (9,116,853)	\$ (4,462,534)	\$ (6,861,647)	\$ (4,369,303)	\$ (2,255,206)	\$ (93,231)
Depreciation	\$ (7,497,671)	\$ (8,000,000)	\$ (7,422,694)	\$ (7,920,000)	\$ (74,977)	\$ (80,000)
Unfunded OPEB	\$ 64,010	\$ -	\$ 62,730	\$ -	\$ 1,280	\$ -
Unfunded Pension	\$ (2,099,995)	\$ -	\$ (2,057,995)	\$ -	\$ (42,000)	\$ -
Debt	\$ 3,170,503	\$ -	\$ 3,138,798	\$ -	\$ 31,705	\$ -
Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Portion of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures(City)	\$ 68,838,731	\$ 63,125,363	\$ 62,543,061	\$ 57,977,012	\$ 6,295,670	\$ 5,148,351
Added To/(Taken From)Reserves	\$ (239,810)	\$ 5,547,130	\$ 1,768,001	\$ 5,319,201	\$ (2,007,811)	\$ 227,929
Income/(Deficit) (City)	\$ (2,513,890)	\$ (2,009,664)	\$ (2,350,487)	\$ (1,768,504)	\$ (163,403)	\$ (241,160)

METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Although employee compensation and benefits went up almost \$10.7 million, it actually accounted for the same 76% of expenses that it did in 2022. All other expense categories also increased in terms of dollars, but stayed about the same % of Total Expenses.

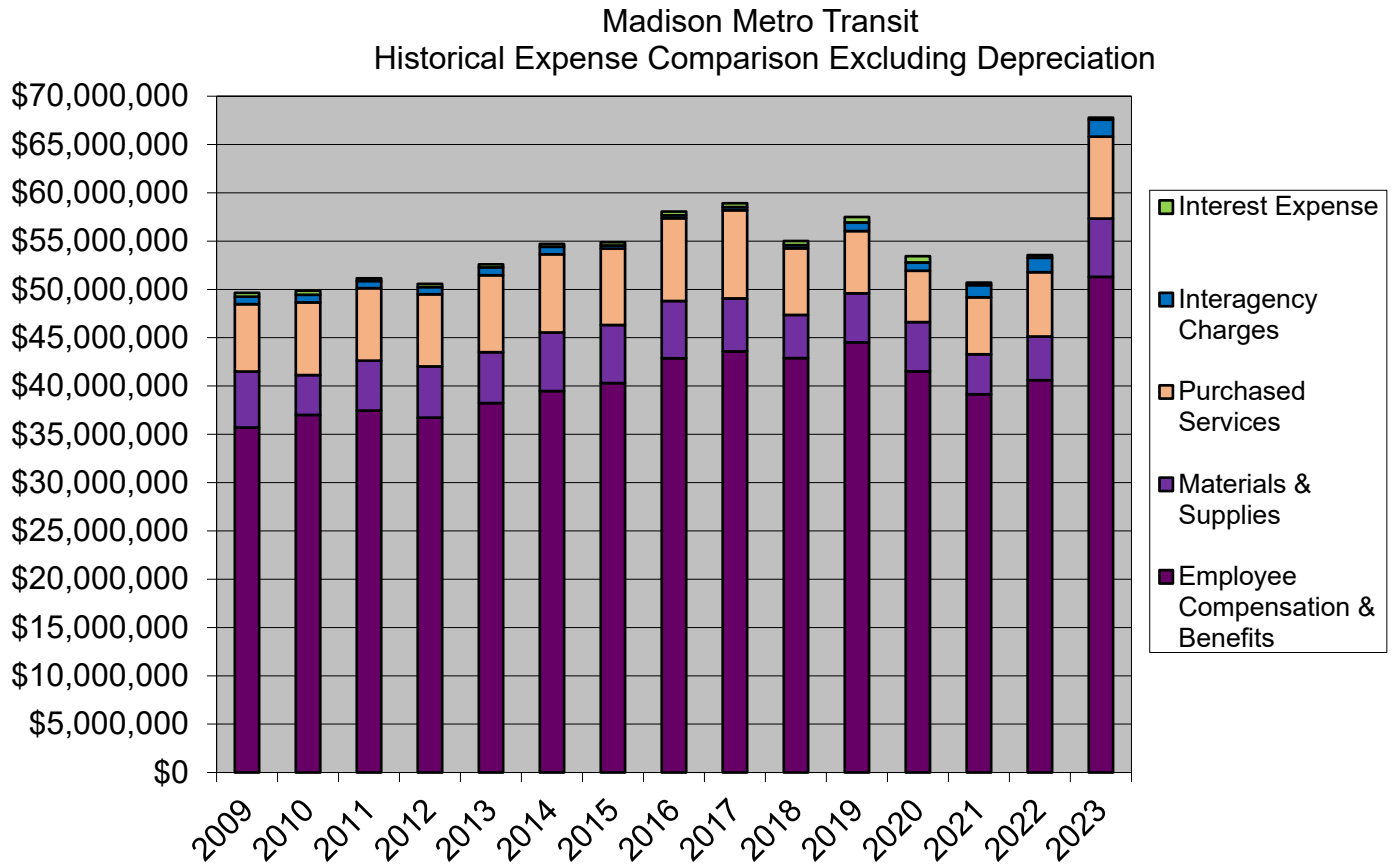
2023 Expenses Excluding Depreciation



METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The below chart illustrates that total operating expenses excluding depreciation increased by 26.8% between 2022 and 2023. Metro saw increases in each expense area. Metro was expecting to see an increase in expenses due to higher inflation and an increase in costs for additional staff positions being filled across the organization.

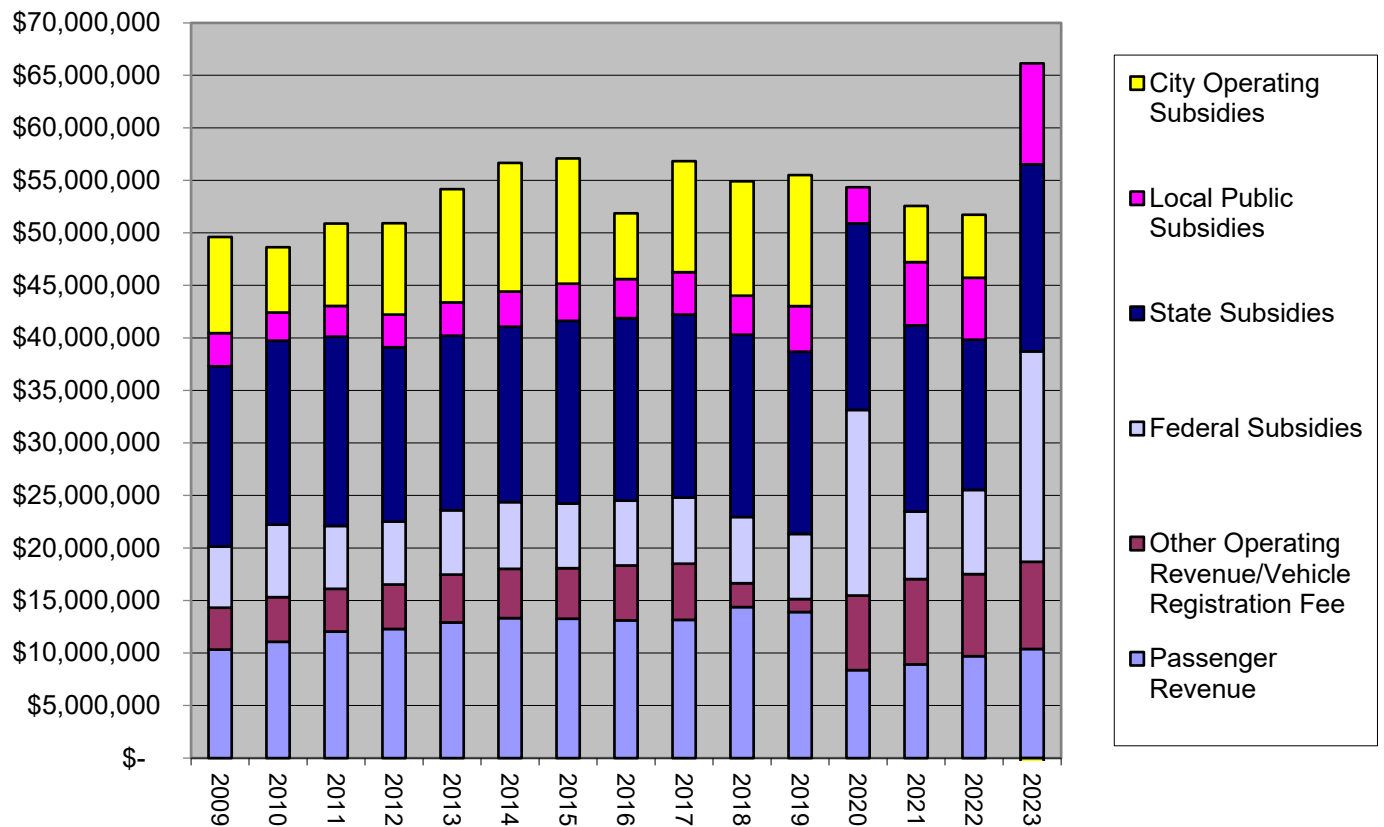


METRO TRANSIT SYSTEM

MANAGEMENT’S DISCUSSION AND ANALYSIS REPORT

The next chart compares Metro’s revenue sources for the same period of time. Passenger revenue has decreased 27.7% since hitting a peak in 2018. This large decrease is attributed to the COVID-19 pandemic and many businesses and facilities switching to virtual work and instruction since early 2020. On a positive note, passenger revenue was up 6.3% in 2023 from the previous year. State aid, which traditionally provides the largest portion of Metro’s revenue, increased 24.5% in 2023.

