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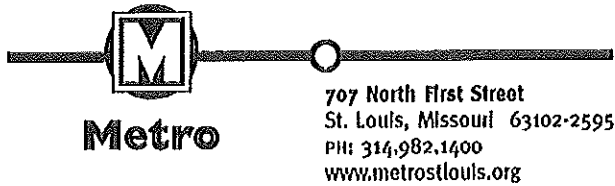
**NOTICE OF MEETING AND AGENDA  
BI-STATE DEVELOPMENT AGENCY / METRO  
AUDIT COMMITTEE  
FRIDAY, JANUARY 23, 2015, 8:00 A.M.  
Headquarters  
Board Room, 6<sup>th</sup> Floor  
707 North First Street  
St. Louis, Missouri 63102**

**This location is accessible to persons with disabilities. Individuals with disabilities needing information or communication accommodations should call Metro at (314) 982-1400; for TTY access, call Relay 711. Sign language interpreter services or other accommodations for persons with hearing or speech disabilities will be arranged if a request for such service is made at least two days in advance of the meeting. Large print material, Braille material or other formats will also be provided upon request.**

Agenda	Disposition	Presentation
1. Call to Order	Approval	Chair Gully
2. Roll Call	Quorum	S. Bryant
3. Public Comment	Information	Chair Gully
4. Minutes from October 24, 2014, Audit Committee Meeting - Open Session	Approval	Chair Gully
5. September Financials	Information	K. Klevorn
6. September Performance Indicators	Information	K. Klevorn
7. Treasury – Safekeeping Quarterly Accounts Audit, Ending September 30, 2014	Information	J. Cali
8. Internal Audit Status Report - FY2015 (2nd Quarter)	Information	J. Cali
9. Internal Audit Follow-Up Summary - FY2015 (2nd Quarter)	Information	J. Cali
10. Corporate Compliance and Ethics	Information	K. Swagler
11. Report to the Nations on Fraud	Information	J. Cali
12. Unscheduled Business	Approval	Chair Gully
13. Executive Session	Approval	Chair Gully
<i>If such action is approved by a majority vote of The Bi-State Development Agency's Board of Commissioners who constitute a quorum, the Board may go into closed session to discuss legal, confidential, or privileged matters under §610.021(1), RSMo; leasing, purchase or sale of real estate under §610.021(2); personnel actions under §610.021(3); discussions regarding negotiations with employee groups under §610.021(9); sealed bids, proposals and documents related to negotiated contracts under §610.021(12); personnel records or applications under §610.021(13); records which are otherwise protected from disclosure by law under §610.021(14); records relating to hotlines established for reporting abuse and wrongdoing under §610.021(16); or confidential or privileged communications with the District's auditor, including auditor work products under §610.021(17).</i>		

14. Call of Dates for Future Committee Meetings	Information	S. Bryant
15. Adjournment	Approval	Chair Gully

**Note: Public comment may be made at the written request of a member of the public specifying the topic(s) to be addressed and provided to the Agency's information officer at least 48 hours prior to the meeting.**



**BI-STATE DEVELOPMENT AGENCY / METRO  
AUDIT COMMITTEE MEETING  
OPEN SESSION MINUTES  
OCTOBER 24, 2014**

**Committee Members in Attendance**

**Missouri**

Constance Gully, Chair  
Vincent C. Schoemehl  
Hugh Scott (via phone)

**Illinois**

David Dietzel (absent)  
Jeffrey Watson (absent)

**Other Commissioners in Attendance**

Aliah Holman (via phone @ 8:07 a.m.)  
Michael Buehlhorn (via phone @ 8:02 a.m.)

**Staff in Attendance**

John Nations, President & CEO  
Barbara Enneking, General Counsel and Deputy Secretary  
Shirley Bryant, Certified Paralegal/Assistant Secretary  
Jim Cali, Director Internal Audit  
Rita Marion, Sr. Administrative Assistant  
Kathy Klevorn, Sr. Vice-President, Chief Financial Officer  
Patti Beck, Director of Communications  
Kent Swagler, Director of Corporate Compliance and Ethics  
Mark Vago, Controller  
Angie Staicoff, Internal Auditor  
Kelly Fitzpatrick, Internal Auditor, Part-Time  
Charles Priscu, Director Labor Relations  
Tammy Fulbright, Director Treasury Services  
Chris Olden, Supervisor Accounting

**Others in Attendance**

Jeff White, Columbia Capital  
Scott Nickerson, Crowe Horwath  
Ted Flom, Brown, Smith & Wallace  
Chrisy Pedroli, Brown, Smith & Wallace

1. **Call to Order**  
8:00 a.m. Commissioner Gully called the Open Session Audit Committee Meeting to order at 8:00 a.m.
2. **Roll Call**  
8:00 a.m. Roll call was taken.

3. **Public Comment**

8:00 a.m. There was no public comment.

4. **Minutes of Prior Open Session Audit Committee Meeting**

8:01 a.m. The August 29, 2014, Audit Committee Open Session Meeting Minutes were provided in the Committee packet. A motion to approve the minutes was made by Commissioner Schoemehl and seconded by Commissioner Scott. **Motion passed unanimously.**

5. **St. Clair County Transit District Refunding Bonds/Approval of Bond Financing**

8:01 a.m. The briefing paper regarding St. Clair County Transit District (SCCTD) Refunding Bonds/Approval of Bond Financing was provided in the Committee packet. Jeff White, of Columbia Capital (Columbia) provided a brief overview regarding the St. Clair County Transit District Refunding Bonds. The Agency issued on behalf of SCCTD \$5,590,000 St. Clair County MetroLink Extension Project Refunding Revenue Bonds, Series 2004 (the "2004 Bonds"). The 2004 bonds would refund the prior 1998 Bonds for economic savings. The Agency issued the 2004 Bonds with a ten year par call, so that on and after July 1, 2014, the Agency could call the 2004 Bonds out of the market without penalty. By doing this, the Agency would issue new bonds at a lower interest rate, using the proceeds of the new bonds to redeem the 2004 Bonds. SCCTD requested that the Agency execute the refunding on its behalf. SCCTD expects to generate a material financial benefit from this transaction generating a refunding savings, after costs, in excess of 10% of the bonds refunded. This is in excess of Columbia's recommended threshold of 3% for this type of transaction, and there is no adverse impact to the Agency for issuing the refunding bonds. This transaction would offer a very substantial savings for SCCTD.

**\*\*8:02 a.m. Commissioner Buehlhorn joined the meeting by phone.**

The Agency's role in this bond transaction is to issue the bonds on behalf of SCCTD, and the Agency has no ongoing obligation for the repayment of the debt service. SCCTD selected Fifth Third Bank to serve as sole managing underwriter on this transaction. This transaction is moving quickly, and as such, all necessary material is expected to be provided in its final form to the full Board at the November 21, 2014, meeting. As in previous financings, Columbia will request that the Board approve a resolution subject to certain conditions to ensure that the Transit District's purposes are being met. The Executive Committee is expected to finalize this transaction when the bonds are sold in the market. In addition, Columbia will coordinate pending action by the Executive Committee to finally sign the Arch Bonds at the same time the bond transaction for SCCTD is completed, in an effort to utilize the Committee's time wisely.

Some discussion followed regarding the reasoning behind having the Agency complete this transaction on behalf of SCCTD and the ease of building on a transaction that has already been done rather than starting from scratch.

A motion to approve and refer to the Board, for their approval, the St. Clair County Transit District refunding, with such approval including establishing certain parameters under which the transaction may be executed; appointing Fifth Third Bank as sole managing underwriter; approving of key documents to be presented to the Board; and delegating to the Board's Executive Committee the authority to finally approve the transaction was made by Commissioner Schoemehl and seconded by Commissioner Scott. **Motion passed unanimously.**



**\*\*8:07 a.m. Commissioner Holman joined the meeting by phone.**

**6. Treasury - Safekeeping Quarterly Accounts Audit Ending June 30, 2014**

**8:07 a.m.** The Treasury - Safekeeping Quarterly Accounts Audit Ending June 30, 2014 and a summary of the findings was provided in the Committee packet. Jim Cali, Director of Internal Audit, stated that in accordance with Board Policy the Internal Audit Department (IAD) performed a quarterly audit of the Treasury Safekeeping Accounts. IAD found one small exception with the custodian that reported one of the Agency's investments at market value, which was \$27,595 greater than our original costs. This variance was due to Jefferson Bank & Trust confirming the Par value versus the Market value. Based upon the analysis and examination, IAD determined that the Safekeeping Accounts exist, and the respective balances have been fairly presented in the Treasurer's Report dated June 30, 2014. This information was presented as informational only and no Committee action was required. A copy of the report will be kept at the office of the Deputy Secretary.

**7. Internal Audit Status Report - FY2015 (1st Quarter)**

**8:08 a.m.** The Internal Audit Status Report - FY2015 (1st Quarter) was provided in the Committee packet. Jim Cali stated that the Internal Audit Department keeps records of all of their activities for both IAD staff and the on-call contractors that have been engaged to perform certain engagements. These records have detailed listings of each project, its current status, the number of hours budgeted, and the number of hours spent to date. IAD is meeting its objectives for the first quarter audit program for the engagements that are scheduled. In this particular status report, a new section has been added that lists questionable costs. As a result of the recently completed audits, IAD identified a number of Audit Findings resulting in questionable costs in the total amount of \$240,201; and as of October 1, 2014, the Agency has recovered \$148,258 from Lamar on the transit advertising contract audit.

Commissioner Gully asked when the Airport audit would be completed. In response, Mr. Cali informed the Board that the Airport audit report and findings are complete and have been given to management for their review and comments. This report was informational only and no Committee Action was required. A copy of the report will be kept at the office of the Deputy Secretary.

**8. Internal Audit Follow-Up Summary FY2015 (1st Quarter)**

**8:10 a.m.** The Internal Audit Follow-Up Summary FY2015 (1st Quarter) was provided in the Committee packet. Jim Cali stated that one of the most important parts of an audit is to determine that the auditee takes corrective action on the recommendations of the Internal Audit Department. This audit follow-up summary report is an overview highlighting the current implementation status of recommendations issued in prior audit reports. All recommendations have been reviewed and its status has been classified as either "Completed", "Outstanding", or "Overdue". There is one recommendation that is overdue, primarily because the Finance Department has been working on preparing the financial report related to the fire truck contract with the City of St. Louis. The Finance Department has expended a lot of time and allocated a lot of their resources to finishing up the annual financial statement audit, and it is expected to be completed soon. This report was informational only and no Committee action was required. A copy of the report will be kept at the office of the Deputy Secretary.

**9. Internal Audit Department and On-Call Contractor Analysis - FY2009-FY2014**

**8:11 a.m.** The Internal Audit Department and On-Call Contractor Analysis - FY2009 - FY2014 was provided in the Committee packet. Jim Cali stated that pursuant to Commissioner Scott's

request at the August 29, 2014, Audit Committee meeting, the analysis of audits performed by IAD staff and On-Call Contractors for the period FY 2009 through FY 2014 was prepared. While it is the goal of IAD to complete the Annual Audit Plan with IAD staff, it may be necessary from time to time to engage On-Call Contractors to perform certain specialized audits. During the period from FY09 to the end of FY14, the On-Call Contractors performed nine (9) specific audits and the average cost per audit was \$172,601. For this same period of time, IAD was not fully staffed but did complete sixty-eight (68) audits for an average cost of \$33,040. Today IAD is fully staffed, and although it is more cost effective to use IAD staff, it is still necessary to use contractors because they bring certain expertise to projects that the IAD staff does not have. This report was informational only and no Committee action was required. A copy of the report will be kept at the office of the Deputy Secretary.

**10. Unscheduled Business**

**8:14 a.m.** John Nations, President & CEO, informed the Board that two weeks from today, November 7, 2014, at approximately 10 a.m. a celebration of the Eads Bridge Project (the "Project") being 50% completed is scheduled to take place. The work on the north side of the bridge has been completed and the work has now switched to the south side of the bridge. This Project has generated a lot of interest with requests to tour the bridge, and we committed at the beginning to keep the Committee informed. Therefore, now is the opportune time to pause for a commemorative celebration. Invitations will be sent to the Board, and representatives from the FTA and other dignitaries are expected to attend as well. The Project is expected to be completed by the end of 2015 or early January 2016.

**11. Executive Session - Executive Session - If such action is approved by a majority vote of the Bi-State Development Agency's Board of Commissioners who constitute a quorum, the Board may go into closed session to discuss legal, confidential, or privileged matters under §610.021(1); RSMo; leasing, purchase or sale of real estate under §610.021(2); personnel actions under §610.021(3); discussions regarding negotiations with employee groups under §610.021(9); sealed bids, proposals and documents related to negotiated contracts under §610.021(12); personnel records or applications under §610.021(13); records which are otherwise protected from disclosure by law under §610.021(14); records relating to hotlines established for report abuse and wrongdoing under §610.021(16); or confidential or privileged communications with the District's auditor, including auditor work products under §610.021(17).**

**8:15 a.m.** Pursuant to the requirements of Section 610.021(17) of the Revised Statutes of Missouri, Commissioner Gully requested a motion to allow the Committee to go into closed session. A motion was made by Commissioner Schoemehl and seconded by Commissioner Buchhorn. A roll call vote was taken and the Commissioners present, Gully, Schoemehl, Scott, and Buchhorn voted to approve this agenda item. Commissioner Holman who was participating by phone did not respond during this vote. **Motion passed unanimously.**

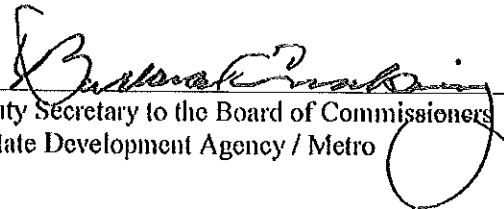
**\*\*8:16 a.m. Commissioner Scott disconnected.**

**12. Call of Dates for Future Committee Meetings**

**9:18 a.m.** Future Committee meetings are as follows: a Board meeting is scheduled for Friday, November 21, 2014, at 8:00 a.m.; an Audit Committee meeting on Friday, January 23, 2015, at 8:00 a.m.; and an Operations Committee meeting on Tuesday, January 27, 2015, at 8:00 a.m.

13. **Adjournment**

9:18 a.m. A motion to adjourn the Open Session Audit Committee Meeting was made by Commissioner Schoemehl and seconded by Commissioner Buehlhorn. Motion passed unanimously.

  
Deputy Secretary to the Board of Commissioners  
Bi-State Development Agency / Metro



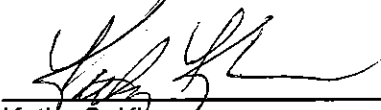
**Bi-State  
Development  
Agency**

# QUARTERLY FINANCIAL STATEMENTS

**FISCAL YEAR 2015**  
First Quarter • Ending September 30, 2014



To: John M. Nations  
President & Chief Executive Officer

From:   
Kathy S. Klevorn  
Senior Vice President & CFO

Date: November 4, 2014

Subject: Bi-State Financial Statements – September 30, 2014

Enclosed is the financial statement package for September 30, 2014. Operating results, including the analysis and financial position, are provided for Metro Transit and each Business Enterprise entity. The financial information presented is for the first quarter of fiscal year 2015. These results are *unaudited* and subject to change.

The financial statements presented are not prepared in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP). A U.S. GAAP presentation would include, among other things, depreciation shown as an operating expense rather than as other non-operating expense; full disclosure of all material financial and non-financial events

with accompanying footnote disclosures; and a Management Discussion and Analysis (MD&A) section.

The combined net income before depreciation for Bi-State Development is \$11.7 million. Net income from the other entities offsets the loss from the St. Louis Downtown Airport. *Please see page 3.*

#### **Transit**

For the three months ended September 30, 2014, Metro Transit has achieved a net income before depreciation of \$10.4 million.

Ridership over prior year increased 1.1% while passenger revenue increased 2.5% over the same period. The fare increase effective July 1, 2014 helped revenues outpace ridership while raising average fare to \$1.11 from \$1.09.

Funds provided by St. Louis County, the City of St. Louis and St. Clair County Transit District in exchange for services are favorable to budget. There is an unfavorable variance in federal vehicle maintenance because some funding designated for operations are being directed to a capital project. *Please see page 15 for the Statement of Revenue and Expense.*

### **Business Enterprises**

The four Business Enterprise divisions achieved a combined net operating income before depreciation of \$934 thousand.

The Gateway Arch Trams, Gateway Parking and the Riverfront Attractions are all being impacted by the CityArchRiver construction. Compared to prior year, Gateway Arch ridership is down 5.9%, Gateway Parking revenue is down 35.3% and the bicycle rental operations have been suspended. The construction further impacted the Riverboat operations by creating a lower flooding and threshold and impacting operating by adding 37 flood days during the first quarter of FY 2015. The flooding limited the number of cruises to 256 compared to 477 for the same quarter last year.

The Gateway Arch Tram System is generating net income before depreciation of \$816 thousand as budgeted. *Please see page 26 for the Statement of Revenue and Expense.*

Despite a greater reduction in revenue than expected, the Arch Parking Facility is generating net income before

depreciation of \$95 thousand. *Please see page 32 for the Statement of Revenue and Expense.*

Riverfront Attractions is generating net income before depreciation of \$43 thousand which is \$37 thousand unfavorable to budget. *Please see page 38 for the Statement of Revenue and Expense.*

St. Louis Downtown Airport is generating net loss before depreciation of \$21 thousand. Operating revenues are \$134 thousand below budget partially due a major tenant vacating one of their hangars and negotiating a lease with lower rent on another hangar. *Please see page 45 for the Statement of Revenue and Expense.*

### **Executive Services**

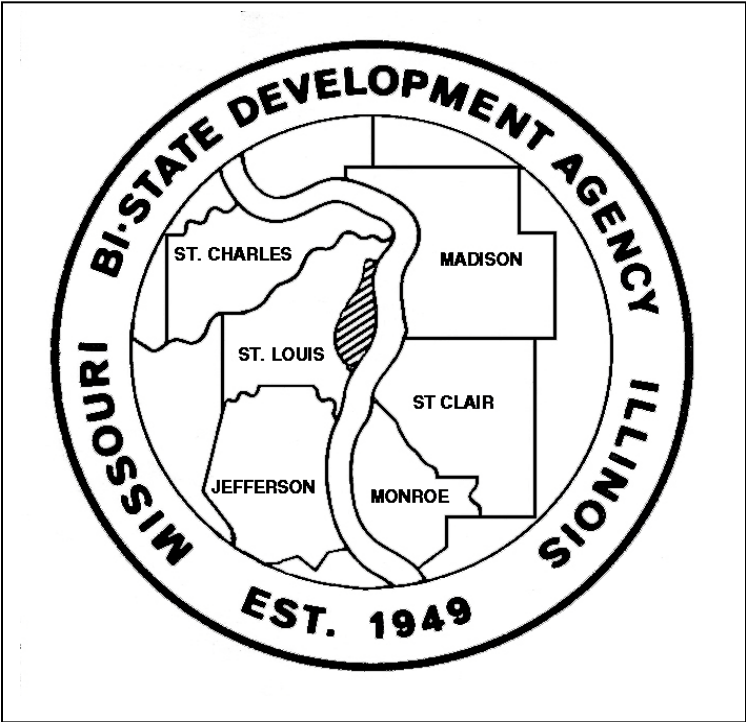
Executive Services has net income before depreciation of \$416 thousand. Operating revenue and operating expenses are favorable to budget. The company has staff vacancies and the favorable timing of legal, audit, and consulting services through the first quarter. *Please see page 6 for the Statement of Revenue and Expense.*

Please contact me with any comments or questions regarding the financial statements.

**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District**  
**Combining Schedule of Revenues, Expenses and Net Income (Loss)**  
**For the Three Months Ended September 30, 2014**  
(Unaudited)

	Executive Services	Gateway Arch Tram System	Gateway Arch Parking Facility	Gateway Arch Riverfront Attractions	St. Louis Downtown Airport	Transit System	Totals	Interfund Eliminations	Totals After Eliminations
<b>Passenger and service revenues</b>									
Passenger and service revenues	\$ -	\$ 2,140,250	\$ 357,826	\$ 610,701	\$ 286,276	\$ 14,642,109	\$ 18,037,162	\$ (28,429)	\$ 18,008,733
Interfund administrative fees	999,625	-	-	-	-	-	999,625	(999,625)	-
Other Operating Revenue	166,686	(31,378)	40,970	29,400	31,791	2,048,719	2,286,188	-	2,286,188
<b>Total operating revenues</b>	<b>1,166,311</b>	<b>2,108,872</b>	<b>398,796</b>	<b>640,101</b>	<b>318,067</b>	<b>16,690,828</b>	<b>21,322,975</b>	<b>(1,028,054)</b>	<b>20,294,921</b>
<b>Operating expenses</b>									
Wages and benefits	542,065	445,388	96,267	317,184	203,844	42,517,907	44,122,655	-	44,122,655
Services	102,731	264,200	134,763	75,876	10,197	8,559,582	9,147,349	-	9,147,349
Fuel and lube consumed	284	46	-	21,584	5,707	4,821,690	4,849,311	-	4,849,311
Materials and supplies	1,344	35,673	4,010	86,193	41,658	4,989,442	5,158,320	-	5,158,320
Utilities	1,445	36,359	20,903	21,976	50,368	1,994,381	2,125,432	-	2,125,432
Casualty and liability costs	-	12,071	8,095	36,956	9,539	679,727	746,388	-	746,388
Leases & other expenses	103,059	445,576	39,481	37,076	17,521	1,272,001	1,914,714	(1,028,054)	886,660
<b>Total operating expenses</b>	<b>750,928</b>	<b>1,239,313</b>	<b>303,519</b>	<b>596,845</b>	<b>338,834</b>	<b>64,834,730</b>	<b>68,064,169</b>	<b>(1,028,054)</b>	<b>67,036,115</b>
<b>Operating income (loss)</b>	<b>415,383</b>	<b>869,559</b>	<b>95,277</b>	<b>43,256</b>	<b>(20,767)</b>	<b>(48,143,902)</b>	<b>(46,741,194)</b>	<b>-</b>	<b>(46,741,194)</b>
<b>Non-operating revenues (expenses)</b>									
Grants and assistance									
State and local assistance	-	-	-	-	-	59,536,836	59,536,836	-	59,536,836
Federal assistance	-	-	-	-	-	4,385,004	4,385,004	-	4,385,004
Interest income	466	2,236	28	-	39	168,488	171,257	-	171,257
Interest expense	-	-	-	-	-	(5,281,655)	(5,281,655)	-	(5,281,655)
Contributions to outside entities	-	(55,477)	-	-	-	(202,909)	(258,386)	-	(258,386)
Other non-operating revenue (expense)	-	-	-	-	-	(75,991)	(75,991)	-	(75,991)
<b>Total non-operating revenues (expenses)</b>	<b>466</b>	<b>(53,241)</b>	<b>28</b>	<b>-</b>	<b>39</b>	<b>58,529,773</b>	<b>58,477,065</b>	<b>-</b>	<b>58,477,065</b>
<b>Income (loss) before depreciation</b>	<b>415,849</b>	<b>816,318</b>	<b>95,305</b>	<b>43,256</b>	<b>(20,728)</b>	<b>10,385,871</b>	<b>11,735,871</b>	<b>-</b>	<b>11,735,871</b>
Depreciation and amortization	608	87,450	2,455	76,270	387,334	17,266,225	17,820,342	-	17,820,342
<b>Net income (loss) before transfers</b>	<b>415,241</b>	<b>728,868</b>	<b>92,850</b>	<b>(33,014)</b>	<b>(408,062)</b>	<b>(6,880,354)</b>	<b>(6,084,471)</b>	<b>-</b>	<b>(6,084,471)</b>
Net transfers	-	118,310	(125,000)	-	-	6,690	-	-	-
<b>Net income (loss)</b>	<b>\$ 415,241</b>	<b>\$ 847,178</b>	<b>\$ (32,150)</b>	<b>\$ (33,014)</b>	<b>\$ (408,062)</b>	<b>\$ (6,873,664)</b>	<b>\$ (6,084,471)</b>	<b>\$ -</b>	<b>\$ (6,084,471)</b>

# Executive Services



## Executive Branch

Financial Highlights .....	4
Quarterly Statement of Net Position.....	5
Income/Expense Analysis.....	6
Consolidated Cash Receipts and Disbursement Schedule.....	7
Statement of Cash Flows.....	8
Capital Expenditures for Active Projects.....	9



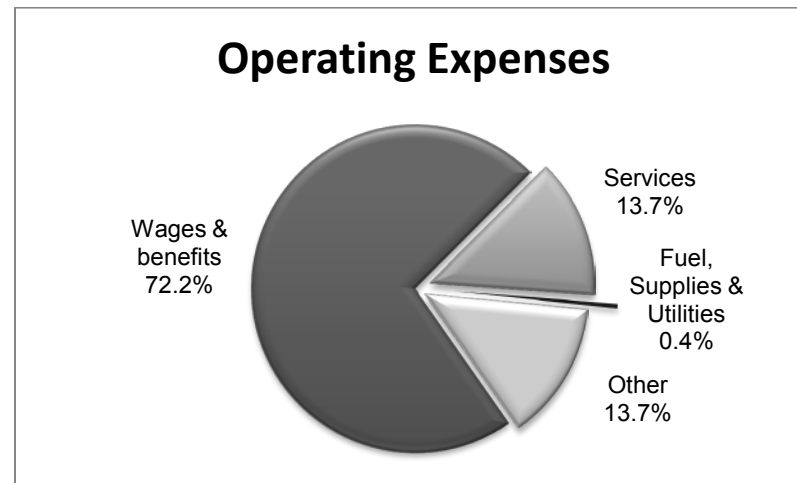
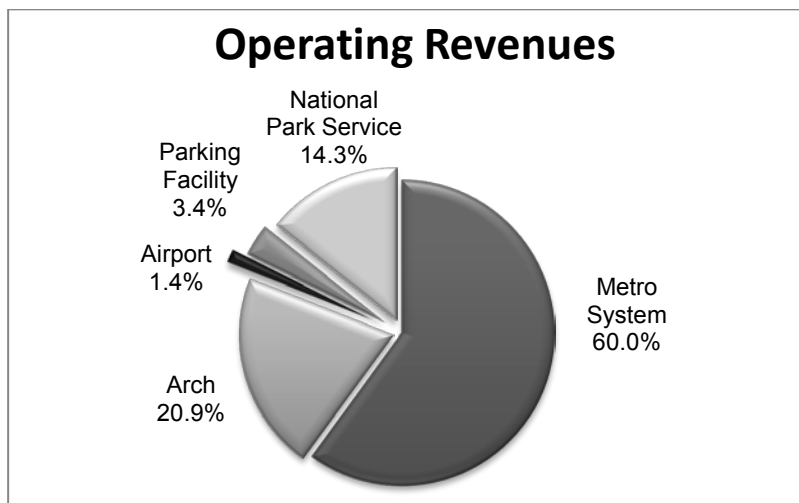
# Executive Services

Three Months Ended September 30, 2014

**Executive Services** is a service company which supports all Bi-State Development operating companies. Executive Services consist of the Executive Office, Internal Audit, General Counsel, Economic Development, Workforce Diversity and EEO and Business Enterprises Administration.

**Operating income** of \$415,383 is favorable to budget as a result of expenses being lower than budget and also a favorable increase in Arch administrative fee revenue.

**Operating revenue** is the total of management fee assessments to Bi-State operating companies plus the National Park Service. The absence of a Riverfront Attractions assessment reflects a fee waiver for FY 2015. Operating revenues for the period were 0.8% greater than budget due to greater net revenues at the Gateway Arch.



**Salaries, wages & benefits** are \$108,588 or 16.7% favorable to budget due to position vacancies.

**Services** include fees for legal, audit, consulting and other services. Services are \$123,321 favorable to budget due to the timing of legal and consulting expenses.

**Materials and supplies** are \$4,491 or 77.0% favorable to budget and primarily due to the timing of spending for office supplies and training materials.

**Other expenses** are \$23,503 favorable to budget primarily due to less than planned travel and meeting, training, dues and subscriptions, and other general expenses.

**Executive Services**  
**Quarterly Statement of Net Position**  
**September 30, 2014**  
(Unaudited)

	<u>Current</u>	<u>Prior</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets</b>							
Current assets							
Cash and investments	\$ 3,269,066	\$ 2,954,431	\$ 314,635	10.6	\$ 2,742,918	\$ 526,148	19.2
Restricted cash and investments	784,953	749,942	35,011	4.7	665,437	119,516	18.0
Accounts and notes receivable	864,451	827,961	36,490	4.4	719,747	144,704	20.1
Total current assets	<u>4,918,470</u>	<u>4,532,334</u>	<u>386,136</u>	8.5	<u>4,128,102</u>	<u>790,368</u>	19.1
Capital assets							
Capital assets, net of accum deprec	<u>6,417</u>	<u>7,025</u>	<u>(608)</u>	(8.7)	<u>8,850</u>	<u>(2,433)</u>	(27.5)
Total capital assets	<u>6,417</u>	<u>7,025</u>	<u>(608)</u>	(8.7)	<u>8,850</u>	<u>(2,433)</u>	(27.5)
<b>Total</b>	<u>\$ 4,924,887</u>	<u>\$ 4,539,359</u>	<u>\$ 385,528</u>	8.5	<u>\$ 4,136,952</u>	<u>\$ 787,935</u>	19.0
<b>Liabilities and net position</b>							
Current liabilities							
Accounts payable	\$ 145,803	\$ 213,647	\$ (67,844)	(31.8)	\$ 146,538	\$ (735)	(0.5)
Accrued expenses	<u>218,605</u>	<u>215,485</u>	<u>3,120</u>	1.4	<u>135,160</u>	<u>83,445</u>	61.7
Total current liabilities	<u>364,408</u>	<u>429,132</u>	<u>(64,724)</u>	(15.1)	<u>281,698</u>	<u>82,710</u>	29.4
Non-current liabilities							
Other post employment benefits	784,953	749,942	35,011	4.7	665,437	119,516	18.0
General self insurance liability	<u>300</u>	<u>300</u>	<u>-</u>	na	<u>300</u>	<u>-</u>	na
Total non-current liabilities	<u>785,253</u>	<u>750,242</u>	<u>35,011</u>	4.7	<u>665,737</u>	<u>119,516</u>	18.0
Total liabilities	<u>1,149,661</u>	<u>1,179,374</u>	<u>(29,713)</u>	(2.5)	<u>947,435</u>	<u>202,226</u>	21.3
Net Position							
Net position - capital investments	234,215	234,215	-	na	234,215	-	na
Net position - unrestricted	3,125,770	2,541,373	584,397	23.0	2,541,373	584,397	23.0
Net income (loss)	<u>415,241</u>	<u>584,397</u>	<u>(169,156)</u>	(28.9)	<u>413,929</u>	<u>1,312</u>	0.3
Total net position	<u>3,775,226</u>	<u>3,359,985</u>	<u>415,241</u>	12.4	<u>3,189,517</u>	<u>585,709</u>	18.4
<b>Total</b>	<u>\$ 4,924,887</u>	<u>\$ 4,539,359</u>	<u>\$ 385,528</u>	8.5	<u>\$ 4,136,952</u>	<u>\$ 787,935</u>	19.0

**Executive Services**  
**Schedule of Revenues, Expenses and Net Income (Loss)**  
**For the Quarter Ended September 30, 2014**  
**(Unaudited)**

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr
<b>Operating revenues</b>										
Admin fees - Transit	\$ 700,000	\$ 700,000	\$ -	-	\$ 637,500	\$ 700,000	\$ 700,000	\$ -	-	\$ 637,500
Admin fees - Gateway Arch	244,239	224,091	20,148	9.0	281,516	244,239	224,091	20,148	9.0	281,516
Admin fees - Airport	15,905	22,596	(6,691)	(29.6)	21,870	15,905	22,596	(6,691)	(29.6)	21,870
Admin fees - Gateway Parking Facility	39,481	43,516	(4,035)	(9.3)	68,238	39,481	43,516	(4,035)	(9.3)	68,238
National Park Service management fee	166,686	166,976	(290)	(0.2)	174,286	166,686	166,976	(290)	(0.2)	174,286
<b>Total operating revenues</b>	<b>1,166,311</b>	<b>1,157,179</b>	<b>9,132</b>	<b>0.8</b>	<b>1,183,410</b>	<b>1,166,311</b>	<b>1,157,179</b>	<b>9,132</b>	<b>0.8</b>	<b>1,183,410</b>
<b>Operating expenses</b>										
Wages and benefits	542,065	650,653	108,588	16.7	486,865	542,065	650,653	108,588	16.7	486,865
Services	102,731	226,052	123,321	54.6	168,372	102,731	226,052	123,321	54.6	168,372
Fuel and lube consumed	284	396	112	28.3	222	284	396	112	28.3	222
Materials and supplies	1,344	5,835	4,491	77.0	1,393	1,344	5,835	4,491	77.0	1,393
Utilities	1,445	1,800	355	19.7	1,680	1,445	1,800	355	19.7	1,680
Other expenses	103,059	126,562	23,503	18.6	110,755	103,059	126,562	23,503	18.6	110,755
<b>Total operating expenses</b>	<b>750,928</b>	<b>1,011,298</b>	<b>260,370</b>	<b>25.7</b>	<b>769,287</b>	<b>750,928</b>	<b>1,011,298</b>	<b>260,370</b>	<b>25.7</b>	<b>769,287</b>
<b>Operating income (loss)</b>	<b>415,383</b>	<b>145,881</b>	<b>269,502</b>	<b>184.7</b>	<b>414,123</b>	<b>415,383</b>	<b>145,881</b>	<b>269,502</b>	<b>184.7</b>	<b>414,123</b>
<b>Non-operating revenue (expense)</b>										
Interest income	466	662	(196)	(29.6)	414	466	662	(196)	(29.6)	414
<b>Total non-operating revenues (expenses)</b>	<b>466</b>	<b>662</b>	<b>(196)</b>	<b>(29.6)</b>	<b>414</b>	<b>466</b>	<b>662</b>	<b>(196)</b>	<b>(29.6)</b>	<b>414</b>
<b>Income (loss) before depreciation</b>	<b>415,849</b>	<b>146,543</b>	<b>269,306</b>	<b>183.8</b>	<b>414,537</b>	<b>415,849</b>	<b>146,543</b>	<b>269,306</b>	<b>183.8</b>	<b>414,537</b>
Depreciation and amortization	608	608	-	-	608	608	608	-	-	608
<b>Net income (loss)</b>	<b>\$ 415,241</b>	<b>\$ 145,935</b>	<b>\$ 269,306</b>	<b>184.5</b>	<b>\$ 413,929</b>	<b>\$ 415,241</b>	<b>\$ 145,935</b>	<b>\$ 269,306</b>	<b>184.5</b>	<b>\$ 413,929</b>

**Executive Services**  
**Consolidated Cash Receipts and Disbursements Schedule**  
**For the Quarter Ended September 30, 2014**  
(Unaudited)

<u>Description</u>	<u>Total</u>	<u>Agency Operating Fund</u>	<u>Investments Operating Fund</u>	<u>Other Restricted Fund</u>
<b>Balance at July 1, 2014</b>				
<b>Cash &amp; Investments</b>	\$ 3,704,373	\$ 25,003	\$- \$ 2,929,428	\$- \$ 749,942
<b>Add:</b>				
Interest received	472	295	177	-
Gateway Arch	297,869	297,869	-	-
St Louis Downtown Airport	18,000	18,000	-	-
Gateway Parking Facility	50,746	50,746	-	-
<b>Total cash receipts</b>	<u>367,087</u>	<u>366,910</u>	<u>177</u>	<u>-</u>
Interfund transfers	-	(366,469)	331,458	35,011
<b>Less:</b>				
Cash disbursements	<u>(17,441)</u>	<u>(441)</u>	<u>(17,000)</u>	<u>-</u>
<b>Balance at September 30, 2014</b>				
<b>Cash &amp; Investments</b>	<u>\$ 4,054,019</u>	<u>\$ 25,003</u>	<u>\$ 3,244,063</u>	<u>\$ 784,953</u>

**Executive Services**  
**Statement of Cash Flows**  
**For the Three Months Ended September 30, 2014**  
**(Unaudited)**

**Cash flows from operating activities**

Receipts from customers	\$ 241,348
Payments to employees	(503,933)
Payments to vendors	(278,804)
Receipts (payments) from inter-fund activity	890,562
	<u>349,173</u>

**Net cash provided by (used in)  
operating activities**

349,173

**Cash flow from noncapital financing activities**

None noted.

**Cash flow from capital and related financing activities**

None noted.

**Cash flows from investing activities**

Interest received	<u>473</u>
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**Net cash provided by (used in)  
investing activities**

473

**Net increase (decrease) in cash  
and cash equivalents**

349,646

**Cash and cash equivalents, beginning of year**

3,704,373

**Cash and cash equivalents, year to date**

\$ 4,054,019

**Reconciliation of operating income to  
net cash used for operating activities**

Operating income (loss)	<u>\$ 415,383</u>
-------------------------	-------------------

**Adjustments to reconcile operating  
income (loss) to net cash provided  
by (used for) operating activities**

Change in assets and liabilities	
Accounts and notes receivables	74,662
Interfund accounts receivable	(111,159)
Accounts payable	(69,939)
Interfund accounts payable	2,095
Accrued Expenses	3,121
Other post employment benefits liability	<u>35,010</u>
Total adjustments	<u>(66,210)</u>

**Net cash provided by (used for)  
operating activities**

\$ 349,173

**Supplemental disclosure of cash flow information**

No disclosures.

**Executive Services**  
**Capital Expenditures for Active Projects**  
For the Quarter Ended September 30, 2014  
(unaudited)

Description	<u>Budget</u>	<u>Current</u>	<u>Year-To-Date</u>	<u>Life-To-Date</u>	<u>Balance</u>
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Executive Services</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# Metro Transit System Financials



## Regional Economic Development through Excellence in Transportation

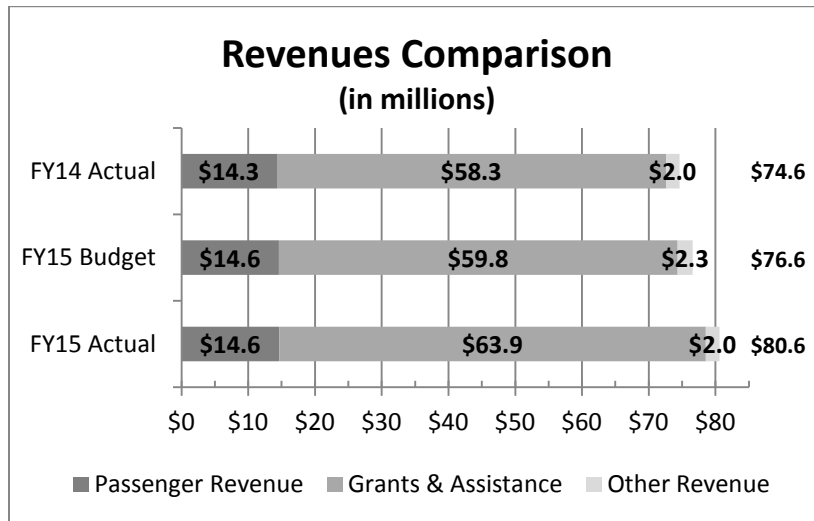
Financial Highlights.....	10
Quarterly Statement of Net Position.....	13
Income/Expense Analysis.....	15
Schedule of Grants and Assistance .....	16
Consolidated Cash Receipts and Disbursement Schedule.....	17
Cross County Consolidated Cash Receipts and Disbursement Schedule.....	18
Statement of Cash Flows.....	19
Schedule of Aged Receivables – Invoices .....	20
Capital Expenditures for Active Projects.....	21

# Metro System

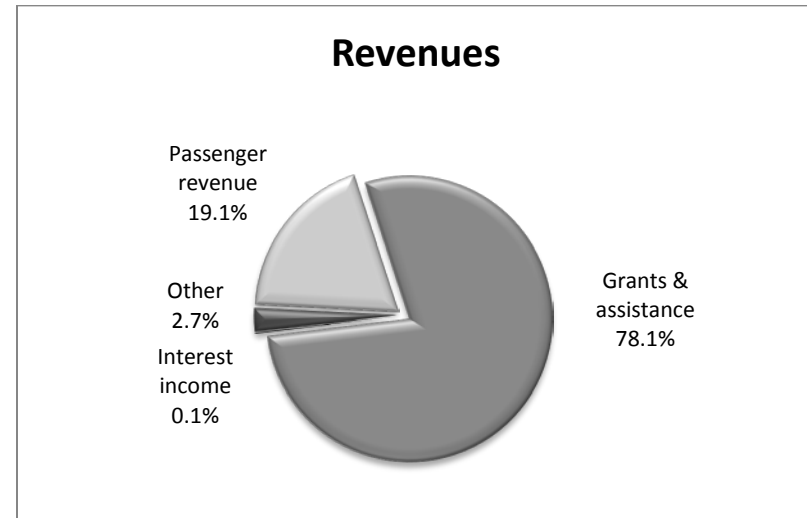
Three Months Ended September 30, 2014

**Net Income before depreciation** for the three months ended September 30, 2014 is \$10.4 million and is favorable to the budget. This favorable variance results from the combination of operating expenses being less than budget by 6.8% and sales tax revenue being greater than budget by 9.8%.

The chart below reports revenue trends in each revenue category. The chart to the right illustrates the relative importance of each revenue source in the fiscal year 2015.



**Passenger Revenue** of \$14.6 million equaled budget and was 2.5% favorable to prior year. The increase over the prior year is a result of ridership growth and a fare increase.

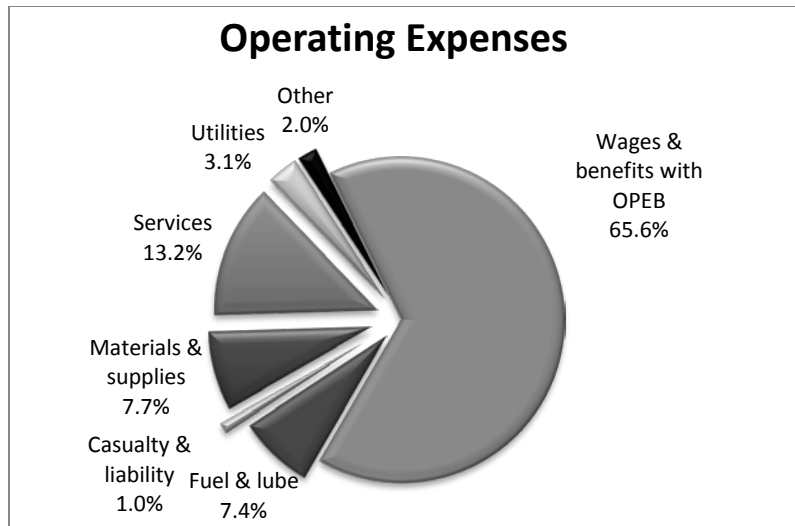


**Grants & assistance** funding for operations in the 1<sup>st</sup> quarter is \$63.9 million or 7.0% favorable to budget. St. Louis County collections applied to operations were \$3.0 million and St. Louis City sales taxes applied to operations were \$1.1 million favorable to budget. Total Missouri assistance was 10.1% greater than the budget and 12.4% greater than prior year.

St. Clair County Transit District and State of Illinois assistance is 4.8% greater than budget and 6.6% greater than prior year.

Federal assistance of \$4.4 million is 12.9% less than budget. Federal vehicle maintenance funds designated for operations in FY 2015 are being directed to a capital project.





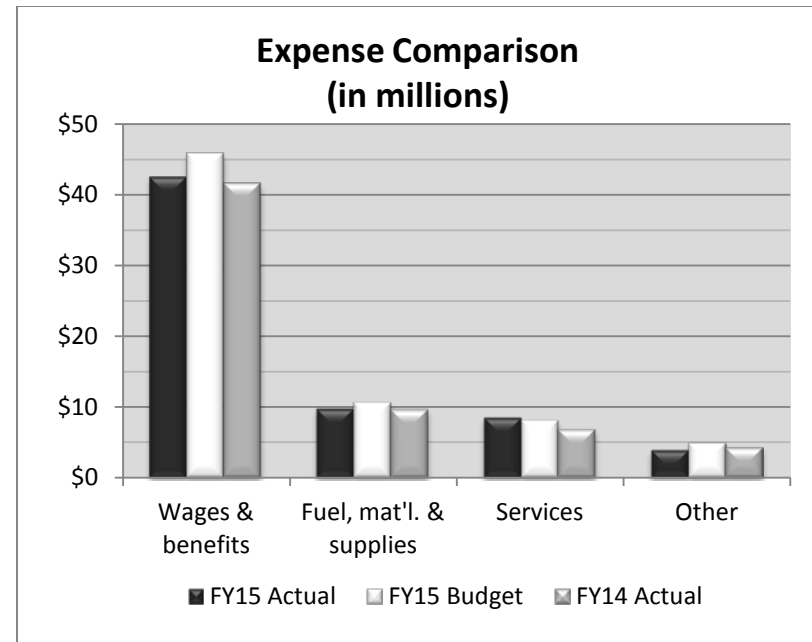
**Total operating expenses** of \$64.8 million are 6.8% favorable to budget. The favorable variance is related to wages and benefits, fuel, materials and supplies and insurance.

**Wages and benefits** represent 65.6% of operating expenses, excluding depreciation. These expenses are favorable to budget by 7.2%. There are favorable variances for unfilled positions and medical expenses.

**Services** are 5.0% or \$407 thousand unfavorable to budget. Outside Services are greater than budget due to a higher than expected first quarter non-capital projects.

**Fuel and lube consumed** is 7.5% favorable to budget primarily due to lower than planned diesel prices. The 1<sup>st</sup> quarter FY 2015 average price of diesel was \$2.94 per gallon compared to the budgeted price of \$3.40 per gallon.

**Materials and supplies** expenditures of \$5.0 million are 8.8% favorable to budget due to lower than anticipated revenue parts cost and timing of supply purchases.



**Utilities** are favorable to budget by 8.9% as a result of lower than budgeted electric and natural gas prices.

**Casualty & liability** expense of \$0.7 million is favorable to budget due to lower than anticipated self-insured losses and larger recoveries.

**Other** costs are favorable to budget by \$227 thousand due to the timing of travel, training and advertising spending.

**Interest expense** is 1.2% favorable to budget.

**Interest revenue** is favorable to budget as a result of interest from invested funds for the debt service reserve fund.