Madison Metro Transit Historical Revenue Comparison



METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

GRANT STATUS

Metro is fortunate to have federal support for capital funding for rolling stock (buses), ITS hardware/software, transit enhancements, facilities improvements and other capital projects. The following chart shows the year-end grant status of each grant against which expenditures were charged during the year. Note that where balances are available as of 12/31/23 future capital project plans are budgeted to draw down those balances.

METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Madison Metro Transit Year End Grant Status as of 12/31/23

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

CAPITAL GRANTS	Funding Year	Total Funds Apportionment	Prior years expenditures	Beginning Balance	2023 expenditures	Balance available as of 12/31/23	Future Budgeted projects	Balance after budgeted projects	Detail of future budgeted projects- see page 2.
Federal Section 5307									
WI-2019-022	2019	\$ 10,677,962	\$ 10,056,256	\$ 621,705	\$ -	\$ 621,705	\$ 621,705	\$ -	Buses
WI-2020-031	2020	\$ 10,377,418	\$ 9,721,119	\$ 656,299	\$ -	\$ 656,299	\$ 656,299	\$ -	Buses
WI-2020-049 (CARES Stimulus)	2020	\$ 24,498,820	\$ 11,912,886	\$ 12,585,934	\$ 6,585,934	\$ 6,000,000	\$ 6,000,000	\$ -	Buses
WI-2021-041 (CRRSA Stimulus)	2021	\$ 14,983,291	\$ 241,437	\$ 14,741,854	\$ 1,626,012	\$ 13,115,843	\$ 13,115,843	\$ -	Buses and Technology Upgrade
WI-2021-042 (ARPA Stimulus)	2021	\$ 30,006,405	\$ 13,900,000	\$ 16,106,405	\$ 13,219,701	\$ 2,886,704	\$ 2,886,704	\$ -	Emergency Operating Assistance
WI-2023-047	2021	\$ 9,665,549	\$ -	\$ 9,665,549	\$ -	\$ 9,665,549	\$ 9,665,549	\$ -	Facility Renovations
WI-2023-057	2022	\$ 12,477,915	\$ -	\$ 12,477,915	\$ -	\$ 12,477,915	\$ 12,477,915	\$ -	BRT Buses
WI-2023-057	2023	\$ 12,738,692	\$ -	\$ 12,738,692	\$ -	\$ 12,738,692	\$ 12,738,692	\$ -	Facility Renovations, BRT & Fixed Route Buses
FFY 2024 (estimate)	2024	\$ 12,690,483	\$ -	\$ 12,690,483	\$ -	\$ 12,690,483	\$ 12,690,483	\$ -	Various
Total Section 5307		\$ 138,116,535	\$ 45,831,698	\$ 92,284,837	\$ 21,431,646	\$ 70,853,190	\$ 70,853,190	\$ -	
Federal Section 5310									
WI-2021-036	2021	\$ 54,368	\$ 44,932	\$ 9,436	\$ 494	\$ 8,942	\$ 8,942	\$ -	Emergency Assistance for Mobility management
WI-2022-028	2022	\$ 344,070	\$ 187,624	\$ 156,446	\$ 37,020	\$ 119,426	\$ 119,426	\$ -	Mobility management
WI-2023-024	2021	\$ 32,925	\$ -	\$ 32,925	\$ -	\$ 32,925	\$ 32,925	\$ -	Emergency Assistance for Mobility management
WI-2023-039	2023	\$ 671,097	\$ -	\$ 671,097	\$ 228,441	\$ 442,656	\$ 442,656	\$ -	Mobility management
FFY 2024 (estimate)	2024	\$ 533,541	\$ -	\$ 533,541	\$ -	\$ 533,541	\$ 533,541	\$ -	Mobility management
Total Section 5310		\$ 1,636,001	\$ 232,556	\$ 1,403,445	\$ 265,955	\$ 1,137,490	\$ 1,137,490	\$ -	
Federal Section 5337 & 5339a									
WI-2019-022	2019	\$ 2,334,648	\$ 1,456,000	\$ 878,648	\$ -	\$ 878,648	\$ 878,648	\$ -	BRT Buses
WI-2020-031	2020	\$ 2,220,850	\$ -	\$ 2,220,850	\$ -	\$ 2,220,850	\$ 2,220,850	\$ -	BRT Buses
WI-2023-047	2021	\$ 2,800,004	\$ -	\$ 2,800,004	\$ 411,628	\$ 2,388,376	\$ 2,388,376	\$ -	Facility Renovations
WI-2023-057	2022	\$ 3,399,927	\$ -	\$ 3,399,927	\$ -	\$ 3,399,927	\$ 3,399,927	\$ -	BRT Buses
WI-2023-057	2023	\$ 3,448,205	\$ -	\$ 3,448,205	\$ -	\$ 3,448,205	\$ 3,448,205	\$ -	Facility Renovations, BRT & Fixed Route Buses
FFY 2024 (estimate)	2024	\$ 3,454,878	\$ -	\$ 3,454,878	\$ -	\$ 3,454,878	\$ 3,454,878	\$ -	Facility Renovations & Fixed Route Buses
Total Section 5337 & 5339a		\$ 17,668,512	\$ 1,456,000	\$ 16,202,512	\$ 411,628	\$ 15,790,884	\$ 15,790,884	\$ -	
Federal Section 5339 Discretionary									
WI-2018-012 (FTA 5339c Low-No)	2017	\$ 1,491,341	\$ 1,475,992	\$ 15,349	\$ 15,349	\$ 0	\$ -	\$ -	Closed
WI-2020-031 (FTA 5339b Bus Facility)	2019	\$ 10,240,000	\$ 10,240,000	\$ -	\$ -	\$ -	\$ -	\$ -	Will be closed with Super Grant
WI-2023-057 (FTA 5339b Bus Facility)	2020	\$ 7,086,000	\$ -	\$ 7,086,000	\$ -	\$ 7,086,000	\$ 7,086,000	\$ -	BRT Buses, Equipment and Infrastructure
WI-2023-047 (FTA 5339b Bus Facility)	2021	\$ 8,000,000	\$ -	\$ 8,000,000	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -	Facility Renovations
FFY23 (FTA 5339c Low or No Emission)	2023	\$ 47,453,550	\$ -	\$ 47,453,550	\$ -	\$ 47,453,550	\$ 47,453,550	\$ -	E-Buses, Chargers, Facility Reno & Solar Panels
Total Section 5339 Discretionary		\$ 74,270,891	\$ 11,715,992	\$ 62,554,899	\$ 15,349	\$ 62,539,550	\$ 62,539,550	\$ -	
Total Capital Grants		\$ 231,681,939	\$ 59,236,246	\$ 172,445,693	\$ 22,124,578	\$ 150,321,115	\$ 150,321,115	\$ -	
OTHER GRANTS									
WI-2021-038 (TOD Planning)	2020	\$ 390,000	\$ 62,250	\$ 327,750	\$ 180,233	\$ 147,516	\$ 147,516	\$ -	Various
WI-2023-040 (FFY 2021 AoPP)	2021	\$ 748,854	\$ -	\$ 748,854	\$ 580,610	\$ 168,245	\$ 168,245	\$ -	BRT North-South Line Planning
WI-2023-025 (Routes Plan Restoration)	2021	\$ 436,170	\$ -	\$ 436,170	\$ 206,389	\$ 229,781	\$ 229,781	\$ -	Various
WisDOT-2021-5304 (Statewide Planning)	2021	\$ 400,000	\$ -	\$ 400,000	\$ 58,543	\$ 341,457	\$ 341,457	\$ -	On-Board Survey
WI-2023-061 (CIG-Small Starts)	2022	\$ 151,210,772	\$ -	\$ 151,210,772	\$ 57,599,382	\$ 93,611,390	\$ 93,611,390	\$ -	East-West BRT
FFY 2023 Areas of Persistent Poverty	2023	\$ 287,200	\$ -	\$ 287,200	\$ -	\$ 287,200	\$ 287,200	\$ -	BRT North-South Line Planning
Total Other Grants		\$ 153,472,996	\$ 62,250	\$ 153,410,746	\$ 58,625,157	\$ 94,785,588	\$ 94,785,588	\$ -	

METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

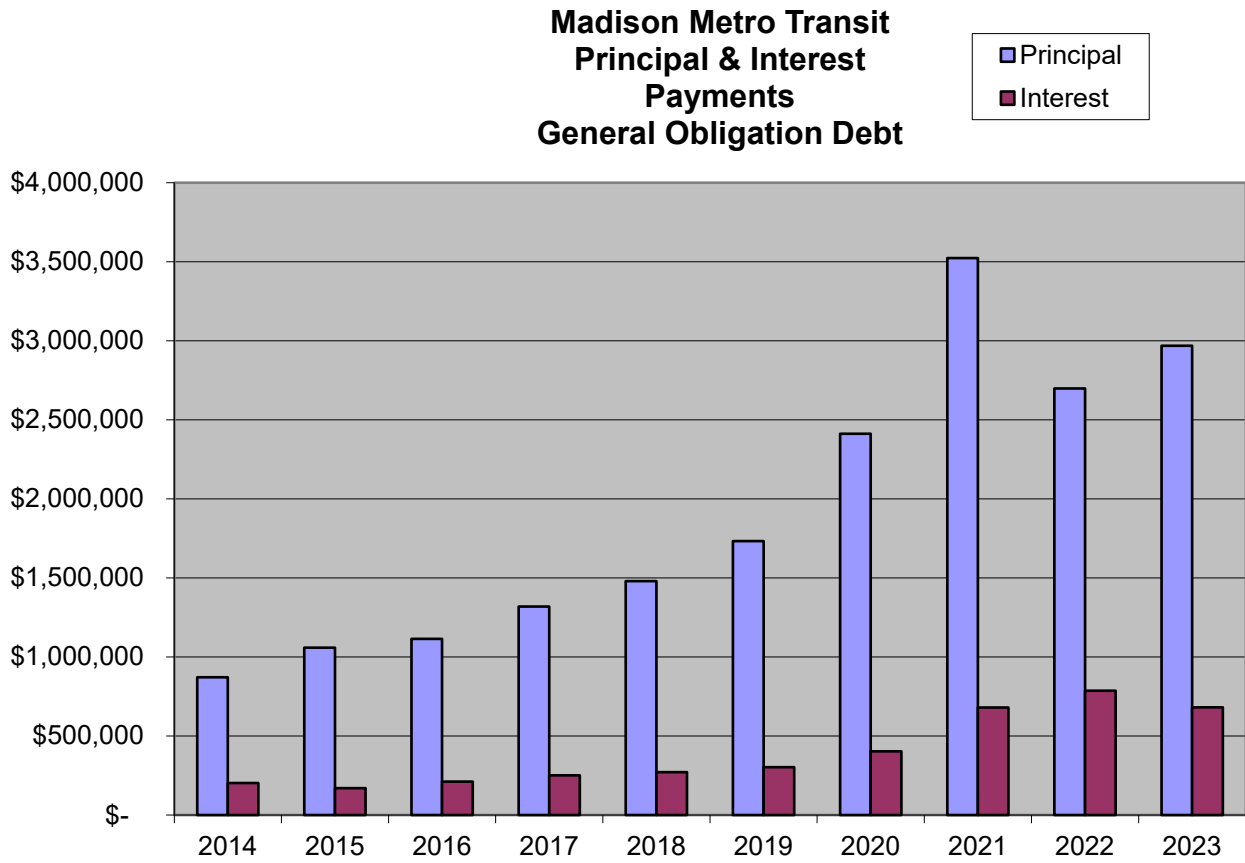
CAPITAL GRANTS	Transit Enhancements	Equipment	Facility	Computer hardware & software	Mobility management	Consultants	Buses -BRT/Fixed Route	Emergency Operating Assistance	Associated capital maintenance	Total Budgeted Projects
Federal Section 5307										
WI-2019-022							\$ 621,705			\$ 621,705
WI-2020-031							\$ 656,299			\$ 656,299
WI-2020-049 (CARES Stimulus)							\$ 6,000,000			\$ 6,000,000
WI-2021-041 (CRRSA Stimulus)				\$ 12,115,843			\$ 1,000,000			\$ 13,115,843
WI-2021-042 (ARPA Stimulus)								\$ 2,886,704		\$ 2,886,704
WI-2023-047			\$ 9,665,549							\$ 9,665,549
WI-2023-057							\$ 12,477,915			\$ 12,477,915
WI-2023-057			\$ 8,703,429				\$ 4,035,263			\$ 12,738,692
FFY 2024 (estimate)	\$ 400,000	\$ 250,000	\$ 3,040,483				\$ 3,000,000		\$ 6,000,000	\$ 12,690,483
Total Section 5307	\$ 400,000	\$ 250,000	\$ 21,409,461	\$ 12,115,843	\$ -	\$ -	\$ 27,791,182	\$ 2,886,704	\$ 6,000,000	\$ 70,853,190
Federal Section 5310										
WI-2021-036								\$ 8,942		\$ 8,942
WI-2022-028					\$ 119,426					\$ 119,426
WI-2023-024								\$ 32,925		\$ 32,925
WI-2023-039					\$ 442,656					\$ 442,656
FFY 2024 (estimate)					\$ 533,541					\$ 533,541
Total Section 5310	\$ -	\$ -	\$ -	\$ -	\$ 1,095,623	\$ -	\$ -	\$ 41,867	\$ -	\$ 1,137,490
Federal Section 5337 & 5339a										
WI-2019-022							\$ 878,648			\$ 878,648
WI-2020-031							\$ 2,220,850			\$ 2,220,850
WI-2023-047			\$ 2,388,376							\$ 2,388,376
WI-2023-057							\$ 3,399,927			\$ 3,399,927
WI-2023-057			\$ 1,260,628				\$ 2,187,577			\$ 3,448,205
FFY 2024 (estimate)			\$ 2,000,000				\$ 1,454,878			\$ 3,454,878
Total Section 5337 & 5339a	\$ -	\$ -	\$ 5,649,004	\$ -	\$ -	\$ -	\$ 10,141,880	\$ -	\$ -	\$ 15,790,884
Federal Section 5339 Discretionary										
WI-2018-012 (FTA 5339c Low-No)										\$ -
WI-2020-031 (FTA 5339b Bus Facility)										\$ -
WI-2023-057 (FTA 5339b Bus Facility)		\$ 400,000				\$ 4,376,000	\$ 2,310,000			\$ 7,086,000
WI-2023-047 (FTA 5339b Bus Facility)			\$ 8,000,000							\$ 8,000,000
FFY23 (FTA 5339c Low or No Emission)		\$ 4,230,750	\$ 16,265,000			\$ 459,800	\$ 26,498,000			\$ 47,453,550
Total Section 5339 Discretionary	\$ -	\$ 4,630,750	\$ 24,265,000	\$ -	\$ -	\$ 4,835,800	\$ 28,808,000	\$ -	\$ -	\$ 62,539,550
Total Capital Grants	\$ 400,000	\$ 4,880,750	\$ 51,323,465	\$ 12,115,843	\$ 1,095,623	\$ 4,835,800	\$ 66,741,062	\$ 2,928,571	\$ 6,000,000	\$ 150,321,115
OTHER GRANTS										
WI-2021-038 (TOD Planning)						\$ 147,516				\$ 147,516
WI-2023-040 (FFY 2021 AoPP)						\$ 168,245				\$ 168,245
WI-2023-025 (Routes Plan Restoration)				\$ 144,000		\$ 85,781				\$ 229,781
WisDOT-2021-5304 (Statewide Planning)						\$ 341,457				\$ 341,457
WI-2023-061 (CIG-Small Starts)						\$ 59,586,950	\$ 34,024,440			\$ 93,611,390
FFY 2023 Areas of Persistent Poverty						\$ 287,200				\$ 287,200
Total Other Grants	\$ -	\$ -	\$ -	\$ 144,000	\$ -	\$ 60,617,148	\$ 34,024,440	\$ -	\$ -	\$ 94,785,588

METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Borrowing

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



METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Financial Statements

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

Condensed Statements

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

METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Condensed Statements of Net Position

	2023	2022	2021
Current and other assets	\$ 23,442,021	\$ 27,802,807	\$ 33,961,607
Capital assets ¹	\$ 83,645,216	\$ 88,777,207	\$ 80,474,404
Total Assets	\$ 107,087,237	\$ 116,580,014	\$ 114,436,011
Deferred outflows related to pensions ²	\$ 35,220,278	\$ 28,169,030	\$ 19,067,816
Deferred outflows related to other post-employment benefits ³	\$ 1,775,608	\$ 1,150,893	\$ 1,474,326
Long-term debt ⁴	\$ 20,169,210	\$ 22,667,097	\$ 24,222,893
Other liabilities	\$ 54,125,059	\$ 36,212,161	\$ 46,148,238
Total Liabilities	\$ 74,294,269	\$ 58,879,258	\$ 70,371,131
Deferred inflows related to pensions ²	\$ 20,275,055	\$ 33,465,859	\$ 24,400,796
Deferred Inflows related to other post-employment benefits ³	\$ 2,577,119	\$ 3,244,594	\$ 1,328,461
Net investment in capital assets ⁵	\$ 54,078,296	\$ 54,790,145	\$ 43,012,422
Restricted net position related to pensions	\$ -	\$ 13,394,573	\$ 10,481,436
Unrestricted (Deficit)	\$ (7,141,616)	\$ (17,874,492)	\$ (14,616,093)
Total Net Position	\$ 46,936,680	\$ 50,310,226	\$ 38,877,765