**Contribution to outside entity** is a pass-through of a portion of the half-cent sales tax to sheltered workshops.

**Passenger boardings** for the 1<sup>st</sup> quarter of FY 2015 increased 1.1%, when compared to the prior year. MetroBus increased 2.2%, while MetroLink decreased 0.6%. Call-A-Ride remained near the previous year level.

The majority of the MetroBus 1st quarter increase was in July 2014, and was due to milder temperatures and less severe weather than July 2013. The 1st quarter decrease in MetroLink ridership resulted in 28,355 fewer passengers than FY 2014. Most of the decrease in MetroLink ridership was in August. Ridership fell 4.5% in August 2014 due to less events and more severe weather and extreme heat. September saw a small dip in MetroLink ridership due to fewer special events such as Gateway Classic and Taste of St. Louis being held in downtown St. Louis.

<b>Passenger Boardings</b>			
(in millions – YTD)			
	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>
MetroBus	8.04	7.86	7.57
MetroLink	4.73	4.76	4.50
Call-A-Ride	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>
Total System	12.92	12.77	12.22

**Transit System**  
**Quarterly Statement of Net Position**  
**September 30, 2014**  
(Unaudited)

	<u>Current</u>	<u>Prior</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets</b>							
Current assets							
Cash and investments	\$ 75,004,395	\$ 68,506,608	\$ 6,497,787	9.5	\$ 66,564,451	\$ 8,439,944	12.7
Restricted cash and investments	161,674,078	153,223,690	8,450,388	5.5	143,381,981	18,292,097	12.8
Accounts and notes receivable	6,945,384	2,963,625	3,981,759	134.4	5,145,446	1,799,938	35.0
Restricted accounts receivable	49,823	42,038	7,785	18.5	23,857	25,966	108.8
Federal, state and local assistance receivable	26,399,467	24,237,925	2,161,542	8.9	25,958,000	441,467	1.7
Materials and supplies inventory	9,841,276	9,142,706	698,570	7.6	7,921,257	1,920,019	24.2
Other current assets	3,753,580	2,352,261	1,401,319	59.6	3,775,705	(22,125)	(0.6)
Total current assets	<u>283,668,003</u>	<u>260,468,853</u>	<u>23,199,150</u>	8.9	<u>252,770,697</u>	<u>30,897,306</u>	12.2
Capital assets							
Capital assets - motorbus, net depr	95,608,948	96,958,668	(1,349,720)	(1.4)	66,872,926	28,736,022	43.0
Capital assets - paratransit, net depr	14,133	14,136	(3)	-	413,535	(399,402)	(96.6)
Capital assets - lightrail, net depr	793,917,492	807,042,356	(13,124,864)	(1.6)	844,660,897	(50,743,405)	(6.0)
Land	97,432,663	97,432,663	-	-	97,432,663	-	-
Construction-in-process	47,295,549	47,029,827	265,722	0.6	32,588,960	14,706,589	45.1
Total capital assets	<u>1,034,268,785</u>	<u>1,048,477,650</u>	<u>(14,208,865)</u>	(1.4)	<u>1,041,968,981</u>	<u>(7,700,196)</u>	(0.7)
Non-current assets							
Restricted Investments	87,400,410	86,033,043	1,367,367	1.6	85,442,222	1,958,188	2.3
Other non-current assets, net amort	56,365	89,209	(32,844)	(36.8)	65,966	(9,601)	(14.6)
Total non-current assets	<u>87,456,775</u>	<u>86,122,252</u>	<u>1,334,523</u>	1.5	<u>85,508,188</u>	<u>1,948,587</u>	2.3
Total assets	<u>1,405,393,563</u>	<u>1,395,068,755</u>	<u>10,324,808</u>	0.7	<u>1,380,247,866</u>	<u>25,145,697</u>	1.8
Deferred Outflow of Resources							
Deferred loss on hedging instruments	843,642	-	843,642	n/a	-	843,642	n/a
Deferred loss on debt refunding	3,960,203	4,069,911	(109,708)	(2.7)	4,692,385	(732,182)	(15.6)
Total deferred outflow of resources	<u>4,803,845</u>	<u>4,069,911</u>	<u>733,934</u>	18.0	<u>4,692,385</u>	<u>111,460</u>	2.4
<b>Total</b>	<u>\$ 1,410,197,408</u>	<u>\$ 1,399,138,666</u>	<u>\$ 11,058,742</u>	0.8	<u>\$ 1,384,940,251</u>	<u>\$ 25,257,157</u>	1.8

**Transit System**  
**Quarterly Statement of Net Position**  
**September 30, 2014**  
(Unaudited)

	Current	Prior	\$ Change	% Change	Prior Year	\$ Change	% Change
<b>Liabilities</b>							
Current liabilities							
Accounts payable	\$ 7,896,353	\$ 11,585,874	\$ (3,689,521)	(31.8)	\$ 7,287,981	\$ 608,372	8.3
Accrued expenses	18,971,292	17,975,079	996,213	5.5	17,304,072	1,667,220	9.6
Other current liabilities	25,554,431	20,102,127	5,452,304	27.1	23,156,661	2,397,770	10.4
Total current liabilities	52,422,076	49,663,080	2,758,996	5.6	47,748,714	4,673,362	9.8
Current liab payable from restricted assets							
Accounts payable and retention	1,994,250	2,046,734	(52,484)	(2.6)	1,846,586	147,664	8.0
Accrued interest payable	12,003,869	6,001,934	6,001,935	100.0	5,590,615	6,413,254	114.7
General self-insurance liability	6,450,868	6,450,868	-	-	6,998,913	(548,045)	(7.8)
Medical self-insurance liability	2,894,675	2,507,998	386,677	15.4	3,118,774	(224,099)	(7.2)
Current portion of long-term debt	37,015,000	37,015,000	-	-	-	37,015,000	n/a
Current portion of lease obligation	-	-	-	n/a	3,472,844	(3,472,844)	(100.0)
Total current liabilities payable from restricted assets	60,358,662	54,022,534	6,336,128	11.7	21,027,732	39,330,930	187.0
Total current liabilities	112,780,738	103,685,614	9,095,124	8.8	68,776,446	44,004,292	64.0
Non-current liabilities							
Other post-employment benefits	58,551,568	56,178,841	2,372,727	4.2	51,983,516	6,568,052	12.6
Long-term self-insurance	5,663,061	6,283,760	(620,699)	(9.9)	6,473,540	(810,479)	(12.5)
Long-term debt	535,327,138	536,053,550	(726,412)	-	575,077,769	(39,750,631)	(6.9)
Capital lease obligations	87,385,438	86,018,071	1,367,367	1.6	81,954,406	5,431,032	6.6
Other non-current liabilities	7,214,375	7,307,154	(92,779)	(1.3)	6,378,444	835,931	13.1
Total non-current liabilities	694,141,580	691,841,376	2,300,204	0.3	721,867,675	(27,726,095)	(3.8)
Total liabilities	806,922,318	795,526,990	11,395,328	1.4	790,644,121	16,278,197	2.1
Deferred Inflow of Resources							
Deferred gain on hedging instruments	-	506,310	(506,310)	(100.0)	289,380	(289,380)	(100.0)
Total deferred inflow of resources	-	506,310	(506,310)	(100.0)	289,380	(289,380)	(100.0)
Net Position							
Net position - capital investments	987,012,946	979,969,557	7,043,389	0.7	916,681,628	70,331,318	7.7
Net position - unrestricted	(376,864,192)	(309,896,470)	(66,967,722)	(21.6)	(309,896,470)	(66,967,722)	(21.6)
Net income (loss)	(6,873,664)	(66,967,721)	60,094,057	89.7	(12,778,408)	5,904,744	46.2
Total net position	603,275,090	603,105,366	169,724	-	594,006,750	9,268,340	1.6
<b>Total</b>	<b>\$ 1,410,197,408</b>	<b>\$ 1,399,138,666</b>	<b>\$ 11,058,742</b>	<b>0.8</b>	<b>\$ 1,384,940,251</b>	<b>\$ 25,257,157</b>	<b>1.8</b>

**Transit Operating System**  
**Statement of Revenue, Expense, and Income (Loss)**  
**For the Quarter Ended September 30, 2014**  
(Unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr
<b>Operating revenue</b>										
Passenger revenue	\$ 14,642,109	\$ 14,592,691	\$ 49,418	0.3	\$ 14,283,997	\$ 14,642,109	\$ 14,592,691	\$ 49,418	0.3	\$ 14,283,997
Other operating revenue	2,048,719	2,252,989	(204,270)	(9.1)	1,984,012	2,048,719	2,252,989	(204,270)	(9.1)	1,984,012
<b>Total operating revenue</b>	<b>16,690,828</b>	<b>16,845,680</b>	<b>(154,852)</b>	<b>(0.9)</b>	<b>16,268,009</b>	<b>16,690,828</b>	<b>16,845,680</b>	<b>(154,852)</b>	<b>(0.9)</b>	<b>16,268,009</b>
<b>Operating expense</b>										
Wages and benefits	42,517,907	45,820,633	3,302,726	7.2	41,493,097	42,517,907	45,820,633	3,302,726	7.2	41,493,097
Services	8,559,582	8,152,907	(406,675)	(5.0)	6,877,721	8,559,582	8,152,907	(406,675)	(5.0)	6,877,721
Fuel and lube consumed	4,821,690	5,213,513	391,823	7.5	4,917,119	4,821,690	5,213,513	391,823	7.5	4,917,119
Materials and supplies	4,989,442	5,471,310	481,868	8.8	4,782,666	4,989,442	5,471,310	481,868	8.8	4,782,666
Utilities	1,994,381	2,190,385	196,004	8.9	1,982,550	1,994,381	2,190,385	196,004	8.9	1,982,550
Casualty and liability costs	679,727	1,224,238	544,511	44.5	1,222,795	679,727	1,224,238	544,511	44.5	1,222,795
Lease and other expenses	1,272,001	1,498,927	226,926	15.1	1,096,925	1,272,001	1,498,927	226,926	15.1	1,096,925
<b>Total operating expense</b>	<b>64,834,730</b>	<b>69,571,913</b>	<b>4,737,183</b>	<b>6.8</b>	<b>62,372,873</b>	<b>64,834,730</b>	<b>69,571,913</b>	<b>4,737,183</b>	<b>6.8</b>	<b>62,372,873</b>
<b>Operating income (loss)</b>	<b>(48,143,902)</b>	<b>(52,726,233)</b>	<b>4,582,331</b>	<b>8.7</b>	<b>(46,104,864)</b>	<b>(48,143,902)</b>	<b>(52,726,233)</b>	<b>4,582,331</b>	<b>8.7</b>	<b>(46,104,864)</b>
<b>Non-operating revenue (expenses)</b>										
Grants and assistance *	63,921,840	59,752,528	4,169,312	7.0	58,328,533	63,921,840	59,752,528	4,169,312	7.0	58,328,533
Interest revenue	168,488	79,807	88,681	111.1	83,695	168,488	79,807	88,681	111.1	83,695
Interest expense	(5,281,655)	(5,346,732)	65,077	1.2	(7,364,766)	(5,281,655)	(5,346,732)	65,077	1.2	(7,364,766)
Contribution to outside entity	(202,909)	(305,061)	102,152	33.5	(1,005,695)	(202,909)	(305,061)	102,152	33.5	(1,005,695)
Other non-operating revenue (expense)	(75,991)	-	(75,991)	-	71,658	(75,991)	-	(75,991)	-	71,658
<b>Total non-operating revenue (expense)</b>	<b>58,529,773</b>	<b>54,180,542</b>	<b>4,349,231</b>	<b>8.0</b>	<b>50,113,425</b>	<b>58,529,773</b>	<b>54,180,542</b>	<b>4,349,231</b>	<b>8.0</b>	<b>50,113,425</b>
<b>Income (loss) before depreciation</b>	<b>10,385,871</b>	<b>1,454,309</b>	<b>8,931,562</b>	<b>614.1</b>	<b>4,008,561</b>	<b>10,385,871</b>	<b>1,454,309</b>	<b>8,931,562</b>	<b>614.1</b>	<b>4,008,561</b>
Depreciation and amortization	17,266,225	17,492,789	226,564	1.3	16,797,416	17,266,225	17,492,789	226,564	1.3	16,797,416
<b>Net income (loss) before transfers</b>	<b>(6,880,354)</b>	<b>(16,038,480)</b>	<b>9,158,126</b>	<b>57.1</b>	<b>(12,788,855)</b>	<b>(6,880,354)</b>	<b>(16,038,480)</b>	<b>9,158,126</b>	<b>57.1</b>	<b>(12,788,855)</b>
<b>Net Transfers</b>	<b>6,690</b>	<b>-</b>	<b>6,690</b>	<b>-</b>	<b>10,447</b>	<b>6,690</b>	<b>-</b>	<b>6,690</b>	<b>-</b>	<b>10,447</b>
<b>Net income (loss)</b>	<b>(6,873,664)</b>	<b>\$ (16,038,480)</b>	<b>\$ 9,164,816</b>	<b>57.1</b>	<b>\$ (12,778,408)</b>	<b>(6,873,664)</b>	<b>\$ (16,038,480)</b>	<b>\$ 9,164,816</b>	<b>57.1</b>	<b>\$ (12,778,408)</b>
Capital contributions	7,043,388					7,043,388				
Change in net position	169,724					169,724				
Total net position, beginning of the period	603,105,366					603,105,366				
Total net position, end of the period	<b>\$ 603,275,090</b>					<b>\$ 603,275,090</b>				

\* See detail broken out in schedule on the next page

**Transit Operating System**  
**Detailed Schedule of Grants and Assistance**  
**For the Quarter Ended September 30, 2014**  
(Unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr
<b>Grants and assistance</b>										
Missouri assistance										
City of St. Louis 1/2 cent	\$ 5,221,861	\$ 4,755,731	\$ 466,130	9.8	\$ 4,645,053	\$ 5,221,861	\$ 4,755,731	\$ 466,130	9.8	\$ 4,645,053
City of St. Louis 1/4 cent	2,477,292	2,064,047	413,245	20.0	2,293,489	2,477,292	2,064,047	413,245	20.0	2,293,489
City of St. Louis Prop M2 (1/4 cent)	1,901,527	1,720,938	180,589	10.5	1,698,412	1,901,527	1,720,938	180,589	10.5	1,698,412
Total City of St. Louis	9,600,680	8,540,716	1,059,964	12.4	8,636,954	9,600,680	8,540,716	1,059,964	12.4	8,636,954
St. Louis County 1/2 cent	11,341,563	10,840,335	501,228	4.6	9,965,034	11,341,563	10,840,335	501,228	4.6	9,965,034
St. Louis County 1/4 cent	9,856,361	9,351,495	504,866	5.4	9,360,084	9,856,361	9,351,495	504,866	5.4	9,360,084
St. Louis County Prop A (1/2 cent)	14,172,535	12,211,006	1,961,529	16.1	12,169,060	14,172,535	12,211,006	1,961,529	16.1	12,169,060
Total St. Louis County	35,370,459	32,402,836	2,967,623	9.2	31,494,178	35,370,459	32,402,836	2,967,623	9.2	31,494,178
Other Local										
Planning and demo reimbursement	40,000	40,000	-	-	40,000	40,000	40,000	-	-	40,000
Other miscellaneous assistance	266,933	127,500	139,433	109.4	109,520	266,933	127,500	139,433	109.4	109,520
Total other local	306,933	167,500	139,433	83.2	149,520	306,933	167,500	139,433	83.2	149,520
State of Missouri	98,368	102,380	(4,012)	(3.9)	98,459	98,368	102,380	(4,012)	(3.9)	98,459
Total other Missouri	98,368	102,380	(4,012)	(3.9)	98,459	98,368	102,380	(4,012)	(3.9)	98,459
Total Missouri assistance	45,376,440	41,213,432	4,163,008	10.1	40,379,111	45,376,440	41,213,432	4,163,008	10.1	40,379,111
Illinois assistance										
St. Clair Transit District	13,295,450	13,025,623	269,827	2.1	12,323,788	13,295,450	13,025,623	269,827	2.1	12,323,788
State of Illinois	864,946	480,959	383,987	79.8	956,083	864,946	480,959	383,987	79.8	956,083
Total Illinois assistance	14,160,396	13,506,582	653,814	4.8	13,279,871	14,160,396	13,506,582	653,814	4.8	13,279,871
Total local and state assistance	59,536,836	54,720,014	4,816,822	8.8	53,658,982	59,536,836	54,720,014	4,816,822	8.8	53,658,982
Federal assistance										
Vehicle maintenance	3,250,000	4,000,000	(750,000)	(19)	4,000,000	3,250,000	4,000,000	(750,000)	(19)	4,000,000
Non-capital grants (i.e. JARC)	1,135,004	1,032,514	102,490	9.9	669,551	1,135,004	1,032,514	102,490	9.9	669,551
Total federal assistance	4,385,004	5,032,514	(647,510)	(12.9)	4,669,551	4,385,004	5,032,514	(647,510)	(12.9)	4,669,551
<b>Total grants and assistance</b>	<b>\$ 63,921,840</b>	<b>\$ 59,752,528</b>	<b>\$ 4,169,312</b>	<b>7.0</b>	<b>\$ 58,328,533</b>	<b>\$ 63,921,840</b>	<b>\$ 59,752,528</b>	<b>\$ 4,169,312</b>	<b>7.0</b>	<b>\$ 58,328,533</b>

**Transit System**  
**Cash Receipts and Disbursements Schedule**  
**For the Period Ended September 30, 2014**  
(In Dollars)  
(unaudited)

	Total	Revenue Fund	Operating Fund	Internally Restricted Fund	Prop M Fund	Prop A Fund	Sales Tax Capital Fund	Commodity Funds	Insurance Funds	Other Restricted Funds
<b>Balance September 1, 2014</b>										
<b>Cash &amp; Investments</b>	\$ 172,934,061	\$ 1,385,471	\$ 48,863,781	\$ 14,662,714	\$ 56,684,200	\$ 13,054,878	\$ 12,615,815	\$ 1,655,351	\$ 15,497,023	\$ 8,514,828
<b>Add :</b>										
Passenger Fares	5,259,501	5,259,501	-	-	-	-	-	-	-	-
Other Op. Rev.	-	-	-	-	-	-	-	-	-	-
City of St. Louis	3,559,715	-	3,192,345	-	329,611	-	37,759	-	-	-
St. Louis County	11,055,743	-	10,905,478	-	71,009	-	79,256	-	-	-
State of Illinois	-	-	-	-	-	-	-	-	-	-
State of Missouri	-	-	-	-	-	-	-	-	-	-
Cross County Project	-	-	-	-	-	-	-	-	-	-
St. Clair County	6,366,365	-	6,366,365	-	-	-	-	-	-	-
FTA	3,223,274	-	3,223,274	-	-	-	-	-	-	-
Commodity Fund	22,286	-	22,286	-	-	-	-	-	-	-
All Other	1,752,132	-	1,734,276	315	9,080	3,503	897	-	4,062	-
<b>Cash Receipts</b>	31,239,016	5,259,501	25,444,024	315	409,700	3,503	117,912	-	4,062	-
<b>Interfund Transfers</b>	-	(5,300,000)	3,381,695	(315)	(188,424)	-	(35,278)	-	2,142,322	-
<b>Less:</b>										
Cash Disbursements	(22,264,055)	-	(20,342,401)	-	-	-	-	(35,707)	(1,885,947)	-
<b>Balance September 30, 2014</b>										
<b>Cash &amp; Investments</b>	181,909,024	1,344,972	57,347,099	14,662,714	56,905,477	13,058,381	12,698,449	1,619,644	15,757,460	8,514,828
<b>Less:</b>										
<b>Pre-Encumbrances &amp; Restrictions</b>										
Local Match - Approved Grants	46,138,750	-	-	-	42,699,260	-	3,439,489	-	-	-
- Grant Applications	1,516,150	-	-	-	1,516,150	-	-	-	-	-
- Long Range Capital Programs (1)	21,949,026	-	-	-	12,690,067	-	9,258,960	-	-	-
SIR Worker Comp Pledged Funds	2,405,000	-	-	-	-	-	-	-	2,405,000	-
Other Restrictions	109,900,098	1,344,972	57,347,099	14,662,714	-	13,058,381	-	1,619,644	13,352,460	8,514,828
Total Restrictions	181,909,024	1,344,972	57,347,099	14,662,714	56,905,477	13,058,381	12,698,449	1,619,644	15,757,460	8,514,828
<b>Unencumbered Cash &amp; Investments</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Restricted to finance obligations.

**Transit System**  
**Cross County Metrolink Project**  
**Consolidated Cash Receipts and Disbursements Schedule**  
**For the Quarter Ended September 30, 2014**  
**(Unaudited)**

	<b>Total Trustee Statements</b>	<b>Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Expense Funds</b>	<b>Debt Service Reserve Funds</b>
Balance at July 1, 2014					
<b>Cash &amp; investments</b>	\$ 46,960,733	\$ -	\$ 11,285,952	\$ 99,018	\$ 35,575,763
St. Louis County sales tax - Prop M	11,583,273	11,583,273	-	-	-
St. Louis County sales tax - Prop A	15,077,165	15,077,165	-	-	-
St. Louis City sales tax - Prop M	2,755,836	2,755,836	-	-	-
St. Louis City sales tax - Prop M2	2,755,836	2,755,836	-	-	-
Interest received	111,128	627	827	7	109,667
<b>Total cash receipts</b>	32,283,239	32,172,738	827	7	109,667
<b>Less fund disbursements:</b>					
Expenses	(5,625)	-	-	(5,625)	-
Prop M/Prop A to Metro	(24,468,898)	(24,468,898)	-	-	-
<b>Total disbursements</b>	(24,474,523)	(24,468,898)	-	(5,625)	-
<b>Interfund transfers:</b>					
Transfer from 2009 DSR to 2009 Revenue Fund	-	29,625	-	-	(29,625)
Interest/principal transfers	-	(7,733,195)	7,733,195	-	-
<b>Total interfund transfers</b>	-	(7,703,570)	7,733,195	-	(29,625)
Balance at September 30, 2014					
<b>Cash &amp; investments</b>	<u>\$ 54,769,449</u>	<u>\$ 271</u>	<u>\$ 19,019,973</u>	<u>\$ 93,401</u>	<u>\$ 35,655,805</u>



**Transit Operating System  
Statement of Cash Flows  
For the Three Months Ended September 30, 2014  
(Unaudited)**

**Cash flows from operating activities**

Receipts from customers	\$ 12,738,616
Payments to employees	(39,148,967)
Payments to vendors	(21,881,019)
Payments for self-insurance	(913,749)
Receipts (payments) from inter-fund activity	(215,507)

**Net cash provided by (used in)  
operating activities**

(49,420,626)

**Cash flows from non capital financing activities**

Operating assistance received	61,752,513
Contributions to outside entities	(202,909)

**Net cash provided by (used in)  
non capital financing activities**

61,549,604

**Cash flows from capital and related financing activities**

Acquisitions of capital assets	(3,105,711)
Payments of long-term debt	(726,412)
Interest Paid	753,124
Contributed capital	7,043,388

**Cash flows from capital and  
related financing activities**

3,964,389

**Cash flows from investing activities**

Purchases of investments	(21,925,941)
Proceeds from sale of investments	22,646,069
Interest received	168,488

**Net cash provided by (used in)  
investing activities**

888,616

**Net increase (decrease) in cash  
and cash equivalents**

16,981,983

**Cash and cash equivalents, beginning of year**

106,447,465

**Cash and cash equivalents, year to date**

\$ 123,429,448

**Reconciliation of operating loss to  
net cash used for operating activities**

Operating income (loss)	\$ (48,143,902)
-------------------------	-----------------

**Adjustments to reconcile operating  
income (loss) to net cash provided  
by (used for) operating activities**

Change in assets and liabilities	
Accounts and notes receivables	(3,952,211)
Interfund accounts receivable	(29,546)
Materials and supplies	(698,570)
Prepaid expenses, deferred charges	(1,401,317)
Accounts payable	(4,203,561)
Other current liabilities	5,359,524
Interfund accounts payable	514,040
Accrued expenses	996,213
Other post employment benefits liability	2,372,727
Self-insurance liability	(234,023)

Total adjustments	(1,276,724)
-------------------	-------------

**Net cash provided by (used for)  
operating activities**

\$ (49,420,626)

**Supplemental disclosure of cash flow information**

**Noncash Activities:**

> Interest received on capital lease	\$ 1,367,367
> Interest accrued on capital lease	(1,367,367)
> Gain/(Loss) on hedging commodities	31,466
> Loss on disposal of fixed assets	4,135
> Non-operating noncash activity	(80,126)
> Net transfers for rail station improvements	6,690

Note: Cash and cash equivalents for this cash flow statement are defined according to General Accepted Accounting Principles as cash and all investments with a maturity of 90 days or less. The Consolidated Cash Receipts & Disbursements

**Transit System**  
**Schedule of Aged Receivables - Invoiced**  
**September 30, 2014**  
(In Dollars)  
(unaudited)

	<u>Less than 30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91-180 days</u>	<u>181-360 days</u>	<u>Over 361 days</u>	<u>Total</u>
Due from TMA Customers	\$ 243,888	\$ 31,017	\$ 15,251	\$ 30,146	\$ 21,602	\$ 6,837	\$ 348,741
Due from Call-A-Ride	264,914	-	-	910	-	-	265,824
Due from Engineering Services	-	-	-	-	-	-	-
Due from Advertising (Marketing)	17,262	-	-	-	-	-	17,262
Due from Leases and Rents	73,024	7,941	28,490	9,991	458	4,888	124,792
Due from Auxiliary Services/Others	5,547,249	15,874	143,015	-	70	425	5,706,633
Due from Grants (Accounting)	2,837,520	13,749	838,305	307,154	57,263	215,128	4,269,119
Due from Passes	353,292	216,755	15,850	27,672	443	1,182	615,194
<b>Total</b>	<b><u>\$ 9,337,149</u></b>	<b><u>\$ 285,336</u></b>	<b><u>\$ 1,040,911</u></b>	<b><u>\$ 375,873</u></b>	<b><u>\$ 79,836</u></b>	<b><u>\$ 228,460</u></b>	<b><u>\$ 11,347,565</u></b>

**Transit System**  
**Capital Expenditures for Active Projects**  
**For the Quarter Ended September 30, 2014**  
**(Unaudited)**

Description		Budget	Current	Year-To-Date	Life-To-Date	Balance
<b>Project #</b>						
0034 Van Procurement FY04-FY08 (X204) 2		\$ 2,725,892	\$ -	\$ -	\$ 2,711,338	\$ 14,554
0097 ML Bike Trail - County		11,345,463	-	-	10,052,284	1,293,180
1237 CAR Van Replacement FY07		2,979,786	-	-	2,913,172	66,614
1279 Fare Collection System Upgrade/Replacement (06 Earmark)		29,707,512	171,441	171,441	18,866,720	10,840,792
1290 Buses FY05 Fed Earmark (25)		1,210,646	-	-	1,204,787	5,859
1361 Radio System CAD/AVL		23,857,144	234	234	9,622,942	14,234,202
1530 Eads Bridge Rehab ARRA		25,338,773	1,524,223	1,524,223	22,671,243	2,667,530
1531 Rail & Tie Replacement		1,718,025	-	-	1,718,025	-
1574 CAR Van Replacement		8,558,466	-	-	1,239,039	7,319,427
1610 Tctile Warning Strips - MO	z	1,036,069	4,603	4,603	902,844	133,224
1666 Slope Stabilization	z	4,097,297	1,336,301	1,336,301	3,220,183	877,114
1668 Embankment Erosion	z	3,203,073	17,015	17,015	52,379	3,150,694
1680 SCADA Hardening II DHS		3,256,808	-	-	3,255,793	1,015
1708 Feeder Wire/Water Mitigation MO--12	z	1,058,564	108,653	108,653	691,905	366,659
1717 Non-Revenue Vehicles FY12 MO		1,718,858	92,275	92,275	1,131,932	586,926
1722 Missouri Slopes Stability	z	1,144,600	5,882	5,882	122,863	1,021,737
1723 MO OCS Wire Rehab	z	1,369,633	272,032	272,032	857,834	511,799
1734 EADS Bridge Rehab Phase II		29,708,943	103,576	103,576	1,535,418	28,173,525
1739 Downtown Transfer Center		7,098,596	129,663	129,663	671,871	6,426,725
1754 IT Systems Upgrade Yr 1 - FY12		1,136,406	-	-	838,027	298,380
1755 IT Systems Upgrade Yr 2 - FY13		1,425,750	-	-	-	1,425,750
1756 North County Transit Center		10,280,000	41,928	41,928	4,118,051	6,161,949
1773 SWIC Metrolink Improvements	y	6,128,737	35,250	35,250	5,647,748	480,989

**Transit System**  
**Capital Expenditures for Active Projects**  
**For the Quarter Ended September 30, 2014**  
**(Unaudited)**

Description		Budget	Current	Year-To-Date	Life-To-Date	Balance
<b>Projects continued</b>						
1817 Radio System Tower Sites		\$ 2,077,655	\$ -	\$ -	\$ 1,511,670	\$ 565,984
1834 Rail Tie Replacement Year 2	z	1,934,162	606,501	606,501	1,143,771	790,391
1844 Tactile Warning Strip Phase II	z	1,720,000	90,207	90,207	256,659	1,463,340
1845 MOW SGR Inventory-Database Development		1,037,955	144,393	144,393	925,852	112,103
1848 Articulated Buses		11,445,205	324,157	324,157	6,479,709	4,965,496
1855 Arch Bike Trail		1,095,938	9,312	9,312	58,060	1,037,878
1860 Bus Procurement Duluth		20,911,804	3,004	3,004	20,896,099	15,705
1862 North County Transit Phase II		2,200,481	101,533	101,533	1,360,404	840,077
1863 Bus Procurement Duluth II		11,603,241	-	-	-	11,603,241
1867 Buses - SCCTD		2,720,000	-	-	2,656,329	63,671
1869 Phase 1 Audio Frequency Circuit		3,101,678	4,476	4,476	4,540	3,097,138
1875 Rail Tie Replace Year 3	z	2,147,572	-	-	-	2,147,572
1885 TOI Operation Management Software		2,840,318	32,771	32,771	41,299	2,799,019
1887 TOI Transit Business Intellegence		1,039,572	-	-	-	1,039,572
1905 Buses - FY13 CMAQ		18,565,431	-	-	-	18,565,431
1933 FY14 Preventive Maintance	z	20,000,000	-	-	20,000,000	-
1937 Innovative High School Career	z	2,129,435	-	-	-	2,129,435
1941 Duluth Piggyback III 40'		16,407,549	-	-	-	16,407,549
1959 Z-Gate Ped Barriers & Fence		1,257,938	-	-	-	1,257,938
1960 Rail ROW Repairs-MP 0-15.4 MO		3,405,200	-	-	-	3,405,200
1962 Elevator Rehab - 8 Units - MO		1,302,000	-	-	-	1,302,000
1983 DC to AC Rail Car Upgrades		22,500,000	-	-	-	22,500,000
All others	*z	35,650,373	1,204,470	1,204,470	17,143,911	18,506,462
<b>Total active projects</b>		<b>\$ 367,198,548</b>	<b>\$ 6,363,899</b>	<b>\$ 6,363,899</b>	<b>\$ 166,524,701</b>	<b>\$ 200,673,848</b>

\* "All Others" list all projects with a budget less than one million dollars.

y Metro administers contribution to outsidess entities.

z Some Projects/Awards do not produce a fixed asset; they are considered operating expenditures.

# **Business Enterprises Financials**



## **Metropolitan St. Louis Attractions**

**BUSINESS  
ENTERPRISES**

# Gateway Arch Tram Financials



## World-Class

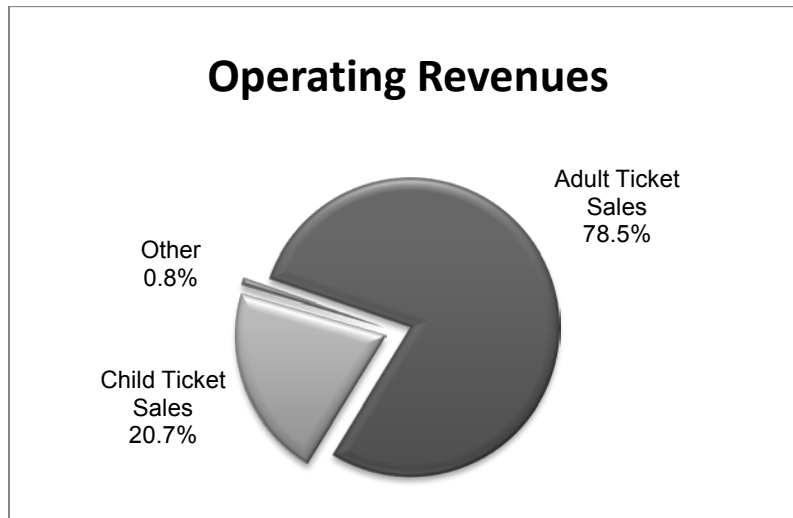
Financial Highlights .....	23
Quarterly Statement of Net Position.....	25
Income/Expense Analysis.....	26
Consolidated Cash Receipts and Disbursement Schedule.....	27
Statement of Cash Flows.....	28
Capital Expenditures for Active Projects.....	29

# Gateway Arch Tram

## Three Months Ended September 30, 2014

**Operating income** for the Gateway Arch Tram for the three months ended September 30, 2014 was \$869,559, which is only \$1,029 unfavorable to budget but 23.3% below prior year results.

**Operating Revenue** was 0.5% greater than budget and 5.3% unfavorable to prior year. Arch ticket sales make up the majority of the revenue and were 0.7% greater than budget and 5.1% less than prior year. Ticket sales are down compared to prior year due to on-going Arch grounds construction.



**Salaries, wages & benefits** are 11.4% or \$57,048 below budget as a result of vacant salaried positions and lower than budgeted medical costs, pension expense and unemployment insurance.

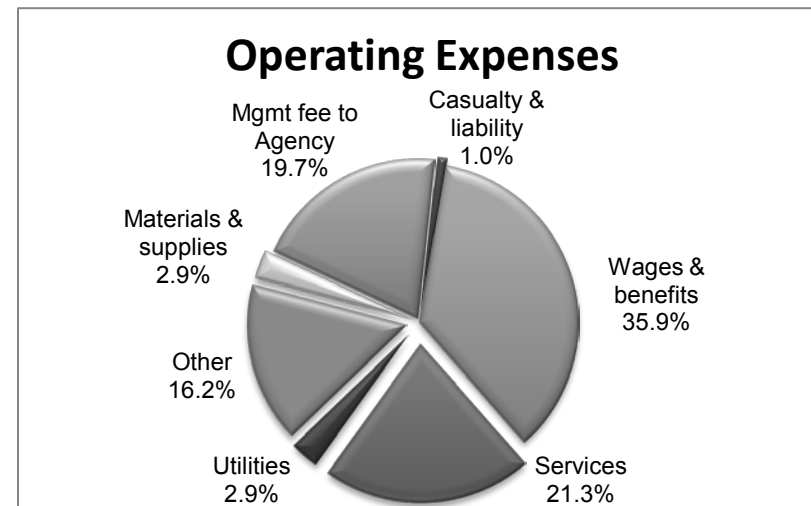
**Services** are 4.2% favorable to budget and primarily include maintenance, banking, and mechanics service costs.

**Materials and supplies** are \$9,410 or 35.8% unfavorable to budget as a result of emergency north tram hoist cable repairs.

**Utilities** are \$3,880 or 9.6% favorable to budget due to lower electricity usage.

**Other expenses** are \$76,555 or 20.7% unfavorable to budget due to the purchase of way finding billboards related to the current park grounds and highway construction and detours.

**Non-operating revenues (expenses)** are significantly favorable to budget due to the timing of planned contributions to the National Park Service for the Arch Staining Remediation and City/Arch/River design projects.



Tram Ridership Comparison			
	<u>Adult</u>	<u>Child</u>	<u>Total</u>
FY15 Actual	238,887	88,121	327,008
FY15 Budget	237,343	89,022	326,765
FY14 Actual	252,985	94,551	347,536


**Tram ridership** for the three months ended September 30, 2014 was 0.7% higher than budget. Tram ridership decreased 5.9% compared to prior year due to the Arch grounds construction project.



**Gateway Arch Tram**  
**Quarterly Statement of Net Position**  
**September 30, 2014**  
(Unaudited)

	<u>Current</u>	<u>Prior</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets</b>							
Current assets							
Cash and investments	\$ 2,923,678	\$ 2,758,079	\$ 165,599	6.0	\$ 2,600,894	\$ 322,784	12.4
Restricted cash and investments	15,221,655	15,094,230	127,425	0.8	15,453,606	(231,951)	(1.5)
Accounts and notes receivable	703,452	362,150	341,302	94.2	313,811	389,641	124.2
Prepaid Expenses	54,813	21,641	33,172	153.3	53,687	1,126	2.1
Total current assets	<u>18,903,598</u>	<u>18,236,100</u>	<u>667,498</u>	3.7	<u>18,421,998</u>	<u>481,600</u>	2.6
Capital assets							
Capital assets, net of accum deprec	335,768	423,218	(87,450)	(20.7)	715,011	(379,243)	(53.0)
Construction-in-process	404,429	252,507	151,922	60.2	61,611	342,818	556.4
Total capital assets	<u>740,197</u>	<u>675,725</u>	<u>64,472</u>	9.5	<u>776,622</u>	<u>(36,425)</u>	(4.7)
<b>Total</b>	<u>\$ 19,643,795</u>	<u>\$ 18,911,825</u>	<u>\$ 731,970</u>	3.9	<u>\$ 19,198,620</u>	<u>\$ 445,175</u>	2.3
<b>Liabilities and net position</b>							
Current liabilities							
Accounts payable	\$ 1,068,024	\$ 987,645	\$ 80,379	8.1	\$ 1,403,312	\$ (335,288)	(23.9)
Accrued expenses	56,574	55,981	593	1.1	47,435	9,139	19.3
Other current liabilities	54,295	45,647	8,648	18.9	42,040	12,255	29.2
Total current liabilities	<u>1,178,893</u>	<u>1,089,273</u>	<u>89,620</u>	8.2	<u>1,492,787</u>	<u>(313,894)</u>	(21.0)
Current liab payable from restricted assets							
Accounts payable and retention	-	219,656	(219,656)	na	-	-	na
Total current liabilities payable from restricted assets	<u>-</u>	<u>219,656</u>	<u>(219,656)</u>	na	<u>-</u>	<u>-</u>	na
Total current liabilities	<u>1,178,893</u>	<u>1,308,929</u>	<u>(130,036)</u>	(9.9)	<u>1,492,787</u>	<u>(313,894)</u>	(21.0)
Non-current liabilities							
Other post employment benefits	33,386	20,652	12,734	61.7	297,812	(264,426)	(88.8)
General self insurance liability	3,474	1,380	2,094	151.7	1,380	2,094	151.7
Total non-current liabilities	<u>36,860</u>	<u>22,032</u>	<u>14,828</u>	67.3	<u>299,192</u>	<u>(262,332)</u>	(87.7)
Total liabilities	<u>1,215,753</u>	<u>1,330,961</u>	<u>(115,208)</u>	(8.7)	<u>1,791,979</u>	<u>(576,226)</u>	(32.2)
Net Position							
Net position - unrestricted	17,580,864	16,382,429	1,198,435	7.3	16,382,429	1,198,435	7.3
Net income (loss)	847,178	1,198,435	(351,257)	(29.3)	1,024,212	(177,034)	(17.3)
Total net position	<u>18,428,042</u>	<u>17,580,864</u>	<u>847,178</u>	4.8	<u>17,406,641</u>	<u>1,021,401</u>	5.9
<b>Total</b>	<u>\$ 19,643,795</u>	<u>\$ 18,911,825</u>	<u>\$ 731,970</u>	3.9	<u>\$ 19,198,620</u>	<u>\$ 445,175</u>	2.3

**Gateway Arch Tram**  
**Schedule of Revenues, Expenses and Net Income (Loss)**  
**For the Quarter Ended September 30, 2014**  
(Unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr
<b>Operating revenues</b>										
Arch tickets	\$2,123,565	\$2,109,309	\$ 14,256	0.7	\$2,238,652	\$ 2,123,565	\$ 2,109,309	\$ 14,256	0.7	\$ 2,238,652
Service fee revenue	14,205	12,331	1,874	15.2	11,953	14,205	12,331	1,874	15.2	11,953
Other operating revenue	2,480	1,800	680	37.8	2,663	2,480	1,800	680	37.8	2,663
Sales discount	(31,378)	(25,604)	(5,774)	(22.6)	(26,985)	(31,378)	(25,604)	(5,774)	(22.6)	(26,985)
<b>Total operating revenues</b>	<u>2,108,872</u>	<u>2,097,836</u>	<u>11,036</u>	<u>0.5</u>	<u>2,226,283</u>	<u>2,108,872</u>	<u>2,097,836</u>	<u>11,036</u>	<u>0.5</u>	<u>2,226,283</u>
<b>Operating expenses</b>										
Wages and benefits	445,388	502,436	57,048	11.4	429,979	445,388	502,436	57,048	11.4	429,979
Services	264,200	275,898	11,698	4.2	256,192	264,200	275,898	11,698	4.2	256,192
Fuel and lube consumed	46	-	(46)	-	66	46	-	(46)	-	66
Materials and supplies	35,673	26,263	(9,410)	(35.8)	8,822	35,673	26,263	(9,410)	(35.8)	8,822
Utilities	36,359	40,239	3,880	9.6	40,638	36,359	40,239	3,880	9.6	40,638
Casualty and liability costs	12,071	13,391	1,320	9.9	11,703	12,071	13,391	1,320	9.9	11,703
Other expenses	445,576	369,021	(76,555)	(20.7)	345,789	445,576	369,021	(76,555)	(20.7)	345,789
<b>Total operating expenses</b>	<u>1,239,313</u>	<u>1,227,248</u>	<u>(12,065)</u>	<u>(1.0)</u>	<u>1,093,189</u>	<u>1,239,313</u>	<u>1,227,248</u>	<u>(12,065)</u>	<u>(1.0)</u>	<u>1,093,189</u>
<b>Operating income (loss)</b>	<u>869,559</u>	<u>870,588</u>	<u>(1,029)</u>	<u>(0.1)</u>	<u>1,133,094</u>	<u>869,559</u>	<u>870,588</u>	<u>(1,029)</u>	<u>(0.1)</u>	<u>1,133,094</u>
<b>Non-operating revenue (expense)</b>										
Interest income	2,236	3,573	(1,337)	(37.4)	3,394	2,236	3,573	(1,337)	(37.4)	3,394
Contribution to outside entities	(55,477)	(157,500)	102,023	64.8	(1,952)	(55,477)	(157,500)	102,023	64.8	(1,952)
<b>Total non-operating revenues (expenses)</b>	<u>(53,241)</u>	<u>(153,927)</u>	<u>100,686</u>	<u>65.4</u>	<u>1,442</u>	<u>(53,241)</u>	<u>(153,927)</u>	<u>100,686</u>	<u>65.4</u>	<u>1,442</u>
<b>Income (loss) before depreciation</b> 	<u>816,318</u>	<u>716,661</u>	<u>99,657</u>	<u>13.9</u>	<u>1,134,536</u>	<u>816,318</u>	<u>716,661</u>	<u>99,657</u>	<u>13.9</u>	<u>1,134,536</u>
Depreciation and amortization	<u>87,450</u>	<u>58,213</u>	<u>(29,237)</u>	<u>(50.2)</u>	<u>99,877</u>	<u>87,450</u>	<u>58,213</u>	<u>(29,237)</u>	<u>(50.2)</u>	<u>99,877</u>
<b>Net income (loss) before transfers</b>	<u>728,868</u>	<u>658,448</u>	<u>70,420</u>	<u>10.7</u>	<u>1,034,659</u>	<u>728,868</u>	<u>658,448</u>	<u>70,420</u>	<u>10.7</u>	<u>1,034,659</u>
<b>Net Transfers</b>	<u>118,310</u>	<u>-</u>	<u>118,310</u>	<u>-</u>	<u>(10,447)</u>	<u>118,310</u>	<u>-</u>	<u>118,310</u>	<u>-</u>	<u>(10,447)</u>
<b>Net income (loss)</b>	<u>\$ 847,178</u>	<u>\$ 658,448</u>	<u>\$ 188,730</u>	<u>28.7</u>	<u>\$1,024,212</u>	<u>\$ 847,178</u>	<u>\$ 658,448</u>	<u>\$ 188,730</u>	<u>28.7</u>	<u>\$ 1,024,212</u>

**Gateway Arch Tram**  
**Consolidated Cash Receipts and Disbursements Schedule**  
**For the Quarter Ended September 30, 2014**  
(Unaudited)

<u>Description</u>	<u>Total</u>	<u>Arch Collection Facility Fund</u>	<u>Arch Tram Fee Account</u>	<u>JNEM Arch Operating Fund</u>	<u>JNEM Beneficial Fund</u>	<u>Drainage Project Fund</u>	<u>Exhibit Rehabilitation Fund</u>	<u>Motor Generator Sets Design Fund</u>	<u>Corrosion Study Fund</u>	<u>Other Restricted Funds</u>
<b>Balance at July 1, 2014</b>										
<b>Cash &amp; Investments</b>	\$ 17,852,309	\$ 1,152,506	\$ 439,573	\$ 1,166,000	\$ 7,033,193	\$ 2,339,269	\$ 4,150,768	\$ 721,000	\$ 350,000	\$ 500,000
<b>Add:</b>										
Receipts	3,283,975	3,283,975	-	-	-	-	-	-	-	-
Gateway Parking Facility	125,000	-	-	-	125,000	-	-	-	-	-
Interest received	3,238	-	-	-	3,238	-	-	-	-	-
<b>Total cash receipts</b>	<u>3,412,213</u>	<u>3,283,975</u>	<u>-</u>	<u>-</u>	<u>128,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interfund transfers	-	(2,482,960)	2,122,960	-	360,000	-	-	-	-	-
<b>Less:</b>										
Cash disbursements	<u>(3,119,189)</u>	<u>(1,298,289)</u>	<u>(1,460,087)</u>	<u>-</u>	<u>(1,482)</u>	<u>(46,581)</u>	<u>(173,309)</u>	<u>(119,748)</u>	<u>(19,693)</u>	<u>-</u>
<b>Balance at September 30, 2014</b>										
<b>Cash &amp; Investments</b>	<u>\$ 18,145,333</u>	<u>\$ 655,232</u>	<u>\$ 1,102,446</u>	<u>\$ 1,166,000</u>	<u>\$ 7,519,949</u>	<u>\$ 2,292,688</u>	<u>\$ 3,977,459</u>	<u>\$ 601,252</u>	<u>\$ 330,307</u>	<u>\$ 500,000</u>

**Gateway Arch Tram System**  
**Statement of Cash Flows**  
**For the Three Months Ended September 30, 2014**  
**(Unaudited)**

**Cash flows from operating activities**

Receipts from customers	\$ 2,098,427
Payments to employees	(432,061)
Payments to vendors	(372,318)
Payments for self-insurance	(9,978)
Receipts (payments) from inter-fund activity	<u>(685,540)</u>

**Net cash provided by (used in)  
operating activities**

598,530

**Cash flows from noncapital financing activities**

Contributions to outside entities	(55,477)
Net Transfers	<u>118,310</u>

**Net cash provided by (used in)  
financing activities**

62,833

**Cash flows from capital and related financing activities**

Acquisitions of capital assets	<u>(371,579)</u>
--------------------------------	------------------

**Net cash provided by (used in)  
capital and related financing activities**

(371,579)

**Cash flows from investing activities**

Proceeds from sale of investments	1,999,375
Interest received	<u>3,240</u>

**Net cash provided by (used in)  
investing activities**

2,002,615

**Net increase (decrease) in cash  
and cash equivalents**

2,292,399

**Cash and cash equivalents, beginning of year**

15,352,686

**Cash and cash equivalents, year to date**

\$ 17,645,085

**Reconciliation of operating loss to  
net cash used for operating activities**

Operating income (loss)	<u>\$ 869,559</u>
-------------------------	-------------------

**Adjustments to reconcile operating  
income (loss) to net cash provided  
by (used for) operating activities**

Change in assets and liabilities	
Accounts and notes receivables	(10,446)
Interfund accounts receivable	(331,860)
Prepaid expenses, deferred charges and other current assets	(33,171)
Accounts payable	189,820
Other current liabilities	8,648
Interfund accounts payable	(109,441)
Accrued Expenses	594
Other post employment benefits liability	12,734
Self-insurance liability	<u>2,093</u>

Total adjustments	<u>(271,029)</u>
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**Net cash provided by (used for)  
operating activities**

\$ 598,530

**Supplemental disclosure of cash flow information**

No disclosures.

**Gateway Arch**  
**Capital Expenditures for Active Projects**  
**For the Quarter Ended September 30, 2014**  
**(unaudited)**

Description		Budget	Current	Year-To-Date	Life-To-Date	Balance
ATS Motor Generator Set Replacement - Construction	x	\$ 5,000,000	\$ -	\$ -	\$ -	\$ 5,000,000
ATS Motor Generator Set Replacement - Design	x	721,000	164,574	164,574	165,023	555,977
Arch Transportation System (ATS) Load Zone Rehab	x	1,493,910	171,712	171,712	239,406	1,254,505
Exhibit Rehabilitation		2,671,090	-	-	-	2,671,090
JNEM Trench Drain Project	xy	2,288,001	9,716	9,716	65,908	2,222,093
JNEM Arch Lobby Rehabilitation	y	1,087,107	35,521	35,521	49,517	1,037,591
JNEM Rail Station Improvements	z	518,623	19,923	19,923	90,191	428,432
Arch Corrosion Study project	y	350,000	22,430	22,430	22,430	327,570
Distributed Antenna System		300,000	-	-	-	300,000
Copier Machine		5,000	-	-	-	5,000
<b>Total Gateway Arch</b>		<b>\$ 14,434,732</b>	<b>\$ 423,876</b>	<b>\$ 423,876</b>	<b>\$ 632,475</b>	<b>\$ 13,497,257</b>

- x Projects are carryover from prior year.
- y Upon completion of this project, assets to be contributed to National Park Service (NPS).
- z Upon completion of this project, assets to be contributed to Metro Transit

# Arch Parking Facility Financials



## First Line Ambassador

Financial Highlights .....	30
Quarterly Statement of Net Position.....	31
Income/Expense Analysis.....	32
Consolidated Cash Receipts and Disbursement Schedule.....	33
Statement of Cash Flows.....	34

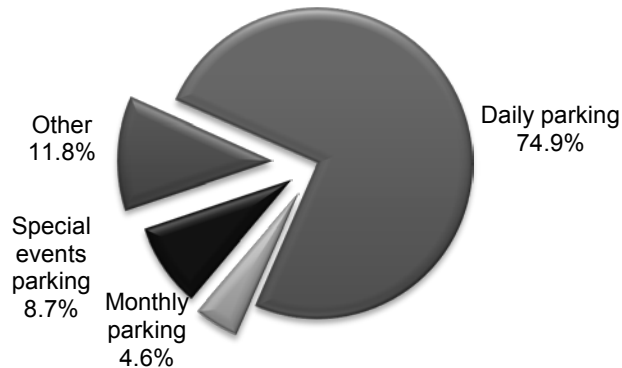
# Gateway Arch Parking Facility

Three Months Ended September 30, 2014

**Operating income** for the Gateway Arch Parking Facility for the three months ended September 30, 2014 was \$95,277 or \$39,535 unfavorable to budget. Unfavorable operating income resulted from lower revenues due to road construction and limited access around the parking facility area.

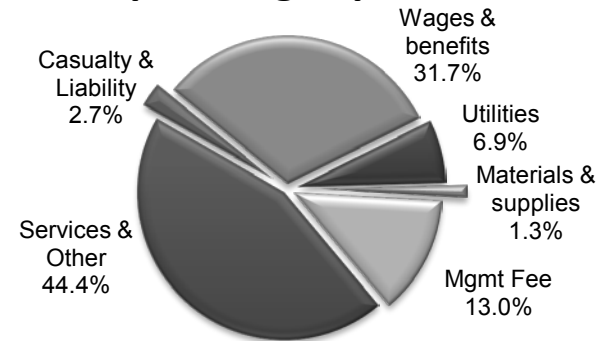
**Operating revenue** for the three months was 14.9% less than budget and 35.3% lower than FY 2014. Daily parking revenue was 13.2% or \$45,250 unfavorable to budget. Monthly parking was \$13,960 or 43.1% less than budget. CityArchRiver surrounding road construction has contributed to lower use of the Arch parking facility.

## Operating Revenues



**Salaries, wages & benefits** are \$13,158 or 12.0% favorable to budget due to unfilled vacancies, and lower than planned medical and other benefits costs.

## Operating Expenses



**Services** are essentially the same as budget and include temporary help, maintenance, custodial, and banking services.

**Materials and supplies** are \$4,975 or 55.4% favorable to budget due to less spending on building and grounds repair parts.

**Other expenses** are 11.3% favorable to budget. This category consists primarily of management fees paid to the Executive Services.

## Vehicle Transactions

FY15 Actual	60,189
FY15 Budget	55,593
FY14 Actual	94,948

**Gateway Arch Parking Facility**  
**Quarterly Statement of Net Position**  
**September 30, 2014**  
(Unaudited)

	<u>Current</u>	<u>Prior</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets</b>							
Current assets							
Cash and investments	\$ 553,885	\$ 577,831	\$ (23,946)	(4.1)	\$ 567,583	\$ (13,698)	(2.4)
Restricted cash and investments	-	-	-	na	927,832	(927,832)	(100.0)
Accounts and notes receivable	266,930	209,944	56,986	27.1	36,304	230,626	635.3
Prepaid Expenses	<u>25,720</u>	<u>200</u>	<u>25,520</u>	na	<u>26,339</u>	<u>(619)</u>	(2.4)
Total current assets	<u>846,535</u>	<u>787,975</u>	<u>58,560</u>	7.4	<u>1,558,058</u>	<u>(711,523)</u>	(45.7)
Capital assets							
Capital assets, net of accum deprec	<u>67,096</u>	<u>69,551</u>	<u>(2,455)</u>	(3.5)	<u>-</u>	<u>67,096</u>	na
<b>Total</b>	<u>\$ 913,631</u>	<u>\$ 857,526</u>	<u>\$ 56,105</u>	6.5	<u>\$ 1,558,058</u>	<u>\$ (644,427)</u>	(41.4)
<b>Liabilities and net position</b>							
Current liabilities							
Accounts payable	\$ 331,447	\$ 247,764	\$ 83,683	33.8	\$ 590,145	\$ (258,698)	(43.8)
Accrued expenses	12,568	12,068	500	4.1	6,686	5,882	88.0
Other current liabilities	<u>13,733</u>	<u>14,143</u>	<u>(410)</u>	(2.9)	<u>12,560</u>	<u>1,173</u>	9.3
Total current liabilities	<u>357,748</u>	<u>273,975</u>	<u>83,773</u>	30.6	<u>609,391</u>	<u>(251,643)</u>	(41.3)
Non-current liabilities							
Other post employment benefits	11,074	6,592	4,482	68.0	118,657	(107,583)	(90.7)
General self insurance liability	<u>14,745</u>	<u>14,745</u>	<u>-</u>	na	<u>14,745</u>	<u>-</u>	na
Total non-current liabilities	<u>25,819</u>	<u>21,337</u>	<u>4,482</u>	21.0	<u>133,402</u>	<u>(107,583)</u>	(80.6)
Total liabilities	<u>383,567</u>	<u>295,312</u>	<u>88,255</u>	29.9	<u>742,793</u>	<u>(359,226)</u>	(48.4)
Net Position							
Net position - unrestricted	562,214	589,121	(26,907)	(4.6)	589,121	(26,907)	(4.6)
Net income (loss)	<u>(32,150)</u>	<u>(26,907)</u>	<u>(5,243)</u>	(19.5)	<u>226,144</u>	<u>(258,294)</u>	(114.2)
Total net position	<u>530,064</u>	<u>562,214</u>	<u>(32,150)</u>	(5.7)	<u>815,265</u>	<u>(285,201)</u>	(35.0)
<b>Total</b>	<u>\$ 913,631</u>	<u>\$ 857,526</u>	<u>\$ 56,105</u>	6.5	<u>\$ 1,558,058</u>	<u>\$ (644,427)</u>	(41.4)



**Gateway Arch Parking Facility**  
**Schedule of Revenues, Expenses and Net Income (Loss)**  
**For the Quarter Ended September 30, 2014**  
**(Unaudited)**

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr
<b>Operating revenues</b>										
Passenger revenue	\$ 6,020	\$ 6,000	\$ 20	0.3	\$ 6,300	\$ 6,020	\$ 6,000	\$ 20	0.3	\$ 6,300
Garage parking receipts - daily	298,658	343,908	(45,250)	(13.2)	423,835	298,658	343,908	(45,250)	(13.2)	423,835
Garage parking receipts - special events	34,708	58,224	(23,516)	(40.4)	114,962	34,708	58,224	(23,516)	(40.4)	114,962
Parking - monthly	18,440	32,400	(13,960)	(43.1)	31,605	18,440	32,400	(13,960)	(43.1)	31,605
Service fee revenue	40,995	28,015	12,980	46.3	39,531	40,995	28,015	12,980	46.3	39,531
Other operating revenue	(25)	-	(25)	-	279	(25)	-	(25)	-	279
<b>Total operating revenues</b>	<u>398,796</u>	<u>468,547</u>	<u>(69,751)</u>	<u>(14.9)</u>	<u>616,512</u>	<u>398,796</u>	<u>468,547</u>	<u>(69,751)</u>	<u>(14.9)</u>	<u>616,512</u>
<b>Operating expenses</b>										
Wages and benefits	96,267	109,425	13,158	12.0	107,707	96,267	109,425	13,158	12.0	107,707
Services	134,763	134,884	121	0.1	172,399	134,763	134,884	121	0.1	172,399
Materials and supplies	4,010	8,985	4,975	55.4	9,895	4,010	8,985	4,975	55.4	9,895
Utilities	20,903	25,644	4,741	18.5	24,125	20,903	25,644	4,741	18.5	24,125
Casualty and liability costs	8,095	10,282	2,187	21.3	8,288	8,095	10,282	2,187	21.3	8,288
Other expenses	39,481	44,515	5,034	11.3	68,369	39,481	44,515	5,034	11.3	68,369
<b>Total operating expenses</b>	<u>303,519</u>	<u>333,735</u>	<u>30,216</u>	<u>9.1</u>	<u>390,783</u>	<u>303,519</u>	<u>333,735</u>	<u>30,216</u>	<u>9.1</u>	<u>390,783</u>
<b>Operating income (loss)</b>	<u>95,277</u>	<u>134,812</u>	<u>(39,535)</u>	<u>(29.3)</u>	<u>225,729</u>	<u>95,277</u>	<u>134,812</u>	<u>(39,535)</u>	<u>(29.3)</u>	<u>225,729</u>
<b>Non-operating revenue (expense)</b>										
Interest income	28	573	(545)	(95.1)	415	28	573	(545)	(95.1)	415
Contribution to outside entities	-	(1,250)	1,250	100.0	-	-	(1,250)	1,250	100.0	-
<b>Total non-operating revenues (expenses)</b>	<u>28</u>	<u>(677)</u>	<u>705</u>	<u>104.1</u>	<u>415</u>	<u>28</u>	<u>(677)</u>	<u>705</u>	<u>104.1</u>	<u>415</u>
<b>Income (loss) before depreciation</b> ➡	<u>95,305</u>	<u>134,135</u>	<u>(38,830)</u>	<u>(28.9)</u>	<u>226,144</u>	<u>95,305</u>	<u>134,135</u>	<u>(38,830)</u>	<u>(28.9)</u>	<u>226,144</u>
Depreciation and amortization	2,455	-	(2,455)	-	-	2,455	-	(2,455)	-	-
<b>Net Transfers</b>	<u>(125,000)</u>	<u>-</u>	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>(125,000)</u>	<u>-</u>	<u>(125,000)</u>	<u>-</u>	<u>-</u>
<b>Net income (loss)</b>	<u>\$ (32,150)</u>	<u>\$ 134,135</u>	<u>\$ (166,285)</u>	<u>(124.0)</u>	<u>\$ 226,144</u>	<u>\$ (32,150)</u>	<u>\$ 134,135</u>	<u>\$ (166,285)</u>	<u>(124.0)</u>	<u>\$ 226,144</u>

**Gateway Arch Parking Facility**  
**Consolidated Cash Receipts and Disbursements Schedule**  
**For the Quarter Ended September 30, 2014**  
(Unaudited)

Description	Total	Garage Fee Account	JNEM Garage Operating Fund
<b>Balance at July 1, 2014</b>			
<b>Cash &amp; Investments</b>	\$ 577,831	\$ 78,677	\$ 499,154
<b>Add:</b>			
Revenue collected	351,934	351,934	-
Received from Gateway Arch	50,805	-	50,805
Interest received	28	15	13
<b>Total cash receipts</b>	402,767	351,949	50,818
Interfund transfers	-	(105,000)	105,000
<b>Less:</b>			
Bank expenses	(3,723)	(3,723)	-
Paid to Airport	(127)	-	(127)
Paid to Gateway Arch	(125,000)	-	(125,000)
Paid to Transit	(247,117)	(222,917)	(24,200)
Paid to Executive Services	(50,746)	(50,746)	-
<b>Total cash disbursements</b>	(426,713)	(277,386)	(149,327)
<b>Balance at September 30, 2014</b>			
<b>Cash &amp; Investments</b>	<u>\$ 553,885</u>	<u>\$ 48,240</u>	<u>\$ 505,645</u>

**Gateway Arch Parking Facility**  
**Statement of Cash Flows**  
**For the Three Months Ended September 30, 2014**  
(Unaudited)

**Cash flows from operating activities**

Receipts from customers	\$ 398,795
Payments to employees	(91,285)
Payments to vendors	(90,802)
Payments for self-insurance	(8,095)
Receipts (payments) from inter-fund activity	<u>(107,588)</u>

**Net cash provided by (used in)  
operating activities**

101,025

**Cash flows from noncapital financing activities**

Net Transfers	<u>(125,000)</u>
---------------	------------------

**Net cash provided by (used in)  
noncapital financing activities**

(125,000)

**Cash flows from capital and related financing activities**

None noted.

**Cash flows from investing activities**

Interest received	<u>29</u>
-------------------	-----------

**Net cash provided by (used in)  
investing activities**

29

**Net increase (decrease) in cash  
and cash equivalents**

(23,946)

**Cash and cash equivalents, beginning of year**

577,831

**Cash and cash equivalents, year to date**

\$ 553,885

**Reconciliation of operating loss to  
net cash used for operating activities**

Operating income (loss)	<u>\$ 95,277</u>
-------------------------	------------------

**Adjustments to reconcile operating  
income (loss) to net cash provided  
by (used for) operating activities**

Change in assets and liabilities	
Interfund accounts receivable	(56,987)
Prepaid expenses, deferred charges and other current assets	(25,520)
Accounts payable	94,804
Other current liabilities	(410)
Interfund accounts payable	(11,120)
Accrued expenses	499
Other post employment benefits liability	<u>4,482</u>
Total adjustments	<u>5,748</u>

**Net cash provided by (used for)  
operating activities**

\$ 101,025

**Supplemental disclosure of cash flow information**

No disclosures.

# Riverfront Attractions Financials



## Unique Entertainment

Financial Highlights .....	35
Quarterly Statement of Net Position.....	37
Income/Expense Analysis.....	38
Consolidated Cash Receipts and Disbursement Schedule .....	39
Statement of Cash Flows.....	40
Capital Expenditures for Active Projects.....	41

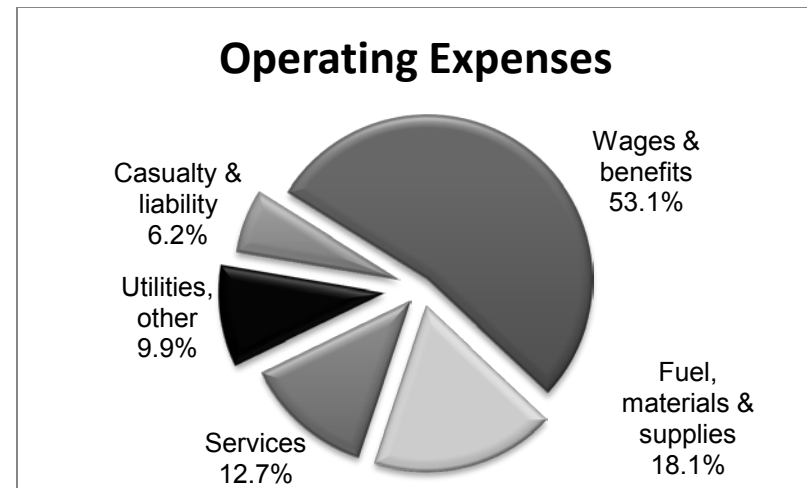
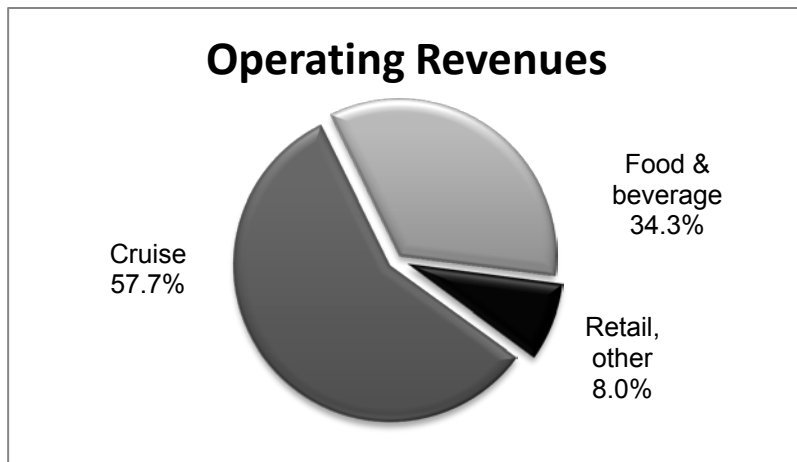
# Riverfront Attractions

Three Months Ended September 30, 2014

**Riverfront Attractions** includes the Tom Sawyer and Becky Thatcher riverboats and heliport operations. Bike rentals have been temporarily discontinued due to riverfront construction. The major component of Riverfront Attractions is the Riverboat operations which include sightseeing, dinner, and specialty cruises as well as gift shop, snack bar, and photography sales.

**Operating income** for all Riverfront Attractions for the three months ended September 30, 2014 was \$43,256. This is \$36,870 unfavorable to budget and \$401,012 less than prior year. Riverfront flooding and the CityArchRiver construction project impacted the number of passengers and income.

**Operating revenue** is \$218,414 or 25.4% lower than budget and unfavorable to prior year by \$709,188 or 52.6% due to the flooding and construction.



**Salaries, wages & benefits** are \$13,673 or 4.1% favorable to budget due to a position vacancy.

**Services** are \$12,075 or 13.7% favorable to budget due to lower National Park Service interpretative services and lower entertainment costs due to fewer specialty cruises and fewer cruises booking entertainment.

**Fuel consumed** is \$8,416 favorable to budget due to 100 fewer cruises than budgeted in FY 2015.

**Materials and supplies** are \$138,145 favorable to budget primarily due to lower food and beverage purchases for the fewer dinner and specialty cruises. Repair parts and cleaning supplies expense are also lower.

**Utilities** are \$3,771 or 14.6% favorable to budget due to lower natural gas, telephone and water and sewer, and waste removal expenses.

**Casualty and liability** expense is \$8,086 or 18.0% favorable to budget as a result of lower property and casualty self insured losses.

**Other expenses** are unfavorable to budget by \$2,622. The unfavorable variance to budget is primarily due to the timing of advertising and promotion spending.

YTD	Passengers	Cruises	Passengers per Cruise
FY15 Actual	30,910	256	121
FY15 Budget	37,500	356	105
FY14 Actual	67,969	477	142


**Riverboat passengers** decreased 54.5% from FY 2014 and was 17.6% less than budget. Riverfront flooding and the CityArchRiver construction project impacted the number of passengers.

The number of **Cruises** decreased from FY 2014 by 221 or 46.3% and 100 less than budget. This was the result of 37 cruising days lost due to flooding. The CityArchRiver construction project also impacted the number of cruises. The average **Passenger per cruise** decreased 14.8% from last year and increased 15.2% over budget.

**Riverfront Attractions**  
**Quarterly Statement of Net Position**  
**September 30, 2014**  
(Unaudited)

	<u>Current</u>	<u>Prior</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets</b>							
Current assets							
Cash	\$ 52,759	\$ 20,266	\$ 32,493	160.3	\$ 410,694	\$ (357,935)	(87.2)
Accounts receivable	76,026	177,524	(101,498)	(57.2)	211,231	(135,205)	(64.0)
Inventory	45,459	46,329	(870)	(1.9)	40,595	4,864	12.0
Prepaid Expenses	113,020	267	112,753	na	115,161	(2,141)	(1.9)
Total current assets	<u>287,264</u>	<u>244,386</u>	<u>42,878</u>	17.5	<u>777,681</u>	<u>(490,417)</u>	(63.1)
Capital assets							
Capital assets, net of accum deprec	1,674,947	1,751,217	(76,270)	(4.4)	1,740,275	(65,328)	(3.8)
Construction-in-process	2,015	-	2,015	na	-	2,015	na
Total capital assets	<u>1,676,962</u>	<u>1,751,217</u>	<u>(74,255)</u>	(4.2)	<u>1,740,275</u>	<u>(63,313)</u>	(3.6)
<b>Total</b>	<u>\$ 1,964,226</u>	<u>\$ 1,995,603</u>	<u>\$ (31,377)</u>	(1.6)	<u>\$ 2,517,956</u>	<u>\$ (553,730)</u>	(22.0)
<b>Liabilities and net position</b>							
Current liabilities							
Accounts payable	\$ 549,973	\$ 506,916	\$ 43,057	8.5	\$ 525,131	\$ 24,842	4.7
Accrued expenses	96,915	96,553	362	0.4	78,154	18,761	24.0
Deferred revenue	211,590	269,992	(58,402)	(21.6)	207,651	3,939	1.9
Total current liabilities	<u>858,478</u>	<u>873,461</u>	<u>(14,983)</u>	(1.7)	<u>810,936</u>	<u>47,542</u>	5.9
Non-current liabilities							
Other post employment benefits	356,490	343,870	12,620	3.7	314,687	41,803	13.3
General self insurance liability	37,654	33,654	4,000	11.9	46,898	(9,244)	(19.7)
Total non-current liabilities	<u>394,144</u>	<u>377,524</u>	<u>16,620</u>	4.4	<u>361,585</u>	<u>32,559</u>	9.0
Total liabilities	<u>1,252,622</u>	<u>1,250,985</u>	<u>1,637</u>	0.1	<u>1,172,521</u>	<u>80,101</u>	6.8
Net Position							
Net position - invested in capital assets	254,907	254,907	-	na	254,907	-	na
Net position - unrestricted	489,711	708,616	(218,905)	(30.9)	708,616	(218,905)	(30.9)
Net income (loss)	(33,014)	(218,905)	185,891	84.9	381,912	(414,926)	(108.6)
Total net position	<u>711,604</u>	<u>744,618</u>	<u>(33,014)</u>	(4.4)	<u>1,345,435</u>	<u>(633,831)</u>	(47.1)
<b>Total</b>	<u>\$ 1,964,226</u>	<u>\$ 1,995,603</u>	<u>\$ (31,377)</u>	(1.6)	<u>\$ 2,517,956</u>	<u>\$ (553,730)</u>	(22.0)

**Riverfront Attractions**  
**Schedule of Revenues, Expenses and Net Income (Loss)**  
**For the Quarter Ended September 30, 2014**  
**(Unaudited)**

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr
<b>Operating revenues</b>										
Cruise	\$ 369,684	\$ 476,950	\$ (107,266)	(22.5)	\$ 752,141	\$ 369,684	\$ 476,950	\$ (107,266)	(22.5)	\$ 752,141
Food and beverage	219,332	323,480	(104,148)	(32.2)	476,495	219,332	323,480	(104,148)	(32.2)	476,495
Retail	21,685	34,730	(13,045)	(37.6)	54,227	21,685	34,730	(13,045)	(37.6)	54,227
Bike rental	-	-	-	-	43,782	-	-	-	-	43,782
Other operating revenue	38,808	37,140	1,668	4.5	58,098	38,808	37,140	1,668	4.5	58,098
Sales discount	(9,408)	(13,785)	4,377	31.8	(35,454)	(9,408)	(13,785)	4,377	31.8	(35,454)
<b>Total operating revenues</b>	<b>640,101</b>	<b>858,515</b>	<b>(218,414)</b>	<b>(25.4)</b>	<b>1,349,289</b>	<b>640,101</b>	<b>858,515</b>	<b>(218,414)</b>	<b>(25.4)</b>	<b>1,349,289</b>
<b>Operating expenses</b>										
Wages and benefits	317,184	330,857	13,673	4.1	427,240	317,184	330,857	13,673	4.1	427,240
Services	75,876	87,951	12,075	13.7	93,158	75,876	87,951	12,075	13.7	93,158
Fuel and lube consumed	21,584	30,000	8,416	28.1	49,901	21,584	30,000	8,416	28.1	49,901
Materials and supplies	86,193	224,338	138,145	61.6	243,495	86,193	224,338	138,145	61.6	243,495
Utilities	21,976	25,747	3,771	14.6	24,710	21,976	25,747	3,771	14.6	24,710
Casualty and liability costs	36,956	45,042	8,086	18.0	32,655	36,956	45,042	8,086	18.0	32,655
Other expenses	37,076	34,454	(2,622)	(7.6)	33,862	37,076	34,454	(2,622)	(7.6)	33,862
<b>Total operating expenses</b>	<b>596,845</b>	<b>778,389</b>	<b>181,544</b>	<b>23.3</b>	<b>905,021</b>	<b>596,845</b>	<b>778,389</b>	<b>181,544</b>	<b>23.3</b>	<b>905,021</b>
<b>Operating income (loss)</b>	<b>43,256</b>	<b>80,126</b>	<b>(36,870)</b>	<b>(46.0)</b>	<b>444,268</b>	<b>43,256</b>	<b>80,126</b>	<b>(36,870)</b>	<b>(46.0)</b>	<b>444,268</b>
<b>Non-operating revenue (expense)</b>										
<b>Income (loss) before depreciation</b> 	<b>43,256</b>	<b>80,126</b>	<b>(36,870)</b>	<b>(46.0)</b>	<b>444,268</b>	<b>43,256</b>	<b>80,126</b>	<b>(36,870)</b>	<b>(46.0)</b>	<b>444,268</b>
Depreciation and amortization	76,270	60,661	(15,609)	(25.7)	62,356	76,270	60,661	(15,609)	(25.7)	62,356
<b>Net income (loss)</b>	<b>\$ (33,014)</b>	<b>\$ 19,465</b>	<b>\$ (52,479)</b>	<b>(269.6)</b>	<b>\$ 381,912</b>	<b>\$ (33,014)</b>	<b>\$ 19,465</b>	<b>\$ (52,479)</b>	<b>(269.6)</b>	<b>\$ 381,912</b>



**Riverfront Attractions**  
**Consolidated Cash Receipts and Disbursements Schedule**  
**For the Quarter Ended September 30, 2014**  
(Unaudited)

	<u>Total</u>	<u>Operating Fund</u>	<u>Change Fund</u>
<b>Balance at July 1, 2014</b>			
<b>Cash</b>	\$ 20,266	\$ 14,366	\$ 5,900
<b>Add:</b>			
Revenue receipts	271,586	271,586	-
Transfers from Arch Tram	332,311	332,311	-
<b>Total cash receipts</b>	<u>603,897</u>	<u>603,897</u>	<u>-</u>
Interfund transfers	-	-	-
<b>Less:</b>			
Transfers to Transit	(569,000)	(569,000)	-
Cash disbursements	<u>(2,404)</u>	<u>(2,404)</u>	<u>-</u>
<b>Total cash disbursements</b>	<u>(571,404)</u>	<u>(571,404)</u>	<u>-</u>
<b>Balance at September 30, 2014</b>			
<b>Cash</b>	<u>\$ 52,759</u>	<u>\$ 46,859</u>	<u>\$ 5,900</u>

**Riverfront Attractions**  
**Statement of Cash Flows**  
**For the Three Months Ended September 30, 2014**  
**(Unaudited)**

**Cash flows from operating activities**

Receipts from customers	\$ 642,995
Payments to employees	(304,202)
Payments to vendors	(399,410)
Payments for self-insurance	(32,956)
Receipts (payments) from inter-fund activity	<u>128,081</u>

**Net cash provided by (used in)  
operating activities**

34,508

**Cash flows from noncapital financing activities**

Acquisitions of capital assets	<u>(2,015)</u>
--------------------------------	----------------

**Net cash provided by (used in)  
capital and related financing activities**

(2,015)

**Cash flows from capital and related financing activities**

None noted.

**Cash flows from investing activities**

None noted.

**Net increase (decrease) in cash  
and cash equivalents**

32,493

**Cash and cash equivalents, beginning of year**

20,266

**Cash and cash equivalents, year to date**

\$ 52,759

**Reconciliation of operating loss to  
net cash used for operating activities**

Operating income (loss)	<u>\$ 43,256</u>
-------------------------	------------------

**Adjustments to reconcile operating  
income (loss) to net cash provided  
by (used for) operating activities**

Change in assets and liabilities	
Accounts and notes receivable	2,896
Interfund accounts receivable	98,602
Materials and supplies	870
Prepaid expenses, deferred charges and other current assets	(112,753)
Accounts payable	13,578
Other current liabilities	(58,401)
Interfund accounts payable	29,478
Accrued expenses	362
Other post employment benefits liability	12,620
Self-insurance liability	<u>4,000</u>
Total adjustments	<u>(8,748)</u>

**Net cash provided by (used for)  
operating activities**

\$ 34,508

**Supplemental disclosure of cash flow information**

No disclosures.

**Riverfront Attractions**  
**Capital Expenditures for Active Projects**  
**For the Quarter Ended September 30, 2014**  
**(unaudited)**

<b>Description</b>	<b>Budget</b>	<b>Current</b>	<b>Year-To-Date</b>	<b>Life-To-Date</b>	<b>Balance</b>
Tom Sawyer Riverboat Dry Docking	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Riverboat Gangway	121,052	2,015	2,015	2,015	119,037
Copy machine	5,000	-	-	-	5,000
<b>Total Riverfront Attractions</b>	<b>\$ 276,052</b>	<b>\$ 2,015</b>	<b>\$ 2,015</b>	<b>\$ 2,015</b>	<b>\$ 274,037</b>

# St. Louis Downtown Airport Financials



## Third Busiest Airport in Illinois

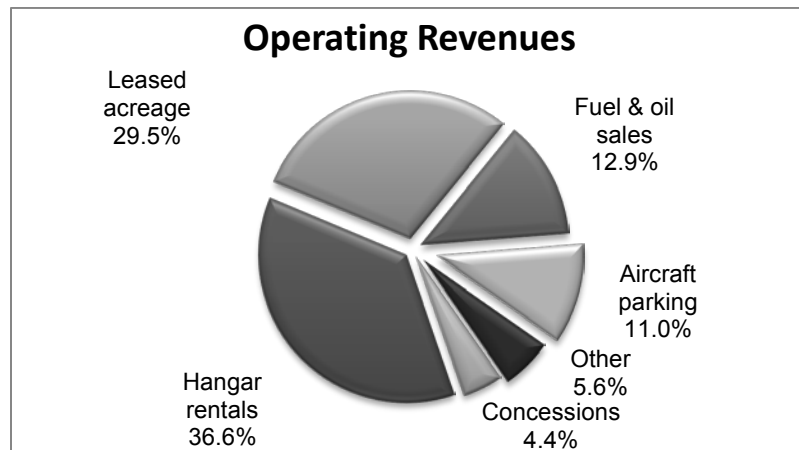
Financial Highlights .....	42
Quarterly Statement of Net Position.....	43
Income/Expense Analysis.....	45
Consolidated Cash Receipts and Disbursement Schedule .....	46
Statement of Cash Flows.....	47
Schedule of Aged Receivables .....	48
Capital Expenditures for Active Projects.....	49

# St. Louis Downtown Airport

Three Months Ended September 30, 2014

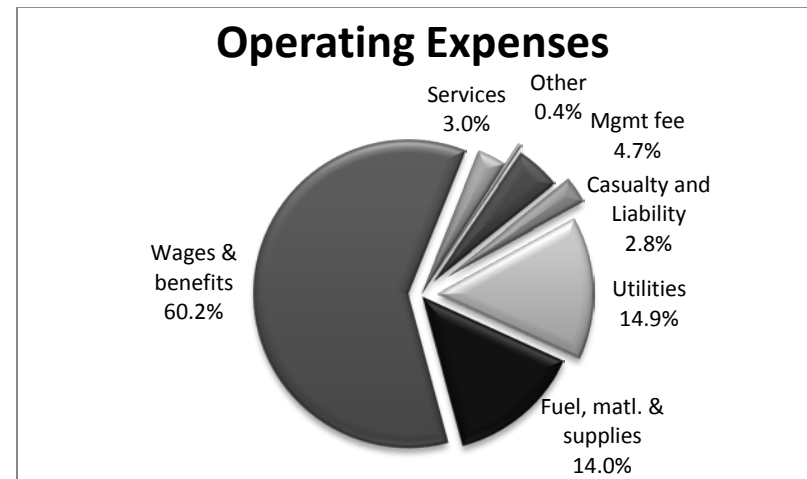
**Operating loss** for the St. Louis Downtown Airport for the three months ended September 30, 2014 was \$20,767. This is unfavorable to budget by \$102,129 or 125.5%. These results are lower than the prior year by \$147,762.

**Operating revenue** is unfavorable to budget by 29.6% or \$133,742 primarily due to lower hangar rental revenue. Jet Aviation, Inc has a new lease with lower rent and also vacated a hangar. Concessions revenue is lower due to the timing of farm income and leased acreage is also down. Compared to prior year, operating revenue is down 27.5% mainly due to lower hanger rental and leased acreage revenue.



**Salaries, wages & benefits** are favorable to budget by \$32,587 or 13.8% due fewer part time hours and lower pension and other benefits costs.

**Services** are \$8,615 or 45.8% favorable to budget due to lower than budget spending on maintenance, consulting and legal fees.



**Materials and supplies** are unfavorable to budget by \$20,683 due to airport firefighting supplies and equipment and building and grounds repair parts expense.

**Utilities** are \$9,093 unfavorable to budget. This variance is due to higher water and sewer expense related to a water line issue that needs to be remedied.

**Other expenses** are favorable to budget by \$11,817 or 40.3% due to lower management fees to Executive Services that are based on decreased revenues. Advertising expense is favorable because of the early reimbursement by Jet Aviation company for co-branding advertising expenses.

YTD	Fuel sales (gallons)	Aircraft movements	Avg. based aircraft
FY15 Actual	431,660	23,874	317
FY15 Budget	453,078	23,522	320
FY14 Actual	478,782	33,603	328

**St. Louis Downtown Airport**  
**Quarterly Statement of Net Position**  
**September 30, 2014**  
(Unaudited)

	<u>Current</u>	<u>Prior</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets</b>							
Current assets							
Cash and investments	\$ 445,800	\$ 441,572	\$ 4,228	1.0	\$ 362,270	\$ 83,530	23.1
Restricted cash and investments	331,528	319,102	12,426	3.9	291,891	39,637	13.6
Accounts and notes receivable	94,486	164,847	(70,361)	(42.7)	96,286	(1,800)	(1.9)
Inventory	61,437	62,075	(638)	(1.0)	62,162	(725)	(1.2)
Prepaid Expenses	51,366	11,823	39,543	334.5	49,725	1,641	3.3
Total current assets	<u>984,617</u>	<u>999,419</u>	<u>(14,802)</u>	<u>(1.5)</u>	<u>862,334</u>	<u>122,283</u>	<u>14.2</u>
Capital assets							
Capital assets, net of accum deprec	19,604,986	19,992,319	(387,333)	(1.9)	21,058,618	(1,453,632)	(6.9)
Land	4,542,564	4,542,564	-	-	4,542,564	-	-
Construction-in-process	1,191,480	937,324	254,156	27.1	301,532	889,948	295.1
Total capital assets	<u>25,339,030</u>	<u>25,472,207</u>	<u>(133,177)</u>	<u>(0.5)</u>	<u>25,902,714</u>	<u>(563,684)</u>	<u>(2.2)</u>
Non-current assets							
Deferred charges	17,572	29,098	(11,526)	(39.6)	66,775	(49,203)	(73.7)
Total non-current assets	<u>17,572</u>	<u>29,098</u>	<u>(11,526)</u>	<u>(39.6)</u>	<u>66,775</u>	<u>(49,203)</u>	<u>(73.7)</u>
<b>Total</b>	<u>\$ 26,341,219</u>	<u>\$ 26,500,724</u>	<u>\$ (159,505)</u>	<u>(0.6)</u>	<u>\$ 26,831,823</u>	<u>\$ (490,604)</u>	<u>(1.8)</u>

**St. Louis Downtown Airport**  
**Quarterly Statement of Net Position**  
**September 30, 2014**  
(Unaudited)

	<u>Current</u>	<u>Prior</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Prior Year</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Liabilities and net position</b>							
Current liabilities							
Accounts payable	\$ 59,747	\$ 62,299	\$ (2,552)	(4.1)	\$ 9,133	\$ 50,614	554.2
Accrued expenses	60,675	60,093	582	1.0	75,524	(14,849)	(19.7)
Other current liabilities	4,261	2,790	1,471	52.7	3,758	503	13.4
Total current liabilities	<u>124,683</u>	<u>125,182</u>	<u>(499)</u>	<u>(0.4)</u>	<u>88,415</u>	<u>36,268</u>	<u>41.0</u>
Non-current liabilities							
Other post employment benefits	331,528	319,102	12,426	3.9	291,891	39,637	13.6
Long-term self-insurance	28,991	34,991	(6,000)	(17.1)	34,991	(6,000)	(17.1)
Total non-current liabilities	<u>360,519</u>	<u>354,093</u>	<u>6,426</u>	<u>1.8</u>	<u>326,882</u>	<u>33,637</u>	<u>10.3</u>
Total liabilities	<u>485,202</u>	<u>479,275</u>	<u>5,927</u>	<u>1.2</u>	<u>415,297</u>	<u>69,905</u>	<u>16.8</u>
Net Position							
Net position - investment in capital assets	32,707,656	32,465,025	242,631	0.7	31,762,820	944,836	3.0
Net position - unrestricted	(6,443,577)	(5,058,426)	(1,385,151)	(27.4)	(5,058,426)	(1,385,151)	(27.4)
Net income (loss)	(408,062)	(1,385,150)	977,088	70.5	(287,868)	(120,194)	(41.8)
Total net position	<u>25,856,017</u>	<u>26,021,449</u>	<u>(165,432)</u>	<u>(0.6)</u>	<u>26,416,526</u>	<u>(560,509)</u>	<u>(2.1)</u>
<b>Total</b>	<u>\$ 26,341,219</u>	<u>\$ 26,500,724</u>	<u>\$ (159,505)</u>	<u>(0.6)</u>	<u>\$ 26,831,823</u>	<u>\$ (490,604)</u>	<u>(1.8)</u>

**St. Louis Downtown Airport**  
**Schedule of Revenues, Expenses and Net Income (Loss)**  
**For the Quarter Ended September 30, 2014**  
**(Unaudited)**

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Yr
<b>Operating revenues</b>										
Airport parking	\$ 34,930	\$ 33,304	1,626	4.9	\$ 35,153	\$ 34,930	\$ 33,304	1,626	4.9	\$ 35,153
Leased acreage	93,954	108,822	(14,868)	(13.7)	108,866	93,954	108,822	(14,868)	(13.7)	108,866
Hangar rental	116,440	205,089	(88,649)	(43.2)	204,200	116,440	205,089	(88,649)	(43.2)	204,200
Aviation sales flowage	40,952	50,475	(9,523)	(18.9)	46,499	40,952	50,475	(9,523)	(18.9)	46,499
Concessions	13,875	31,547	(17,672)	(56.0)	23,030	13,875	31,547	(17,672)	(56.0)	23,030
Service fee revenue	-	50	(50)	(100.0)	-	-	50	(50)	(100.0)	-
Other operating revenue	17,916	22,522	(4,606)	(20.5)	21,417	17,916	22,522	(4,606)	(20.5)	21,417
<b>Total operating revenues</b>	<b>318,067</b>	<b>451,809</b>	<b>(133,742)</b>	<b>(29.6)</b>	<b>439,165</b>	<b>318,067</b>	<b>451,809</b>	<b>(133,742)</b>	<b>(29.6)</b>	<b>439,165</b>
<b>Operating expenses</b>										
Wages and benefits	203,844	236,431	32,587	13.8	220,235	203,844	236,431	32,587	13.8	220,235
Services	10,197	18,812	8,615	45.8	6,020	10,197	18,812	8,615	45.8	6,020
Fuel and lube consumed	5,707	7,364	1,657	22.5	8,935	5,707	7,364	1,657	22.5	8,935
Materials and supplies	41,658	20,975	(20,683)	(98.6)	17,437	41,658	20,975	(20,683)	(98.6)	17,437
Utilities	50,368	41,275	(9,093)	(22.0)	28,413	50,368	41,275	(9,093)	(22.0)	28,413
Casualty and liability costs	9,539	16,252	6,713	41.3	13,769	9,539	16,252	6,713	41.3	13,769
Other expenses	17,521	29,338	11,817	40.3	17,361	17,521	29,338	11,817	40.3	17,361
<b>Total operating expenses</b>	<b>338,834</b>	<b>370,447</b>	<b>31,613</b>	<b>8.5</b>	<b>312,170</b>	<b>338,834</b>	<b>370,447</b>	<b>31,613</b>	<b>8.5</b>	<b>312,170</b>
<b>Operating income (loss)</b>	<b>(20,767)</b>	<b>81,362</b>	<b>(102,129)</b>	<b>(125.5)</b>	<b>126,995</b>	<b>(20,767)</b>	<b>81,362</b>	<b>(102,129)</b>	<b>(125.5)</b>	<b>126,995</b>
<b>Non-operating revenue (expense)</b>										
Interest income	39	84	(45)	(53.6)	30	39	84	(45)	(53.6)	30
Other non-operating revenue (expense)	-	-	-	-	40	-	-	-	-	40
<b>Total non-operating revenues (expenses)</b>	<b>39</b>	<b>84</b>	<b>(45)</b>	<b>(53.6)</b>	<b>70</b>	<b>39</b>	<b>84</b>	<b>(45)</b>	<b>(53.6)</b>	<b>70</b>
<b>Income (loss) before depreciation</b>	<b>(20,728)</b>	<b>81,446</b>	<b>(102,174)</b>	<b>(125.4)</b>	<b>127,065</b>	<b>(20,728)</b>	<b>81,446</b>	<b>(102,174)</b>	<b>(125.4)</b>	<b>127,065</b>
Depreciation and amortization	387,334	381,323	(6,011)	(1.6)	414,933	387,334	381,323	(6,011)	(1.6)	414,933
<b>Net income (loss)</b>	<b>\$ (408,062)</b>	<b>\$ (299,877)</b>	<b>\$ (108,185)</b>	<b>(36.1)</b>	<b>\$ (287,868)</b>	<b>\$ (408,062)</b>	<b>\$ (299,877)</b>	<b>\$ (108,185)</b>	<b>(36.1)</b>	<b>\$ (287,868)</b>



**St. Louis Downtown Airport**  
**Consolidated Cash Receipts and Disbursements Schedule**  
**For the Quarter Ended September 30, 2014**  
(Unaudited)

	<u>Total</u>	<u>Revenue Fund</u>	<u>Investments Operating Fund</u>	<u>Other Restricted Funds</u>
<b>Balance at July 1, 2014</b>				
<b>Cash &amp; Investments</b>	\$ 760,674	\$ 69,136	\$ 372,436	\$ 319,102
<b>Add:</b>				
Customer payments	432,341	432,214	127	-
Interest received	<u>37</u>	<u>16</u>	<u>21</u>	<u>-</u>
<b>Total cash receipts</b>	432,378	432,230	148	-
Interfund transfers	-	(89,000)	76,574	12,426
<b>Less:</b>				
Cash disbursements	<u>(415,724)</u>	<u>(724)</u>	<u>(415,000)</u>	<u>-</u>
<b>Balance at September 30, 2014</b>				
<b>Cash &amp; Investments</b>	<u>\$ 777,328</u>	<u>\$ 411,642</u>	<u>\$ 34,158</u>	<u>\$ 331,528</u>

**St. Louis Downtown Airport**  
**Statement of Cash Flows**  
**For the Three Months Ended September 30, 2014**  
**(Unaudited)**

**Cash flows from operating activities**

Receipts from customers	\$ 382,532
Payments to employees	(190,834)
Payments to vendors	(138,008)
Payments for self-insurance	(15,539)
Receipts (payments) from inter-fund activity	<u>(10,008)</u>

**Net cash provided by (used in)  
operating activities**

28,143

**Cash flows from noncapital financing activities**

None noted

**Cash flows from capital and related financing activities**

Acquisitions of capital assets	(254,157)
Contributed capital	<u>242,630</u>

**Net cash provided by (used in)  
capital and related financing activities**

(11,527)

**Cash flows from investing activities**

Interest received	<u>38</u>
-------------------	-----------

**Net cash provided by (used in)  
investing activities**

38

**Net increase (decrease) in cash  
and cash equivalents**

16,654

**Cash and cash equivalents, beginning of year**

760,674

**Cash and cash equivalents, year to date**

\$ 777,328

**Reconciliation of operating income to  
net cash used for operating activities**

Operating income (loss)	<u>\$ (20,767)</u>
-------------------------	--------------------

**Adjustments to reconcile operating  
income (loss) to net cash provided  
by (used for) operating activities**

Change in assets and liabilities	
Accounts and notes receivables	64,467
Interfund accounts receivable	5,897
Materials and supplies	638
Prepaid expenses, deferred charges and other current assets	(28,019)
Accounts payable	(2,553)
Other current liabilities	1,471
Accrued expenses	583
Other post employment benefits liability	12,426
Self-insurance liability	<u>(6,000)</u>

Total adjustments	<u>48,910</u>
-------------------	---------------

**Net cash provided by (used for)  
operating activities**

\$ 28,143

**Supplemental disclosure of cash flow information**

No disclosures.