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

	2023	2022	2021
Operating Revenues	\$ 11,512,535	\$ 10,559,128	\$ 10,122,406
Depreciation and amortization expense	\$ 7,982,809	\$ 8,151,767	\$ 8,276,355
Other operating expenses	\$ 67,557,341	\$ 53,277,516	\$ 50,035,758
Non-operating expenses ¹	\$ 230,007	\$ 275,009	\$ 357,317
Total Expenses	\$ 75,770,157	\$ 61,704,292	\$ 58,669,430
Operating subsidies ¹	\$ 47,351,750	\$ 30,057,837	\$ 30,180,070
Insurance recovery	\$ 19,757	\$ 79,311	\$ 8,921
Gain (Loss) on sale of assets	\$ 13,327	\$ -	\$ -
Lease revenue	\$ 64,834	\$ -	\$ -
Loss before capital Contributions and Transfers	\$ (16,807,954)	\$ (21,008,016)	\$ (18,358,033)
Capital contributions ²	\$ 6,860,513	\$ 19,582,586	\$ 24,712,882
Transfers	\$ (519,471)	\$ 5,989,267	\$ 5,348,267
Vehicle registration fee	\$ 7,093,366	\$ 6,868,624	\$ 6,902,604
Changes in Net Position	\$ (3,373,546)	\$ 11,432,461	\$ 18,605,721
Beginning Net Position	\$ 50,310,226	\$ 38,877,765	\$ 20,272,044
Ending Net Position	\$ 46,936,680	\$ 50,310,226	\$ 38,877,765

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

METRO TRANSIT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Request for Information

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

Respectfully submitted

Transit General Manager

Statements of Net Position Follow

METRO TRANSIT SYSTEM

STATEMENTS OF NET POSITION

December 31, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 29,561	\$ 2,177,589
Restricted cash - retiree health insurance escrow and 2022 state funding	282,332	388,225
Receivable from FTA - capital and maintenance	9,427,634	2,477,663
Receivable from other governmental units	8,007,372	3,976,641
Accounts receivable (net)	2,623,391	2,686,403
Materials and supplies (net)	513,074	441,951
Prepaid expenses	682,233	622,768
Current portion of prepaid expense - land and tower lease	2,295	2,665
Total Current Assets	<u>21,567,892</u>	<u>12,773,905</u>
NON-CURRENT ASSETS		
Restricted cash - retiree health insurance escrow	1,868,071	1,623,104
Net Pension Asset	-	13,394,573
Other Assets		
Prepaid expenses - land and tower lease	6,058	11,225
Capital Assets		
Transit plant in service	162,045,824	172,846,459
Accumulated depreciation and amortization	(81,906,935)	(84,781,995)
Construction work in progress	3,506,327	712,744
Total Non-Current Assets	<u>85,519,345</u>	<u>103,806,110</u>
Total Assets	<u>107,087,237</u>	<u>116,580,015</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	35,220,278	28,169,030
Deferred outflows related to other post-employment benefits	1,775,608	1,150,893
Total Deferred Outflows of Resources	<u>\$ 36,995,886</u>	<u>\$ 29,319,923</u>

See notes to financial statements

METRO TRANSIT SYSTEM

STATEMENTS OF NET POSITION

December 31, 2023 and 2022

LIABILITIES

	2023	2022
CURRENT LIABILITIES		
Current portion of general obligation debt	\$ 2,709,351	\$ 2,697,887
Current portion of advance from other funds	498,525	472,616
Current portion of unearned revenue - land and tower lease	2,295	2,665
Current portion due to other governments	359,910	359,910
Current portion of lease liability	272,614	302,410
Current portion of subscription liability	69,031	
Accounts payable	2,391,187	1,746,966
Unearned revenue	994,472	1,725
Accrued compensation, vacation and sick leave	3,904,908	3,549,438
Accrued interest	160,057	171,402
Due to other funds	8,600,000	-
Retiree health insurance escrow payable from restricted assets	282,332	388,225
Total Current Liabilities	20,244,682	9,693,244
NON-CURRENT LIABILITIES		
General obligation debt	17,459,859	19,969,210
Bond premium	3,358,042	3,855,530
Due to other governments	2,159,460	2,519,370
Advance from other funds	-	498,525
Retiree health insurance escrow payable from restricted assets	1,868,071	1,623,104
Accrued sick leave	3,045,461	3,292,538
Net pension liability	8,947,474	-
Other post-employment benefit liability	9,821,552	8,593,372
Lease liability	7,301,937	8,823,140
Subscription liability	81,673	-
Unearned revenue - land and tower lease	6,058	11,225
Total Non-Current Liabilities	54,049,587	49,186,014
Total Liabilities	74,294,269	58,879,258

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	20,275,055	33,465,859
Deferred inflows related to other post-employment benefits	2,577,119	3,244,594
Total Deferred Inflows of Resources	22,852,174	36,710,453

NET POSITION

NET POSITION		
Net investment in capital assets	54,078,296	54,790,145
Restricted net position related to pensions	-	13,394,573
Unrestricted (Deficit)	(7,141,616)	(17,874,492)
TOTAL NET POSITION	\$ 46,936,680	\$ 50,310,227

See notes to financial statements

METRO TRANSIT SYSTEM

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION December 31, 2023 and 2022

	2023	2022
OPERATING REVENUES	\$ 11,512,535	\$ 10,559,128
OPERATING EXPENSES		
Employee compensation and benefits	51,296,395	40,601,436
Materials and supplies	6,037,442	4,526,616
Purchased services	8,479,379	6,653,597
Interagency charges	<u>1,744,125</u>	<u>1,495,867</u>
Total Operation and Maintenance Expenses	67,557,341	53,277,516
Depreciation expense	<u>7,982,809</u>	<u>8,151,767</u>
Total Operating Expenses	<u>75,540,150</u>	<u>61,429,283</u>
Operating Loss Before Operating Subsidies	<u>(64,027,615)</u>	<u>(50,870,155)</u>
OPERATING SUBSIDIES		
Federal subsidies	20,025,150	8,011,468
Federal subsidies pass-through to sub recipient	(107,615)	-
State operating subsidies	17,806,296	14,314,128
Local public subsidies	<u>9,627,919</u>	<u>7,732,241</u>
Total Operating Subsidies	<u>47,351,750</u>	<u>30,057,837</u>
Operating Loss	<u>(16,675,865)</u>	<u>(20,812,318)</u>
NON-OPERATING REVENUES (EXPENSES)		
Insurance recoveries	19,757	79,311
Vehicle registration fee	7,093,366	6,868,624
Gain (loss) on sale of assets	13,327	-
Miscellaneous revenue	64,834	-
Interest expense	<u>(230,007)</u>	<u>(275,009)</u>
Loss Before Contributions and Transfers	<u>(9,714,588)</u>	<u>(14,139,392)</u>
CAPITAL CONTRIBUTIONS - CITY & OTHER	2,513,890	3,137,297
CAPITAL CONTRIBUTIONS - FEDERAL & STATE	2,694,220	272,890
CAPITAL CONTRIBUTIONS-MUNICIPAL	1,659,797	16,172,400
CAPITAL CONTRIBUTIONS-OTHER	(7,394)	-
TRANSFERS IN/(Out) - CITY OPERATING SUBSIDIES	<u>(519,471)</u>	<u>5,989,267</u>
Total Contributions and Transfers	<u>6,341,042</u>	<u>25,571,854</u>
CHANGE IN NET POSITION	(3,373,546)	11,432,462
NET POSITION - Beginning of Year	<u>50,310,226</u>	<u>38,877,765</u>
NET POSITION - End of Year	<u>\$ 46,936,680</u>	<u>\$ 50,310,227</u>

See notes to financial statements

Statements of Cash Flows Follow

METRO TRANSIT SYSTEM

STATEMENTS OF CASH FLOWS

December 31, 2022 & 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 9,540,648	\$ 9,377,658
Paid to suppliers for goods and services	(29,367,602)	(26,636,562)
Paid to employees for services	(34,725,180)	(31,514,020)
Cash Flows from Operating Activities	(54,552,134)	(48,772,924)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies received - federal	13,075,179	6,991,669
Federal subsidies pass-through to sub recipient	(107,615)	-
Operating subsidies received - state	17,806,296	9,111,922
Operating subsidies received - local	7,609,810	5,823,950
Deposits received refunded to other governments	-	(271,165)
Repayment of non-capital advances from other funds	(472,616)	(438,771)
Transfer in (out) to other funds	(703,468)	5,989,267
Vehicle registration fee	7,093,366	6,868,624
Advance from city funds	8,600,000	-
Cash Flows from Noncapital Financing Activities	52,900,952	34,075,496
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt retired	(2,697,887)	(2,698,527)
Interest paid	(738,840)	(772,497)
Lease payments	(252,085)	(289,406)
Subscription payments	(64,006)	-
Lease revenue	64,834	-
Sale of assets	13,327	-
Proceeds from issuance of general obligation debt	200,000	1,142,730
Acquisition and construction of capital assets	(3,935,019)	(16,454,571)
Capital contributions - city and other	4,357,684	19,378,103
Capital contributions - federal and state	2,694,220	-
Cash Flows From Capital and Related Financing Activities	(357,772)	305,832
Net Change in Cash and Cash Equivalents	(2,008,954)	(14,391,596)
CASH AND CASH EQUIVALENTS – Beginning of Year	4,188,918	18,580,514
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,179,964	\$ 4,188,918