**St. Louis Downtown Airport**  
**Schedule of Aged Receivables**  
**September 30, 2014**  
(Unaudited)

<b>Customers owing over \$1,000</b>	<b>Less than 30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-180 days</b>	<b>181-360 days</b>	<b>Over 361 days</b>	<b>Total</b>
Aviation Business Corporation	\$ 6,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,025
Charlie Booth	230	230	-	690	1,380	670	3,200
Helicopters Inc	1,645	-	-	-	-	-	1,645
Ideal Aviation Illinois	12,442	3,722	-	-	-	-	16,164
Jet Aviation	20,437	-	-	-	-	-	20,437
Ozark Air Services	2,241	-	-	7,599	11,290	-	21,130
Parks College	1,160	-	-	-	-	-	1,160
Silver Eagle Aviation	-	-	-	9,167	-	-	9,167
Spinners Restaurant	1,817	-	-	2,301	1,150	-	5,268
Subtotal	45,997	3,952	-	19,757	13,820	670	84,196
All other customers	3,242	750	68	49	-	920	5,029
<b>Total</b>	<b>\$ 49,239</b>	<b>\$ 4,702</b>	<b>\$ 68</b>	<b>\$ 19,993</b>	<b>\$ 13,633</b>	<b>\$ 1,590</b>	<b>\$ 89,225</b>

**St. Louis Downtown Airport**  
**Capital Expenditures for Active Projects**  
**For the Quarter Ended September 30, 2014**  
**(unaudited)**

<b>Description</b>		<b>Budget</b>	<b>Current</b>	<b>Year-To-Date</b>	<b>Life-To-Date</b>	<b>Balance</b>
Reconstruct Taxiway B, Phase 1		\$ 3,750,000	\$ -	\$ -	\$ -	\$ 3,750,000
Land acquisition for future airport expansion		3,590,000	-	-	-	3,590,000
Improve 4-way intersection - turn lanes and traffic lights		900,000	-	-	-	900,000
Rapid Intervention Vehicle		500,000	-	-	-	500,000
Rehab parking lot by Hangar 1 and 2.		312,000	-	-	-	312,000
Terminal Roof Replacement		138,000	-	-	-	138,000
Taxiway B Northside Environmental Assessment		125,000	-	-	-	125,000
Wildlife Hazard Assessment		50,000	-	-	-	50,000
Pick-Up Truck with Snow Blade		40,000	-	-	-	40,000
Bush Hog Mower		25,000	-	-	-	25,000
Copier Machine		5,000	-	-	-	5,000
Earthwork - Grade Ditch Parallel to Main Runway	x	698,000	47,267	47,267	496,219	201,781
Taxiway - Reconstruct Taxilane in NW Quadrant	x	644,000	206,890	206,890	550,374	93,626
Construct Perimeter Fence	x	458,600	-	-	406,576	52,024
Airport Master Plan, Phase II	x	360,000	-	-	-	360,000
Airport Master Plan, Phase I	x	140,000	-	-	126,000	14,000
Airport SUV and Equipment	x	45,097	3,927	3,927	40,047	5,050
<b>Total St. Louis Downtown Airport</b>		<b>\$ 11,780,697</b>	<b>\$ 258,083</b>	<b>\$ 258,083</b>	<b>\$ 1,619,216</b>	<b>\$ 10,161,481</b>

x Projects are carryover from prior year.

# Manpower Staffing

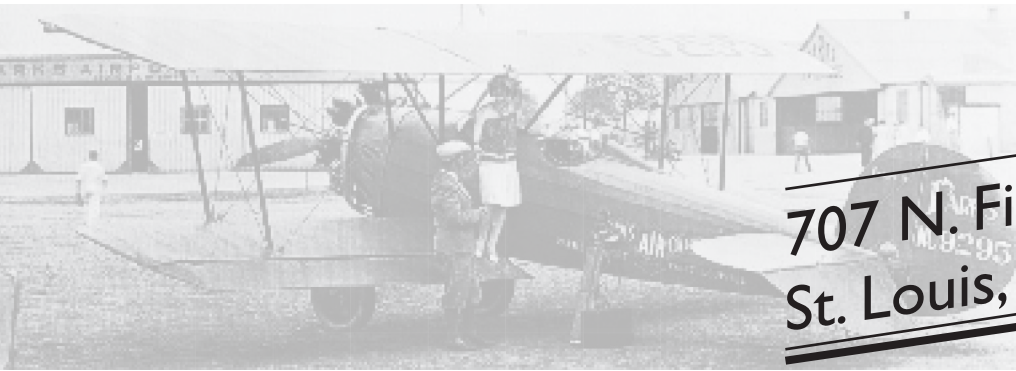


Staffing Level Report .....50

**METRO  
STAFFING LEVEL REPORT  
September 2014**

	EMPLOYEES AT END OF MONTH				BUDGETED POSITIONS	VARIANCE	PERCENT VARIANCE
	PRIOR MONTH	ADDED	DELETED	CURRENT MONTH			
<b>MULTI MODAL TRANSIT SYSTEM</b>							
A.T.U. Maintenance & Operations:							
Light Rail Vehicle Operators	104	0	0	104	102	2	2.0%
PT Bus Operators	71	47	(3)	115	83	32	38.6%
Bus Operators	805	1	(5)	801	787	14	1.8%
Van Operators	200	6	(1)	205	200	5	2.5%
Vehicle Maintenance	268	0	(6)	262	286	(24)	-8.4%
MetroBus Support Services and Facility Maintenance	22	0	0	22	24	(2)	-8.3%
Maintenance of Way	53	1	0	54	53	1	1.9%
Revenue	12	1	0	13	13	0	0.0%
Materials Management	23	1	0	24	24	0	0.0%
<b>SUBTOTAL Maintenance &amp; Operations</b>	<b>1,558</b>	<b>57</b>	<b>(15)</b>	<b>1,600</b>	<b>1,572</b>	<b>28</b>	<b>1.8%</b>
Other:							
A.T.U. Clerical Unit	52	0	(1)	51	52	(1)	-1.9%
I.B.E.W.	62	2	0	64	66	(2)	-3.0%
Salaried	440	3	(2)	441	494	(53)	-10.7%
<b>SUBTOTAL Other</b>	<b>554</b>	<b>5</b>	<b>(3)</b>	<b>556</b>	<b>612</b>	<b>(56)</b>	<b>-9.2%</b>
<b>TOTAL MULTI MODAL TRANSIT SYSTEM</b>	<b>2,112</b>	<b>62</b>	<b>(18)</b>	<b>2,156</b>	<b>2,184</b>	<b>(28)</b>	<b>-1.3%</b>
<b>PARKING GARAGE</b>							
Salaried:	5	0	(1)	4	5	(1)	-20.0%
Hourly:	8	0	(1)	7	8	(1)	-12.5%
<b>TOTAL PARKING GARAGE</b>	<b>13</b>	<b>0</b>	<b>(2)</b>	<b>11</b>	<b>13</b>	<b>(2)</b>	<b>-15.4%</b>
<b>ARCH</b>							
Salaried:	11	1	0	12	12	0	0.0%
Hourly:	95	1	(8)	88	137	(49)	-35.8%
<b>TOTAL ARCH</b>	<b>106</b>	<b>2</b>	<b>(8)</b>	<b>100</b>	<b>149</b>	<b>(49)</b>	<b>-32.9%</b>
<b>AIRPORT</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>0.0%</b>
<b>RIVERBOAT CRUISES</b>							
Salaried:	11	0	0	11	12	(1)	-8.3%
Hourly:	64	2	(1)	65	64	1	1.6%
<b>TOTAL RIVERBOAT CRUISES</b>	<b>75</b>	<b>2</b>	<b>(1)</b>	<b>76</b>	<b>76</b>	<b>0</b>	<b>0.0%</b>
<b>EXECUTIVE OFFICE</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>21</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL AGENCY</b>	<b>2,338</b>	<b>66</b>	<b>(29)</b>	<b>2,375</b>	<b>2,454</b>	<b>(79)</b>	<b>-3.2%</b>

Does not include Security Officers, Interns or Temporary Employees  
10/15/2014

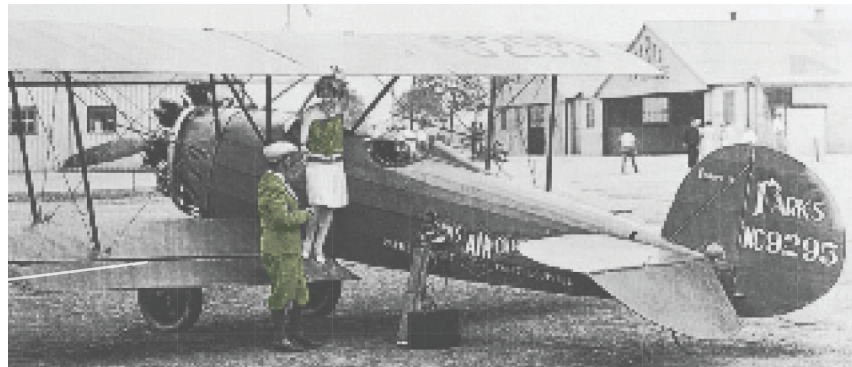


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## PERFORMANCE INDICATORS

**FISCAL YEAR 2015**  
First Quarter • Ending September 30, 2014



Bi-State  
Development



## Table of Contents

<b>Summary:</b>	Executive Summary.....	1
	Annual Transit Performance.....	3
<b>Performance Profiles:</b>	System.....	4
	MetroBus.....	5
	MetroLink.....	6
	Call-A-Ride.....	7
	Business Enterprises & Executive Services.....	8
<b>Transit Statistics:</b>	Average Weekday Ridership.....	9
	Passenger Boardings.....	10
	Passengers by Jurisdiction.....	11
	Passenger Revenue.....	12
	Revenue Miles.....	13
	Total Miles.....	14
	Revenue Hours.....	15
	Total Hours.....	16
	Expense by Mode.....	17
	Unscheduled Absenteeism.....	18
<b>Business Enterprises Statistics:</b>	Gateway Arch.....	19
	Gateway Arch Parking.....	20
	Riverfront Attractions.....	21
	St Louis Downtown Airport.....	22
<b>Agency Operating Income:</b>	Executive Services Operating Income.....	23
<b>Definitions:</b>	Definitions.....	24



## EXECUTIVE SUMMARY

### METRO TRANSIT SYSTEM

#### **SERVICE CHANGES AND FARE INCREASES**

There have been no major service changes in FY 2015; Metro continues to modify bus routes on a quarterly basis to improve efficiencies in scheduling and to match customer needs. System revenue miles increased slightly by 0.1%, while the revenue hours dropped 0.6%. On July 1, 2014 Metro increased fares affecting the price of Metrolink base and reduced fares and weekly, monthly and university semester passes. The cost of the Metrolink base fare increased 25¢ to \$2.50; weekly passes increased \$1.00 to \$27.00; monthly passes increased from \$72 to \$78 and the university semester pass increased from \$150 to \$175. July 1, 2012 fare increases affected the prices of 2-hour, weekly, monthly, and semester passes.

#### **REVENUES AND EXPENSES**

Passenger revenue of \$14.6 million is 2.5% favorable to prior year as a result of ridership growth and a fare increase. Operating expenses are 3.9% greater than prior year and 6.8% favorable to budget. Expenses are greater than prior year due to higher wage and benefit costs and outside service spending on non-capital projects. The favorable variance to budget is related to wages and benefits, fuel, parts and supplies and insurance.

#### **RIDERSHIP AND OTHER CUSTOMER MEASURES**

Passenger boardings for the first three months of FY 2015 increased 1.1% when compared to the prior year. MetroBus increased 2.2%, MetroLink and Call-A-Ride decreased 0.6% and 1.7%, respectively. The MetroBus increase was a result of milder temperatures and less severe weather in July, when compared to the prior year. The decrease in MetroLink ridership was due to extreme heat and severe weather in August and fewer special downtown events in September. System passenger injuries per 1,000 boardings dropped 8.3% and customer complaints per 1,000 boardings decreased 2.5%, when compared to the prior year.

#### **BUSINESS MEASURES**

Average fare for the 1st quarter is \$1.11, compared to \$1.09 for the prior year. Farebox recovery is lower than the prior year primarily due to operating expenses increasing at a greater rate than passenger revenue; however, farebox recovery is better than budget due to lower than anticipated operating expenses. Operating expense per revenue hour increased 4.6% compared to the prior year, while remaining below budget. Operating expense per passenger boarding increased 2.9% compared to the prior year, but remains 11.6% under budget.

#### **OPERATING MEASURES**

For the first quarter of FY 2015, vehicle accidents per 100,000 vehicle miles increased 0.3 to 1.5 when compared to the prior year, but decreased to budget by 0.5. Unscheduled absenteeism at 2.7% was below a budget and prior year of 3.0%. Passenger boardings per revenue mile and revenue hour were greater than the prior year due to the increase in system passengers but consistent revenue miles and hours.



## EXECUTIVE SUMMARY (Cont.)

### **BUSINESS ENTERPRISES**

#### **GATEWAY ARCH**

Arch tram ridership for three months ended September 30, 2014 was 0.07% favorable to budget and 5.9% unfavorable to prior year actual. Ticket sales are down compared to prior year due to the on-going City/Arch/River construction project. Operating income was essentially the same as budget. Wages and benefits were favorable to budget but were offset by unfavorable Other Expenses for the purchase of way finding billboards related to the current park grounds and highway construction and detours.

#### **GATEWAY ARCH PARKING**

For the three months ended September 30, 2014, operating income was \$39,535 unfavorable to budget and \$130,452 less than prior year actual. Road construction and limited access related to the City/Arch/River development project contributed to lower use of the garage. Vehicle transactions include pay machine exit and pay at the entrance transactions that were not counted in the budget.

#### **RIVERFRONT ATTRACTIONS**

Riverboat passengers for the three months ended September 30, 2014 were 17.6% lower than budget and 54.5% less than FY 2014. Operating revenue for all Riverfront Attractions was 25.4% unfavorable to budget. Operating expenses were 23.3% under budget as a result of less than anticipated wages and benefits, services, insurance and materials and supplies expense. This led to unfavorable operating income compared to budget of \$80,126.

#### **ST. LOUIS DOWNTOWN AIRPORT**

Operating loss for the airport was \$102,129 below budget goals as a result of decreased operating revenue. Operating revenue was unfavorable to budget by 29.6% or \$133,742 primarily due to lower hangar rental revenue. Jet Aviation, Inc has a new lease with lower rent and also vacated a hangar. Concessions revenue is lower due to the timing of farm income and leased acreage revenue is also down. Operating expense was favorable to budget by 8.5% or \$31,613 due to lower Agency fees that are based on lower revenues and also because of the early reimbursement by Jet Aviation, Inc for co-branding advertising expenses. Airport activity varies because of the economy, special events and weather conditions. Aircraft movements decreased 29.0% over last year due especially due to a sluggish economy. Gallon fuel sales decreased 9.8% and the average number of aircraft based at the airport decreased 3.6% compared to last year.

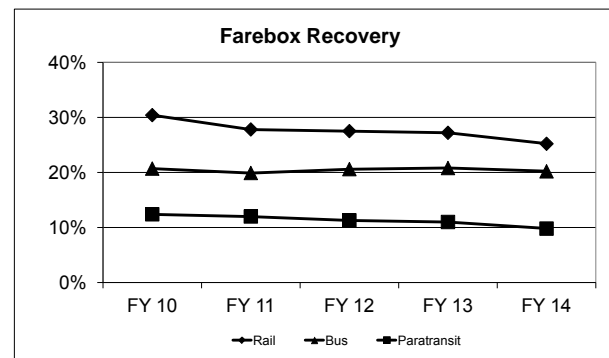
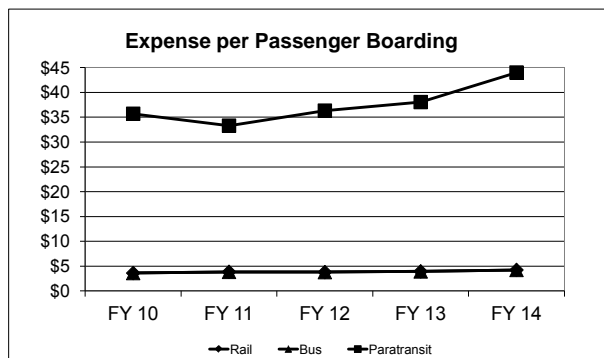
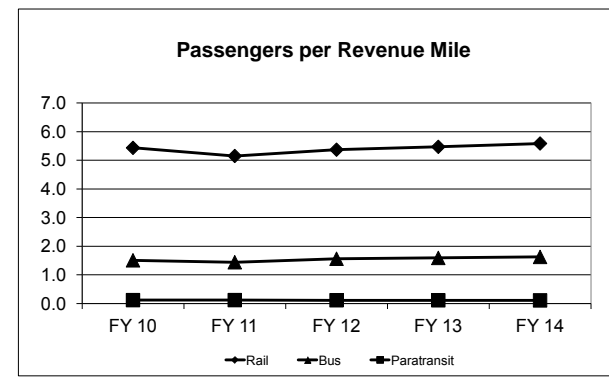
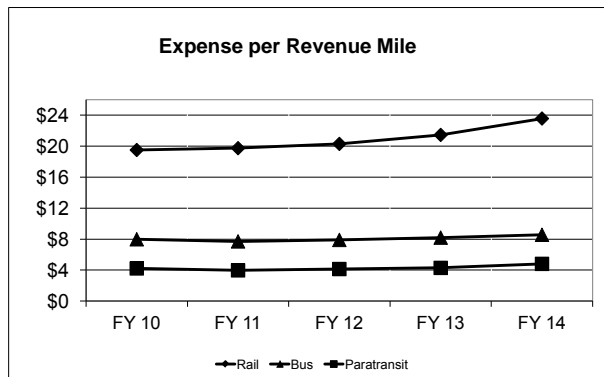
#### **EXECUTIVE SERVICES**

Operating income for Executive Services exceeded the budget by \$269,502 as a result of expenses being lower than budget and a favorable variance of Arch administrative fee revenue. The lower than budgeted expenses are due to unfilled positions and the timing of legal fees and consulting fees.



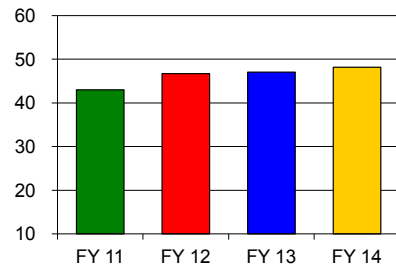
# Metro

## ANNUAL TRANSIT PERFORMANCE

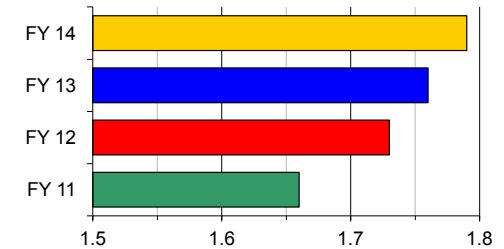


## System Profile

Annual Ridership (in millions)



Annual Passengers per Revenue Mile

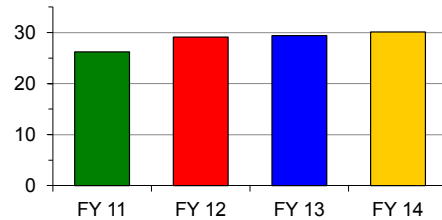


### Three Months Ended September 30, 2014

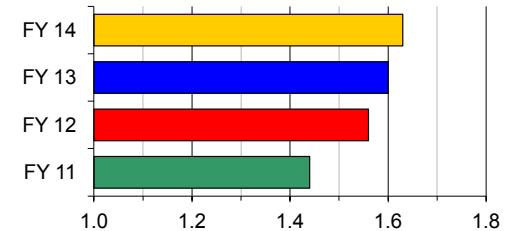
Goal	FY 2015	FY 2014	Change		FY 2013	FY 2012	FY 2011
<b><u>Customer Measures</u></b>							
158,496	159,437	157,623	1.2%	Average Weekday Ridership	153,958	147,760	138,734
12,739,064	12,914,500	12,769,571	1.1%	Passenger Boardings	12,224,279	11,806,803	11,063,272
1.1	1.2	1.3	-8.3%	Passenger Injuries per 100,000 Boardings	1.4	1.2	1.3
10.0	11.7	12.0	-2.5%	Customer Complaints per 100,000 Boardings	17.1	10.8	12.5
<b><u>Business Measures</u></b>							
\$1.12	\$1.11	\$1.09	1.3%	Average Fare (Includes Fixed & Special)	\$1.10	\$1.09	\$1.14
19.5%	22.0%	22.1%	-0.3%	Farebox Recovery	22.2%	23.1%	23.8%
\$147.75	\$141.54	\$135.38	4.6%	Operating Expense per Revenue Hour	\$130.48	\$123.80	\$125.73
\$5.68	\$5.02	\$4.88	2.9%	Operating Expense per Passenger Boarding	\$4.86	\$4.77	\$4.88
\$4.35	\$3.71	\$3.60	3.1%	Subsidy per Passenger Boarding	\$3.57	\$3.47	\$3.53
<b><u>Operating Measures</u></b>							
2.0	1.5	1.2	25.0%	Vehicle Accidents per 100,000 Vehicle Miles	1.5	1.5	1.6
3.0%	2.7%	3.0%	-10.0%	Unscheduled Absenteeism	3.7%	3.5%	3.3%
1.82	1.89	1.87	1.0%	Passenger Boardings per Revenue Mile	1.80	1.75	1.73
27.19	28.20	27.70	1.8%	Passenger Boardings per Revenue Hour	26.90	25.90	25.70

## MetroBus Profile

Annual Ridership (in millions)



Annual Passengers per Revenue Mile



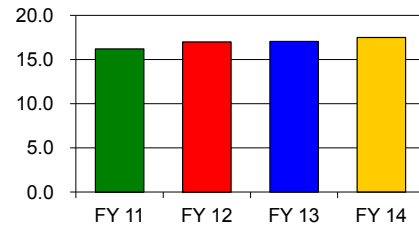
### Three Months Ended September 30, 2014

Goal	FY 2015	FY 2014	Change		FY 2013	FY 2012	FY 2011
<b>Customer Measures</b>							
99,110	100,622	98,878	1.8%	Average Weekday Ridership	96,699	92,573	85,009
7,862,186	8,039,048	7,863,294	2.2%	Passenger Boardings	7,572,466	7,242,138	6,577,552
1.2	1.7	1.1	54.5%	Passenger Injuries per 100,000 Boardings	1.9	1.5	1.6
15.0	13.7	12.7	8.2%	Customer Complaints per 100,000 Boardings	21.0	15.0	17.0
<b>Business Measures</b>							
\$1.11	\$1.10	\$1.08	1.2%	Average Fare (Fixed and Special)	\$1.09	\$1.08	\$1.14
19.3%	21.9%	22.3%	-1.8%	Farebox Recovery	21.9%	22.2%	22.0%
\$123.49	\$115.79	\$109.94	5.3%	Operating Expense per Revenue Hour	\$109.84	\$102.65	\$105.66
\$5.72	\$5.02	\$4.87	3.1%	Operating Expense per Passenger Boarding	\$4.99	\$4.89	\$5.17
<b>Operating Measures</b>							
2.3	2.1	1.7	23.5%	Vehicle Accidents per 100,000 Vehicle Miles	2.1	1.9	2.1
91.0%	90.6%	91.3%	-0.8%	*On-Time Performance	91.6%	90.1%	87.5%
1.63	1.71	1.68	1.8%	Passenger Boardings per Revenue Mile	1.62	1.55	1.49
22.23	23.08	22.60	2.1%	Passenger Boardings per Revenue Hour	21.99	20.98	20.42
99.9%	99.8%	99.9%	-0.1%	Percent of Trips Completed	99.9%	99.9%	99.9%
22,000	17,445	19,043	-8.4%	Revenue Miles Between Roadcalls	22,261	16,807	15,553

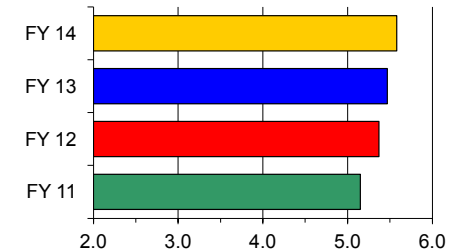
\* On-Time Performance reporting change in FY 2011 - see Definitions

## MetroLink Profile

Annual Ridership (in millions)



Annual Passengers per Revenue Mile



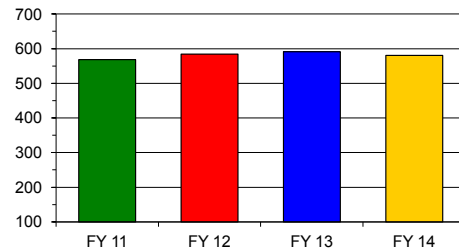
### Three Months Ended September 30, 2014

Goal	FY 2015	FY 2014	Change		FY 2013	FY 2012	FY 2011
<b>Customer Measures</b>							
57,398	56,867	56,762	0.2%	Average Weekday Ridership	55,204	53,199	51,713
4,729,368	4,730,660	4,759,015	-0.6%	Passenger Boardings	4,502,029	4,419,222	4,341,062
0.7	0.4	0.4	0.0%	Passenger Injuries per 100,000 Boardings	0.5	0.2	0.5
1.8	1.2	1.3	-10.8%	Customer Complaints per 100,000 Boardings	1.5	0.4	1.1
<b>Business Measures</b>							
\$1.11	\$1.10	\$1.08	1.2%	Average Fare (Fixed and Special)	\$1.09	\$1.08	\$1.14
25.6%	28.5%	28.5%	0.0%	Farebox Recovery	30.5%	30.0%	31.9%
\$558.30	\$541.53	\$534.51	1.3%	Operating Expense per Revenue Hour	\$477.19	\$473.71	\$459.79
\$4.30	\$3.82	\$3.78	1.1%	Operating Expense per Passenger Boarding	\$3.56	\$3.60	\$3.54
<b>Operating Measures</b>							
0.1	0.1	0.0	-	Vehicle Accidents per 100,000 Vehicle Miles	0.0	0.0	0.0
98.0%	97.9%	97.3%	0.6%	*On-Time Performance	98.2%	98.8%	98.5%
5.81	6.01	6.03	-0.3%	Passenger Boardings per Revenue Mile	5.67	5.49	5.42
137.74	141.84	141.31	0.4%	Passenger Boardings per Revenue Hour	133.99	131.70	129.80
31,000	54,302	35,075	54.8%	Vehicle Miles between Failures	33,065	34,973	28,119

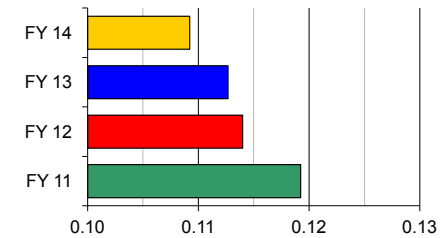
\* On-Time Performance reporting change in FY 2011 - see Definitions

## Call-A-Ride Profile

Annual Ridership (in thousands)



Annual Passengers per Revenue Mile

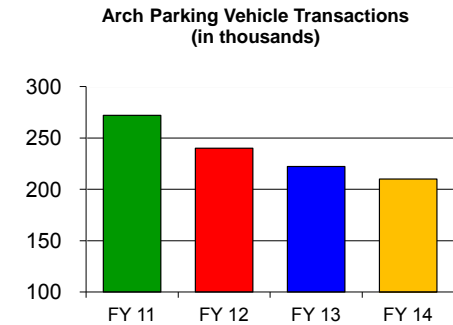
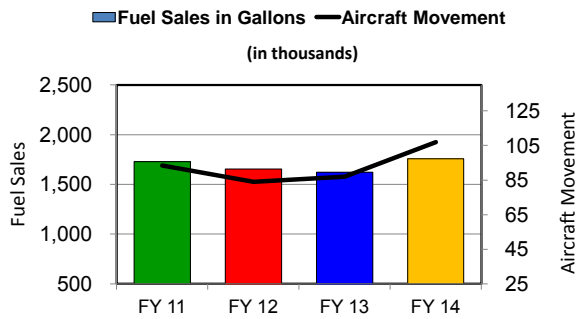
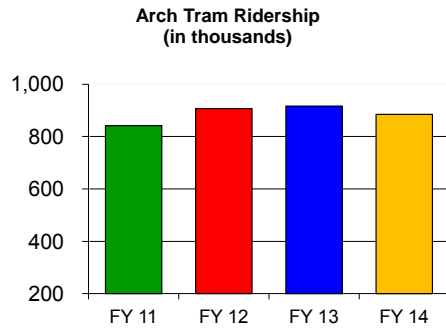


### Three Months Ended September 30, 2014

Goal	FY 2015	FY 2014	Change		FY 2013	FY 2012	FY 2011
<b>Customer Measures</b>							
1,987	1,948	1,984	-1.8%	Average Weekday Ridership	2,055	1,988	2,012
147,510	144,792	147,262	-1.7%	Passenger Boardings	149,784	145,443	144,658
4.5	4.8	9.5	-49.5%	Passenger Injuries per 100,000 Boardings	10.0	4.6	3.5
20.0	30.4	23.1	31.6%	Customer Complaints per 100,000 Boardings	16.7	15.8	26.3
<b>Business Measures</b>							
\$1.64	\$2.04	\$1.92	6.0%	Average Fare	\$1.82	\$1.64	\$1.51
9.3%	10.0%	10.1%	-1.0%	Farebox Recovery (excludes contractual)	11.3%	11.6%	13.1%
24.4%	21.9%	23.8%	-7.9%	Revenue Recovery (includes contractual)	28.1%	31.3%	34.7%
\$81.52	\$84.29	\$77.33	9.0%	Operating Expense per Revenue Hour	\$71.69	\$65.59	\$62.21
\$44.47	\$44.48	\$41.51	7.2%	Operating Expense per Passenger Boarding	\$37.01	\$34.39	\$31.89
<b>Operating Measures</b>							
1.8	1.3	0.7	85.7%	Vehicle Accidents per 100,000 Vehicle Miles	1.0	2.2	1.6
95.0%	95.0%	94.7%	0.3%	On-Time Performance	94.3%	96.3%	99.0%
0.11	0.11	0.11	0.0%	Passenger Boardings per Revenue Mile	0.11	0.12	0.12
1.83	1.89	1.86	1.6%	Passenger Boardings per Revenue Hour	1.94	1.91	1.95
50,000	27,429	46,326	-40.8%	Revenue Miles between Maintenance Failure	32,812	43,439	70,921



## Business Enterprises and Executive Services Profiles



### Three Months Ended September 30, 2014

Goal	FY 2015	FY 2014	Change		FY 2013	FY 2012	FY 2011
<b><u>Gateway Arch</u></b>							
\$870,588	\$869,559	\$1,133,094	-23.3%	Operating Income	\$1,167,369	\$954,923	\$1,135,865
326,765	327,008	347,536	-5.9%	Tram Ridership	340,437	323,818	347,042
<b><u>Gateway Arch Parking</u></b>							
\$134,812	\$95,277	\$225,729	-57.8%	Operating Income	\$112,937	\$241,387	\$402,320
55,593	60,189	94,948	-36.6%	Vehicle Transactions *	71,190	89,499	109,608
<b><u>Riverfront Attractions</u></b>							
\$80,126	\$43,256	\$444,268	-90.3%	Operating Income	\$358,496	\$258,665	\$120,181
37,500	30,910	67,969	-54.5%	Passengers	56,555	44,417	36,822
356	256	477	-46.3%	Cruises	519	459	358
61	55	92	-40.2%	Days of Operation	92	85	69
<b><u>St. Louis Downtown Airport</u></b>							
\$81,362	(\$20,767)	\$126,995	-116.4%	Operating Income (Loss)	\$35,342	\$40,750	\$35,862
453,078	431,660	478,782	-9.8%	Fuel Sales (gallons)	414,569	393,588	484,334
23,522	23,874	33,603	-29.0%	Aircraft Movements	22,762	25,777	28,993
320	317	328	-3.6%	Average Based Aircraft	317	330	280
<b><u>Executive Services</u></b>							
\$145,881	\$415,383	\$414,123	0.3%	Operating Income	\$447,679	\$219,462	\$349,236

\* Vehicle transactions beginning in FY 2014 include Pay Machine Exit and Pay at the Entrance transactions. Prior Years Actual have not been restated.

## Average Weekday Ridership

Period	MetroBus			MetroLink			Call-A-Ride			System		
	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change
1st Qtr YTD	100,622	98,878	1.8%	56,867	56,762	0.2%	1,948	1,984	-1.8%	159,437	157,623	1.2%
2nd Qtr YTD	-	97,441		-	55,027		-	1,964		-	154,432	
3rd Qtr YTD	-	95,702		-	53,022		-	1,973		-	150,697	
Full year	-	95,911		-	53,900		-	1,976		-	151,787	

July	96,479	90,627	6.5%	56,267	53,801	4.6%	1,903	1,953	-2.6%	154,649	146,381	5.6%
August	99,160	99,747	-0.6%	55,674	58,215	-4.4%	1,988	1,998	-0.5%	156,822	159,960	-2.0%
September	106,420	106,999	-0.5%	58,690	61,258	-4.2%	1,952	2,000	-2.4%	167,062	170,257	-1.9%
October	-	100,032		-	59,348		-	2,041		-	161,421	
November	-	97,811		-	52,428		-	1,950		-	152,189	
December	-	89,872		-	47,402		-	1,840		-	139,114	
January	-	83,911		-	45,920		-	1,799		-	131,630	
February	-	93,506		-	49,184		-	2,059		-	144,749	
March	-	94,789		-	51,800		-	2,115		-	148,704	
April	-	96,049		-	57,185		-	2,036		-	155,270	
May	-	97,879		-	56,374		-	1,955		-	156,208	
June	-	95,698		-	56,010		-	1,963		-	153,671	

# Passenger Boardings

Period	MetroBus			MetroLink			Call-A-Ride			System		
	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change
1st Qtr YTD	8,039,048	7,863,294	2.2%	4,730,660	4,759,015	-0.6%	144,792	147,262	-1.7%	12,914,500	12,769,571	1.1%
2nd Qtr YTD	-	15,464,723	-	-	9,023,696	-	-	292,447	-	-	24,780,866	-
3rd Qtr YTD	-	22,449,648	-	-	12,884,942	-	-	434,870	-	-	35,769,460	-
Full year	-	30,123,181	-	-	17,466,322	-	-	580,562	-	-	48,170,065	-

July	2,614,885	2,456,715	6.4%	1,618,750	1,548,189	4.6%	48,491	49,838	-2.7%	4,282,126	4,054,742	5.6%
August	2,659,210	2,721,485	-2.3%	1,528,210	1,600,732	-4.5%	48,349	49,901	-3.1%	4,235,769	4,372,118	-3.1%
September	2,764,953	2,685,094	3.0%	1,583,700	1,610,094	-1.6%	47,952	47,523	0.9%	4,396,605	4,342,711	1.2%
October	-	2,842,083		-	1,664,818		-	51,894		-	4,558,795	
November	-	2,456,784		-	1,349,380		-	47,180		-	3,853,344	
December	-	2,302,562		-	1,250,483		-	46,111		-	3,599,156	
January	-	2,243,038		-	1,234,908		-	45,893		-	3,523,839	
February	-	2,255,170		-	1,201,360		-	46,113		-	3,502,643	
March	-	2,486,717		-	1,424,978		-	50,417		-	3,962,112	
April	-	2,540,100		-	1,567,406		-	49,947		-	4,157,453	
May	-	2,642,618		-	1,522,250		-	48,920		-	4,213,788	
June	-	2,490,815		-	1,491,724		-	46,825		-	4,029,364	

## Passengers by Jurisdiction

Period	MetroBus						MetroLink					
	Missouri			St. Clair			Missouri			St. Clair		
	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change
1st Qtr YTD	7,152,041	7,014,205	2.0%	887,007	849,089	4.5%	3,841,877	3,832,944	0.2%	888,783	926,071	-4.0%
2nd Qtr YTD	-	13,827,112	-	-	1,637,611	-	-	7,294,053	-	-	1,729,643	-
3rd Qtr YTD	-	20,099,223	-	-	2,350,425	-	-	10,414,449	-	-	2,470,493	-
Full year	-	26,951,227	-	-	3,171,954	-	-	14,131,372	-	-	3,334,950	-

July	2,330,567	2,197,028	6.1%	284,318	259,687	9.5%	1,319,626	1,248,438	5.7%	299,124	299,751	-0.2%
August	2,354,244	2,421,325	-2.8%	304,966	300,160	1.6%	1,236,244	1,290,183	-4.2%	291,966	310,549	-6.0%
September	2,467,230	2,395,852	3.0%	297,723	289,242	2.9%	1,286,007	1,294,323	-0.6%	297,693	315,771	-5.7%
October	-	2,548,064		-	294,019		-	1,347,733		-	317,085	
November	-	2,200,452		-	256,332		-	1,096,988		-	252,392	
December	-	2,064,391		-	238,171		-	1,016,388		-	234,095	
January	-	2,010,121		-	232,917		-	994,117		-	240,791	
February	-	2,024,682		-	230,488		-	968,113		-	233,247	
March	-	2,237,308		-	249,409		-	1,158,166		-	266,812	
April	-	2,271,624		-	268,476		-	1,273,923		-	293,483	
May	-	2,357,508		-	285,110		-	1,231,161		-	291,089	
June	-	2,222,872		-	267,943		-	1,211,839		-	279,885	

## Passenger Revenue

	MetroBus			MetroLink			Call-A-Ride *			System		
Period	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change
1st Qtr YTD	\$8,844,894	\$8,542,264	3.5%	\$5,153,496	\$5,125,326	0.5%	\$643,724	\$616,407	4.4%	\$14,642,114	\$14,283,997	2.5%
2nd Qtr YTD	\$16,419,685			\$9,584,376			\$1,273,996			\$27,278,057		
3rd Qtr YTD	\$23,846,755			\$13,708,228			\$1,845,088			\$39,400,071		
Full year	\$31,995,231			\$18,540,970			\$2,500,983			\$53,037,184		

1st Qtr	\$8,844,894	\$8,542,264	3.5%	\$5,153,496	\$5,125,326	0.5%	\$643,724	\$616,407	4.4%	\$14,642,114	\$14,283,997	2.5%
2nd Qtr	7,877,421			4,459,051			657,588			12,994,060		
3rd Qtr	7,427,069			4,123,852			571,093			12,122,014		
4th Qtr	\$8,148,476			\$4,832,742			\$655,895			\$13,637,113		

\* Call-A-Ride passenger revenue does not include Medicaid and Department of Mental Health contractual subsidies.

## Revenue Miles

Period	MetroBus*			MetroLink*			Call-A-Ride			System		
	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change
1st Qtr YTD	4,692,837	4,684,655	0.2%	787,374	789,196	-0.2%	1,344,004	1,343,446	0.0%	6,824,215	6,817,297	0.1%
2nd Qtr YTD	-	9,328,683		-	1,578,540		-	2,672,854		-	13,580,077	
3rd Qtr YTD	-	13,857,952		-	2,349,260		-	3,958,113		-	20,165,325	
Full year	-	18,529,083		-	3,127,483		-	5,315,418		-	26,971,985	

July	1,583,027	1,582,930	0.0%	268,160	268,090	0.0%	442,344	451,464	-2.0%	2,293,531	2,302,484	-0.4%
August	1,573,079	1,600,952	-1.7%	263,356	265,318	-0.7%	449,359	455,824	-1.4%	2,285,794	2,322,094	-1.6%
September	1,536,731	1,500,773	2.4%	255,858	255,788	0.0%	452,301	436,158	3.7%	2,244,891	2,192,719	2.4%
October	-	1,605,583		-	272,128		-	475,892		-	2,353,602	
November	-	1,500,852		-	252,446		-	427,766		-	2,181,064	
December	-	1,537,593		-	264,770		-	425,750		-	2,228,113	
January	-	1,563,415		-	265,712		-	419,500		-	2,248,626	
February	-	1,419,734		-	240,977		-	415,031		-	2,075,742	
March	-	1,546,121		-	264,030		-	450,728		-	2,260,879	
April	-	1,537,858		-	256,926		-	459,680		-	2,254,464	
May	-	1,557,455		-	264,515		-	455,281		-	2,277,252	
June	-	1,575,818		-	256,782		-	442,344		-	2,274,944	

\* Scheduled

# Total Miles

Period	MetroBus*			MetroLink*			Call-A-Ride			System		
	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change
1st Qtr YTD	5,340,966	5,334,232	0.1%	795,036	796,151	-0.1%	1,426,630	1,427,967	-0.1%	7,562,632	7,558,351	0.1%
2nd Qtr YTD	-	10,608,243		-	1,593,399		-	2,838,974		-	15,040,616	
3rd Qtr YTD	-	15,752,314		-	2,370,309		-	4,203,636		-	22,326,259	
Full year	-	21,026,546		-	3,155,350		-	5,643,112		-	29,825,007	

July	1,804,931	1,800,912	0.2%	271,057	270,548	0.2%	468,421	479,556	-2.3%	2,544,409	2,551,015	-0.3%
August	1,797,276	1,824,692	-1.5%	265,683	267,670	-0.7%	476,915	485,716	-1.8%	2,539,874	2,578,078	-1.5%
September	1,738,760	1,708,629	1.8%	258,295	257,934	0.1%	481,294	462,695	4.0%	2,478,349	2,429,258	2.0%
October	-	1,827,151		-	275,749		-	504,073		-	2,606,973	
November	-	1,700,318		-	254,640		-	453,261		-	2,408,218	
December	-	1,746,542		-	266,859		-	453,673		-	2,467,074	
January	-	1,775,002		-	267,792		-	446,730		-	2,489,524	
February	-	1,613,191		-	242,824		-	440,987		-	2,297,002	
March	-	1,755,879		-	266,294		-	476,945		-	2,499,118	
April	-	1,755,032		-	259,485		-	487,026		-	2,501,543	
May	-	1,777,402		-	266,589		-	484,029		-	2,528,019	
June	-	1,741,798		-	258,967		-	468,421		-	2,469,186	

\* Scheduled

## Revenue Hours

Period	MetroBus*			MetroLink*			Call-A-Ride			System		
	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change
1st Qtr YTD	348,319	347,991	0.1%	33,351	33,677	-1.0%	76,410	79,048	-3.3%	458,080	460,716	-0.6%
2nd Qtr YTD	-	688,947		-	67,200		-	157,886		-	914,033	
3rd Qtr YTD	-	1,020,168		-	99,908		-	233,752		-	1,353,828	
Full year	-	1,362,513		-	132,922		-	311,539		-	1,806,973	

July	117,420	116,968	0.4%	11,393	11,445	-0.5%	25,171	26,932	-6.5%	153,983	155,346	-0.9%
August	117,552	119,046	-1.3%	11,156	11,348	-1.7%	25,753	26,859	-4.1%	154,461	157,253	-1.8%
September	113,348	111,977	1.2%	10,803	10,883	-0.7%	25,486	25,257	0.9%	149,636	148,117	1.0%
October	-	118,510		-	11,550		-	27,794		-	157,854	
November	-	110,029		-	10,718		-	25,364		-	146,111	
December	-	112,417		-	11,254		-	25,680		-	149,351	
January	-	114,055		-	11,290		-	25,782		-	151,127	
February	-	103,665		-	10,238		-	24,155		-	138,058	
March	-	113,500		-	11,180		-	25,929		-	150,609	
April	-	113,762		-	10,888		-	26,493		-	151,143	
May	-	115,605		-	11,251		-	26,123		-	152,979	
June	-	112,978		-	10,875		-	25,171		-	149,024	

\* Scheduled



# Total Hours

Period	MetroBus*			MetroLink*			Call-A-Ride			System		
	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change
1st Qtr YTD	373,708	372,912	0.2%	33,901	34,204	-0.9%	82,208	85,241	-3.6%	489,817	492,357	-0.5%
2nd Qtr YTD	-	738,747		-	68,288		-	170,247		-	977,282	
3rd Qtr YTD	-	1,094,630		-	101,493		-	252,135		-	1,448,258	
Full year	-	1,462,141		-	135,028		-	335,814		-	1,932,983	

July	126,018	125,407	0.5%	11,591	11,627	-0.3%	27,055	29,034	-6.8%	164,664	166,068	-0.8%
August	126,057	127,552	-1.2%	11,331	11,527	-1.7%	27,666	29,036	-4.7%	165,054	168,115	-1.8%
September	121,633	119,953	1.4%	10,979	11,050	-0.6%	27,487	27,171	1.2%	160,099	158,174	1.2%
October	-	127,096		-	11,774		-	29,874		-	168,743	
November	-	117,962		-	10,887		-	27,305		-	156,153	
December	-	120,778		-	11,423		-	27,827		-	160,028	
January	-	122,577		-	11,460		-	27,964		-	162,001	
February	-	111,399		-	10,391		-	26,094		-	147,884	
March	-	121,906		-	11,354		-	27,830		-	161,091	
April	-	122,190		-	11,073		-	28,423		-	161,686	
May	-	124,075		-	11,419		-	28,201		-	163,695	
June	-	121,247		-	11,043		-	27,055		-	159,345	

\* Scheduled

## Operating Expense by Mode

Period	MetroBus			MetroLink			Call-A-Ride			System		
	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change
1st Qtr YTD	\$40,333,500	\$38,259,110	5.4%	\$18,060,510	\$18,000,810	0.3%	\$6,440,719	\$6,112,953	5.4%	\$64,834,729	\$62,372,874	3.9%
2nd Qtr YTD	76,254,594			36,589,701			11,956,282			124,800,577		
3rd Qtr YTD	116,834,583			54,313,807			18,570,902			189,719,292		
Full year	\$158,594,799			\$73,683,260			\$25,554,639			\$257,832,698		

1st Qtr	\$40,333,500	\$38,259,110	5.4%	\$18,060,510	\$18,000,810	0.3%	\$6,440,719	\$6,112,953	5.4%	\$64,834,729	\$62,372,874	3.9%
2nd Qtr	37,995,484			18,588,890			5,843,328			62,427,703		
3rd Qtr	40,579,989			17,724,106			6,614,620			64,918,715		
4th Qtr	\$41,760,216			\$19,369,453			\$6,983,737			\$68,113,406		

## Unscheduled Absenteeism

Period	Operators			Maintenance			Facility Support			Total		
	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change
1st Qtr YTD	3.0%	3.3%	-0.3%	2.1%	2.8%	-0.8%	2.2%	1.4%	0.7%	2.7%	3.0%	-0.2%
2nd Qtr YTD		3.2%			2.4%			1.7%			2.9%	
3rd Qtr YTD		3.6%			2.4%			2.0%			3.2%	
Full year		3.6%			2.2%			1.8%			3.2%	

July	3.1%	2.8%	0.3%	3.0%	3.9%	-0.9%	1.8%	0.9%	0.9%	2.9%	2.8%	0.2%
August	2.8%	3.3%	-0.5%	1.9%	2.4%	-0.5%	2.3%	1.6%	0.7%	2.6%	2.9%	-0.3%
September	3.1%	3.8%	-0.7%	1.2%	2.1%	-1.0%	2.3%	1.8%	0.5%	2.7%	3.3%	-0.6%
October		2.8%			2.3%			2.8%			2.7%	
November		3.1%			1.4%			1.7%			2.6%	
December		3.9%			2.2%			1.4%			3.3%	
January		4.2%			3.2%			2.2%			3.8%	
February		4.3%			2.4%			3.1%			3.9%	
March		4.2%			1.7%			2.2%			3.6%	
April		3.7%			1.6%			1.0%			3.0%	
May		4.1%			1.5%			1.2%			3.3%	
June		3.1%			2.1%			1.8%			2.8%	

# Gateway Arch

	Operating Income		
Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	\$869,559	\$1,133,094	-23.3%
2nd Qtr YTD		\$1,219,962	
3rd Qtr YTD		\$1,291,005	
Full Year		\$1,903,977	

	Tram Ridership		
Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	327,008	347,536	-5.9%
2nd Qtr YTD		471,239	
3rd Qtr YTD		594,156	
Full Year		885,165	

	Tram Ridership		
Month	FY 2015	FY 2014	Change
July	153,124	156,979	-2.5%
August	117,575	124,943	-5.9%
September	56,309	65,614	-14.2%
October		32,033	
November		54,174	
December		37,496	
January		23,447	
February		25,964	
March		73,506	
April		70,271	
May		92,486	
June		128,252	

# Gateway Arch Parking

	Operating Income		
Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	\$95,277	\$225,729	-57.8%
2nd Qtr YTD		\$173,232	
3rd Qtr YTD		\$62,213	
Full Year		\$68,281	

	Vehicle Transactions		
Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	60,189	94,948	-36.6%
2nd Qtr YTD		127,816	
3rd Qtr YTD		158,870	
Full Year		210,394	

	* Vehicle Transactions		
Month	FY 2015	FY 2014	Change
July	29,021	40,402	-28.2%
August	19,493	33,564	-41.9%
September	11,675	20,982	-44.4%
October		8,941	
November		13,031	
December		10,896	
January		8,222	
February		7,435	
March		15,397	
April		11,211	
May		16,721	
June		23,592	

\* Vehicle transactions in FY 2014 and FY 2015 include Pay Machine Exit and Pay at the Entrance transactions.

# Riverfront Attractions

	Riverboat Passengers		
Month	FY 2015	FY 2014	Change
July	6,496	32,752	-80.2%
August	19,968	23,774	-16.0%
September	4,446	11,443	-61.1%
October		8,156	
November		2,633	
December		203	
January		-	
February		-	
March		5,650	
April		9,542	
May		16,542	
June		10,028	

Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	30,910	67,969	-54.5%
2nd Qtr YTD		78,961	
3rd Qtr YTD		84,611	
Full Year		120,723	

	Operating Income		
Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	\$43,256	\$444,268	-90.3%
2nd Qtr YTD		\$362,383	
3rd Qtr YTD		\$37,087	
Full Year		\$44,652	

	Riverboat Cruises		
Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	256	477	-46.3%
2nd Qtr YTD		587	
3rd Qtr YTD		631	
Full Year		932	

	Riverboat Days of Operation		
Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	55	92	-40.2%
2nd Qtr YTD		151	
3rd Qtr YTD		175	
Full Year		248	

# St. Louis Downtown Airport

	Fuel Sales in Gallons		
Month	FY 2015	FY 2014	Change
July	147,048	153,396	-4.1%
August	138,056	165,059	-16.4%
September	146,556	160,327	-8.6%
October		189,759	
November		136,805	
December		105,532	
January		124,462	
February		104,235	
March		154,339	
April		167,417	
May		149,801	
June		146,508	

Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	431,660	478,782	-9.8%
2nd Qtr YTD		910,878	
3rd Qtr YTD		1,293,914	
Full Year		1,757,640	

	Operating Income (Loss)		
Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	(\$20,767)	\$126,995	-116.4%
2nd Qtr YTD		\$224,432	
3rd Qtr YTD		\$255,061	
Full year		\$277,116	

	Aircraft Movements		
Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	23,874	33,603	-29.0%
2nd Qtr YTD		57,712	
3rd Qtr YTD		77,003	
Full Year		106,996	

	Average Based Aircraft		
Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	317	328	-3.6%
2nd Qtr YTD		326	
3rd Qtr YTD		323	
Full Year		321	

## Executive Services Operating Income

Quarter	FY 2015	FY 2014	Change
1st Qtr YTD	\$415,383	\$414,123	0.3%
2nd Qtr YTD	\$748,029		
3rd Qtr YTD	\$945,638		
Full Year	\$1,217,941		

Quarter	FY 2015	FY 2014	Change
1st Qtr	\$415,383	\$414,123	0.3%
2nd Qtr	\$333,906		
3rd Qtr	\$197,608		
4th Qtr	\$272,304		



# Definitions

## Transit

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### **Customer complaint**

Passenger or general public dissatisfaction expressed to Customer Service by phone call, letter or email for which there is no immediate, satisfactory explanation; includes operator behavior, service, equipment maintenance or suitability, or other concerns. System customer complaints have been restated to include complaints not specifically related to an operating facility.

### **Expense**

Excludes depreciation, amortization, debt expense and the 2% sheltered workshop pass-through. Allocations by mode are based on a management-developed model. (See also "Operating Expense.")

### **Failure**

Metro Call A Ride: Revenue service interruption whereby a vehicle is unable to complete the assigned run and must be removed from service because of a mechanical, wheelchair lift, or other equipment failure. Road hazard tire failures, vandalism, accidents, and other failures not related to maintenance of vehicles are not reported.

MetroLink: Revenue service interruption whereby a train is delayed by five minutes or more or removed from service for mechanical reasons.

### **Farebox recovery**

Passenger revenue as a percent of operating expense.

### **Fleet size**

Number of revenue vehicles at the end of the reporting period.

### **On-time performance**

MetroBus and MetroLink: A trip is considered "on-time" if the vehicle departs within the time frame of 59 seconds before schedule or arrives within 4:59 minutes after schedule.

\* In fiscal year 2011, Metro upgraded the data collection and interpretation of its on-time performance with increased deployment of an automatic vehicle location system (AVL) and associated software analysis tools. Due to these changes, trend analysis is not possible.

Metro Call-A-Ride: Appointments are made giving the passenger an estimated arrival time. A trip is considered on-time if arrival for the appointment is within 20 minutes before or after the appointment time.

## Transit

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### **Operating expense**

Expense less leases and rentals, which is a National Transit Database definition. Allocations by mode are based on National Transit Database instructions which are different than the management-developed cost allocation model. (See also "Expense.")

### **Passenger boardings**

Includes original revenue vehicle boardings and all transfers based on bus farebox counts, MetroLink ridership modeling using Automatic Passenger Counter (APC) technology, and actual Call-A-Ride passengers.

### **Passenger injury**

Physical harm or alleged physical harm to a passenger or bystander involved in an Agency accident. One vehicle accident may result in multiple injuries.

### **Peer**

City which management considers to be comparable to St. Louis. Certain cities report more than one agency in which case the agency results have been combined.

### **Revenue hours**

Time that MetroBus/Call-A-Ride vehicles or MetroLink trains operate in passenger service including special service.

### **Revenue miles**

Distance that MetroBus/Call-A-Ride vehicles or MetroLink trains operate in passenger service including special service.

### **Revenue recovery**

Passenger revenue, Transit Management Association revenue, and paratransit contractual revenue as a percent of expense.

### **Ridership**

Total passenger boardings.

### **Roadcall**

MetroBus revenue service interruption whereby the vehicle is delayed because of mechanical, tire, farebox, wheelchair life or other equipment failure. A delay is not counted as a roadcall unless the delay is five minutes or more.

## Transit

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### **Subsidy**

Subsidy as reported on "System Profile" - Expense less operating revenue except federal, state and local assistance.

Subsidy as reported on "Peer Performance - System" - Operating expense less passenger revenue.

### **Total hours**

Revenue hours plus deadhead hours (e.g., from the facility to the start of a revenue trip).

### **Total miles**

Revenue miles plus deadhead miles (e.g., from the facility to the start of a revenue trip).

### **Unscheduled absenteeism**

Operator, mechanic and facility support sick time and unauthorized leave as a percent of current staffing, excluding overtime.

### **Vehicle accident**

Incident in which an Agency vehicle makes physical contact with another vehicle, a fixed object or a person. It also includes derailments or leaving the road.

### **Vehicle miles**

For MetroBus and Call-A-Ride, total miles and vehicle miles are the same. For MetroLink, total mileage for each car of a two-car train is included.

## Non-Transit

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### **Aircraft movement**

Takeoff or landing recorded by the tower. Movements when the tower is closed are not included.

### **Airport fuel sales**

Number of gallons of aviation fuel delivered to the fixed base operators.

### **Arch tram ridership**

Number of adult and child tickets sold.

### **Based aircraft**

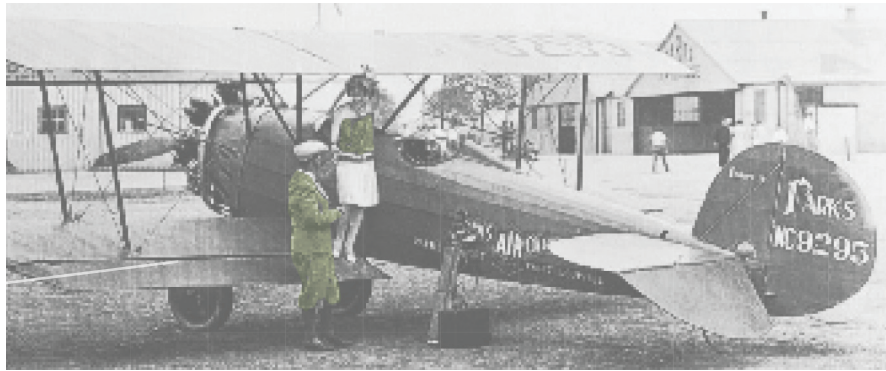
Average number of aircraft stored in owned or leased hangers or outside ramps. Quarterly, the amount represents the average of the month-end counts.

### **Parking Facility vehicle transactions**

Number of vehicles exiting the facility (excluding monthly customers) that have paid by either a Pay at the Entrance Transaction, Pay Machines Transaction, or Booth Cashier Transaction.

### **Riverfront Attractions**

Includes the Gateway Arch Riverboats and bike rentals, operated by Metro, and a heliport owned by Metro but operated under contract by another party.



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**Bi-State Development Agency / Metro**  
**Agenda Item**  
**Audit Committee Meeting**  
**January 23, 2015**

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**From:** James J. Cali, CPA  
Director of Internal Audit  
**Subject:** Treasury - Safekeeping Quarterly Accounts Audit – Ending September 30, 2014  
Briefing Paper No. 15-12  
**Disposition:** Information  
**Presentation:** James J. Cali, Director of Internal Audit

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**Objective**

To provide the Audit Committee with the results of the Treasury - Safekeeping Quarterly Accounts Audit, ending September 30, 2014.

**Board Policy**

Board Policy, Chapter 30 Audit, Finance and Budget Section 30.040 Banking and Investment E.1. states:

“Securities purchased are delivered against payment and held in a custodian safekeeping account. Tri-party custodian agreements maintained with third party trust companies as well as the Federal Reserve Bank are acceptable. Hold-In-Custody repurchase agreements for fourteen days or less will be processed through special transaction accounts. These accounts will be audited quarterly by Internal Audit and the results reported through the Treasurer to the Board of Commissioners.”

**Funding Source**

The Internal Audit Department Budget.

**Background**

In accordance with the FY2015 Internal Audit Plan and the requirements of the Board Policy, the Internal Audit Department (**IAD**) performed a quarterly audit of the Treasury Safekeeping Accounts.

IAD reviewed the Treasurer’s Report, as of September 30, 2014, to identify the securities classified under the Safekeeping Accounts criteria. Each bank custodian, where the Safekeeping Accounts are held, was contacted to verify the existence of the Securities and to confirm the account balances.

**Analysis**

Based upon our analysis and examination from each bank custodian's confirmations, IAD has determined that the Safekeeping Accounts exist, and the respective balances have been fairly presented in the Treasurer’s Report dated September 30, 2014. A summary of our findings is presented in the attached table.

The Safekeeping Accounts are made up of funds to be used for multiple purposes. Of the \$63 million in securities issued by Federal Home Loan Bank and Farm Credit Bank (\$40.5 million and \$22.5 million, respectively), \$44.5 million represents local sales tax funds internally restricted for capital projects, \$10 million represents funds internally restricted for self-insurance purposes, \$8 million is per Board policy to internally reserve for unexpected costs, and \$500,000 is for the Gateway Arch. In addition, there is \$2.4 million in funds at Jefferson Bank & Trust earmarked for Workman's Compensation open claims and pending reserves.

**Committee Action Requested**

This material is presented for information only; therefore, no action is required of the Audit Committee.

**Attachment:** Safekeeping Quarterly Accounts Audit - Ending September 30, 2014

**Internal Audit Department**  
**INDEPENDENT VERIFICATION for SAFEKEEPING ACCOUNTS**  
as of September 30, 2014

**Attachment**

The Treasurer's Report as of 9/30/14 indicates the following U. S. Treasury Securities held in Agency Safekeeping Accounts:					
<b>Issuer-Investment (Bank Safekeeping Agent)</b>	<b>Treasurer's Report balance (Cost) 9/30/14</b>	<b>Treasurer's Report balance (Market Value) 9/30/14</b>	<b>Confirmed Balance Per Bank Agent (Market Value, if provided, or Par Value) 9/30/14</b>	<b>Variance Noted</b>	<b>Description/Disposition</b>
<b>Farm Credit Bank (Bank of America)</b>	<b>\$22,481,817.00</b>	<b>\$22,450,116.00</b>	<b>\$22,450,115.00</b>	<b>-\$1.00</b>	
<b>Federal Home Loan Bank (Bank of America)</b>	<b>\$40,548,792.00</b>	<b>\$40,544,227.00</b>	<b>\$40,544,222.33</b>	<b>-\$4.67</b>	
<b>U.S. Treasury Bills (Jefferson Bank &amp; Trust)</b>	<b>\$2,358,608.00</b>	<b>\$2,378,086.00</b>	<b>\$2,405,000.00</b>	<b>\$26,914.00</b>	The bank confirms the par value versus the market value shown on the Treasurer's report.
<b>Total</b>	<b>\$65,389,217.00</b>	<b>\$65,372,429.00</b>	<b>\$65,399,337.33</b>	<b>\$26,908.33</b>	



**Bi-State Development Agency / Metro  
Agenda Item  
Audit Committee Meeting  
January 23, 2015**

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**From:** James J. Cali, CPA  
Director of Internal Audit  
**Subject:** Internal Audit Status Report – FY2015 (2nd Quarter)  
Briefing Paper No. 15-13  
**Disposition:** Information  
**Presentation:** James J. Cali, Director of Internal Audit

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**Objective**

To present to the Audit Committee the Internal Audit Department's (**IAD**) Status Report for the 2nd Quarter of Fiscal Year 2015.

**Board Policy**

Board Policy, Chapter 30 Audit, Finance and Budget Section 30.005 Audit Committee Charter, A. GENERAL. The purpose of the Audit Charter is to assist the Board of Commissioners, through its Audit Committee, in fulfilling its fiduciary oversight responsibilities as follows:

The IAD Policies and Procedures Manual, Internal Audit Charter, dated March 2, 2012, and signed by the Chair of the Board of Commissioners, the Audit Committee Chair, the President and CEO, and the Director of Internal Audit states in Section 1.1-Responsibility that the IAD had the responsibility to:

- Issue periodic reports to the Audit Committee and Management summarizing results of audit activities;
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing; and
- Provide a list of significant measurement goals and results to the Audit Committee.

**Funding Source**

Internal Audit Department Budget.

**Background**

**Internal Audit Status Report**

This report provides the Board of Commissioners, Audit Committee Members and Senior Management with a summary of the IAD's quarterly activity pertaining to the Annual Audit Plan.

In addition to tracking the status of current audits, this report also highlights the follow-up activity related to the implementation of recommendations from prior audits.

In accordance with the Institute of Internal Auditors (**IIA**) Professional Standards, a Quality Assurance Review (**QAR**) of the IAD should be conducted at least once every five (5) years.

To be in compliance with the IIA Professional Standards, Crowe Horwath, the Agency's independent external auditors is scheduled to conduct the QAR of the Internal Audit Department in February 2015.

The QAR will assess the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

### **Analysis**

As a result of recently completed audits, we have identified a number of Audit Findings resulting in the following questioned costs. We have recouped \$148,258.00 as of October 1, 2014.

<b><u>Audit</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Recouped Costs</u></b>
Transit Advertising Contract - (Lamar)	\$148,258.00	\$148,258.00
Self-Funded Health Insurance Plan (Cigna)	45,000.00	0.00
2013 Grant Review - Transit Security Grant Program (TSGP) - Phase II - Capital Expenditures - (Sachs Electric)	<u>46,943.00</u>	<u>0.00</u>
<b>Total</b>	<u>\$240,201.00</u>	<u>\$148,258.00</u>

### **Committee Action Requested**

This material is presented for information only; therefore, no action is required of the Audit Committee.

**Attachment:** Internal Audit Status Report - FY2015 (2nd Quarter)

**METRO**  
**Internal Audit Department**  
**Status Report for the 1st Quarter Ending December 31, 2014**

**Attachment**

<b>FISCAL YEAR 2014 - AUDIT PLAN</b>	<b>STATUS</b>	<b>%</b>	<b>BUDGET HOURS</b>	<b>Previous FY Total Hours</b>	<b>1st Qtr</b>	<b>2nd Qtr</b>	<b>3rd Qtr</b>	<b>4th Qtr</b>	<b>TOTAL AUDIT HOURS</b>	<b>Hours Left to Complete Audit</b>
Kronos Time & Attendance Including FMLA	Completed	108%	600	513.00	109.00	24.00			646.00	-46.00
Quarterly Safekeeping Accts Audit	Ongoing	17%	172		15.00	14.00			29.00	143.00
Quarterly Audit Follow-Up	Ongoing	15%	172		21.25	4.00			25.25	146.75
Quarterly IAD Status Report	Ongoing	45%	172		49.75	27.50			77.25	94.75
Information Security Policy Audit SpearTip On-Call Auditors	Completed	0%	204						0.00	204.00
St. Louis Downtown Airport	Ongoing	53%	800	307.75	113.50	4.50			425.75	374.25
Health Insurance Claims Audit - Brown Smith Wallace On-Call Auditors	Completed	137%	2,114	2,729.00	140.75	33.75			2,903.50	-789.50
FTA Required - SSO - Security Protective Measures	Completed	67%	172		15.70	99.75			115.45	56.55
FTA Required - SSO - Internal Safety Audit	Completed	63%	172		49.20	58.50			107.70	64.30
FTA Required - SSO - Safety Certification	Completed	32%	240		16.45	60.50			76.95	163.05
FTA Required - SSO - Safety Data Acquisition	Completed	10%	240		23.95	0.00			23.95	216.05
FTA Required - SSO - Employee Safety	Completed	62%	240		58.70	90.75			149.45	90.55
FY2015 Audit Plan and Risk Assessment	Ongoing	1%	600		8.25	0.50			8.75	591.25
Smart Card Audit	Ongoing	13%	800		40.25	65.75			106.00	694.00
2013 Grants Review- Phase 3	Ongoing	1%	400		2.00	0.00			2.00	398.00
City of St. Louis, Fire Truck	Completed	50%	400	179.75	15.25	3.25			198.25	201.75
2013 Grants Review - TSGP - Phase 2 - Capital Expenditures Audit	Completed	54%	400	119.00	85.75	12.25			217.00	183.00
<b>Total Audit Hours Per Annual Audit Plan</b>		<b>58%</b>	<b>7,898</b>	<b>3,335.50</b>	<b>764.75</b>	<b>499.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,599.25</b>	<b>2,785.75</b>

**METRO**  
**Internal Audit Department**  
**Status Report for the 1st Quarter Ending December 31, 2014**

Attachment

FISCAL YEAR 2014 - AUDIT PLAN	STATUS	%	BUDGET HOURS	Previous FY Total Hours	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	TOTAL AUDIT HOURS	Hours Left to Complete Audit
<b>On-Call Auditors</b>										
HealthCare TPA Administrator Audit Brown Smith Wallace On-Call Auditors	Completed		1,368.00	2,172.00	100.00				2,272.00	-904.00
<b>Total On-Call Audit Hours</b>				<b>2,172.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,272.00</b>	<b>-904.00</b>
<b>Follow-Up Audits</b>										
Self-Funded Health Insurance Follow-Up - HIPAA GAP Analysis - (HIPAA Review of Security Standards)	Completed									
2013 Grants Review - TSGP - Phase 1 - Training Program Audit	Completed									
2013 Grants Review - TSGP - Phase 2 - Training Program Audit	Ongoing								0.00	
Lamar Advertising Contracts Audit	Ongoing								0.00	
City of St. Louis Fire Truck Maintenance Agreement	Ongoing								0.00	
Time & Attendance Including FMLA Audit	Ongoing								0.00	
FTA Required - SSO - Security Protective Measures	Ongoing				3.75				3.75	
FTA Required - SSO - Internal Safety Audit	Ongoing								0.00	
FTA Required - SSO - Safety Certification	Ongoing								0.00	
Acquisition	Ongoing								0.00	
FTA Required - SSO - Employee Safety	Ongoing								0.00	
<b>Total Follow-Up Audit Hours</b>					<b>3.75</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	

**METRO**  
**Internal Audit Department**  
**Status Report for the 1st Quarter Ending December 31, 2014**

**Attachment**

<b>FISCAL YEAR 2014 - AUDIT PLAN</b>	<b>STATUS</b>	<b>%</b>	<b>BUDGET HOURS</b>	<b>Previous FY Total Hours</b>	<b>1st Qtr</b>	<b>2nd Qtr</b>	<b>3rd Qtr</b>	<b>4th Qtr</b>	<b>TOTAL AUDIT HOURS</b>	<b>Hours Left to Complete Audit</b>
<b>SPECIAL AUDIT ASSIGNMENTS</b>										
Board Meeting/Audit Committee Meeting Preparation	Ongoing				122.75	160.50			283.25	
Triennial Review	Completed									
AP Continuous Monitoring	Ongoing								0.00	
IA Audit Research	Ongoing				40.50	16.50			57.00	
Treasury Department Assistance	Ongoing								0.00	
Accounting Department Assistance	Ongoing				22.00	7.25			29.25	
DBE Application Review	Ongoing					1.00			1.00	
IAD Oracle Procard Procurement	Ongoing				2.50	6.50			9.00	
Budget 2016	Completed					4.75			4.75	
Records Retention /Committee	Ongoing				11.75	36.25			48.00	
IA Policies and Procedures Update	Ongoing								0.00	
Ethics Point (Fraud Hotline)	Ongoing				6.00				6.00	
Freedom of Information Act	Ongoing								0.00	
CEO Special Projects	Ongoing				13.50				13.50	
Eads Bridge Project	Ongoing				12.50				12.50	
Procurement Vendor Financial Analysis	Completed								0.00	
Auditor Recruitment/Intern Recruitment	Completed					19.00			19.00	
RFP - External Auditor Selection/Actuary	Completed								0.00	
Training & Professional Development	Ongoing				44.75	84.50			129.25	
<b>Total Special Audit Assignment Hours</b>					<b>276.25</b>	<b>336.25</b>	<b>0.00</b>	<b>0.00</b>	<b>612.50</b>	

**Bi-State Development Agency / Metro  
Agenda Item  
Audit Committee Meeting  
January 23, 2015**

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**From:** James J. Cali, CPA  
Director of Internal Audit  
**Subject:** Audit Follow-Up Summary - FY2015 (2nd Quarter)  
Briefing Paper No. 15-14  
**Disposition:** Information  
**Presentation:** James J. Cali, Director of Internal Audit

---

**Objective**

To present to the Audit Committee the Internal Audit Department's (**IAD**) follow-up findings regarding the status of prior recommendations during the 2nd Quarter of FY2015.

**Board Policy**

Board Policy, Chapter 30 Audit, Finance and Budget Section 30.005 Audit Committee Charter, A. GENERAL. The purpose of the Audit Charter is to assist the Board of Commissioners, through its Audit Committee, in fulfilling its fiduciary oversight responsibilities as follows:

(3) Internal Audit Process

- Review with Management and the Director of Internal Audit:
  - a. Significant findings on internal audits during the year and Management's responses thereto.
  - f. The Internal Audit Department's compliance with applicable standards (for example, *Government Auditing Standards*, or the Institute of Internal Auditors' (**IIA**'s) Standards for the Professional Practice of Internal Auditing)."

In addition, the IAD Policies and Procedures Manual, effective March 2, 2012, in Section 2.9-Report Follow-Up, Status Reports 2. states:

The Director of IAD shall schedule follow-up reviews as necessary to determine compliance. A primary responsibility as a professional auditor is determining that the auditee takes corrective action on Recommendations. This applies in all cases except where "Management or the Board has assumed the risk of not taking corrective action on reported findings."

**Funding Source**

Internal Audit Department Budget.

### **Background**

The Standards for the Professional Practice of Internal Auditing, Standard 2500 – Monitoring Process, states that, “The Chief Audit Executive should establish and maintain a system to monitor the disposition of audit results communicated to management.” To ensure compliance with this standard, Internal Audit regularly monitors the status of recommendations.

The Audit Follow-Up Summary Report is a comprehensive overview highlighting the current implementation status of recommendations issued in prior audit reports. Each recommendation has been reviewed and its status has been classified as follows:

- **Completed** – The recommendation has been implemented.
- **Outstanding** – The recommendation has not yet been implemented, and/or the implementation date has not occurred yet.
- **Overdue** – The recommendation remains outstanding past the established implementation date.

The report should be used to determine the timeliness and the completeness of the implementation of corrective action. Management should place specific focus on those recommendations that are determined to be overdue.

### **Analysis**

Not applicable.

### **Committee Action Requested**

This material is presented for information only; therefore, no action is required of the Audit Committee.

**FY2015 - Second Quarter Audit Follow-Up  
 Executive Summary**

<b>Report Name</b>	<b>Number of Recommendations</b>	<b>Completed</b>	<b>Outstanding – Not Overdue</b>	<b>Overdue</b>
2013 Grant Review - Transit Security Grant Program - Phase II-Capital Expenditures Audit	7	6	1	0
Time and Attendance Including FMLA Audit	11	5	6	0
City of St. Louis Fire Truck Maintenance Agreement Audit	8	7	1	0
2013 Grant Review - Transit Security Grant Program - Phase I Training Program Audit	3	3	0	0
SSO - Security Incident Notification & Investigation Audit	4	4	0	0
Self-Funded Health Insurance Audit	10	10	0	0
Lamar Advertising Contracts Audit	4	3	1	0

**COMPLETED FOLLOW-UP AUDIT REPORTS:**

1. SSO-Security Incident Notification & Investigation Audit - Closed 4th Quarter - FY2014
2. 2013 Grant Review-Transit Security Grant Program- Phase I - Training Program Audit - Closed 4th Quarter - FY2014
3. Self-Funded Health Insurance Audit - Closed 2nd Quarter - FY2015



**Bi-State Development Agency / Metro**  
**Agenda Item**  
**Audit Committee Meeting**  
**January 23, 2015**

---

**From:** Kent W. Swagler, CCEP  
Director of Corporate Compliance and Ethics  
**Subject:** Compliance and Ethics “State of the Agency”  
**Disposition:** Information  
**Presentation:** Kent W. Swagler, Director of Corporate Compliance and Ethics

---

**Objective**

To update the Audit Committee on the “State of the Agency” for Metro’s Corporate Compliance and Ethics requirements and programs.

**Board Policy**

The Compliance Program is referenced in Chapter 100 of the Collected Board Policies of the Bi-State Development Agency. Although not required by a specific Board Policy, best practice dictates that the Director of Corporate Compliance & Ethics provide an annual update on the status of compliance and ethics requirements, issues, and programs.

**Funding Source**

Not Applicable.

**Background**

The enclosed presentation will provide the current state of the Agency with respect to meeting its documented compliance requirements for fiscal year 2015. Current status of compliance and ethics programs, initiatives, and training programs will also be presented.

**Analysis**

Analysis to be presented will include compliance requirements status and results of division reviews across the entire agency.

**Committee Action Requested**

This material is presented to the Audit Committee for information only. It will also be presented to the Board of Commissioners on February 27, 2015.

**Attachment:** Compliance and Ethics “State of the Agency” presentation as of December 31, 2014.



**Metro**

# Bi-State Development Agency

## Corporate Compliance & Ethics “State of the Agency” Report

As of December 31, 2014

Kent Swagler CCEP  
Director



**Metro**

## Agenda

- Missouri and Illinois Bus Facility Underground Storage Tanks (UST)
- Consolidated Compliance Requirements Reviews
- Three-year organizational development / training plan implementation
- Payment Card Industry (PCI) Compliance Update



**Metro**

## Missouri and Illinois Bus Facility Underground Storage Tanks (UST)

- Remove 22 closed/unused tanks within 5 years
  - Original closure/removal plan approved by MO Department of Natural Resources (DNR) on 8/28/2012; Plan revised for in-place closure and added 12 more tanks to be closed
  - Underground tanks replaced with above-ground tanks at Brentwood; replacements at DeBaliviere, Main Shop, and Illinois Bus completed
  - Budget and complete 5-year removal plan: (MO DNR requires completion no later than June 2017)
    - Main Shop: On schedule for December 31<sup>st</sup> 2014 completion
    - Brentwood Bus: Revised target completion date: February 28<sup>th</sup>, 2015
    - Debaliviere Bus: Revised target completion date: February 28<sup>th</sup>, 2015
    - Illinois Bus: Closure efforts resulted in additional findings for fuel islands, pumps, valves, and lines. Completion date : TBD



**Metro**

## Consolidated Compliance Requirements List

- Lists 285 requirements with associated law/regulatory references, required report status, and audit / review status
  - 2014 annual review in process : 165 / 285 requirements (58 %)
  - 90 % completed: 99% compliant (issues identified, resolved, and closed with 3 requirements)
  - Target completion: January 30, 2015



**Metro**

## Three-year organizational development / training plan implementation

- Completed training:
  - Compliance and Ethics:
    - 100% of all non-Operator employees
    - 100% of all MetroLink and Call-A-Ride Operators
    - 46% of 815 MetroBus Operators (awaiting restart of recertification training)
  - Workplace Violence Prevention :
    - 97.4% of all non-Operator employees completed (classes for new employees will be held semi-annually; next class in January 2015)
    - 100% of all MetroLink and Call-A-Ride Operators
    - 11% of 815 MetroBus Operators (all new hires; awaiting restart of recertification training)
  - Information Security / Records Management: 100% for all department managers



**Metro**

## Payment Card Industry (PCI) Compliance Update

- Project Scope:
  - Identify / verify how Metro stores / transmits / processes payment card data
  - Identify areas of high risk (both for data breach and for compliance)
  - Identify recommended actions for closing gaps and reaching compliance
  - Complete actions for compliance: Target 12/31/2015
- Current Status:
  - Initial gap analysis completed: Immediate gaps identified, corrective actions and procedures implemented
  - 46 PCI-related policies must be created or incorporated into existing Metro policies; 26 of 46 drafts completed
  - PCI implementation requires separating PCI applications / systems on to separate computer network, setting up transaction logging / monitoring; Project on hold until after Headquarters move

**Bi-State Development Agency/Metro  
Agenda Item  
Audit Committee Meeting  
January 23, 2015**

---

**From:** James J. Cali, CPA  
Director of Internal Audit  
**Subject:** Fraud Awareness Training –“Report to the Nations”  
Briefing Paper No. 15-20  
**Disposition:** Information  
**Presentation:** James J. Cali, Director of Internal Audit

---

**Objective**

To provide the Audit Committee with information on fraud awareness.

**Board Policy**

Board Policy, Chapter 30 Audit, Finance and Budget Section 30.005 Audit Committee Charter, A. GENERAL. The purpose of the Audit Charter is to assist the Board of Commissioners, through its Audit Committee, in fulfilling its fiduciary oversight responsibilities as follows:

(5) Organization's Processes for Monitoring Compliance with Laws and Regulations and the Ethics Policy, Code of Conduct and Fraud Policy.

**Funding Source**

Not Applicable.

**Background**

The June 30, 2009, External Auditor’s Annual Audit Report section on corporate governance included a recommendation that the Board of Commissioners should participate in fraud awareness training.

In an effort to satisfy this recommendation, the Internal Audit Department (**IAD**) has obtained a report produced by the Association of Certified Fraud Examiners (**ACFE**), titled “Report to the Nations on Occupational Fraud and Abuse 2014 Global Fraud Study” (copy attached).

**Analysis**

The ACFE's report is based upon information from 1,483 fraud cases. Their analysis of these fraud cases provides the following information:

- The typical organization loses an estimated 5% of revenue each year to fraud.
- The median loss caused by the frauds was \$145,000.



- The median duration, the amount of time from when the fraud commenced until it was detected, was 18 months.
- Occupational frauds can be classified into three (3) primary categories: Asset Misappropriations, Corruption, and Financial Statement Fraud.
- The most common form of occupational fraud is Asset Misappropriation resulting in a median loss of \$130,000.
- Tips are consistently the most common detection method. Over 40% of all fraud cases were detected by a tip.
- Employees accounted for nearly half of all tips that led to the discovery of a fraud.
- Organizations with hotlines were much more likely to catch a fraud by a tip.
- Organizations with a hotline also experienced frauds that were 41% less costly, and were caught 50% more quickly than organizations without a hotline.

### **Committee Action Requested**

This material is presented to the Audit Committee to comply with the External Auditor's recommendation to "conduct fraud awareness training."

**Attachment:** Fraud Awareness Handout – "2014 - Report to the Nations"

# REPORT TO THE NATIONS

ON OCCUPATIONAL **FRAUD** AND **ABUSE**

2014 GLOBAL FRAUD STUDY



**ACFE**<sup>®</sup>

Association of Certified Fraud Examiners

*Together, Reducing  
Fraud Worldwide*

## Letter from the President & CEO

In 1988, Dr. Joseph T. Wells founded the ACFE with a stated mission to reduce the incidence of fraud and white-collar crime and to assist members in its detection and deterrence. Not long thereafter, Dr. Wells directed an innovative research study into the costs, schemes, perpetrators and victims of occupational fraud. Thus, the ACFE *Report to the Nations on Occupational Fraud and Abuse* was born. The first Report, released in 1996, and each of its seven successors have reinforced the original mission of the ACFE by expanding the knowledge and understanding of the ways in which occupational fraud occurs and the financial impact this threat has on organizations around the world. The combined results of our research provide the most comprehensive and authoritative body of research on occupational fraud to date.

The 2014 edition of the Report is based on 1,483 cases of occupational fraud, as reported by the Certified Fraud Examiners (CFEs) who investigated them. The analysis of these cases provides valuable lessons about how fraud is committed, how it is detected and how organizations can reduce their vulnerability to this risk.

On behalf of the ACFE and in honor of its founder, Dr. Wells, I am proud to present the 2014 *Report to the Nations on Occupational Fraud and Abuse* to all businesses, government agencies, anti-fraud practitioners, academicians, the media and the general public. We hope that the information contained in this Report is of great interest and provides an invaluable tool for those who seek to deter, detect or simply understand the impact of occupational fraud.



James D. Ratley, CFE  
President and CEO  
Association of Certified Fraud Examiners



The 2014 edition of the Report is based on **1,483 cases of occupational fraud**, as reported by the Certified Fraud Examiners (CFEs) who investigated them. The analysis of these cases provides valuable lessons about how fraud is committed, how it is detected and how organizations can reduce their vulnerability to this risk.

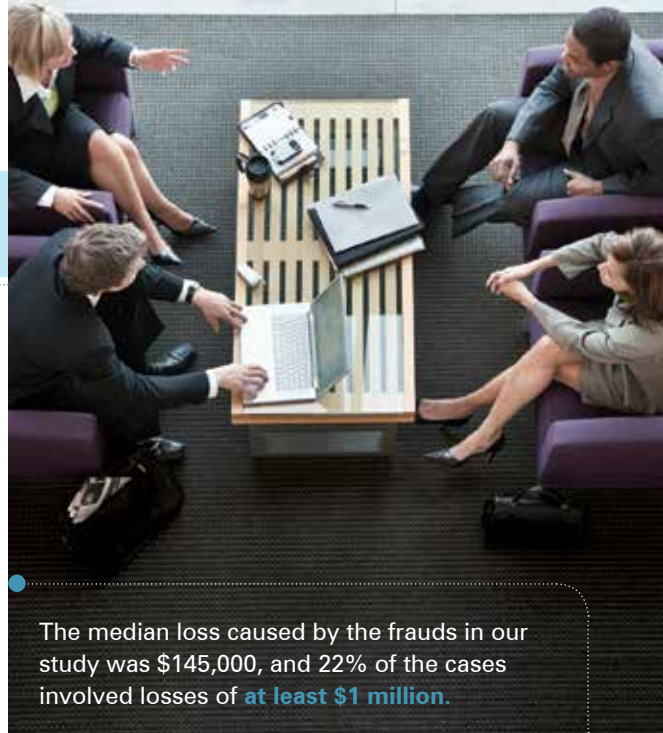
# Contents

<b>Executive Summary.....</b>	<b>4</b>	Perpetrator's Gender Based on Region.....	49
Summary of Findings.....	4	Median Losses Based on Gender.....	50
Conclusions and Recommendations.....	5	Position of Perpetrator Based on Gender.....	50
<b>Introduction.....</b>	<b>6</b>	Perpetrator's Tenure .....	52
<b>The Cost of Occupational Fraud.....</b>	<b>8</b>	Perpetrator's Education Level.....	54
Distribution of Losses.....	9	Perpetrator's Department.....	55
<b>How Occupational Fraud is Committed... </b>	<b>10</b>	Schemes Based on Perpetrator's Department.....	57
Asset Misappropriation Sub-Schemes .....	13	Perpetrator's Criminal and Employment History.....	58
Corruption Cases by Region .....	14	Perpetrator's Criminal Background .....	58
Overlap of Fraud Schemes.....	15	Perpetrator's Employment History.....	58
Duration of Fraud Schemes.....	16	Behavioral Red Flags Displayed by Perpetrators.....	59
<b>Detection of Fraud Schemes.....</b>	<b>18</b>	Behavioral Red Flags Based on Perpetrator's Position .....	60
Initial Detection of Occupational Frauds .....	19	Behavioral Red Flags Based on Scheme Type.....	61
Median Loss and Median Duration by Detection Method ...	20	Behavioral Red Flags Based on Gender .....	62
Source of Tips .....	21	Non-Fraud-Related Misconduct.....	63
Impact of Hotlines .....	22	Human-Resources-Related Red Flags .....	63
Initial Detection of Frauds in Small Businesses.....	23	<b>Case Results .....</b>	<b>64</b>
Detection Method by Region .....	23	Criminal Prosecutions .....	64
<b>Victim Organizations.....</b>	<b>24</b>	Civil Suits.....	66
Type of Organization .....	24	Recovery of Losses.....	67
Size of Organization.....	25	<b>Methodology.....</b>	<b>68</b>
Methods of Fraud in Small Businesses.....	26	Analysis Methodology .....	68
Industry of Organization.....	27	Who Provided the Data? .....	69
Schemes by Industry.....	29	Primary Occupation .....	69
Corruption Cases by Industry.....	30	Experience .....	70
Anti-Fraud Controls at the Victim Organization.....	31	Nature of Fraud Examinations Conducted.....	70
Anti-Fraud Controls at Small Businesses.....	32	<b>Glossary of Terminology.....</b>	<b>71</b>
Anti-Fraud Controls by Region .....	33	<b>Appendix.....</b>	<b>72</b>
Effectiveness of Controls.....	38	<b>Index of Figures.....</b>	<b>74</b>
Control Weaknesses That Contributed to Fraud .....	39	<b>Fraud Prevention Checklist .....</b>	<b>76</b>
<b>Perpetrators.....</b>	<b>40</b>	<b>About the ACFE.....</b>	<b>78</b>
Perpetrator's Position .....	40	Membership.....	79
Position of Perpetrator Based on Region .....	42	Certified Fraud Examiners.....	79
The Impact of Collusion.....	46		
Methods of Fraud Based on Number of Perpetrators .....	47		
Perpetrator's Age .....	48		
Perpetrator's Gender.....	49		

# Executive Summary

## Summary of Findings

- Survey participants estimated that the typical organization loses 5% of revenues each year to fraud. If applied to the 2013 estimated Gross World Product, this translates to a potential projected global fraud loss of nearly \$3.7 trillion.
- The median loss caused by the frauds in our study was \$145,000. Additionally, 22% of the cases involved losses of at least \$1 million.
- The median duration — the amount of time from when the fraud commenced until it was detected — for the fraud cases reported to us was 18 months.
- Occupational frauds can be classified into three primary categories: asset misappropriations, corruption and financial statement fraud. Of these, asset misappropriations are the most common, occurring in 85% of the cases in our study, as well as the least costly, causing a median loss of \$130,000. In contrast, only 9% of cases involved financial statement fraud, but those cases had the greatest financial impact, with a median loss of \$1 million. Corruption schemes fell in the middle in terms of both frequency (37% of cases) and median loss (\$200,000).
- Many cases involve more than one category of occupational fraud. Approximately 30% of the schemes in our study included two or more of the three primary forms of occupational fraud.
- Tips are consistently and by far the most common detection method. Over 40% of all cases were detected by a tip — more than twice the rate of any other detection method. Employees accounted for nearly half of all tips that led to the discovery of fraud.
- Organizations with hotlines were much more likely to catch fraud by a tip, which our data shows is the most effective way to detect fraud. These organizations also experienced frauds that were 41% less costly, and they detected frauds 50% more quickly.
- The smallest organizations tend to suffer disproportionately large losses due to occupational fraud. Additionally, the specific fraud risks faced by small businesses differ from those faced by larger organizations, with certain categories of fraud being



The median loss caused by the frauds in our study was \$145,000, and 22% of the cases involved losses of **at least \$1 million**.

much more prominent at small entities than at their larger counterparts.

- The banking and financial services, government and public administration, and manufacturing industries continue to have the greatest number of cases reported in our research, while the mining, real estate, and oil and gas industries had the largest reported median losses.
- The presence of anti-fraud controls is associated with reduced fraud losses and shorter fraud duration. Fraud schemes that occurred at victim organizations that had implemented any of several common anti-fraud controls were significantly less costly and were detected much more quickly than frauds at organizations lacking these controls.
- The higher the perpetrator's level of authority, the greater fraud losses tend to be. Owners/executives only accounted for 19% of all cases, but they caused a median loss of \$500,000. Employees, conversely, committed 42% of occupational frauds but only caused a median loss of \$75,000. Managers ranked in the middle, committing 36% of frauds with a median loss of \$130,000.
- Collusion helps employees evade independent checks and other anti-fraud controls, enabling them to steal larger amounts. The median loss in a fraud committed by a single person was \$80,000, but as the number of perpetrators increased, losses rose dramatically. In cases with two perpetrators the median loss was \$200,000, for three perpetrators it was \$355,000 and when four or more perpetrators were involved the median loss exceeded \$500,000.



- Approximately 77% of the frauds in our study were committed by individuals working in one of seven departments: accounting, operations, sales, executive/upper management, customer service, purchasing and finance.
- It takes time and effort to recover the money stolen by perpetrators, and many organizations are never able to fully do so. At the time of our survey, 58% of the victim organizations had not recovered any of their losses due to fraud, and only 14% had made a full recovery.