See notes to financial statements

METRO TRANSIT SYSTEM

STATEMENTS OF CASH FLOWS

December 31, 2022 & 2023

	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (64,027,615)	\$ (50,870,155)
Nonoperating income	19,757	79,311
Noncash items included in operating loss		
Depreciation expense	7,982,809	8,151,767
Changes in Assets and Liabilities		
Accounts receivable	(2,316,916)	(3,580,220)
Materials and supplies	(71,123)	(49,085)
Prepaid expenses	(53,928)	(40,504)
Accrued payroll liabilities	108,393	(6,362,870)
Retiree health insurance escrow payable from restricted assets	139,074	115,646
Other post-employment benefits	(64,010)	1,148,564
Accounts payable	644,221	861,821
Due to other governments	-	5,528,617
Pension related deferrals and liabilities	2,099,995	(2,949,287)
Unearned revenue	992,746	(806,529)
Unearned revenue - land and tower lease	(5,537)	-
	\$ (54,552,134)	\$ (48,772,924)
NET CASH FLOWS FROM OPERATING ACTIVITIES		
	\$ (54,552,134)	\$ (48,772,924)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION ACCOUNTS		
Cash	\$ 29,561	\$ 2,177,589
Restricted Cash - Retiree Health Insurance Escrow	2,150,403	2,011,329
	\$ 2,179,964	\$ 4,188,918
CASH AND CASH EQUIVALENTS		
	\$ 2,179,964	\$ 4,188,918

See notes to financial statements

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2023 and 2022

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

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

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2023 and 2022

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

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

On January 1, 2023, Metro Transit adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet the definition. This Statement defines a SBITA; establishes that a SBITA results in a tangible right-to-use subscription asset and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*. This Statement was implemented for fiscal year end December 31, 2023.

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

Cash and Cash Equivalents

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

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

Deposits and Investments

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

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

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

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 \$23,183 is included in 2023 and 2022 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 2023 and 2022.

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.

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

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 12/31/23	Balance 12/31/22	Years
Land	\$ 8,049,742	\$ 8,049,742	N/A
Building	44,417,027	43,910,277	5 – 40
Right to use lease assets	8,325,160	9,728,837	5 – 40
Curb and land improvements	5,023,260	6,353,046	5
Construction in progress	3,506,327	712,744	N/A
Revenue equipment	83,569,009	92,781,363	8 – 20
Subscription assets	217,806	-	N/A
Service vehicles	1,230,702	875,220	4 – 5
Shop and garage equipment	1,373,020	1,372,015	3 – 10
Furniture and office equipment	420,817	420,817	3 – 10
Miscellaneous and farebox	9,419,281	9,355,142	3 – 15
Total Capital Assets	\$ 165,552,151	\$ 173,599,203	

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Deferred Outflow of Resources

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

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

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, 2023 and 2022 is \$3,229,284 and \$3,261,113 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 \$492,772 in 2023 and \$483,110 in 2022, 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, 2023 and 2022, 84 and 83 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, 2023 there was \$994,472 of unearned revenue from MMSD. As of December 31, 2022, MMSD accounted for \$1,725 of unearned revenue due to the timing of billings.

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

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

ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION (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.

Deposits from Other Governments

Metro collects deposits from various entities that provide Metro with local operating assistance subsidies. These deposits are held by Metro in reserve to help fund unanticipated cost increases in future years. The reserve balance is reviewed annually, and amounts received in excess of the annual cost and the required reserve balance are reported as payables and refunded in the subsequent year. In 2023 and 2022, \$0 and \$0 respectively, were contracted as returns to these entities.

Due to Other Governments

Metro received \$4,798,800 related to a Volkswagen settlement with the State of Wisconsin for the purchase of low emission buses. The award requires that 75% be paid back with no interest over a ten-year period. At the end of 2023, \$359,910 is the current liability, with \$2,159,460 as future due, and at the end of 2022, \$359,910 was the current liability, with \$2,519,370 as future due.

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 judgements 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.

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

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

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

Long-Term Obligations

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.

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.

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

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

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

Net Position (cont.)

The following calculation supports the net investment in capital assets:

	2023	2022
Plant in service & capital leases	\$ 162,045,824	\$ 172,846,459
Accumulated depreciation & amortization	(81,906,935)	(84,781,995)
Construction work in progress	3,506,327	712,744
Sub-Totals	83,645,216	88,777,208
Less: Capital related debt		
Current portion of general obligation bonds	2,709,351	2,697,887
Current portion of lease liability	272,614	302,410
Current portion of subscription liability	69,031	-
Premium on capital bonds	3,358,042	3,855,530
Lease and subscriptions liability	7,301,937	8,823,140
Subscription liability	81,673	-
Long-term portion of capital related general obligation bonds	17,459,859	19,969,210
Sub-Totals	31,252,507	35,648,177
Add unspent proceeds of capital-related debt included above	1,685,587	1,661,114
Net Investment in Capital Assets	\$ 54,078,296	\$ 54,790,145

REVENUES AND EXPENSES

Revenue Recognition

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

Taxes

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

Capital Contributions

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

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

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

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

REVENUES AND EXPENSES (cont.)

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. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*
- Statement No.101, *Compensated Absences*
- Statement No.102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*

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

COMPARATIVE DATA

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

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2023 and 2022

NOTE 2 – CHANGES IN CAPITAL ASSETS

A summary of changes in Metro capital assets for 2023 and 2022 follows:

	Balance 1/1/23	Additions	Retirements	Balance 12/31/23
Capital assets not being depreciated				
Land	\$ 8,049,742	\$ -	\$ -	\$ 8,049,742
Capital assets being depreciated/ amortized				
Building and improvements	43,910,277	506,751	-	44,417,028
Curb and land improvements	6,353,046	114,130	(1,443,916)	5,023,260
Revenue vehicles	92,781,362	15,539	(9,227,893)	83,569,008
Service vehicles	875,220	355,482	-	1,230,702
Shop and garage equipment	1,372,016	26,355	(25,351)	1,373,020
Office equipment	420,817	-	-	420,817
Miscellaneous and farebox	9,355,142	64,139	-	9,419,281
Right to use subscription asset	-	217,806	-	217,806
Right to use lease asset	9,728,837	-	(1,403,677)	8,325,160
Total Capital Assets Being Depreciated	164,796,717	1,300,202	(12,100,837)	153,996,082
Total Capital Assets	172,846,459	1,300,202	(12,100,837)	162,045,824
Less: Accumulated depreciation/ amortization				
Building and improvements	(9,119,429)	(1,500,960)		(10,620,389)
Curb and land improvements	(6,353,046)	(3,804)	1,443,916	(4,912,934)
Revenue vehicles	(57,390,365)	(5,446,155)	9,225,082	(53,611,438)
Service vehicles	(803,247)	(64,733)	-	(867,980)
Shop and garage equipment	(1,306,557)	(14,316)	19,276	(1,301,597)
Office equipment	(420,817)	-	-	(420,817)
Miscellaneous and farebox	(8,461,250)	(464,025)	-	(8,925,275)
Right to use subscription asset	-	(40,592)	-	(40,592)
Right to use lease asset	(927,284)	(448,224)	169,595	(1,205,913)
Total Accumulated Depreciation/amortization	(84,781,995)	(7,982,809)	10,857,869	(81,906,935)
Construction in progress	712,744	2,793,583	-	3,506,327
Net Transit System Plant	\$ 88,777,208	\$ (3,889,024)	\$ (1,242,968)	\$ 83,645,216

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2023 and 2022

NOTE 2 – CHANGES IN CAPITAL ASSETS (cont.)

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

NOTE 3 – INTER-FUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund balances as of December 31, 2023:

		2023	
To	From	Amount	Principal Purpose
Metro	City of Madison	8,600,000	Due to city funds

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

NOTE 3 – INTER-FUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

The following is a schedule of transfer balances as of December 31, 2023 and 2022:

To	From	2023		2022	
		Amount	Principal Purpose	Amount	Principal Purpose
Metro	City of Madison	\$ (519,471)	City operating subsidy	\$5,989,267	City operating subsidy

NOTE 4 – LONG-TERM OBLIGATIONS

GENERAL OBLIGATION NOTE

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

Title of Issue	Date of Issue	Final Maturity	Interest Rates	Original Amount	Amount
					Outstanding 12/31/2023
Promissory Note	10-1-15	10-1-25	2.00 – 3.00%	\$2,631,128	\$ 511,265
Promissory Note	10-1-16	10-1-26	.50 – 4.00	3,047,826	827,451
Promissory Note	10-1-17	10-1-27	2.00 – 4.00	2,025,110	810,044
Promissory Note	10-1-18	10-1-28	2.00 – 5.00	3,953,533	1,976,305
Promissory Note	10-17-19	10-17-29	2.25 – 3.00	3,583,149	2,149,488
Promissory Note	10-18-19	10-18-39	2.00 – 4.00	7,985,000	6,385,857
Promissory Note	10-7-20	10-7-24	.180-1.40	675,469	216,689
Promissory Note	10-1-20	10-1-30	1.375-4.00	1,846,136	1,292,139
Promissory Note	10-2-20	10-2-40	2.00 – 3.00	5,500,000	4,675,000
Promissory Note	10-1-21	10-1-31	.94	120,732	96,586
Promissory Note	10-6-22	10-6-32	2.12	1,142,730	1,028,386
Promissory Note	10-2-23	10-6-33	5.00	200,000	200,000
Total					<u>\$ 20,169,210</u>

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

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2023 and 2022

NOTE 4 – LONG-TERM OBLIGATIONS (cont.)

Year	10-1-15		10-1-16		10-1-17		10-1-18		10-17-19		10-18-19	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 255,633	\$ 15,338	\$ 275,879	\$ 22,066	\$ 202,511	\$ 20,757	\$ 395,261	\$ 67,194	\$ 358,248	\$ 63,141	\$ 399,116	\$ 195,567
2025	255,632	7,669	275,879	11,031	202,511	12,657	395,261	51,384	358,248	55,976	399,116	187,584
2026	-	-	275,693	5,514	202,511	8,607	395,261	35,574	358,248	41,646	399,116	179,602
2027	-	-	-	-	202,511	4,354	395,261	23,716	358,248	27,316	399,116	171,620
2028	-	-	-	-	-	-	395,261	11,858	358,248	16,569	399,116	155,655
2029	-	-	-	-	-	-	-	-	358,248	8,508	399,116	139,691
2030	-	-	-	-	-	-	-	-	-	-	399,116	123,726
2031	-	-	-	-	-	-	-	-	-	-	399,116	107,761
2032	-	-	-	-	-	-	-	-	-	-	399,116	95,788
2033	-	-	-	-	-	-	-	-	-	-	399,116	83,814
2034	-	-	-	-	-	-	-	-	-	-	399,116	71,841
2035	-	-	-	-	-	-	-	-	-	-	399,116	59,867
2036	-	-	-	-	-	-	-	-	-	-	399,116	47,894
2037	-	-	-	-	-	-	-	-	-	-	399,116	35,920
2038	-	-	-	-	-	-	-	-	-	-	399,116	23,947
2039	-	-	-	-	-	-	-	-	-	-	399,117	11,973
2040	-	-	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 511,265</u>	<u>\$ 23,007</u>	<u>\$ 827,451</u>	<u>\$ 38,611</u>	<u>\$ 810,044</u>	<u>\$ 46,375</u>	<u>\$ 1,976,305</u>	<u>\$ 189,726</u>	<u>\$ 2,149,488</u>	<u>\$ 213,156</u>	<u>\$ 6,385,857</u>	<u>\$ 1,692,250</u>

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

NOTE 4 – LONG-TERM OBLIGATIONS (cont.)

Year	10-7-20		10-1-20		10-2-20		10-1-21		10-6-22	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 216,689	\$ 1,018	\$ 184,666	\$ 33,921	\$ 275,000	\$ 101,750	\$ 12,073	\$ 2,535	\$ 114,265	\$ 47,991
2025	-	-	184,666	26,535	275,000	96,250	12,073	2,505	114,265	42,278
2026	-	-	184,666	20,995	275,000	90,750	12,073	2,203	114,265	36,565
2027	-	-	184,535	15,455	275,000	82,500	12,073	1,720	114,265	30,852
2028	-	-	184,535	9,919	275,000	74,250	12,073	1,238	114,265	25,138
2029	-	-	184,535	6,228	275,000	66,000	12,073	755	114,265	19,425
2030	-	-	184,536	2,537	275,000	60,500	12,073	513	114,265	13,712
2031	-	-	-	-	275,000	55,000	12,075	151	114,265	9,141
2032	-	-	-	-	275,000	49,500	-	-	114,266	4,571
2033	-	-	-	-	275,000	44,000	-	-	-	-
2034	-	-	-	-	275,000	38,500	-	-	-	-
2035	-	-	-	-	275,000	33,000	-	-	-	-
2036	-	-	-	-	275,000	27,500	-	-	-	-
2037	-	-	-	-	275,000	22,000	-	-	-	-
2038	-	-	-	-	275,000	16,500	-	-	-	-
2039	-	-	-	-	275,000	11,000	-	-	-	-
2040	-	-	-	-	275,000	5,500	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 216,689</u>	<u>\$ 1,018</u>	<u>\$ 1,292,139</u>	<u>\$ 115,590</u>	<u>\$ 4,675,000</u>	<u>\$ 874,500</u>	<u>\$ 96,586</u>	<u>\$ 11,620</u>	<u>\$ 1,028,386</u>	<u>\$ 229,673</u>

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

NOTE 4 – LONG-TERM OBLIGATIONS (cont.)

Year	10-6-23		Total	
	Principal	Interest	Principal	Interest
2024	\$ 20,010	\$ 9,306	\$ 2,709,351	\$ 580,584
2025	20,012	8,999	2,492,663	502,868
2026	19,997	7,999	2,236,830	429,455
2027	19,997	6,999	1,961,006	364,532
2028	19,997	5,999	1,758,495	300,626
2029	19,997	4,999	1,363,234	245,606
2030	19,997	3,999	1,004,987	204,987
2031	19,997	3,000	820,453	175,053
2032	19,997	2,000	808,379	151,859
2033	19,999	1,000	694,115	128,814
2034	-	-	674,116	110,341
2035	-	-	674,116	92,867
2036	-	-	674,116	75,394
2037	-	-	674,116	57,920
2038	-	-	674,116	40,447
2039	-	-	674,117	22,973
2040	-	-	275,000	5,000
2041	-	-	-	-
Totals	\$ 200,000	\$ 54,300	\$ 20,169,210	\$3,489,326

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

NOTE 4 – LONG-TERM OBLIGATIONS (cont.)

ADVANCE FROM OTHER FUNDS

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

Date	Purpose	Final Maturity	Interest Rates	Original Amount	Amount Outstanding as of 12/31/23
October 4, 2020	Pay off WRS Prior Service Liability	October 4, 2024	0.55 - 4.00%	\$ 1,833,390	\$ 498,525

Advance from other funds debt service requirements to maturity follows:

Year	Principal	Interest	Total
2024	\$ 498,525	\$ 2,343	\$ 500,868

LESSEE - LEASE LIABILITY

Date	Purpose	Final Maturity	Interest Rates	Original Amount	Amount Outstanding 12/31/23
1/1/2021	Use of land	9/14/2027	0.93564%	\$ 452,149	\$ 465,018
1/1/2021	Use of building	12/31/2041	0.93564	7,477,014	7,109,533
1/1/2021	Use of land	10/4/2028	0.93564	1,403,677	-

Debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2024	\$ 272,614	\$ 69,453	\$ 342,067
2025	284,440	66,844	351,284
2026	296,654	64,123	360,777
2027	793,656	59,773	853,429
2028	330,233	53,757	383,990
2029 – 2033	1,858,893	218,274	2,077,167
2034 – 2038	2,176,491	124,926	2,301,417
2039 – 2041	1,561,570	21,738	1,583,308
Totals	<u>\$ 7,574,551</u>	<u>\$ 678,888</u>	<u>\$ 8,253,439</u>

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

NOTE 4 – LONG-TERM OBLIGATIONS (cont.)

Metro's long-term obligations activity for the years ended December 31, 2023 and 2022 is as follows:

	Balance 1/1/23	Additions	Reductions	Balance 12/31/23	Due Within One Year
General obligation notes	\$ 22,667,097	\$ 200,000	\$ 2,697,887	\$ 20,169,210	\$ 2,709,351
Lease liabilities	9,125,550	-	1,550,999	7,574,551	272,614
Subscription Liabilities	-	214,710	64,006	150,704	69,031
Advance from other funds	971,141	-	472,616	498,525	498,525
Net pension liability	-	8,947,474	-	8,947,474	-
Retiree health insurance escrow	2,011,329	492,772	353,698	2,150,403	282,332
Accrued sick leave	2,849,091	392,740	12,547	3,229,284	183,823
Bond Premium	3,855,530	-	497,489	3,358,041	-
Due to other governments	2,879,280	-	359,910	2,519,370	359,910
Unearned revenue-land and tower lease	13,890	-	5,537	8,353	2,295
Totals	\$ 44,372,908	\$ 10,247,696	\$ 6,198,512	\$ 48,422,093	\$ 5,025,643

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
General obligation notes	\$ 24,222,893	\$ 1,142,730	\$ 2,698,526	\$ 22,667,097	\$ 2,697,887
Lease liabilities	9,414,955	-	289,405	9,125,550	302,410
Advance from other funds	1,409,912	-	438,771	971,141	472,616
Retiree health insurance escrow	1,895,682	483,110	367,463	2,011,329	388,225
Accrued sick leave	3,398,896	46,547	596,352	2,849,091	882,646
Deposits from other governments	271,165	-	271,165	-	-
Bond Premium	4,353,017	-	497,488	3,855,530	-
Due to other governments	3,239,190	-	359,910	2,879,280	359,910
Unearned revenue-land and tower lease	13,890	-	-	13,890	2,665
Totals	\$ 48,219,600	\$ 1,672,387	\$ 5,519,080	\$ 44,372,908	\$ 5,106,359

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

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

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, Town of Madison, Cities of Middleton, Fitchburg, Sun Prairie and Verona, the Village of Shorewood Hills, the University of Wisconsin, Madison Area Technical College and Madison Metropolitan School District. Contracts are executed with all entities defining subsidy amounts and procedures.

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

The following are the operating subsidies for the years 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Federal	\$ 20,025,150	\$ 8,011,468
Federal operating grant pass-through to sub recipient	(107,615)	-
State	17,806,296	14,314,128
Local public subsidies	9,627,919	7,732,241
Vehicle Registration Fee	7,093,366	6,868,624

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.