## Conclusions and Recommendations

- Occupational fraud is a universal problem for businesses around the globe. Although some slight regional variations were noted in methods used both by fraudsters to commit their crimes and by organizations to prevent and detect fraud schemes, the overall trends in our data are quite consistent, both across borders and over time. This consistency underscores the nature and pervasiveness of fraud's threat to all organizations.
- The longer frauds last, the more financial damage they cause. Passive detection methods (confession, notification by law enforcement, external audit and by accident) tend to take longer to bring fraud to management's attention, which allows the related loss to grow. Consequently, proactive detection measures — such as hotlines, management review procedures, internal audits and employee monitoring mechanisms — are vital in catching frauds early and limiting their losses.
- Small businesses are both disproportionately victimized by fraud and notably under-protected by anti-fraud controls, a combination that makes them significantly vulnerable to this threat. While resources available for fraud prevention and detection measures are limited in many small companies, several anti-fraud controls — such as an anti-fraud policy, formal management review procedures and anti-fraud training for staff members — can be enacted with little direct financial outlay and thus provide a cost-effective investment for protecting these organizations from fraud.
- External audits are implemented by a large number of organizations, but they are among the least effective controls in combating occupational fraud. Such audits were the primary detection method in just 3% of the fraud cases reported to us, compared to the 7% of cases that were detected by accident. Further, although the use of independent financial statement audits was associated with reduced median losses and durations of fraud schemes, these reductions were among the smallest of all of the anti-fraud controls analyzed in our study. Consequently, while independent audits serve a vital role in organizational governance, our data indicates that they should not be relied upon as organizations' primary anti-fraud mechanism.
- Many of the most effective anti-fraud controls are being overlooked by a significant portion of organizations. For example, proactive data monitoring and analysis was used by only 35% of the victim organizations in our study, but the presence of this control was correlated with frauds that were 60% less costly and 50% shorter in duration. Other less common controls — including surprise audits, a dedicated fraud department or team and formal fraud risk assessments — showed similar associations with reductions in one or both of these measures of fraud damage. When determining how to invest anti-fraud dollars, management should consider the observed effectiveness of specific control activities and how those controls will enhance potential fraudsters' perception of detection.
- The vast majority of occupational fraudsters are first-time offenders; only 5% had been convicted of a fraud-related offense prior to committing the crimes in our study. Furthermore, 82% of fraudsters had never previously been punished or terminated by an employer for fraud-related conduct. While background checks can be useful in screening out some bad applicants, they might not do a good job of predicting fraudulent behavior. Most fraudsters work for their employers for years before they begin to steal, so ongoing employee monitoring and an understanding of the risk factors and warning signs of fraud are much more likely to identify fraud than pre-employment screening.
- Most occupational fraudsters exhibit certain behavioral traits that can be warning signs of their crimes, such as living beyond their means or having unusually close associations with vendors or customers. In 92% of the cases we reviewed, at least one common behavioral red flag was identified before the fraud was detected. Managers, employees, auditors and others should be trained to recognize these warning signs that, when combined with other factors, might indicate fraud.

# Introduction

Fraud is ubiquitous; it does not discriminate in its occurrence. And while anti-fraud controls can effectively reduce the likelihood and potential impact of fraud, the truth is that no entity is immune to this threat. Unfortunately, however, many organizations still suffer from an “it can’t happen here” mindset. To help combat this misconception, to raise public awareness about the cost and universal nature of fraud and to support anti-fraud professionals around the globe, we have undertaken extensive research into the costs and trends related to fraud. The results of our initial research efforts were contained in the inaugural *Report to the Nation on Occupational Fraud and Abuse*, which was released in 1996; since then we have continued and expanded our research, with subsequent reports released biennially since 2002.

Although the types of fraud that affect organizations vary widely, the research contained in this Report and its predecessors focuses on a particularly pervasive form: *occupational fraud*, which is defined as:

*The use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization’s resources or assets*

Put more simply, occupational frauds are those schemes in which a person defrauds his or her employing organization. By its very nature, this form of fraud is a threat to all organizations that employ individuals to perform their business functions.

To explore and illuminate this risk, each of our Reports has been based on detailed information about specific cases of occupational fraud that were investigated by Certified Fraud Examiners (CFEs), and we undertook all Reports with the same goals:

- To summarize the opinions of experts on the percentage of organizational revenue lost to fraud each year
- To categorize the ways in which occupational fraud and abuse occur
- To analyze the characteristics of the individuals who commit occupational fraud and abuse
- To examine the characteristics of the organizations that are victimized by occupational fraud and abuse



**Fraud is ubiquitous;** it does not discriminate in its occurrence. And while anti-fraud controls can effectively reduce the likelihood and potential impact of fraud, the truth is that no entity is immune to this threat.

In furtherance of these goals, the 2014 Report contains an analysis of 1,483 cases of occupational fraud that occurred in more than 100 countries. Figure 1 illustrates the regional breakdown of those cases for which the location of the victim organization was identified, as well as the corresponding median losses for the cases in each region.<sup>1</sup>

**Figure 1: Geographical Location of Victim Organizations**

Region	Number of Cases	Percent of Cases	Median Loss (in U.S. dollars)
United States	646	48.0%	\$100,000
Sub-Saharan Africa	173	12.8%	\$120,000
Asia-Pacific	129	9.6%	\$240,000
Western Europe	98	7.3%	\$200,000
Eastern Europe and Western/Central Asia	78	5.8%	\$383,000
Canada	58	4.3%	\$250,000
Latin America and the Caribbean	57	4.2%	\$200,000
Southern Asia	55	4.1%	\$56,000
Middle East and North Africa	53	3.9%	\$248,000

Throughout this Report, we note several regional variances in the characteristics of occupational fraud schemes. Nonetheless, the overall uniformity of our findings over time continues to be striking. We have found that there are consistent patterns in how these crimes are committed, how they are detected, who commits them and who suffers from them. These observations underscore the value of our research and reinforce our mission to continue educating anti-fraud professionals, business leaders and the general public on the costs and trends of occupational fraud, as well as the importance of proactive measures to protect against this threat.

<sup>1</sup> A list of the countries included in each multi-country region is contained in the Appendix on page 72.



# The Cost of Occupational Fraud

Understandably, there is considerable attention paid to determining the overall cost of fraud. Executives want to know how significant the risk of fraud is to their companies, anti-fraud professionals need to justify budgets and satisfy performance metrics and the media and general public are curious about just how much money white-collar criminals are taking us for.

Unfortunately, the nature of fraud means that much of its cost is hidden. Because concealment is an intrinsic component of most fraud schemes, some frauds are never uncovered; further, of the cases that are detected, many are never measured or reported. In addition, most frauds carry substantial indirect costs, including lost productivity, reputational damage and the related loss of business, as well as the costs associated with investigation and remediation of the issues that allowed them to occur. The result is the equivalent of a financial iceberg; some of the direct losses are plainly visible, but there is a huge mass of hidden harm that we cannot see.

Despite the inherent challenges in doing so, determining an estimate for the cost of fraud is an important endeavor. As part of our research, we asked the CFEs who participated in our survey what percentage of annual revenues they believe the typical organization loses to all types of fraud; their responses provided a median estimate of 5%. To illustrate the staggering effect of this finding, applying the percentage to the 2013 estimated Gross World Product of \$73.87 trillion results in a projected potential total global fraud loss of nearly \$3.7 trillion.<sup>2</sup>

It is important to note that this estimate is based on the collective opinion of the more than 1,400 anti-fraud experts who participated in our study, rather than on any specific data or factual observations. As such, it provides an important measure that can be used as a benchmark, but it should not be interpreted as a precise representation of the cost of fraud. Regardless of whether the true cost is 5% or some other portion of the global economy, the total financial impact of fraud surely amounts to hundreds of billions, if not trillions, of dollars each year — an enormous sum lost to an expense that provides absolutely no business or societal benefit.



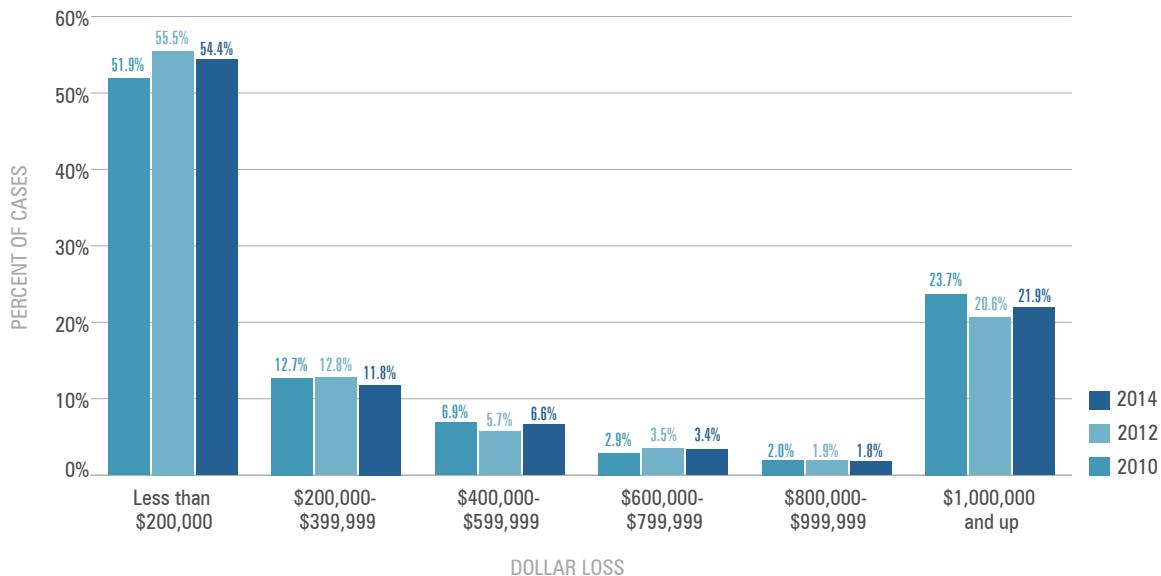
The cost of fraud is the equivalent of a financial iceberg; some of the direct losses are plainly visible, but there is a huge mass of **hidden harm that we cannot see.**

<sup>2</sup> United States Central Intelligence Agency, *The World Factbook* ([www.cia.gov/library/publications/the-world-factbook/geos/xx.html](http://www.cia.gov/library/publications/the-world-factbook/geos/xx.html)).

## Distribution of Losses

One metric that can be effectively measured and used to analyze the cost of fraud is the amount of financial damage caused by individual instances of known fraud. Of the 1,483 cases in our study, 1,445 included information about the total dollar amount lost to fraud; for those, the median loss caused by the scheme was \$145,000. Additionally, over our last three studies, the dollar losses of the cases analyzed have followed a relatively distinct pattern, with just over half causing losses under \$200,000 and more than one-fifth involving losses of at least \$1 million.

**Figure 2: Distribution of Dollar Losses**



## How Occupational Fraud is Committed

Technological advancements and the continual evolution of the global business environment provide both enhanced tools and additional challenges for perpetration and concealment — as well as the prevention, detection and investigation — of fraud. Even in light of such changes, however, our research into occupational fraud has revealed consistent and clear patterns about the form fraud schemes take and the relative cost of each scheme type.

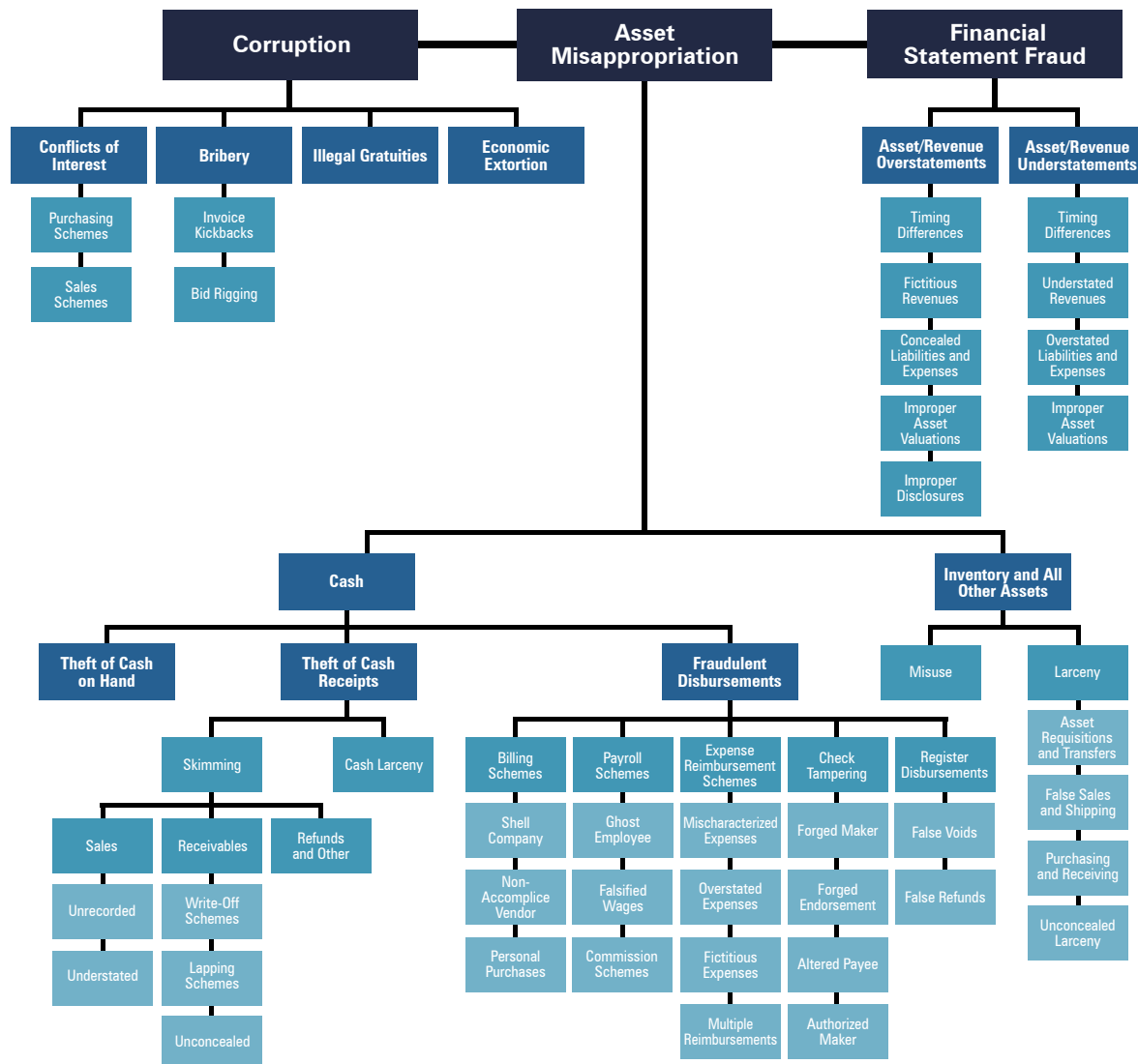
Specifically, occupational frauds can be classified into three primary categories: asset misappropriation, corruption and financial statement fraud, with each category further broken down into several subcategories as shown in the Occupational Fraud and Abuse Classification System, also known as the Fraud Tree (see Figure 3).<sup>3</sup> The thousands of occupational fraud cases analyzed over our last two decades of research have all fallen into one or more of the categories delineated by this graphic.

<sup>3</sup> For definitions of each of these scheme types, please see the Glossary of Terminology on page 71.



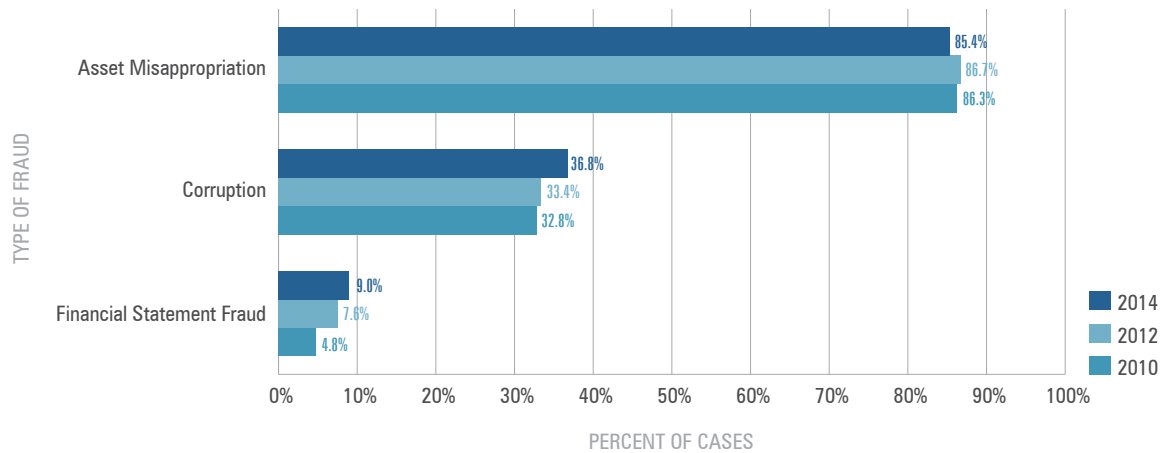
Our research into occupational fraud has revealed **consistent and clear patterns** about the form fraud schemes take and the relative cost of each scheme type.

**Figure 3: Occupational Fraud and Abuse Classification System (Fraud Tree)**

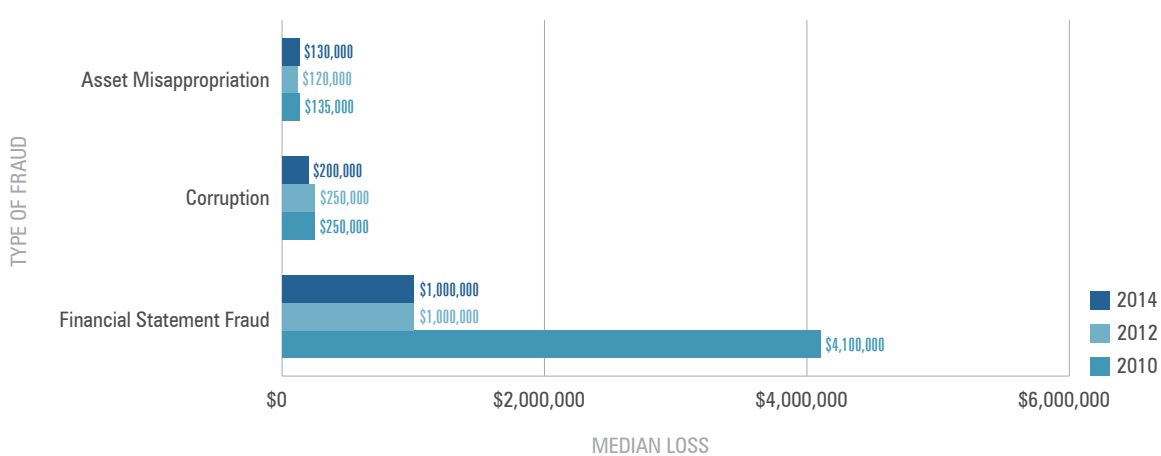


Of the three primary categories of occupational fraud, asset misappropriation is by far the most common, occurring in more than 85% of cases analyzed for this Report; however, it is also typically the least costly of the three types, causing a median loss of \$130,000. In contrast, financial statement fraud occurs much less frequently, accounting for 9% of the cases in our latest survey, but it causes the greatest financial impact of the three categories by far, with a median loss of \$1 million. Corruption tends to fall in the middle in terms of both frequency and median loss.

**Figure 4: Occupational Frauds by Category — Frequency**



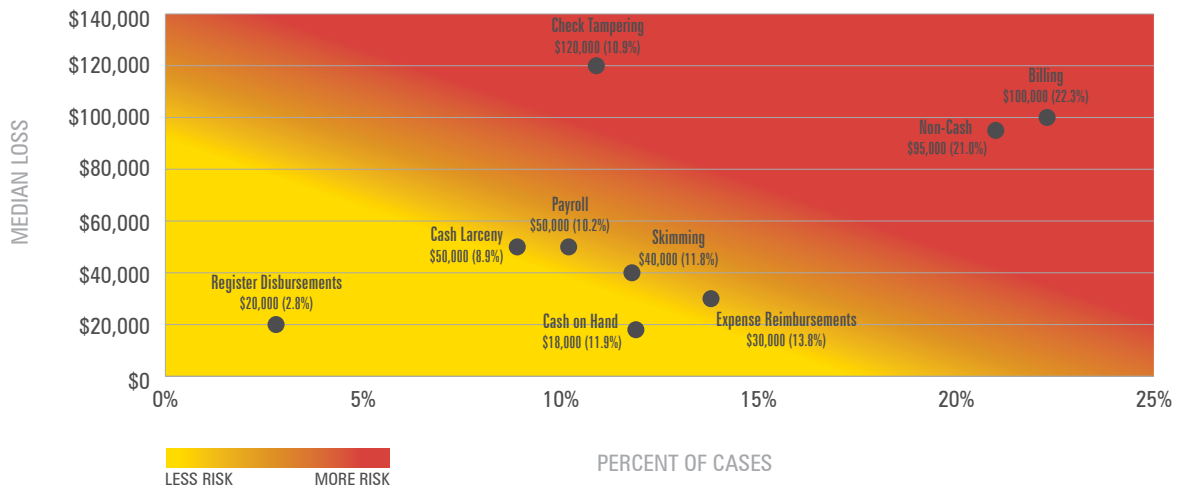
**Figure 5: Occupational Frauds by Category — Median Loss**



Asset Misappropriation Sub-Schemes

In addition to the three primary categories of occupational fraud, we have identified nine sub-categories of asset misappropriation schemes, each representing a specific way that employees misappropriate organizational resources.<sup>4</sup> Figure 6 shows the relative frequency and median loss for each of these scheme types. As illustrated in that figure, schemes involving check tampering, billing and non-cash misappropriations tend to represent the greatest risk in terms of combined likelihood and cost.

Figure 6: Frequency and Median Loss of Asset Misappropriation Sub-Schemes

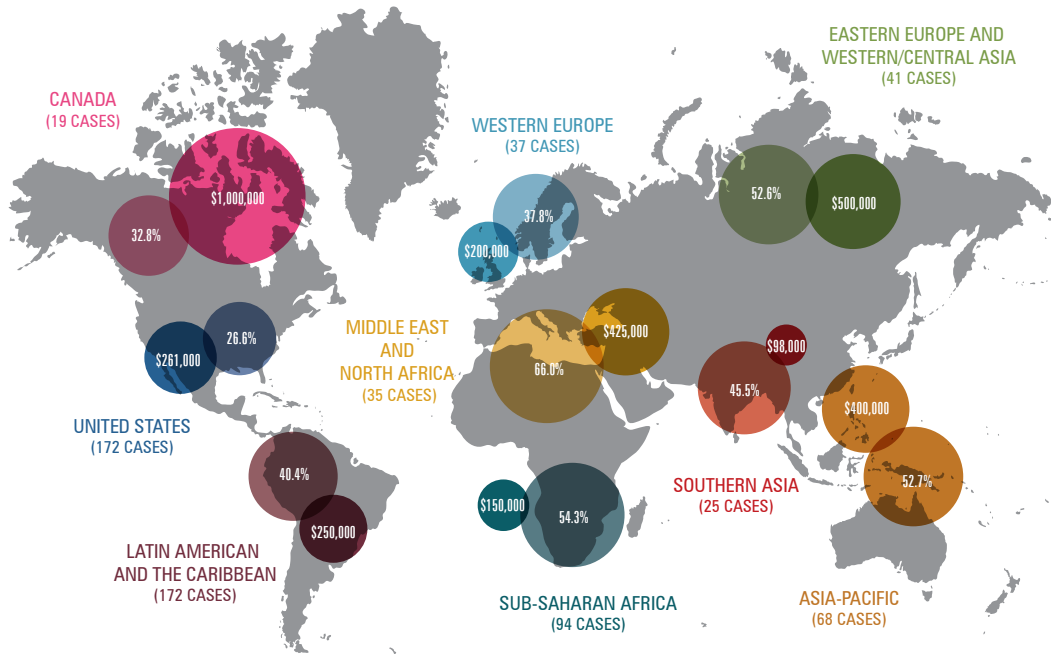


<sup>4</sup> For definitions of each of these sub-scheme types, please see the Glossary of Terminology on page 71.

## Corruption Cases by Region

Figure 7 illustrates the breakdown of corruption cases by region, along with the respective median losses of those cases. The Middle East and North Africa had the largest percentage of reported corruption cases in our study, followed by Sub-Saharan Africa. This analysis only represents the cases reported to us by the CFEs who investigated those cases, and therefore it does not necessarily reflect overall levels of corruption in each region. But it is worth noting that Transparency International's 2013 *Corruption Perceptions Index* found these two regions to have among the highest perceived levels of corruption in the world.<sup>5</sup>

**Figure 7: Frequency and Median Loss of Corruption Cases by Region**



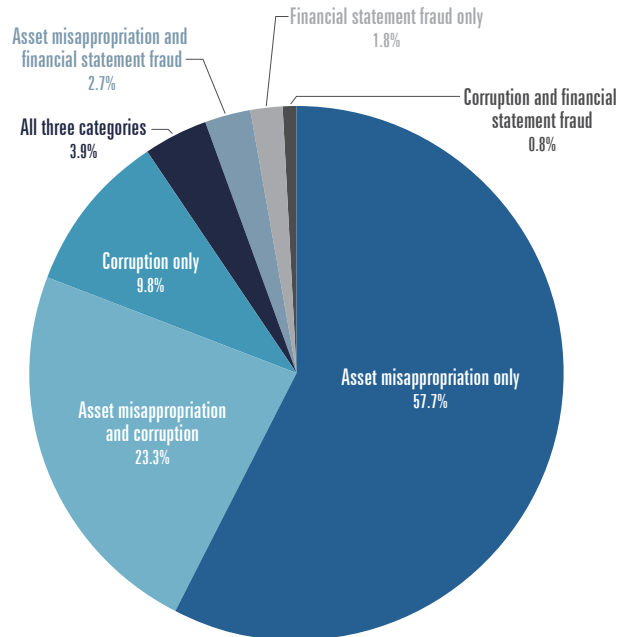
<sup>5</sup> Transparency International, 2013 *Corruption Perceptions Index* ([cpi.transparency.org/cpi2013/results](http://cpi.transparency.org/cpi2013/results)).

## Overlap of Fraud Schemes

Although we have identified several distinct occupational fraud categories, fraudsters often commit frauds that involve more than one of these schemes. Of the 1,483 cases analyzed for this Report, 444 — or approximately 30% — involved two or more of the three primary forms of occupational fraud (see Figure 8). Some scheme types appear to be conducted together much more frequently than others. The following are among the most notable of these findings:

- In 53.2% of cases involving expense reimbursements and in 40.7% of check tampering cases, the perpetrator was also engaged in a billing scheme.
- In 80.2% of cash-on-hand misappropriations, 75.9% of financial statement frauds and 75.6% of expense reimbursement schemes, the perpetrator was also undertaking at least one other form of occupational fraud.
- Corruption seems to be the most compatible with other scheme types, occurring contemporaneously with 23.5% of check tampering schemes on the low end and with 51.1% of financial statement fraud schemes on the high end.

**Figure 8: Overlap of Fraud Schemes**

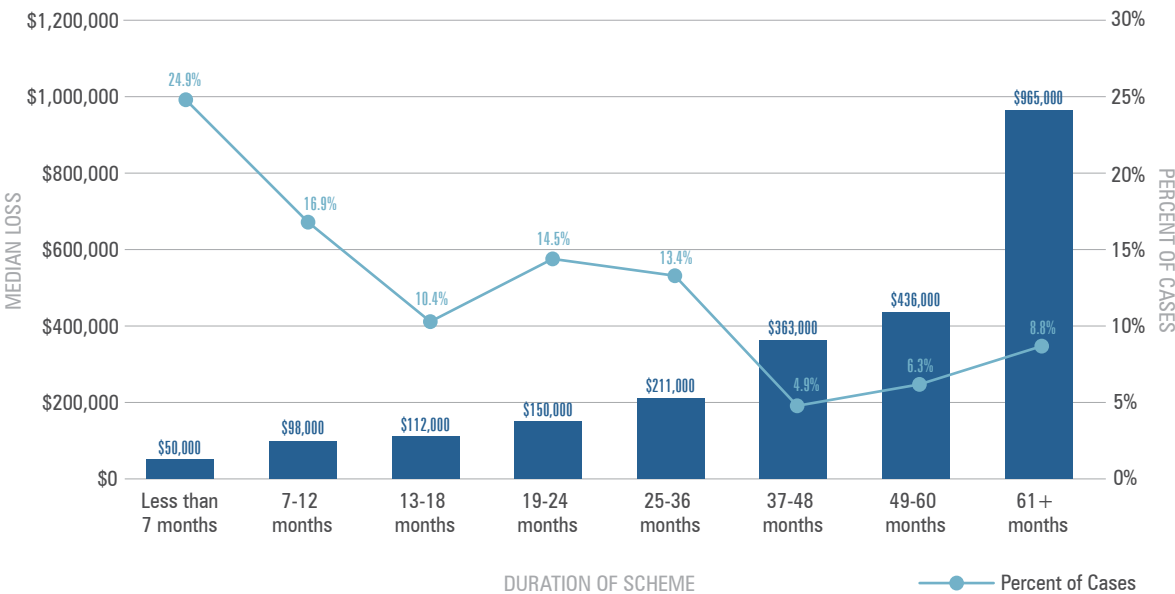




### Duration of Fraud Schemes

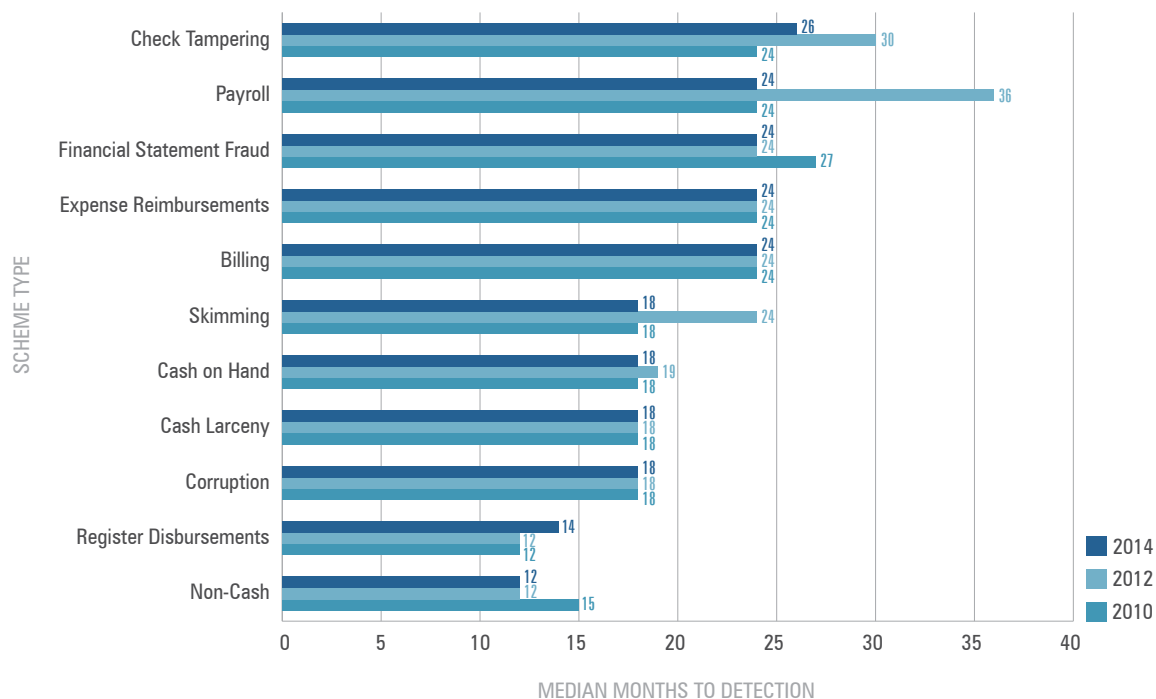
The correlation between how long fraud schemes last and the amount of financial damage they cause might seem self-evident. However, Figure 9 provides a clear illustration of the importance of early detection. It is encouraging to note that one-quarter of the frauds in our study were detected in the first six months of their occurrence; for those cases, the median loss was limited to \$50,000. In contrast, the longer frauds were able to go undetected, the more costly they became.

**Figure 9: Frequency and Median Loss Based on Duration of Fraud**



The median duration — the amount of time from when the fraud commenced until it was detected — for all schemes in our study was 18 months. In Figure 10, we have presented the median duration for each category of occupational fraud. This helps us see where organizational controls can be particularly helpful in identifying frauds earlier and thus limiting losses. The median duration of schemes ranged from 12 months for non-cash misappropriations to 26 months for check tampering. Interestingly, although non-cash misappropriations were detected the most quickly of all categories, they also had one of the highest median losses of the asset misappropriation categories (see Figure 6), indicating that these schemes can cause a large amount of financial damage rather quickly.

**Figure 10: Median Duration of Fraud Based on Scheme Type**



## Detection of Fraud Schemes

According to the fraud triangle theory — that those who commit occupational fraud tend to have a perceived financial need, opportunity and rationalization — the threat of likely detection is one of the most powerful factors in fraud prevention because it all but eliminates the fraudster's perceived opportunity. In this Report and past versions, we asked respondents to provide information on how their occupational fraud schemes were first detected. One of the recurring trends we see is that some detection methods are more effective than others. When comparing the initial detection method to other information, such as the fraud's duration and the financial damage caused, we found substantial differences among the various ways frauds were uncovered. Detection method, therefore, is directly related to both fraud prevention and loss mitigation.

Additionally, the manner by which frauds are detected is not purely incidental. Our data suggests that the likelihood of discovering fraud in particular ways can be shaped by the procedures and controls that an organization has in place. This information can help organizations detect frauds more efficiently.

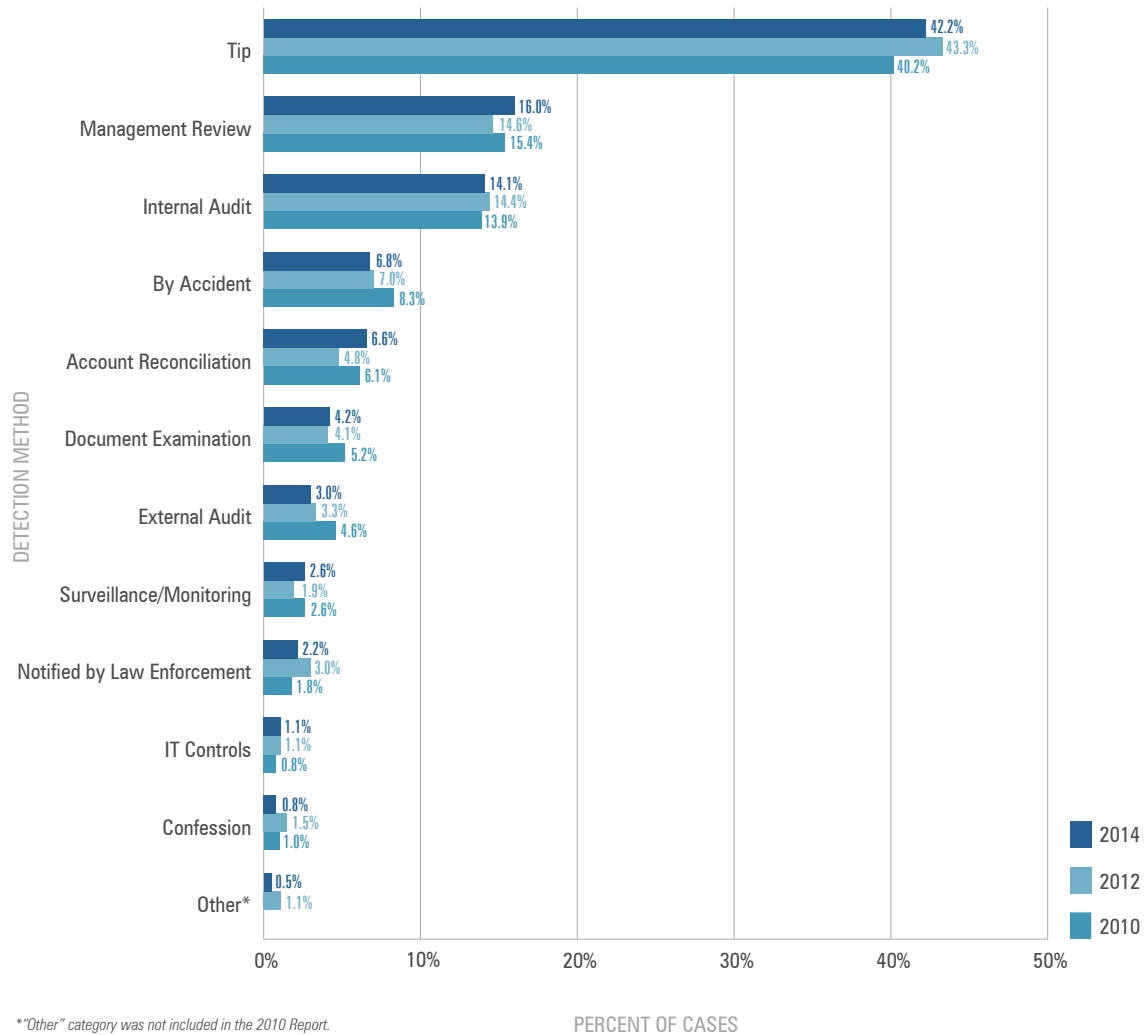


Tips are consistently the most common detection method for cases of occupational fraud by a **significant margin**.

## Initial Detection of Occupational Frauds

As Figure 11 demonstrates, tips are consistently the most common detection method for cases of occupational fraud by a significant margin, which has been an observed trend since we first began tracking this data in 2002. Management review and internal audit follow tips, which was also true for the 2010 and 2012 Reports.

**Figure 11: Initial Detection of Occupational Frauds**



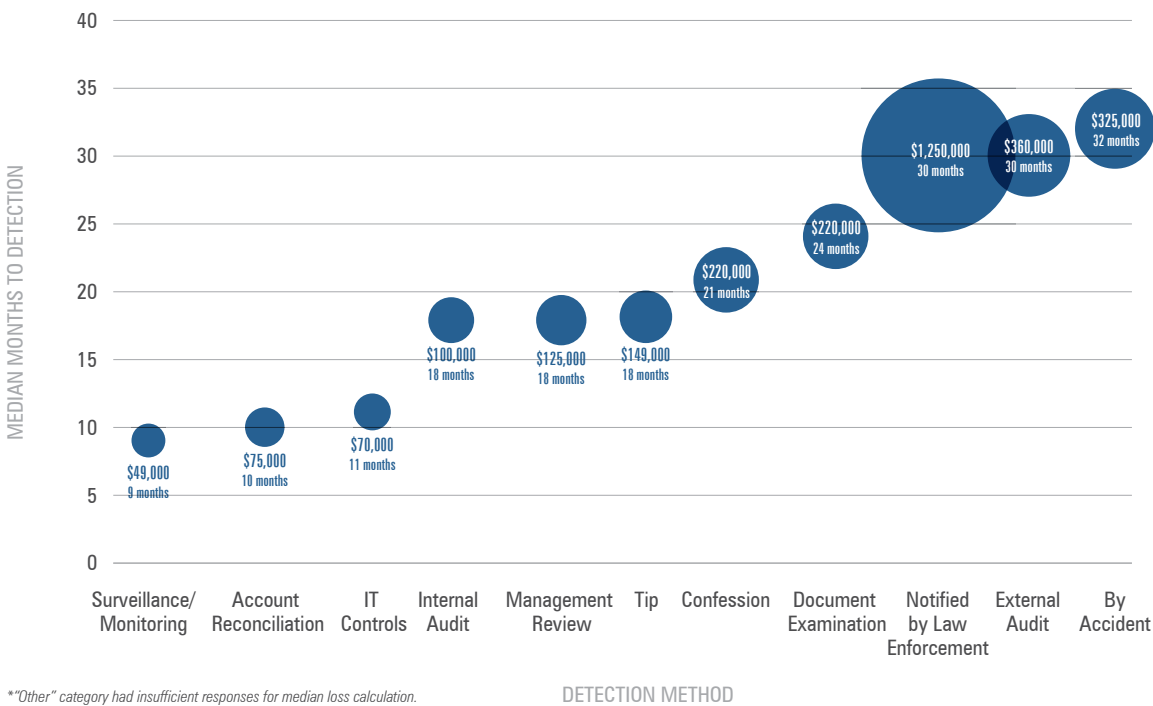
### Median Loss and Median Duration by Detection Method

Figure 12 illustrates the relationship between the detection method, median loss and median duration of occupational frauds. The larger circles represent a higher median loss, and the detection methods are organized left-to-right in order of median duration. Frauds that were discovered by accident tended to last the longest, with a median duration of 32 months, and had a median loss of \$325,000. Schemes that were first detected by notification from law enforcement caused the highest median loss at \$1,250,000 and had a median duration of 30 months.

The data highlights how the results of fraud cases tend to differ based on the initial detection method. One of the most visible distinctions is that the five detection methods with both the shortest duration and lowest loss — surveillance/monitoring, account reconciliation, IT controls, internal audit and management review — involved *proactive* efforts to discover fraud. In contrast, detection methods that are *not* the result of efforts within the organization to detect fraud — confession, notification by law enforcement, external audit and by accident — tended to last longer and cost more. In other words, having adequate controls that seek out fraud, rather than relying on external or passive detection methods, can dramatically reduce the cost and duration of such schemes.

Other factors that might be affecting this data include the possibility that some schemes that are commonly detected through a particular method tend to involve lower amounts of assets. Additionally, some schemes generally will not be detected by certain methods (e.g., IT controls).

**Figure 12: Median Loss and Median Duration by Detection Method**

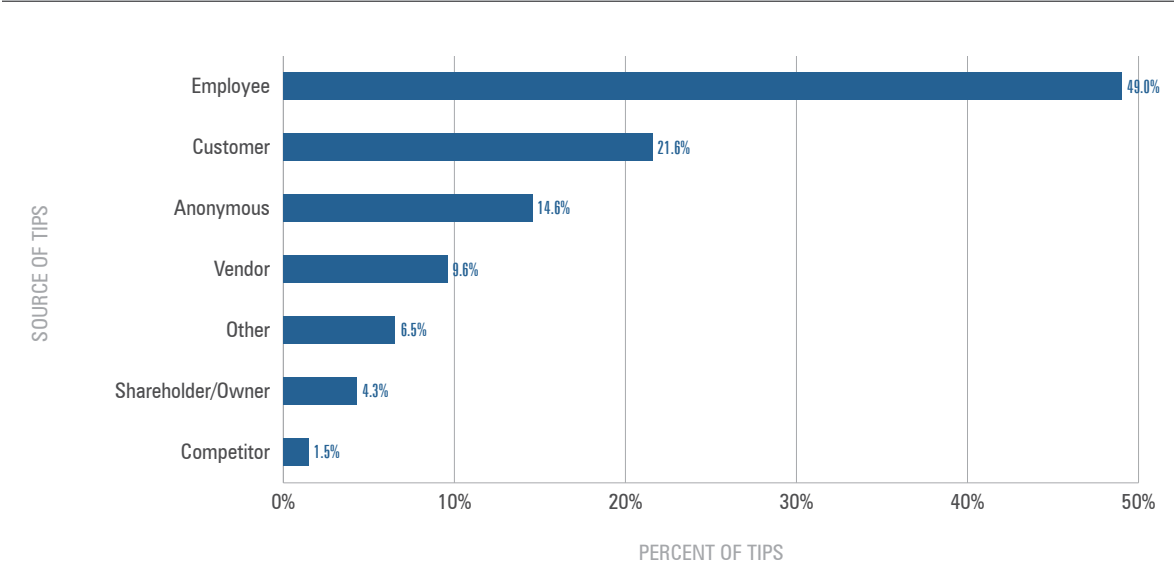


### Source of Tips

It is well known that employees are a valuable source of information for discovering potential fraud, and Figure 13 shows that employees were the source of almost half of all tips that led to the detection of fraud. Occupational fraud has a negative impact on an organization, including those who work for it, which might explain why employees so often step forward. At the same time, there is often a risk of backlash for whistleblowers, which might explain why a substantial amount of tips came from anonymous parties (14.6%).

The fact that more than half of all tips involved parties other than confirmed employees emphasizes the importance of cultivating tips from various sources. For example, many employers circulate a whistleblower policy or fraud hotline information to employees only, but our data indicates that it is also advantageous to educate vendors, customers and owners/shareholders on how to report suspicions of fraud.

**Figure 13: Source of Tips**

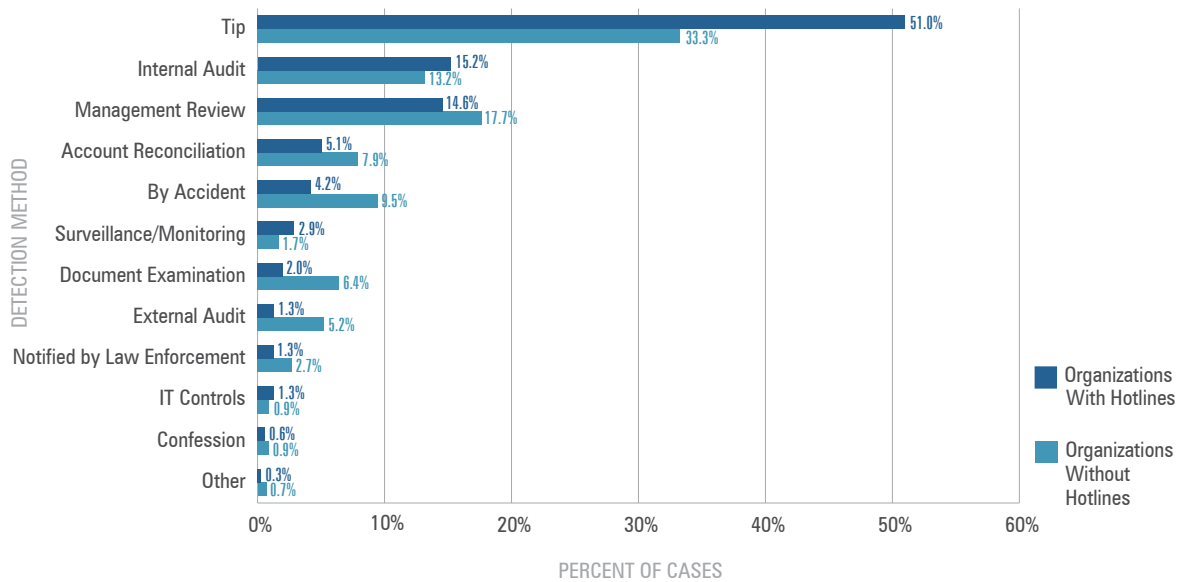


## Impact of Hotlines

The presence of a reporting hotline had a substantial impact on the initial fraud detection method in the cases we analyzed. Tips were the most common detection method for organizations with and without hotlines, but the benefit was much more pronounced in organizations with them (see Figure 14).

For organizations without hotlines, the reduced detection through tips resulted in other forms of detection being more prominent. As seen in Figure 12, several detection methods tend to be associated with higher median losses and increased median duration. Some of these less-effective means of detection — by accident, notification by law enforcement and external audit — were more than twice as common in organizations without hotlines.