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

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:

	University Research Park	Total
2024	\$ 2,473	\$ 2,473
2025	2,295	2,295
2026	2,130	2,130
2027	1,455	1,455
	<u>\$ 8,353</u>	<u>\$ 8,353</u>

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

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.

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2023 and 2022

NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)

General Information About the Pension Plan (cont.)

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.

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
2014	2.9	2.0
2015	0.5	(5.0)
2016	2.0	4.0
2017	2.4	17.0
2018	0.0	(10.0)
2019	1.7	21.0
2020	5.1	13.0
2021	7.4	15.0
2022	1.6	(21.0)
2023	3.6	15.0

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)

General Information About the Pension Plan (cont.)

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 \$2,002,549 and \$1,940,155 in contributions from Metro during the current and prior reporting periods, respectively.

Contribution rates for the plan year reported as of December 31, 2023 and December 31, 2022 are:

	2023		2022	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.50 %	6.50 %	6.75 %	6.75 %
Protective with Social Security	6.50 %	12.00 %	6.75 %	11.75 %
Protective without Social Security	6.50 %	16.40 %	6.75 %	16.35 %

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

At December 31, 2023, Metro reported a liability (asset) of \$8,947,474 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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, 2022, the City's proportion was 1.865038640%, which was an increase of 0.01698688% from its proportion measured as of December 31, 2021.

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

For the years ended December 31, 2023 and 2022, Metro recognized pension expense (revenue) of \$2,099,995 and \$(2,949,288), respectively.

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

At December 31, 2023, 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	\$ 15,811,406	\$ 20,200,443
Changes in assumption	2,023,223	-
Net differences between project and actual earnings on pension plan	15,012,028	
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,140	74,612
Employer contributions subsequent to the measurement date	2,352,481	-
Total	\$ 35,220,278	\$ 20,275,055

At December 31, 2022, 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	\$ 23,351,863	\$ 3,049,782
Changes in assumption	2,780,390	-
Net differences between project and actual earnings on pension plan	-	30,363,976
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,228	52,101
Employer contributions subsequent to the measurement date	2,002,549	-
Total	\$ 28,169,030	\$ 33,465,859

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:

	2023
Years Ending December 31:	
2024	\$ (517,939)
2025	(2,604,053)
2026	(2,666,387)
2027	(6,804,363)
2028	-
Thereafter	-
Total	\$ (12,592,742)

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

	2023	2022
Actuarial Valuation Date:	December 31, 2021	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2022	December 31, 2021
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% - 5.6%	0.1% - 5.6%
Mortality:	2022 WRS Experience Mortality Table	Wisconsin 2020 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, 2021 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, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

Actuarial assumptions for the December 31, 2020 actuarial valuation are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Pension Liabilities, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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, 2023 are summarized in the following table:

Asset Allocation Targets and Expected Returns As of December 31, 2023

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	48 %	7.6 %	5.0 %
Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund ³	115	7.4	4.8
<u>Variable Fund Asset</u>			
U.S Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

² New England Pension Consultants Long Term US 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%.

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2022 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	52 %	6.8 %	4.2 %
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Multi-Asset			
Total Core Fund	115	6.6	4.0
Variable Fund Asset Class			
U.S Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

NOTE 7 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

Single discount rate: A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (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, 2022. 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 6.8% 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 municipal bond 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, 2023 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)	\$ 29,696,375	\$ 8,947,474	\$ (5,325,990)

The sensitivity analysis as of December 31, 2022 follows:

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

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

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

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, 2023 and 2022, the following employees were covered by the benefit terms for the City of Madison:

	City of Madison	
	2023	2022
Inactive plan members or beneficiaries currently receiving benefit payments	2,612	2,587
Active plan members	738	689
Total members	<u>3,350</u>	<u>3,276</u>

Total OPEB Liability

At December 31, 2023, Metro's total OPEB liability of \$9,821,552 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date. At December 31, 2022, Metro's total OPEB liability of \$8,593,372 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2023 and 2022

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

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2023 and 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2023</u>	<u>2022</u>
Actuarial valuation date	December 31, 2023	December 31, 2022
Inflation	2.50% per year	2.50% per year
Salary increases	3.40% - 7.80%	3.00%
Healthcare cost trend rates	8.0% initially reduced by decrements to an ultimate rate of 4.5% after 7 years	7.0% initially reduced by decrements to an ultimate rate of 4.5% after 7 years
Retirees' share of benefit-related costs	100%	100%
Discount rate	4.00%	4.31%

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, 2023 valuation were based on the results of an actuarial experience study for the period 1/1/2023 - 12/31/2023.

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2023 and 2022

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2021	\$ 11,116,031
Changes for the year:	
Service cost	796,329
Interest	249,403
Change of Benefit Terms	39,505
Difference between expected and actual experience	(1,216,116)
Changes In Assumption or other Inputs	(1,930,307)
Net changes	<u>(425,738)</u>
Balances at December 31, 2022	<u>(2,522,659)</u>
Changes for the year:	\$ 8,593,372
Service cost	
Interest	578,628
Changes of benefit terms	371,725
Differences between expected and actual experience	(342,556)
Changes in assumptions or other inputs	434,309
Benefit payments	599,911
Net changes	<u>(413,837)</u>
Balances at December 31, 2023	<u>1,228,180</u>
	<u>\$ 9,821,552</u>

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

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, 2023:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	\$ 10,616,379	\$ 9,821,552	\$ 9,097,693

As of December 31, 2022:

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

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, 2023:

	1% Decrease (7.00%)	Healthcare Cost Trend Rates (8.00%)	1% Increase (9.00%)
Total OPEB liability	\$ 8,841,992	\$ 9,821,552	\$ 10,976,913

As of December 31, 2022:

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

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2023 and 2022

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, 2023 and 2022, Metro recognized OPEB expense of \$64,010 and \$283,093, respectively. At December 31, 2023 and 2022, Metro reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$376,464	\$ 1,496,898	\$ -	\$ 1,915,179
Changes of assumptions or other inputs	1,399,144	1,080,221	1,150,893	1,329,415
Total	\$ 1,775,608	\$ 2,577,119	\$ 1,150,893	\$ 3,244,594

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:	
2024	\$ 174,509
2025	174,509
2026	77,119
2027	109,496
2028	218,615
Thereafter	47,263
Total	\$ 801,511

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

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 2023, 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 2023, TMI also provided Metro with auto physical damage coverage for its buses with a total limit of \$78,200,000 and a \$5,000 deductible for collision and comprehensive coverage. TMI insures \$750,000 and reinsures the remainder of \$77,450,000 with Great American Insurance Group.

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

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

METRO TRANSIT SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

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 33.93% 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

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

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.

In September of 2018 the Transit and Parking Commission approved a contract with New Flyer Corp. for the purchase of up to 72 buses over a five-year period. As of December 31, 2023, 27 buses had been purchased under this contract.

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

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, 2023

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)
12/31/23	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%
12/31/15	1.58638589%	(4,594,579)	21,289,768	-21.58%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2023

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
12/31/23	\$ 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%
12/31/15	1,838,382	(1,838,382)	-	21,892,596	8.40%

See notes to required supplementary information

METRO TRANSIT SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2023

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

Changes of assumptions .

	2015 - 2018	2019 - 2021	2022 - 2023
Long-term expected rate of return	7.2%	7.0%	6.8%
Discount rate	7.2%	7.0%	6.8%
Salary increases			
Inflation	3.2%	3.0%	3.0%
Seniority/Merit	0.2% - 5.6%	0.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table	2020 WRS Experience Mortality Table
Post-retirement adjustments	2.10%	1.90%	1.70%

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

METRO TRANSIT SYSTEM

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

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service Cost	\$ 705,351	\$ 550,035	\$ 444,639	\$ 847,278	\$ 796,329	\$ 578,628
Interest on Total OPEB Liability	380,003	332,805	119,888	242,902	249,403	371,725
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
Changes in assumptions	(202,495)	576,405	1,277,049	(117,716)	(1,930,307)	257,355
Employee Contributions	-	-	-	-	-	-
Benefit payments, including employee refunds	(430,900)	(546,452)	(662,920)	(425,738)	(461,473)	(413,837)
Administrative expense	-	-	-	-	-	-
Net Change in total OPEB Liability	(330,017)	505,339	464,330	293,920	(2,522,659)	1,228,180
Total OPEB Liability - beginning	10,182,459	9,852,442	10,357,781	10,822,111	11,116,031	8,593,372
Total OPEB Liability - ending	\$ 9,852,442	\$ 10,357,781	\$ 10,822,111	\$ 11,116,031	\$ 8,593,372	\$ 9,821,552
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 29,558,616	\$ 29,960,152	\$ 27,291,374	\$ 29,496,682	\$ 26,050,168	\$ 29,900,921
Total OPEB liability as a percentage of covered-employee payroll	33.33%	34.57%	39.65%	37.69%	32.99%	32.85%

Notes to OPEB Schedule:

Changes in Assumptions

Discount Rate - The discount rate has been updated from 4.31% to 4.0% in the December 31, 2023 valuation.

* Measurement fiscal year 2018 was the first year of GASB 75 implementation, therefore only six years are presented.

Notes to OPEB Schedule:

Methods and Assumptions used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Amortization method	Level percentage of payroll, closed
Amortization period	15 years
Asset valuation method	5 - year smoothed market
Inflation	2.7% as of December 31, 2018 and 2019 and 2.5% as of December 31, 2020, 2021, and 2022
Healthcare cost trend rates	7.5% 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.
Salary increases	0.4% - 4.8% as of December 31, 2018 and 2019 and 3.00% as of December 31, 2020, 2021 and 2022, 2023
Investment rate of return	4.11% as of January 1, 2018, 3.26% as of December 31, 2019, 2.12% as of December 31, 2020, 2.25% as of December 21, 2021 and 4.31% as of December 31, 2022 and 4.0% for December 31, 2023
Retirement age	Expected retirement ages of general employees are based on a March 2018 experience study.
Mortality	In the 2018 and 2019 actuarial valuation Mortality Rates are based on RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018. In the 2020 actuarial valuation Mortality Rates are based on the RPH-2020 Total Dataset Mortality Table fully generational using Scal MP-2020.

Other information:

None

SUPPLEMENTARY INFORMATION

METRO TRANSIT SYSTEM

OPERATING REVENUES AND EXPENSES

December 31, 2023 and 2022

OPERATING REVENUES	2023	2022
Passenger Fares for Transit Services		
Farebox	\$ 1,169,169	\$ 1,083,426
Adult 10 ride and 2 ride passes	379,761	479,845
Youth 10 ride and 2 ride passes	103,547	119,875
Senior & disabled passes	1,227,441	953,982
Adult 31 day passes	961,206	682,362
Easy rider passes	208,082	206,249
MMSD passes	1,976,986	1,487,380
Summer youth passes	24,765	36,370
UW ASM unlimited ride pass	2,290,057	2,553,937
UW Staff unlimited ride pass	1,195,241	1,479,961
Edgewood College unlimited ride pass	25,124	27,573
Madison College unlimited ride pass	228,879	171,792
City of Madison Employee unlimited ride pass	141,730	103,531
St Marys Hospital unlimited ride pass	30,445	28,211
Meriter Hospital unlimited ride pass	16,419	17,069
Dane County unlimited ride pass	17,537	19,190
Commuter Pass unlimited ride pass	307,438	239,538
Total Passenger Fares for Transit Service	10,303,826	9,690,290
Other Operating Revenues		
Advertising revenue	470,550	556,746
Sale of buses, scrap and parts	73,993	9,329
Miscellaneous	52,481	15,554
Dane County - Elderly & Handicapped	267,908	267,908
Dane County - Group Access Service	144,864	-
Dane County - Group RSVP Service	179,613	-
Dane County - Highway (Marketing)	19,300	19,300
Total Other Operating Revenues	1,208,709	868,838
Total Operating Revenues	11,512,535	10,559,128
OPERATING EXPENSES		
Operation and Maintenance Expenses		
Employee compensation and benefits		
Salaries and wages	35,767,627	31,514,020
Pensions and benefits	15,528,768	9,087,416
Total Employee Compensation and Benefits	51,296,395	40,601,436
Materials and supplies	6,037,442	4,526,616
Purchased services	8,479,379	6,653,597
Interagency charges	1,744,125	1,495,867
Total Operation and Maintenance Expenses	67,557,341	53,277,516
Depreciation & Amortization expense	7,982,809	8,151,767
Total Operating Expenses	75,540,150	61,429,282
NET OPERATING LOSS	\$ (64,027,615)	\$ (50,870,153)

METRO TRANSIT SYSTEM

DETAILED SCHEDULE OF REVENUES AND EXPENSES - REGULATORY BASIS

December 31, 2023 and 2022

	2023	2022
REVENUES		
401.00 Passenger fares for transit service	\$ 10,303,826	\$ 9,690,290
402.10 Service charges, NSF charges, etc.	52,481	15,554
406.00 Auxiliary transportation revenue - advertising	470,550	556,746
407.10 Contra-expense for sale of buses, scrap and parts	73,993	9,329
409.10 Local public subsidies	9,620,524	7,732,241
409.30 City of Madison operating subsidy	1,659,797	5,989,267
409.40 Dane County specialized transportation programs	611,685	287,208
411.00 State cash grants and reimbursements	17,806,296	14,314,128
413.00 Federal cash grants and reimbursements	20,025,150	8,011,468
Federal subsidies pass-through to sub recipient	(107,615)	-
Total Eligible Revenues	60,516,687	46,606,231
EXPENSES - BY OBJECT CLASS TOTAL		
501.01 Operators' salaries and wages	21,465,889	19,121,065
501.02 Other salaries and wages	13,396,048	11,190,885
502.00 Fringe benefits	16,613,335	10,402,150
503.00 Services	1,375,324	1,351,288
504.01 Fuel and lubricants	3,551,799	2,305,905
504.02 Tires and tubes	173,669	123,639
504.99 Other materials and supplies	1,926,903	1,993,688
505.00 Utilities	626,457	668,740
506.00 Casualty and liability costs	1,031,984	915,048
508.00 Purchased transportation	5,128,098	3,482,051
509.00 Miscellaneous expense	245,175	191,020
511.00 Interest expense	230,007	275,009
512.00 Leases and rentals	72,140	36,169
513.00 Depreciation	7,982,809	8,151,767
Less: Ineligible depreciation on fixed assets	(7,982,809)	(8,151,767)
516.00 Other Reconciling Items	1,744,126	1,495,867
Total Eligible Expenses	67,580,955	53,552,525
NET INCOME (excluding capital contributions and depreciation/ amortization on fixed assets)	\$ (7,064,268)	\$ (6,946,294)

METRO TRANSIT SYSTEM

RECONCILIATION OF REVENUES AND EXPENSES TO WISDOT AND FEDERAL RECOGNIZED REVENUES AND EXPENSES For the Year Ended December 31, 2023

		Per WisDOT Guidelines
Revenues including subsidies and operating transfer	\$	60,516,687
Less: Non-recognized revenues		
City operating transfer	\$	1,659,797
Local public subsidies		9,620,524
Dane County specialized transportation programs		611,685
Other federal subsidy		20,025,150
State operating subsidy		17,806,296
Nontransportation revenues		
Sale of buses, scrap and parts		73,993
Service charges, NSF charges, etc.		52,481
Total Non-Recognized Revenues		49,849,926
WisDOT Eligible Operating Revenues	\$	10,666,761
Total Expenses per statement including interest expense	\$	75,770,157
Add: Fixed assets eligible for operating assistance		-
Total Expenses	\$	75,770,157
Less: Non-recognized expenses		
Depreciation		7,982,809
Interest expense		230,007
Offset of scrap sales and miscellaneous reimbursements		127,128
Capital Maintenance Grant @ 100%		9,061,094
Leases and rentals		72,140
Interagency indirect charges without approved allocation plan		1,744,126
Total WisDOT Non-Recognized Expenses		19,217,304
WisDOT Eligible Operating Expenses	\$	56,552,853
WisDOT Recognized Deficit	\$	(45,886,092)
Less Operating revenues ineligible for federal assistance:		
Advertising revenue		470,550
Federal Recognized Deficit	\$	(45,415,542)

METRO TRANSIT SYSTEM

COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS
For the Year Ended December 31, 2023

STATE FUNDS

WisDOT Recognized Deficit		<u>\$ 45,886,092</u>
WisDOT Contract Amount*		<u>\$ 17,806,296</u>
City of Madison and Other Local Subsidies	<u>\$ 11,280,321</u>	
5 Times Operating Subsidy		<u>\$ 56,438,581</u>
State Share - Least of the Three		<u>\$ 17,806,296</u>

FEDERAL FUNDS

	<u>Eligible Costs</u>	<u>Federal Share</u>	
Capital maintenance			
Grant WI 900595	\$ -	\$ -	
Grant WI 2021-042*	9,061,094	9,061,094	
Emergency Assistance			
Grant WI 2020-049*	6,585,934	6,585,934	
Grant WI 2021-042*	4,158,606	4,158,606	
Enhanced Mobility	-	-	
Grant WI 2022-028*	26,763	26,763	
Grant WI 2021-029*	-	-	
Grant WI 2022-028	4,776	3,821	
Grant WI 2023-039	92,597	74,078	
Grant WI 2023-039*	114,842	114,842	
Costs accrued - grant to be identified		-	
Total federal operating revenue			<u>\$ 20,025,150</u>

*This portion was 100% federally funded

SUMMARY OF FUNDING (2023 only)

	<u>Received in 2023</u>	<u>Receivable 12/31/23</u>	<u>Totals</u>
Federal Capital Maintenance Plus Rescue/CARES	\$ 10,597,516	\$ 9,427,634	\$ 20,025,150
State Funds	17,806,296	-	17,806,296
Local Public Subsidies	9,627,919	-	9,627,919
City of Madison	<u>1,659,797</u>	<u>-</u>	<u>1,659,797</u>
Total Funding	<u>\$ 39,691,528</u>	<u>\$ 9,427,634</u>	<u>\$ 49,119,162</u>

*WisDOT Contract Amount includes \$17,205,400 from the 2023 Urban Mass Transit Operating Assistance Contract, \$600,896 from the 2023 Paratransit Aids Contract.