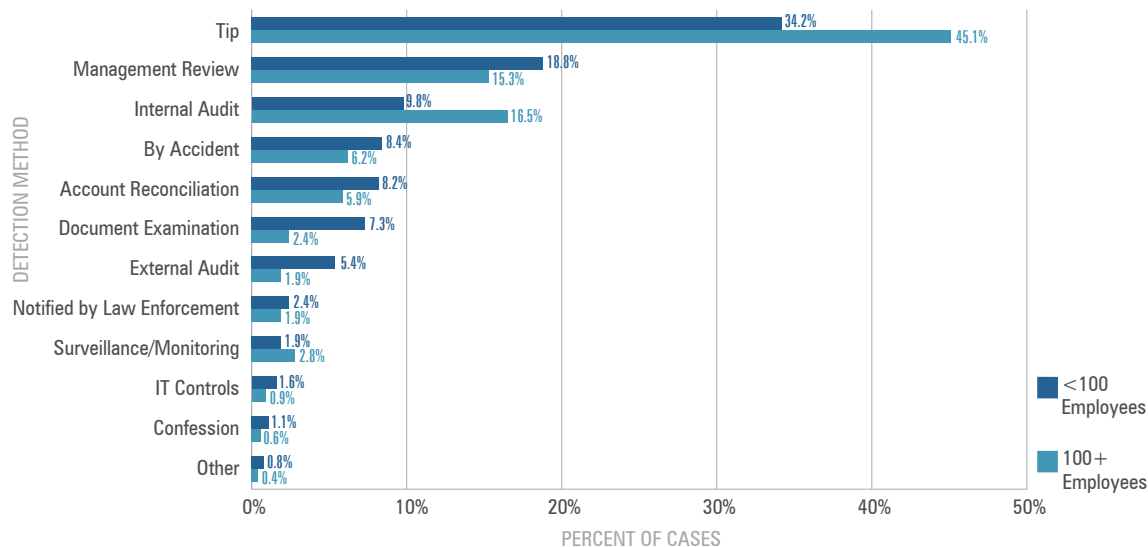
**Figure 14: Impact of Hotlines**



## Initial Detection of Frauds in Small Businesses

Large and small organizations often allocate resources differently for anti-fraud measures (see Figure 27 on page 32), and the distribution of detection methods at these two types of organizations also varies. Small organizations (those with fewer than 100 employees) differed most from large organizations in the percentage of cases detected by tip (34.2% and 45.1%, respectively) and internal audit (9.8% and 16.5%); these findings are not surprising, given that small organizations are much less likely to have hotlines or internal audit departments (see Figure 27).

**Figure 15: Detection Method by Size of Victim Organization**



## Detection Method by Region

Figure 16 shows how frauds were detected based on the region in which they occurred. With the exception of Canada, the top three detection methods in each region were tip, management review and internal audit. Latin America and the Caribbean and the Middle East and North Africa were much more likely to have frauds discovered by internal audit than other regions, while also having few or no reported cases discovered by external audit. Western Europe had the highest number of cases detected by notification from law enforcement (6.1%) and by accident (10.2%).

**Figure 16: Detection Method by Region**

	United States	Sub-Saharan Africa	Asia-Pacific	Western Europe	Eastern Europe and Western/Central Asia	Canada	Latin America and the Caribbean	Southern Asia	Middle East and North Africa
Tip	38.4%	42.4%	53.9%	39.8%	53.8%	43.9%	36.8%	54.5%	35.3%
Management Review	18.4%	15.1%	11.7%	16.3%	10.3%	19.3%	14.0%	12.7%	15.7%
Internal Audit	13.1%	16.3%	10.9%	12.2%	16.7%	3.5%	22.8%	14.5%	33.3%
By Accident	8.2%	3.5%	3.1%	10.2%	5.1%	8.8%	7.0%	1.8%	5.9%
Account Reconciliation	5.3%	13.4%	6.3%	7.1%	3.8%	8.8%	7.0%	7.3%	3.9%
Document Examination	5.9%	2.9%	1.6%	2.0%	1.3%	5.3%	3.5%	1.8%	0.0%
External Audit	4.0%	1.2%	3.1%	2.0%	2.6%	3.5%	1.8%	1.8%	0.0%
Surveillance/Monitoring	2.5%	2.9%	2.3%	3.1%	1.3%	5.3%	1.8%	0.0%	2.0%
Notified by Law Enforcement	2.0%	0.6%	2.3%	6.1%	2.6%	1.8%	3.5%	1.8%	0.0%
IT Controls	1.1%	0.6%	1.6%	0.0%	1.3%	0.0%	0.0%	1.8%	3.9%
Confession	0.6%	1.2%	1.6%	1.0%	1.3%	0.0%	1.8%	0.0%	0.0%
Other	0.5%	0.0%	1.6%	0.0%	0.0%	0.0%	0.0%	1.8%	0.0%



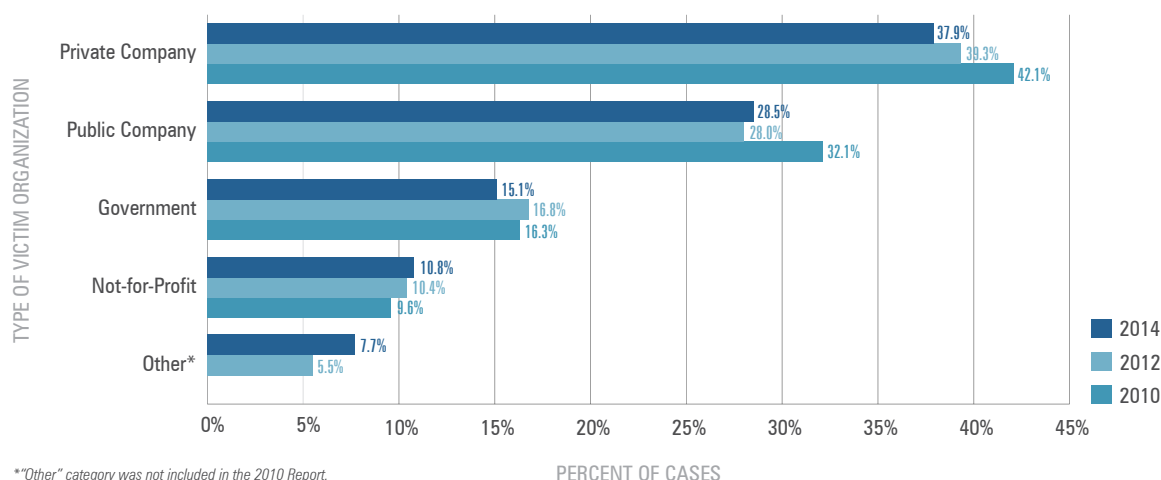
# Victim Organizations

## Type of Organization

As in our previous studies, privately owned and publicly traded organizations accounted for approximately two-thirds of the victims in the cases reported to us. These for-profit organizations also suffered the greatest median losses, which is consistent with our previous Reports. In contrast, government entities and not-for-profits made up 15.1% and 10.8%, respectively, of the cases analyzed and reported much lower median losses than their for-profit counterparts.

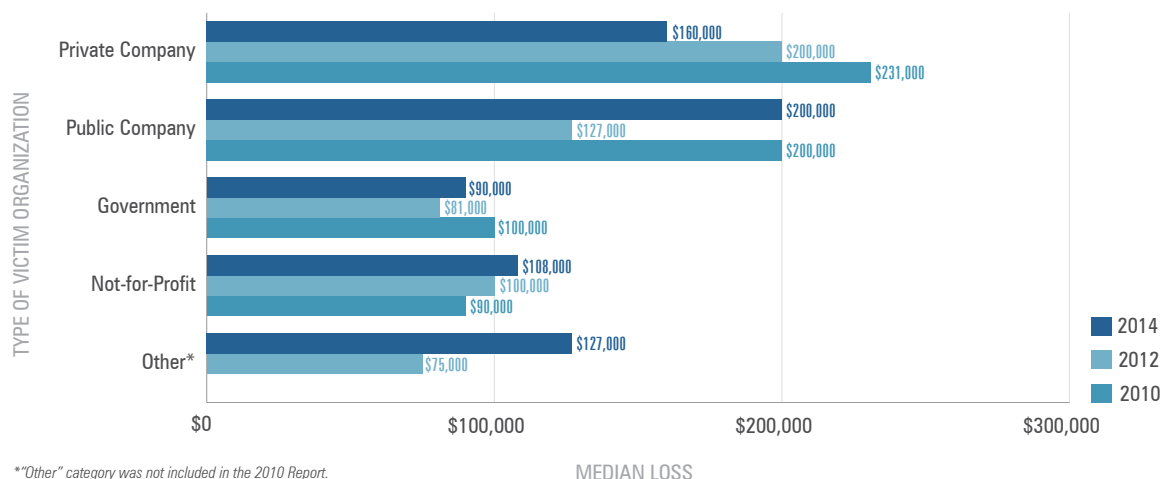


**Figure 17: Type of Victim Organization — Frequency**



\*\*Other\* category was not included in the 2010 Report.

**Figure 18: Type of Victim Organization — Median Loss**

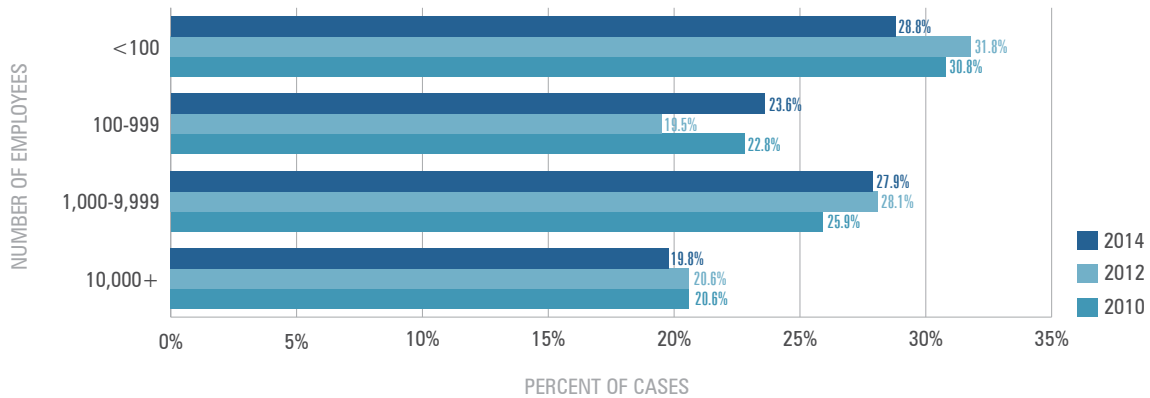


\*\*Other\* category was not included in the 2010 Report.

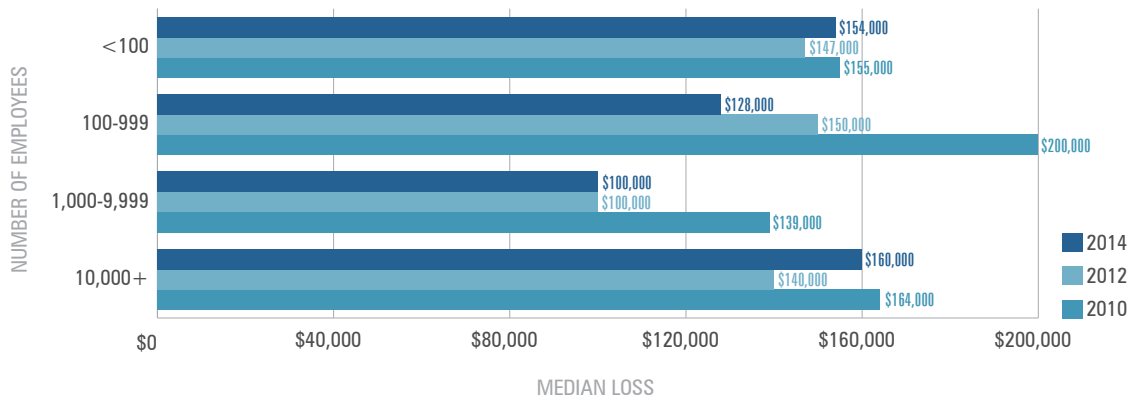
## Size of Organization

Small businesses (defined as those with fewer than 100 employees) were victimized in the greatest percentage of cases reported to us, which is consistent with previous Reports. In addition, the median losses for small businesses and the largest entities (those with more than 10,000 employees) were the highest, at \$154,000 and \$160,000, respectively. While the absolute median loss for the largest entities is slightly higher than that for small businesses, it is important to note that the overall impact of a \$154,000 loss for many small businesses is much greater than the relative impact of a \$160,000 loss at an organization with more than 10,000 employees.

**Figure 19: Size of Victim Organization — Frequency**



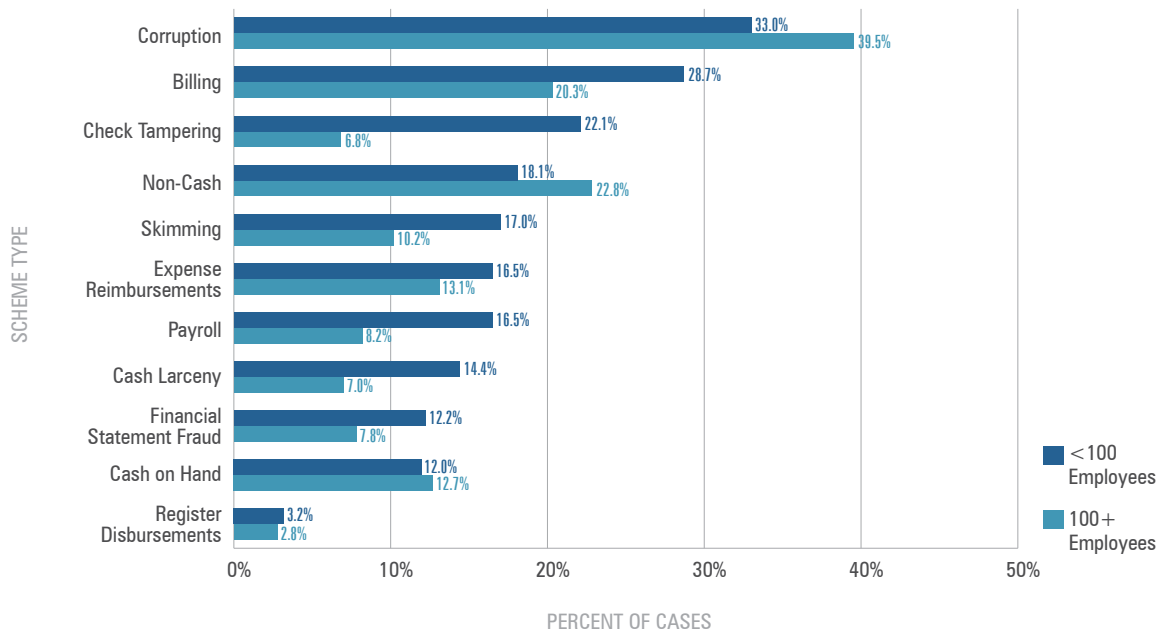
**Figure 20: Size of Victim Organization — Median Loss**



### Methods of Fraud in Small Businesses

Figure 21 demonstrates that organizations with fewer than 100 employees face different fraud risks than larger organizations. For example, check tampering schemes occurred in 22% of small business cases, but only 7% of cases in larger organizations. In addition, payroll and cash larceny schemes were found to occur twice as often in small businesses as in larger businesses. Our findings also show that corruption remains a significant threat to larger organizations, occurring in nearly 40% of reported cases; in contrast, 33% of the incidents at small businesses involved corruption.

**Figure 21: Scheme Type by Size of Victim Organization**



## Industry of Organization

Figure 22 categorizes the cases reported to us by industry of the victim organization. Similar to the findings in our previous Reports, banking and financial services, government and public administration, and manufacturing were the most represented sectors among the fraud cases analyzed. On the other end of the spectrum, the industries with the lowest frequency of fraud cases were mining; communications and publishing; and arts, entertainment and recreation. While this data shows the distribution of cases in our study, it does not necessarily mean that certain industries are more at risk of fraud than others. Our study focuses on cases investigated by CFEs, so Figure 22 primarily reflects the industries in which CFEs work. The fact that CFEs tend to be hired more in some industries than others could indicate those industries are at greater risk of fraud, but it could also be a sign that they are more proactive in dealing with anti-fraud issues.

**Figure 22: Industry of Victim Organizations**

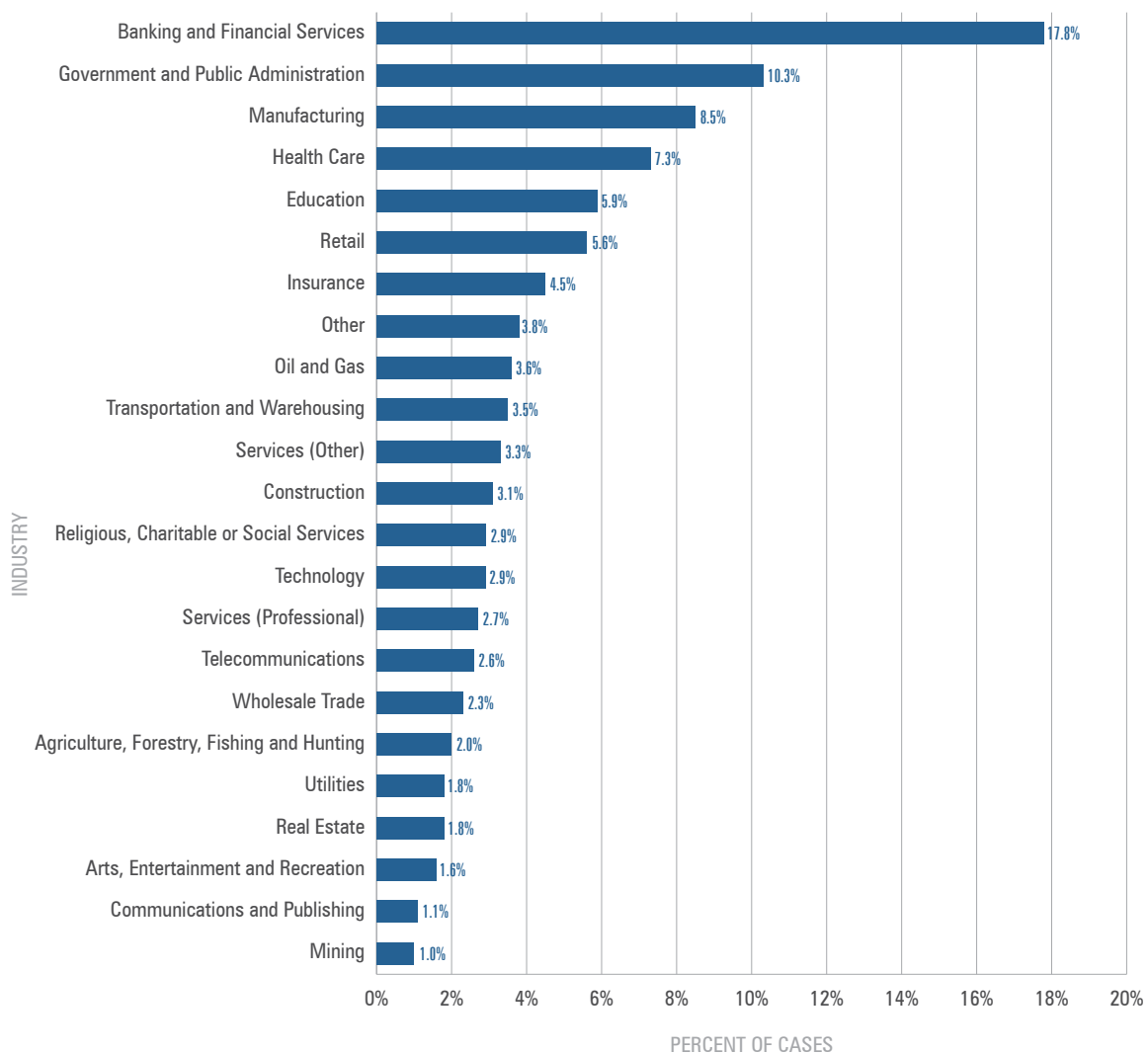


Figure 23 sorts the various industries by median loss. Although the mining industry had the fewest number of cases, it suffered the greatest median loss of \$900,000. Cases in the real estate, oil and gas, and wholesale trade industries also caused notably large median losses. In contrast, the government and public administration sector had the second largest number of reported cases of fraud, but those cases caused a median loss of only \$64,000. Banking and financial services, manufacturing and health care were also among the most represented industries in our study; however, the median losses incurred by these organizations were in the middle of the spectrum with median losses of \$200,000, \$250,000 and \$175,000, respectively.

**Figure 23: Industry of Victim Organizations (Sorted by Median Loss)**

Industry	Number of Cases	Percent of Cases	Median Loss
Mining	13	1.0%	\$900,000
Real Estate	24	1.8%	\$555,000
Oil and Gas	49	3.6%	\$450,000
Wholesale Trade	31	2.3%	\$375,000
Technology	39	2.9%	\$250,000
Manufacturing	116	8.5%	\$250,000
Construction	43	3.1%	\$245,000
Agriculture, Forestry, Fishing and Hunting	28	2.0%	\$242,000
Transportation and Warehousing	48	3.5%	\$202,000
Banking and Financial Services	244	17.8%	\$200,000
Services (Professional)	37	2.7%	\$180,000
Health Care	100	7.3%	\$175,000
Arts, Entertainment and Recreation	22	1.6%	\$168,000
Other	52	3.8%	\$130,000
Services (Other)	45	3.3%	\$125,000
Telecommunications	36	2.6%	\$120,000
Utilities	25	1.8%	\$100,000
Insurance	62	4.5%	\$93,000
Religious, Charitable or Social Services	40	2.9%	\$80,000
Government and Public Administration	141	10.3%	\$64,000
Education	80	5.9%	\$58,000
Retail	77	5.6%	\$54,000
Communications and Publishing	15	1.1%	\$50,000

### Schemes by Industry

Figure 24 is a heat map showing the most frequent types of fraud schemes within each industry (we limited this analysis to industries with at least 40 reported cases). The most common schemes within each industry are shaded red, the next-most common are orange and the least common are yellow. Some types of fraud are high-risk in almost any type of organization; billing and corruption schemes ranked among the three most common forms of fraud in nearly every industry. In contrast, certain schemes tend to be high-risk only for particular industries, some logical (e.g., cash-on-hand misappropriations at financial institutions and theft of non-cash assets in manufacturing companies), and others less expected (e.g., theft of non-cash assets in the government and public administration sector, and expense reimbursement schemes in the health care industry).

**Figure 24: Frequency of Schemes Based on Industry**

Industry/ Scheme	Banking and Financial Services	Government and Public Administration	Manufacturing	Health Care	Education	Retail	Insurance	Oil and Gas	Transportation and Warehousing	Services (Other)	Construction	Religious, Charitable or Social Services
Cases	244	141	116	100	80	77	62	49	48	45	43	40
Billing	5.7%	19.1%	22.4%	29.0%	33.8%	10.4%	17.7%	24.5%	33.3%	28.9%	34.9%	32.5%
Cash Larceny	13.1%	10.6%	6.0%	12.0%	6.3%	15.6%	6.5%	2.0%	2.1%	11.1%	14.0%	7.5%
Cash on Hand	18.9%	12.1%	7.8%	16.0%	16.3%	22.1%	1.6%	2.0%	10.4%	11.1%	7.0%	12.5%
Check Tampering	5.7%	5.7%	7.8%	21.0%	10.0%	7.8%	4.8%	4.1%	20.8%	17.8%	27.9%	35.0%
Corruption	37.3%	36.2%	54.3%	37.0%	36.3%	22.1%	33.9%	57.1%	29.2%	35.6%	46.5%	30.0%
Expense Reimbursements	4.1%	12.8%	7.8%	23.0%	31.3%	3.9%	4.8%	14.3%	14.6%	17.8%	27.9%	32.5%
Financial Statement Fraud	10.2%	5.0%	13.8%	8.0%	10.0%	6.5%	3.2%	12.2%	10.4%	6.7%	11.6%	7.5%
Non-Cash	13.1%	17.7%	34.5%	12.0%	12.5%	33.8%	12.9%	16.3%	33.3%	17.8%	20.9%	15.0%
Payroll	5.3%	15.6%	8.6%	15.0%	16.3%	5.2%	8.1%	6.1%	16.7%	6.7%	18.6%	20.0%
Register Disbursements	2.5%	0.7%	2.6%	3.0%	5.0%	13.0%	0.0%	0.0%	4.2%	6.7%	2.3%	2.5%
Skimming	5.7%	11.3%	4.3%	18.0%	20.0%	18.2%	22.6%	2.0%	6.3%	33.3%	7.0%	12.5%

LESS RISK MORE RISK

### Corruption Cases by Industry

Figure 25 shows the number of cases in each industry along with the percentage of those cases that involved corruption. Although mining only had a total of 13 cases reported, nine of those cases involved corruption. Other industries with relatively high proportions of corruption schemes included the oil and gas, manufacturing and construction sectors.

**Figure 25: Corruption Cases by Industry**

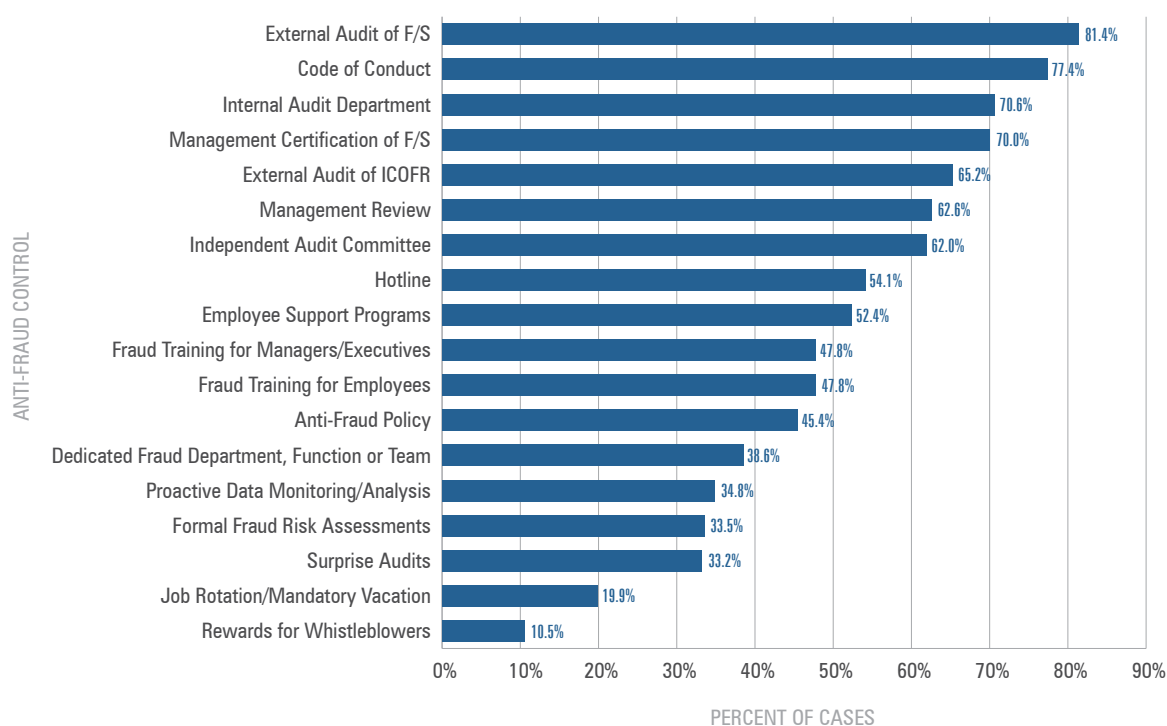
Industry	Total Number of Cases	Number of Corruption Cases	Percent of Cases Involving Corruption
Mining	13	9	69.2%
Oil and Gas	49	28	57.1%
Manufacturing	116	63	54.3%
Construction	43	20	46.5%
Other	52	24	46.2%
Telecommunications	36	15	41.7%
Real Estate	24	10	41.7%
Wholesale Trade	31	12	38.7%
Banking and Financial Services	244	91	37.3%
Health Care	100	37	37.0%
Education	80	29	36.3%
Government and Public Administration	141	51	36.2%
Utilities	25	9	36.0%
Services (Other)	45	16	35.6%
Insurance	62	21	33.9%
Communications and Publishing	15	5	33.3%
Technology	39	13	33.3%
Religious, Charitable or Social Services	40	12	30.0%
Services (Professional)	37	11	29.7%
Transportation and Warehousing	48	14	29.2%
Arts, Entertainment and Recreation	22	6	27.3%
Retail	77	17	22.1%
Agriculture, Forestry, Fishing and Hunting	28	5	17.9%

## Anti-Fraud Controls at the Victim Organization

Proactive fraud prevention and detection controls are a vital part in managing the risk of fraud, but are all anti-fraud controls created equal? As part of our survey, we asked participants to identify which of 18 common anti-fraud controls were present at the victim organization at the time the fraud occurred. The responses are reflected in Figure 26, which shows that external audits were the most common control enacted by the victim organizations, as they were present in more than 80% of the cases reported to us. But as noted in Figure 11 on page 19, external audits accounted for the detection of just 3% of the cases in our study. While external audits serve many important functions, this suggests they should not be strongly relied upon as a fraud detection tool.

With more than 42% of frauds being detected by tips (see Figure 11), hotlines ought to play a critical role in organizations' anti-fraud programs. But of the organizations victimized by the frauds in our study, only 54% had a hotline mechanism in place, and less than 11% provided rewards for whistleblowers. These rates indicate that many organizations have room for improvement in encouraging the tips that so effectively help uncover fraudulent conduct.

**Figure 26: Frequency of Anti-Fraud Controls**



**The following key applies to Figures 26, 27, 37 and 38 (pages 31, 32 and 38):**

External Audit of F/S = Independent external audits of the organization's financial statements

External Audit of ICOFR = Independent audits of the organization's internal controls over financial reporting

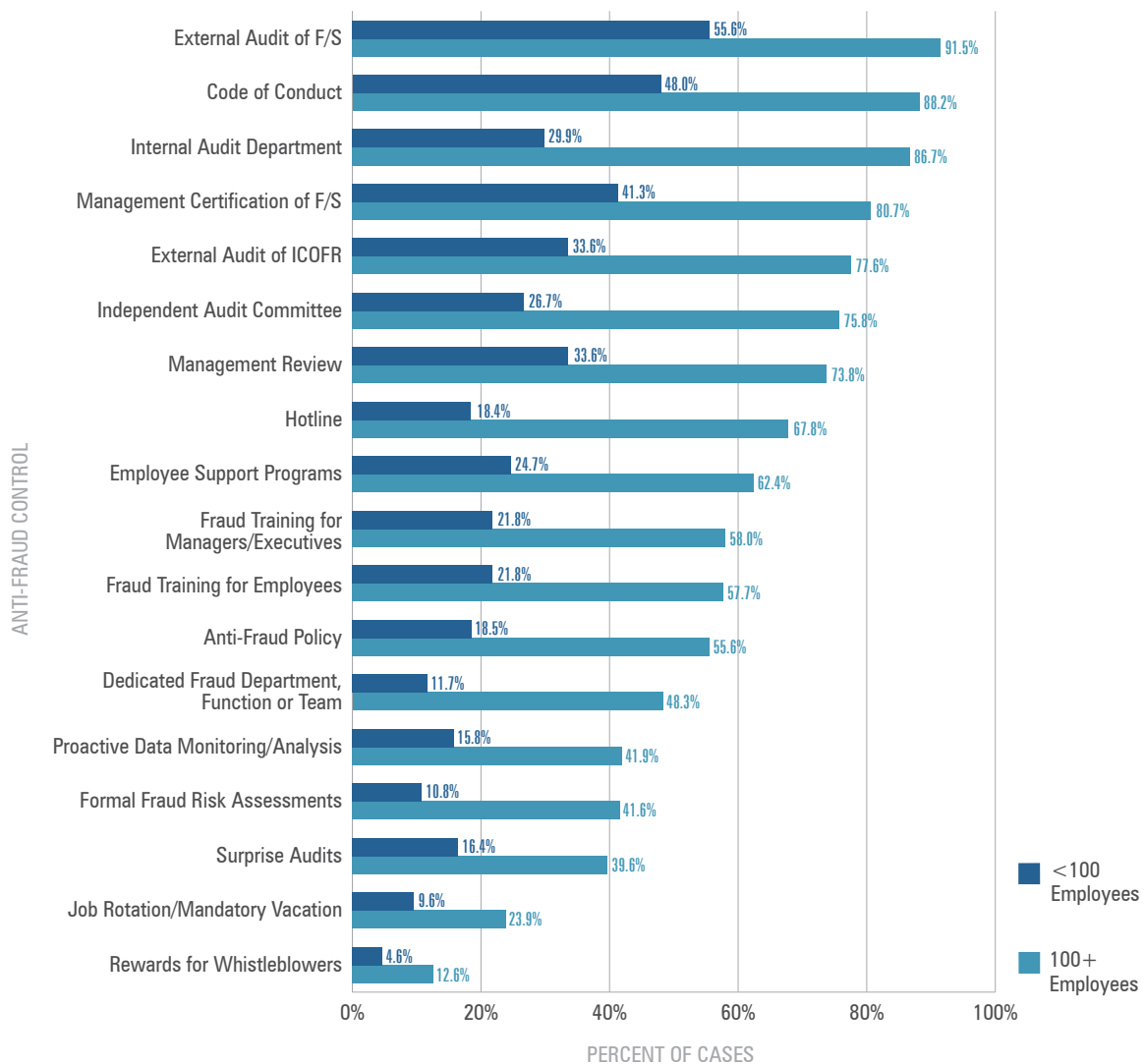
Management Certification of F/S = Management certification of the organization's financial statements



### Anti-Fraud Controls at Small Businesses

The limited financial and human resources at most small organizations make them uniquely susceptible to fraud; they often lack the means to enact sophisticated anti-fraud controls, and they can be particularly devastated by the fallout from any fraud that does occur. As noted in Figure 20 on page 25, the median loss per fraud scheme at small businesses is \$154,000 — an amount that represents a significant portion of many small businesses' budgets. In Figure 27, we compared the frequency of anti-fraud controls at entities with fewer than 100 employees to the frequency of those controls at their larger counterparts. Across the board, the larger organizations had a substantially greater implementation rate than did the small businesses. Although some of the controls analyzed require a significant investment and likely are not feasible for many small businesses to implement, many of the controls — such as a code of conduct, an anti-fraud policy, management review procedures and anti-fraud training programs — can be enacted with relatively little cost and could greatly enhance small businesses' ability to protect their resources from fraud.

**Figure 27: Frequency of Anti-Fraud Controls by Size of Victim Organization**



### Anti-Fraud Controls by Region

We also examined the frequency with which the 18 anti-fraud controls were implemented based on the region of the victim organizations. This revealed a few interesting regional variations and trends in organizations' approaches to fighting fraud. For example, internal audit departments tend to be less common in the United States and Canada than in all other regions. In contrast, employee support programs are much more common in the United States and Canada than in all other regions, and the percentage of victim organizations in Eastern Europe and Western/Central Asia that had employee support programs in place was remarkably low. Fewer victim organizations in Western Europe had job rotation and mandatory vacation policies than their counterparts in other regions. In addition, the proportion of victim organizations in Southern Asia that had formal management review processes, surprise audits and management certification of financial statements was notably greater than in other regions, and nearly half the organizations in Sub-Saharan Africa had a dedicated fraud department, function or team.

**Figure 28: Frequency of Anti-Fraud Controls — United States**

Control	Percent of Cases
Code of Conduct	72.8%
External Audit of Financial Statements	72.5%
Employee Support Programs	65.6%
Management Certification of Financial Statements	63.4%
External Audit of Internal Controls over Financial Reporting	59.2%
Internal Audit Department	58.8%
Management Review	55.5%
Independent Audit Committee	53.3%
Hotline	51.5%
Fraud Training for Managers/Executives	50.3%
Fraud Training for Employees	48.4%
Anti-Fraud Policy	42.0%
Proactive Data Monitoring/Analysis	36.1%
Dedicated Fraud Department, Function or Team	34.8%
Formal Fraud Risk Assessments	34.5%
Surprise Audits	28.7%
Job Rotation/Mandatory Vacation	17.8%
Rewards for Whistleblowers	12.0%

**Figure 29: Frequency of Anti-Fraud Controls — Sub-Saharan Africa**

Control	Percent of Cases
External Audit of Financial Statements	88.6%
Internal Audit Department	80.1%
Code of Conduct	78.8%
Management Certification of Financial Statements	73.2%
Independent Audit Committee	67.7%
External Audit of Internal Controls over Financial Reporting	66.0%
Management Review	65.6%
Hotline	57.5%
Dedicated Fraud Department, Function or Team	49.1%
Anti-Fraud Policy	48.5%
Fraud Training for Employees	47.2%
Fraud Training for Managers/Executives	45.3%
Proactive Data Monitoring/Analysis	39.5%
Surprise Audits	38.5%
Employee Support Programs	37.7%
Formal Fraud Risk Assessments	35.3%
Job Rotation/Mandatory Vacation	20.5%
Rewards for Whistleblowers	16.5%

**Figure 30: Frequency of Anti-Fraud Controls — Asia-Pacific**

Control	Percent of Cases
External Audit of Financial Statements	90.0%
Code of Conduct	89.4%
Internal Audit Department	85.1%
Management Certification of Financial Statements	79.0%
Independent Audit Committee	78.1%
External Audit of Internal Controls over Financial Reporting	73.9%
Management Review	72.2%
Hotline	62.7%
Anti-Fraud Policy	57.9%
Fraud Training for Employees	55.5%
Fraud Training for Managers/Executives	50.9%
Employee Support Programs	47.8%
Dedicated Fraud Department, Function or Team	44.2%
Surprise Audits	40.6%
Formal Fraud Risk Assessments	32.3%
Proactive Data Monitoring/Analysis	30.0%
Job Rotation/Mandatory Vacation	22.2%
Rewards for Whistleblowers	6.9%

**Figure 31: Frequency of Anti-Fraud Controls — Western Europe**

Control	Percent of Cases
External Audit of Financial Statements	88.0%
Management Certification of Financial Statements	80.5%
Code of Conduct	78.7%
Internal Audit Department	78.5%
External Audit of Internal Controls over Financial Reporting	76.4%
Management Review	72.7%
Independent Audit Committee	66.7%
Hotline	56.7%
Anti-Fraud Policy	48.2%
Fraud Training for Employees	45.8%
Employee Support Programs	45.7%
Fraud Training for Managers/Executives	42.9%
Dedicated Fraud Department, Function or Team	41.9%
Proactive Data Monitoring/Analysis	36.0%
Formal Fraud Risk Assessments	35.6%
Surprise Audits	29.5%
Job Rotation/Mandatory Vacation	13.8%
Rewards for Whistleblowers	5.0%

**Figure 32: Frequency of Anti-Fraud Controls — Eastern Europe and Western/Central Asia**

Control	Percent of Cases
External Audit of Financial Statements	92.1%
Code of Conduct	88.6%
Internal Audit Department	83.1%
Management Certification of Financial Statements	74.6%
Independent Audit Committee	66.7%
External Audit of Internal Controls over Financial Reporting	65.2%
Management Review	63.8%
Hotline	50.0%
Anti-Fraud Policy	47.9%
Fraud Training for Employees	47.1%
Fraud Training for Managers/Executives	46.5%
Dedicated Fraud Department, Function or Team	43.2%
Surprise Audits	34.7%
Proactive Data Monitoring/Analysis	32.4%
Formal Fraud Risk Assessments	30.1%
Job Rotation/Mandatory Vacation	25.4%
Employee Support Programs	14.1%
Rewards for Whistleblowers	7.0%

**Figure 33: Frequency of Anti-Fraud Controls — Canada**

Control	Percent of Cases
External Audit of Financial Statements	76.4%
Code of Conduct	73.6%
Employee Support Programs	72.5%
Management Certification of Financial Statements	72.3%
Independent Audit Committee	72.2%
Internal Audit Department	68.4%
External Audit of Internal Controls over Financial Reporting	66.7%
Management Review	60.0%
Hotline	56.1%
Fraud Training for Managers/Executives	50.0%
Anti-Fraud Policy	46.0%
Fraud Training for Employees	42.9%
Dedicated Fraud Department, Function or Team	38.9%
Formal Fraud Risk Assessments	38.8%
Proactive Data Monitoring/Analysis	36.7%
Surprise Audits	29.4%
Job Rotation/Mandatory Vacation	22.0%
Rewards for Whistleblowers	4.4%

**Figure 34: Frequency of Anti-Fraud Controls — Latin America and the Caribbean**

Control	Percent of Cases
External Audit of Financial Statements	90.7%
Internal Audit Department	85.7%
Code of Conduct	83.3%
External Audit of Internal Controls over Financial Reporting	81.1%
Management Certification of Financial Statements	78.4%
Management Review	70.0%
Independent Audit Committee	67.3%
Hotline	60.0%
Employee Support Programs	50.0%
Fraud Training for Employees	49.0%
Anti-Fraud Policy	47.2%
Fraud Training for Managers/Executives	46.9%
Dedicated Fraud Department, Function or Team	32.7%
Formal Fraud Risk Assessments	28.3%
Surprise Audits	26.0%
Proactive Data Monitoring/Analysis	22.4%
Job Rotation/Mandatory Vacation	20.8%
Rewards for Whistleblowers	6.1%

**Figure 35: Frequency of Anti-Fraud Controls — Southern Asia**

Control	Percent of Cases
External Audit of Financial Statements	93.9%
Internal Audit Department	90.6%
Management Certification of Financial Statements	86.0%
Management Review	83.3%
Code of Conduct	80.4%
Independent Audit Committee	73.5%
External Audit of Internal Controls over Financial Reporting	68.2%
Hotline	53.2%
Surprise Audits	52.3%
Fraud Training for Employees	49.0%
Anti-Fraud Policy	44.4%
Dedicated Fraud Department, Function or Team	42.6%
Fraud Training for Managers/Executives	42.2%
Proactive Data Monitoring/Analysis	37.2%
Employee Support Programs	35.7%
Formal Fraud Risk Assessments	31.7%
Job Rotation/Mandatory Vacation	30.4%
Rewards for Whistleblowers	11.1%

**Figure 36: Frequency of Anti-Fraud Controls — Middle East and North Africa**

Control	Percent of Cases
External Audit of Financial Statements	84.6%
Internal Audit Department	80.8%
Code of Conduct	74.0%
Management Review	68.9%
Management Certification of Financial Statements	66.0%
External Audit of Internal Controls over Financial Reporting	60.0%
Independent Audit Committee	58.0%
Surprise Audits	46.7%
Hotline	44.9%
Anti-Fraud Policy	37.5%
Fraud Training for Managers/Executives	36.2%
Fraud Training for Employees	35.4%
Dedicated Fraud Department, Function or Team	27.1%
Proactive Data Monitoring/Analysis	25.5%
Formal Fraud Risk Assessments	24.5%
Job Rotation/Mandatory Vacation	23.4%
Employee Support Programs	22.0%
Rewards for Whistleblowers	6.5%

## Effectiveness of Controls

We compared the median loss and median duration of fraud schemes based on whether the victim organization had particular controls in place at the time the fraud occurred. As shown in Figures 37 and 38, every control was associated with reductions in both the cost and duration of fraud. Of the controls analyzed, proactive data monitoring and analysis appears to be the most effective at limiting the duration and cost of fraud schemes; victim organizations that implemented this control experienced losses 60% smaller and schemes 50% shorter than organizations that did not.

**Figure 37: Median Loss Based on Presence of Anti-Fraud Controls**

Control	Percent of Cases	Control in Place	Control Not in Place	Percent Reduction
Proactive Data Monitoring/Analysis	34.8%	\$73,000	\$181,000	59.7%
Employee Support Programs	52.4%	\$90,000	\$200,000	55.0%
Management Review	62.6%	\$100,000	\$208,000	51.9%
Code of Conduct	77.4%	\$100,000	\$200,000	50.0%
Internal Audit Department	70.6%	\$100,000	\$180,000	44.4%
Formal Fraud Risk Assessments	33.5%	\$94,000	\$168,000	44.0%
Surprise Audits	33.2%	\$93,000	\$164,000	43.3%
External Audit of ICOFR	65.2%	\$103,000	\$180,000	42.8%
Fraud Training for Managers/Executives	47.8%	\$100,000	\$168,000	40.5%
Hotline	54.1%	\$100,000	\$168,000	40.5%
Dedicated Fraud Department, Function or Team	38.6%	\$100,000	\$164,000	39.0%
Fraud Training for Employees	47.8%	\$100,000	\$164,000	39.0%
Anti-Fraud Policy	45.4%	\$100,000	\$155,000	35.5%
Management Certification of F/S	70.0%	\$120,000	\$184,000	34.8%
Job Rotation/Mandatory Vacation	19.9%	\$100,000	\$150,000	33.3%
External Audit of F/S	81.4%	\$125,000	\$186,000	32.8%
Rewards for Whistleblowers	10.5%	\$100,000	\$135,000	25.9%
Independent Audit Committee	62.0%	\$120,000	\$150,000	20.0%

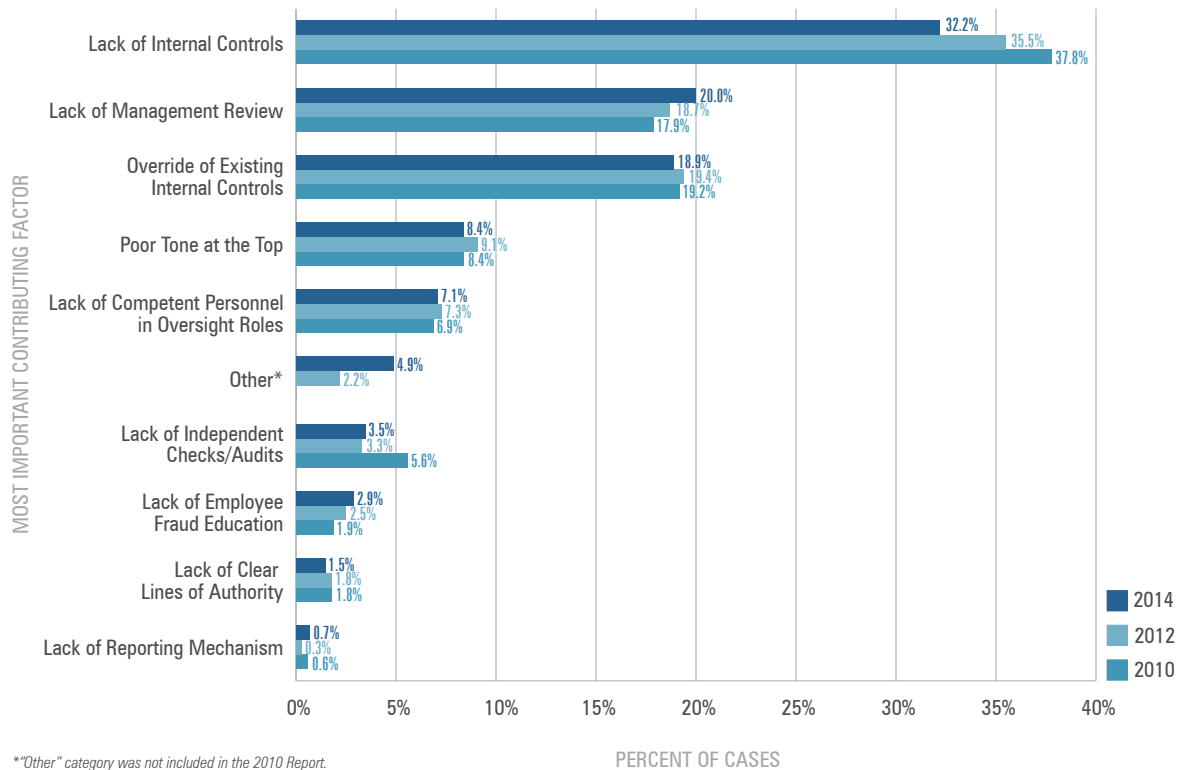
**Figure 38: Median Duration of Fraud Based on Presence of Anti-Fraud Controls**

Control	Percent of Cases	Control in Place	Control Not in Place	Percent Reduction
Surprise Audits	33.2%	12 months	24 months	50.0%
Proactive Data Monitoring/Analysis	34.8%	12 months	24 months	50.0%
Dedicated Fraud Department, Function or Team	38.6%	12 months	24 months	50.0%
Anti-Fraud Policy	45.4%	12 months	24 months	50.0%
Fraud Training for Employees	47.8%	12 months	24 months	50.0%
Hotline	54.1%	12 months	24 months	50.0%
Formal Fraud Risk Assessments	33.5%	12 months	23 months	47.8%
Management Review	62.6%	13 months	24 months	45.8%
Independent Audit Committee	62.0%	14 months	24 months	41.7%
Internal Audit Department	70.6%	14 months	24 months	41.7%
Job Rotation/Mandatory Vacation	19.9%	12 months	20 months	40.0%
Fraud Training for Managers/Executives	47.8%	13 months	21 months	38.1%
External Audit of ICOFR	65.2%	15 months	24 months	37.5%
Management Certification of F/S	70.0%	15 months	24 months	37.5%
Rewards for Whistleblowers	10.5%	12 months	18 months	33.3%
Code of Conduct	77.4%	16 months	24 months	33.3%
External Audit of F/S	81.4%	18 months	24 months	25.0%
Employee Support Programs	52.4%	14 months	18 months	22.2%

### Control Weaknesses That Contributed to Fraud

We asked survey respondents what they thought were the primary internal control weaknesses that contributed to the frauds they had investigated. As noted in Figure 39, in nearly one-third of the cases, the victim organization lacked the appropriate internal controls to prevent the fraud, which reinforces the importance of targeted anti-fraud controls. A lack of controls played an even bigger role in those cases affecting small businesses; this was attributed as the primary weakness at more than 41% of cases at organizations with fewer than 100 employees. Additionally, according to the CFEs who participated in our study, one-fifth of the reported cases could have been prevented if managers had done a sufficient job of reviewing transactions, accounts or processes.

**Figure 39: Primary Internal Control Weakness Observed by CFE**





## Perpetrators

As part of our survey, we asked respondents to supply detailed information about the perpetrators of the frauds they had investigated. This includes data on level of authority, age, gender, tenure with the victim organization, education level, department, criminal and employment history, and red flags that the fraudster exhibited before the scheme was detected. The value of this information is that it helps us identify and quantify where fraud risk might lie within a particular organization: What departments tend to be associated with which types of frauds? What demographic factors seem to impact the frequency or severity of occupational frauds? What behavioral clues might have led the victim organizations to identify these crimes earlier? Also, because this data has been gathered over several years' worth of reports, we are able to show how consistent the patterns of fraud and abuse tend to be over time.



We asked respondents to supply detailed information about the perpetrators of the fraud cases. The value of this information is that it helps us identify and quantify where fraud risk might lie within a particular organization.

### Perpetrator's Position

Figure 40 shows the distribution of fraud perpetrators based on their level of authority. Forty-two percent of occupational frauds were committed by employee-level perpetrators, 36% were committed by managers and approximately 19% were committed by owners/executives. The distribution of these categories has remained remarkably consistent from year to year.

**Figure 40: Position of Perpetrator — Frequency**

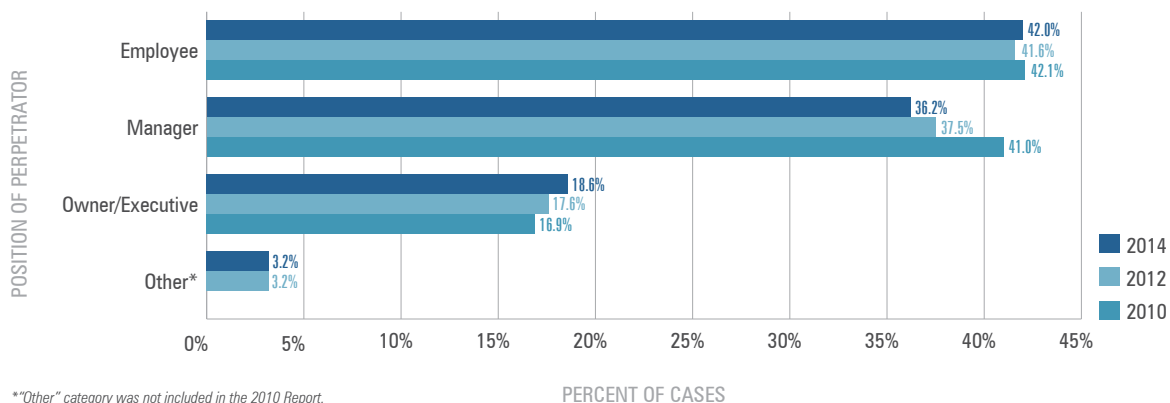
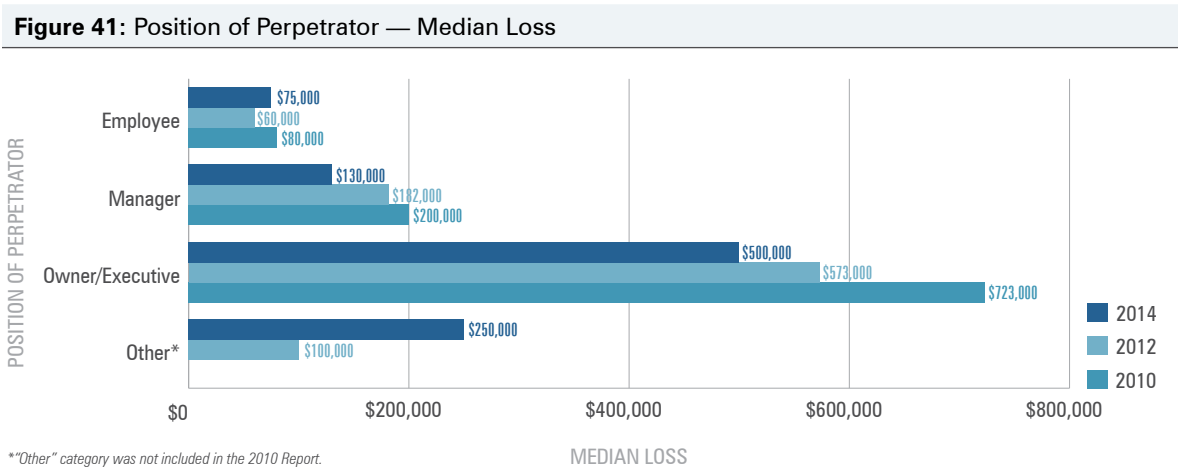


Figure 41 shows the strong correlation between a fraudster’s level of authority and the financial impact of the fraud. In our 2014 data, owners/executives accounted for less than one-fifth of all frauds, but the median loss in owner/executive cases was \$500,000, approximately four times higher than the median loss caused by managers and nearly seven times that of employees. Authority tends to be strongly correlated with loss because high-level fraudsters generally have greater access to organizational assets and are better able to evade or override controls than lower-level employees.



Additionally, because higher-level fraudsters are typically in a better position to circumvent controls, it generally takes longer for victim organizations to detect these schemes. Figure 42 shows that the typical fraud committed by an employee lasts one year before it is detected. In contrast, frauds committed by managers have a median duration of 18 months, and frauds involving owners/executives last a median two years before the perpetrators are caught.

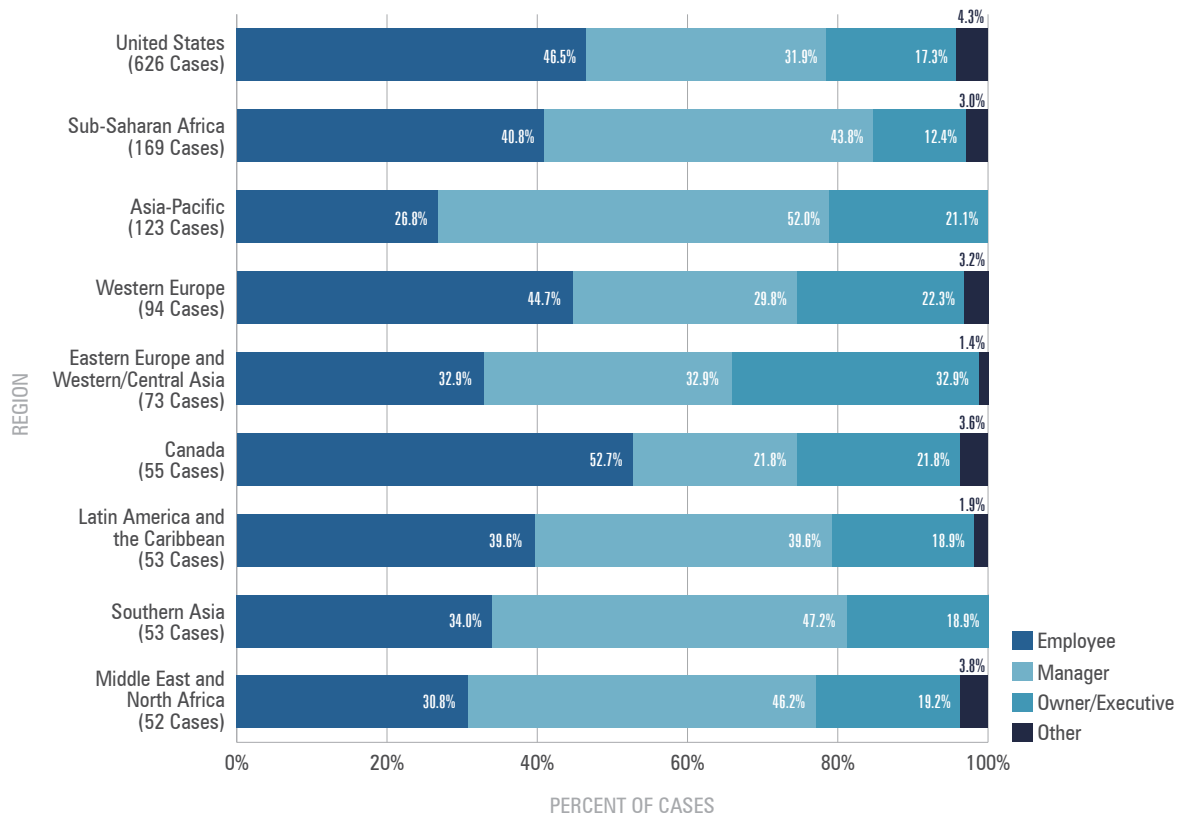
**Figure 42: Median Duration of Fraud Based on Position**

Position	Median Months to Detect
Employee	12
Manager	18
Owner/Executive	24
Other	16

### Position of Perpetrator Based on Region

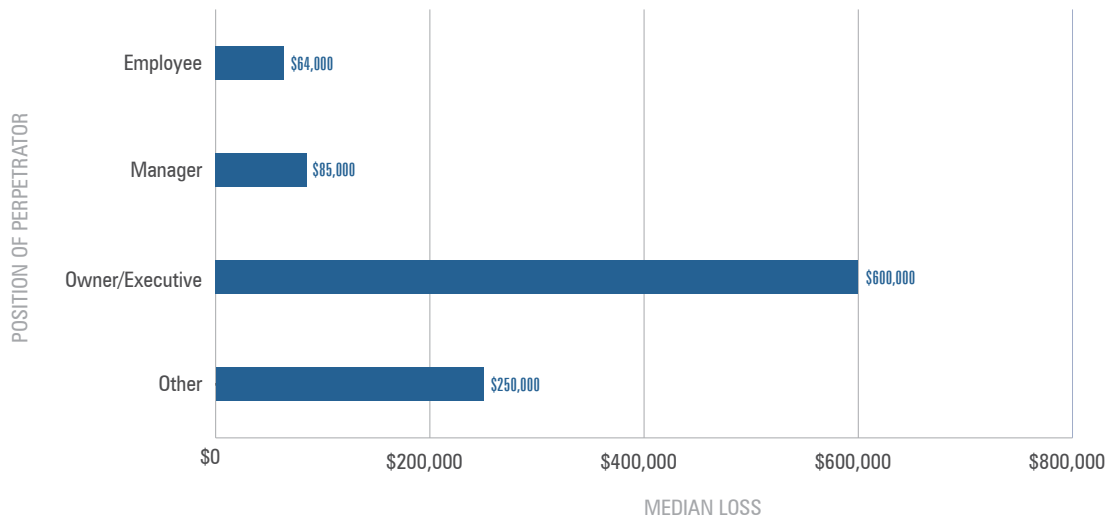
Figure 43 shows the distribution of fraudsters based on their level of authority and sorted by geographical region. These distributions most likely do not represent any regional fraud trends; they simply reflect the particular cases that were reported by our members in each region. Consequently, this should not be interpreted to mean, for example, that an Eastern European organization is more likely to be victimized by an owner/executive than a similarly situated company in another region, or that a company in the Asia-Pacific region faces a higher risk of fraud by a manager than companies in other regions. But the data does give context to the other regional data in this report — helping us understand more about the makeup of the perpetrators in each set of cases.

**Figure 43: Position of Perpetrator Based on Region**

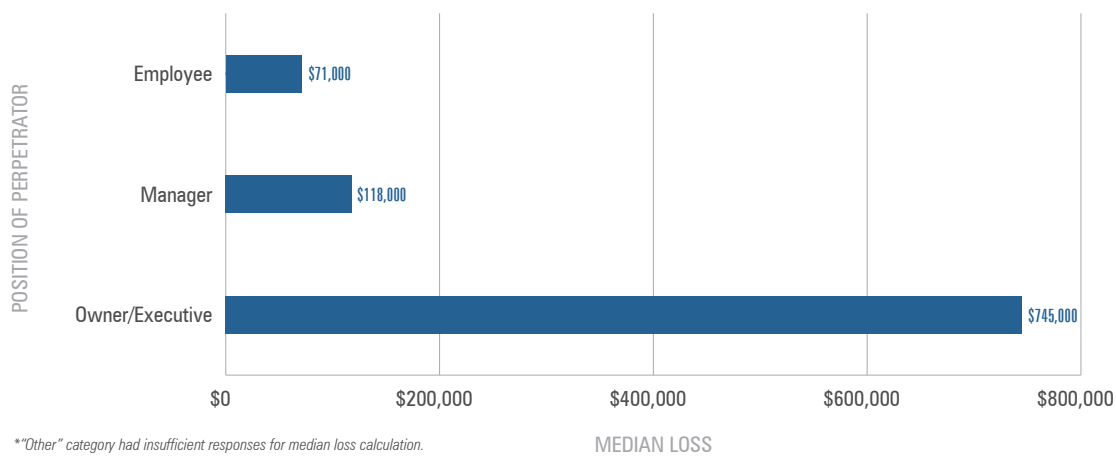


Figures 44-52 show the median loss of cases in each region based on the fraudster's position. For the most part, we found that higher losses were associated with higher levels of authority. In a few regions there was some variation to this trend (for example, in Canada, frauds committed by managers were more costly than frauds committed by owners/executives), but those discrepancies occurred in regions that had a small sample size of cases, meaning the data is less reliable for extrapolating true trends. Overall, position still exhibits a strong correlation with fraud cost.

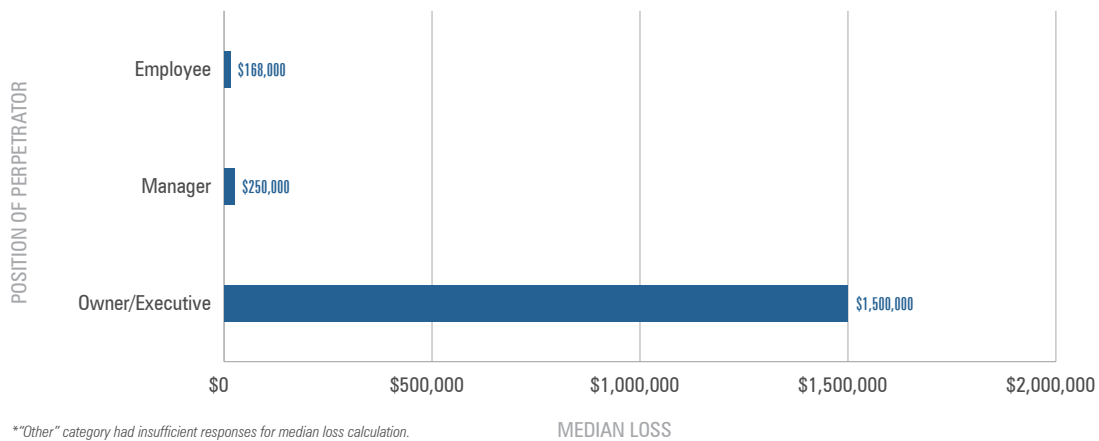
**Figure 44: Median Loss Based on Position of Perpetrator — United States (626 Cases)**



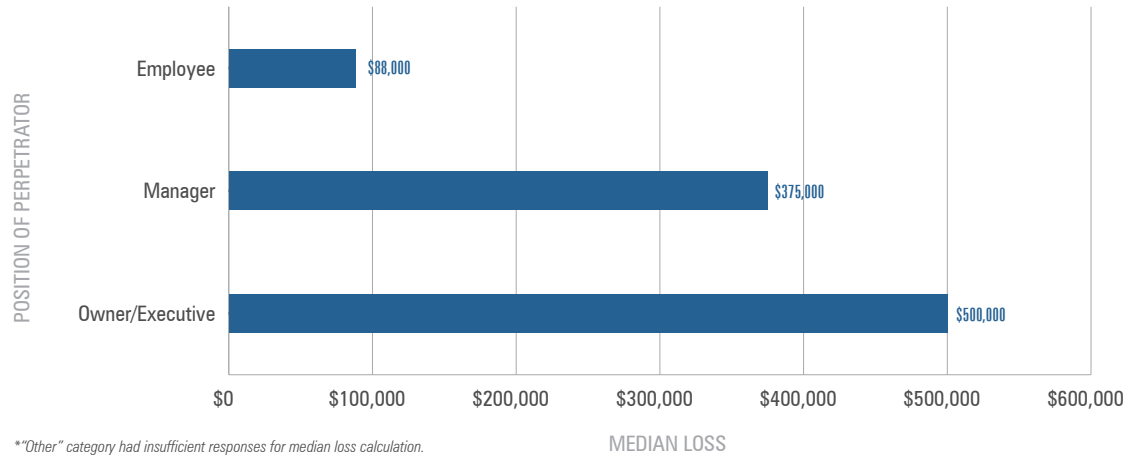
**Figure 45: Median Loss Based on Position of Perpetrator — Sub-Saharan Africa (169 Cases)**



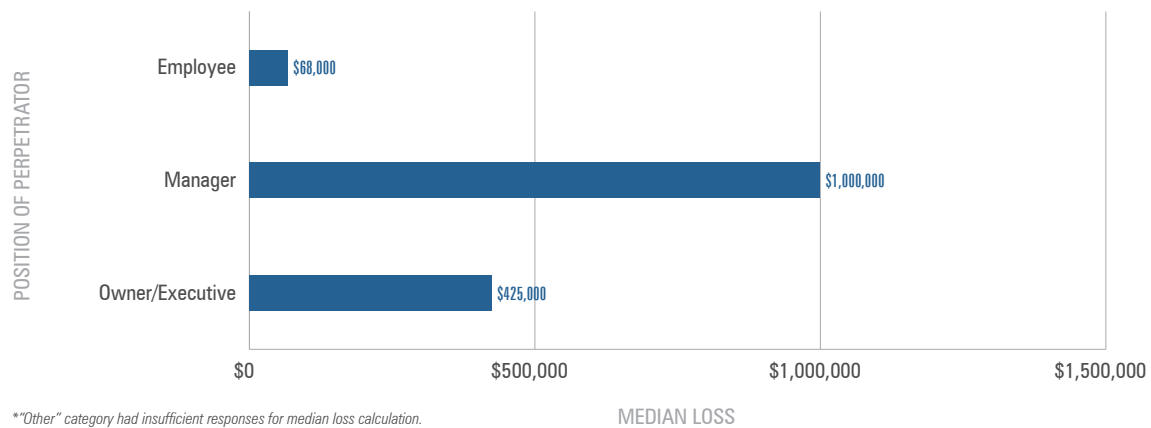
**Figure 46: Median Loss Based on Position of Perpetrator — Asia-Pacific (123 Cases)**



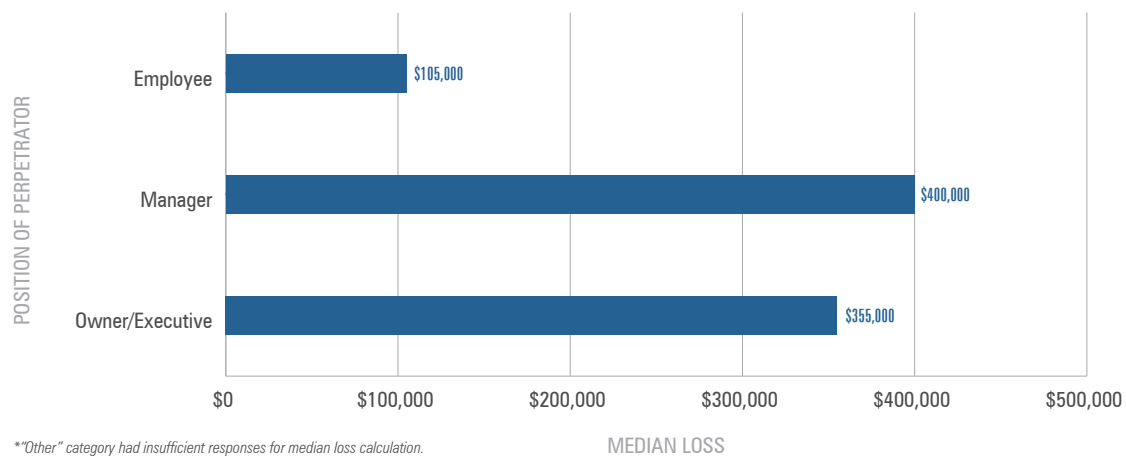
**Figure 47: Median Loss Based on Position of Perpetrator — Western Europe (94 Cases)**



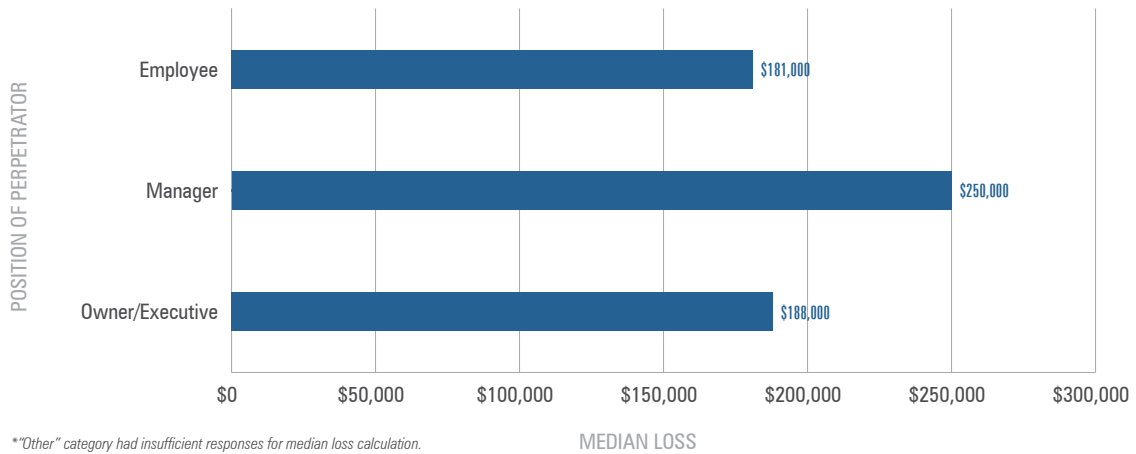
**Figure 48: Median Loss Based on Position of Perpetrator — Eastern Europe and Western/Central Asia (73 Cases)**



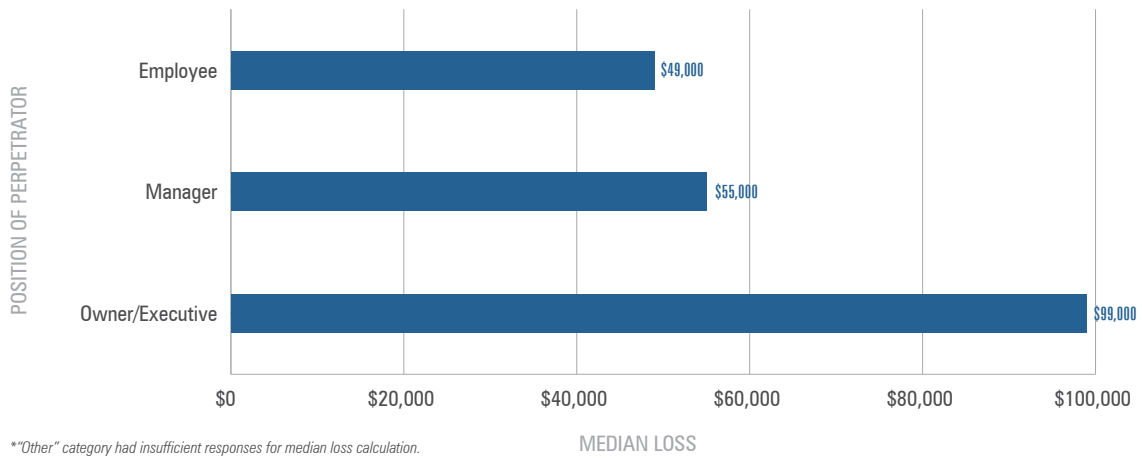
**Figure 49: Median Loss Based on Position of Perpetrator — Canada (55 Cases)**



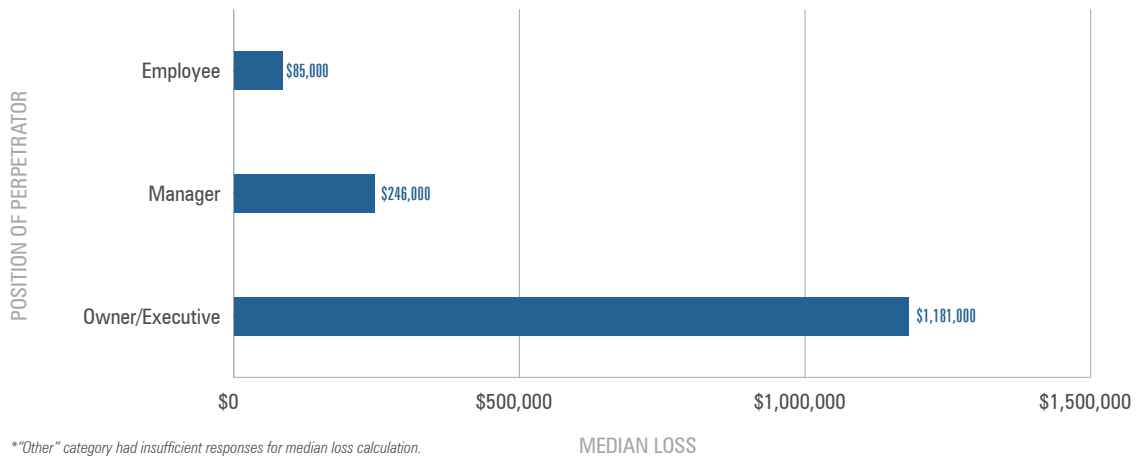
**Figure 50: Median Loss Based on Position of Perpetrator — Latin America and the Caribbean (53 Cases)**



**Figure 51: Median Loss Based on Position of Perpetrator — Southern Asia (53 Cases)**



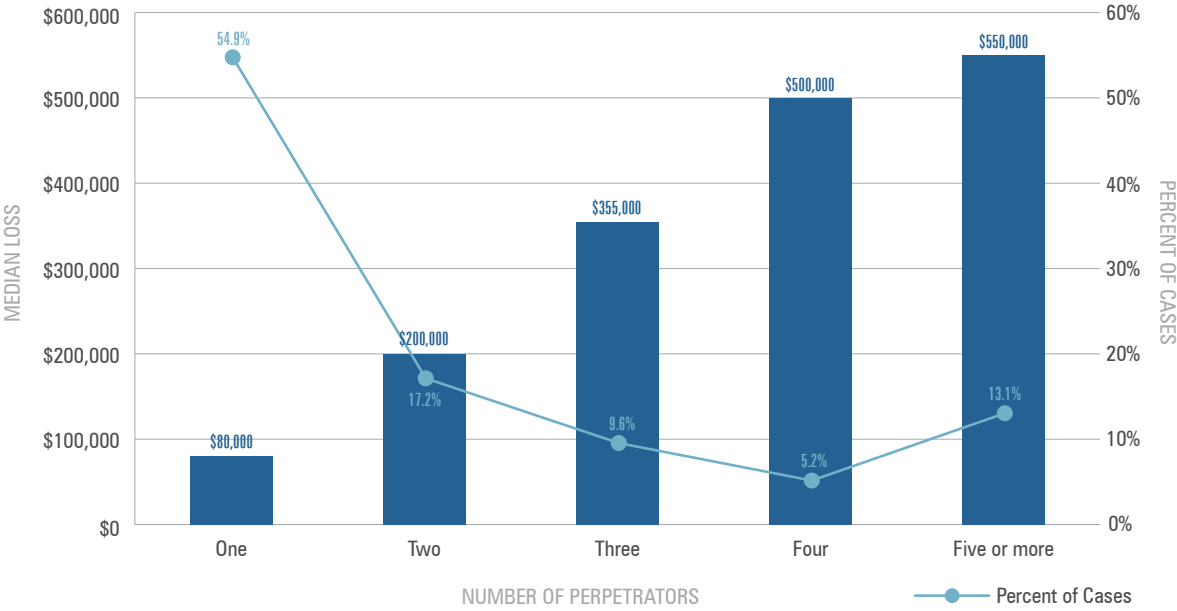
**Figure 52: Median Loss Based on Position of Perpetrator — Middle East and North Africa (52 Cases)**



### The Impact of Collusion

More than half of the frauds in our study were committed by a single perpetrator, but when two or more individuals conspired to commit an occupational fraud, losses rose dramatically (see Figure 53). When employees collude in a fraud scheme, they can subvert the system of independent checks that might otherwise catch a fraudulent transaction, thus enabling them to steal larger amounts. Furthermore, in a scheme involving multiple perpetrators, there are more individuals expecting a payout, which might also help explain why multiple-perpetrator frauds tend to involve greater losses. Interestingly, we found no correlation between the number of perpetrators and the duration of schemes; frauds with multiple perpetrators did not tend to last any longer than single-perpetrator frauds, even though they caused much larger losses.

**Figure 53: Number of Perpetrators — Frequency and Median Loss**

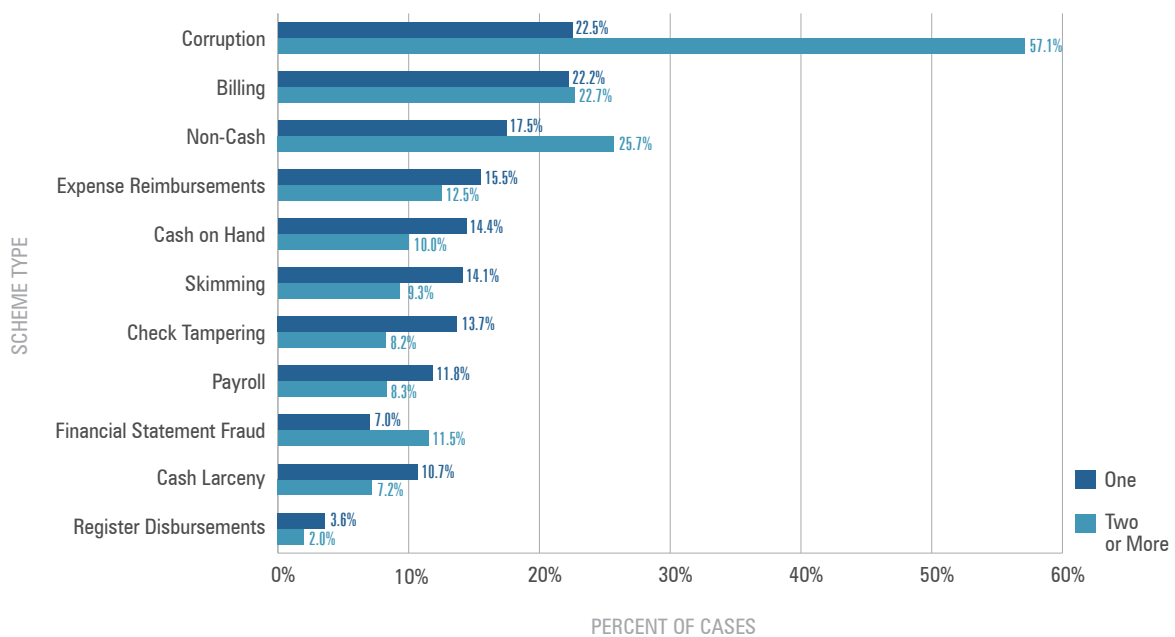


### Methods of Fraud Based on Number of Perpetrators

We also compared the types of schemes committed by a single fraudster versus those committed by groups (see Figure 54). For purposes of this analysis, we combined all multiple-fraudster classifications (i.e., any scheme involving more than one perpetrator) into one group to simplify the findings.

Not surprisingly, the biggest distinction involved corruption schemes. Less than one-quarter of solo-fraudsters engaged in corruption, but when multiple perpetrators were involved, the frequency of corruption schemes jumped to 57%. Also, the misappropriation of non-cash assets was much more common in collusion schemes than in single-perpetrator frauds. Conversely, expense reimbursement schemes, skimming, check tampering, payroll fraud and cash larceny were all more common among perpetrators who acted alone.

**Figure 54: Scheme Type Based on Number of Perpetrators**



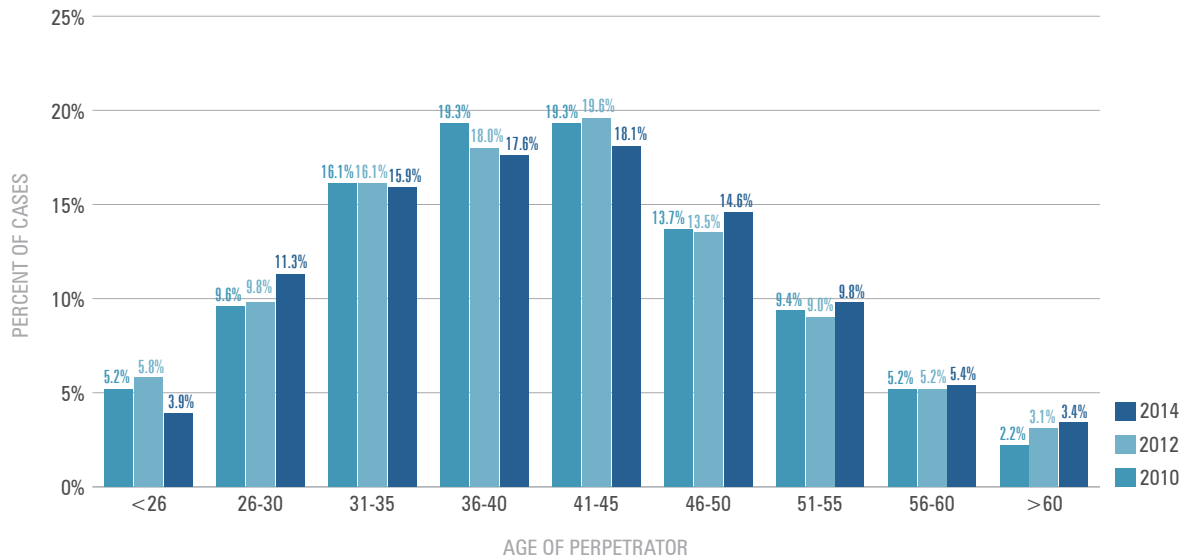


## Perpetrator's Age

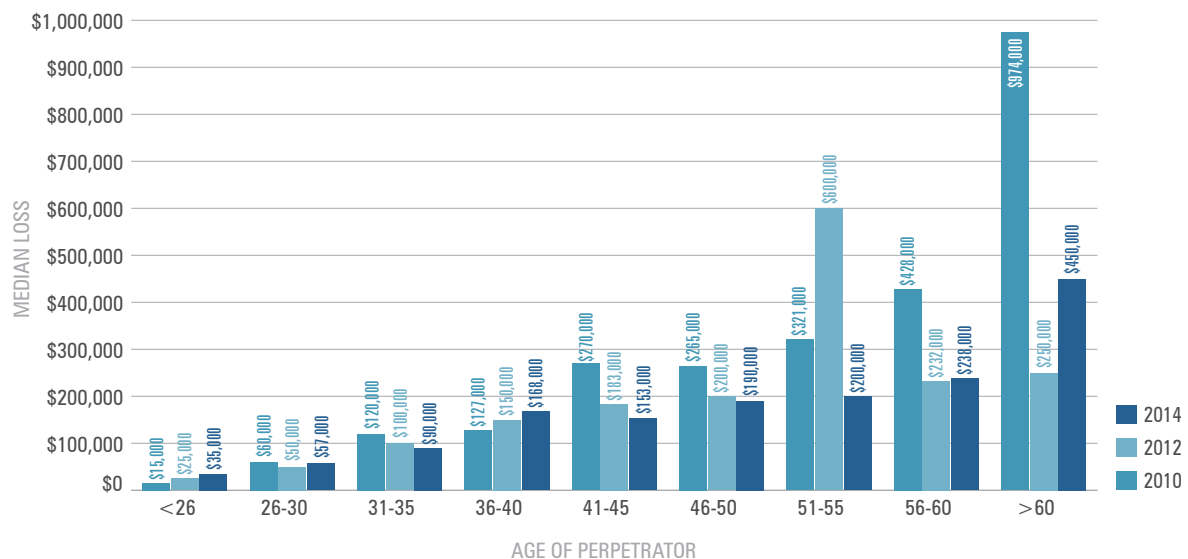
The age distribution of the fraudsters in our study is shown in Figure 55. This distribution is very similar to those of our previous studies, with approximately 52% of perpetrators between the ages of 31 and 45.

While the age distribution of fraudsters fits a bell curve model, the median loss of frauds tends to rise with the age of the perpetrator, as seen in Figure 56. In our 2014 data, the rise was fairly gradual and consistent as ages increased. In 2010 and 2012, we saw certain outlier categories where median losses jumped significantly (in the >60 age range for 2010 and in the 51-55 age range for 2012). Overall, however, the data seem to show that older fraudsters tend to generate larger losses. This is probably an indirect reflection of the fact that high-level personnel within an organization tend to be older than lower-level employees. For example, 36% of the fraudsters in our study who were over 50 years of age were owners/executives, while only 15% of those who were 50 or younger were owners/executives.

**Figure 55: Age of Perpetrator — Frequency**



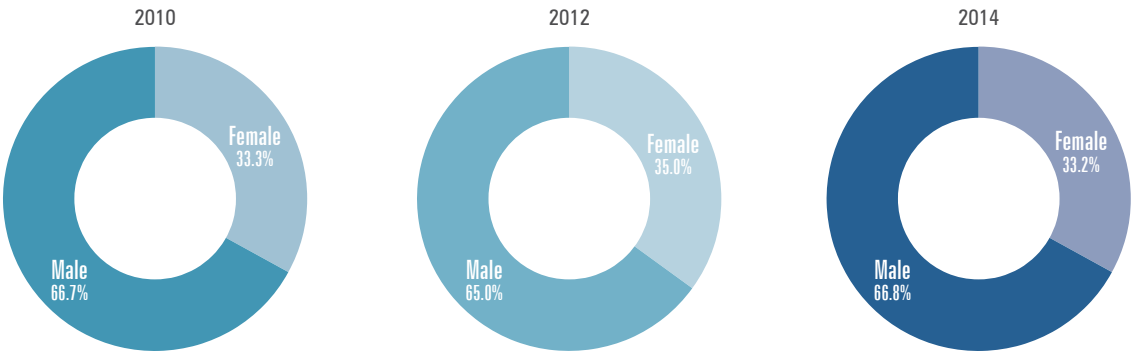
**Figure 56: Age of Perpetrator — Median Loss**



### Perpetrator's Gender

Figure 57 shows that approximately two-thirds of the fraudsters identified in our study were male, which is consistent with past findings.

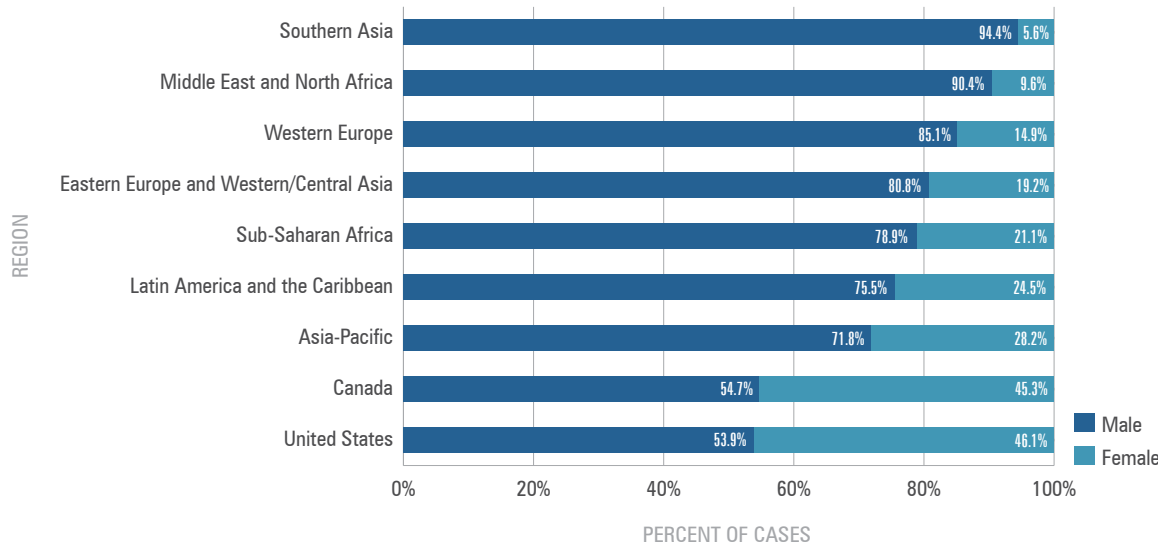
**Figure 57: Gender of Perpetrator — Frequency**



### Perpetrator's Gender Based on Region

The percentage of male and female fraudsters varied substantially based on the region in which the fraud occurred, as illustrated in Figure 58. While the United States and Canada had relatively even distributions of male versus female fraudsters, in Southern Asia and the Middle East and North Africa, more than 90% of fraud perpetrators were male.

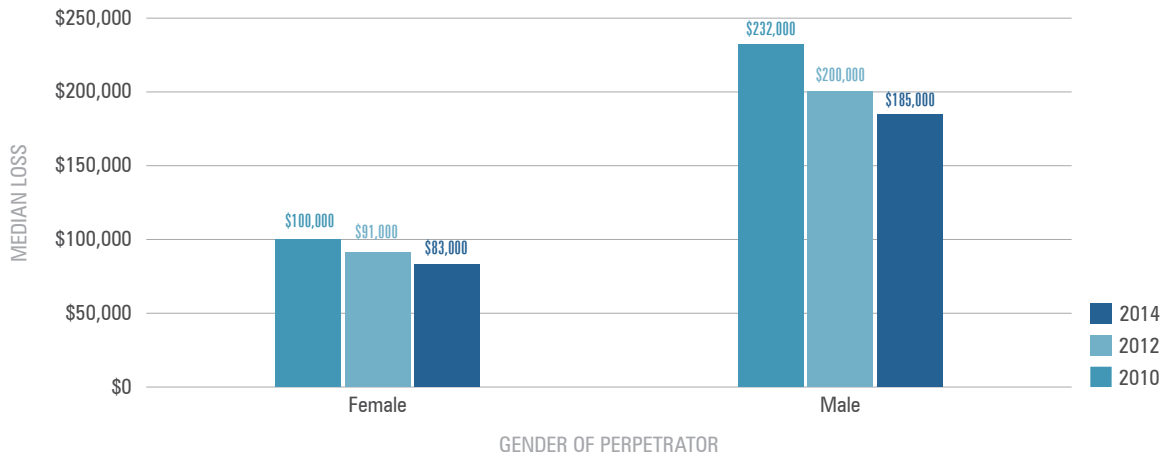
**Figure 58: Gender of Perpetrator Based on Region**



### Median Losses Based on Gender

As in our past studies, we found that males tend to cause much higher fraud losses than females (see Figure 59). In our 2014 study, the median male loss was \$185,000, which was 123% higher than the median female loss. This relationship has remained extremely consistent over time. In our last three studies, the median loss caused by males has ranged between 120% and 132% higher than the female median loss. Interestingly, the ratio in the size of losses caused by each gender did not significantly change, even though our dataset changed from U.S.-only cases (in 2010) to global cases (2012 and 2014), which have a much higher proportion of male fraudsters (see Figure 58).

**Figure 59: Gender of Perpetrator — Median Loss**

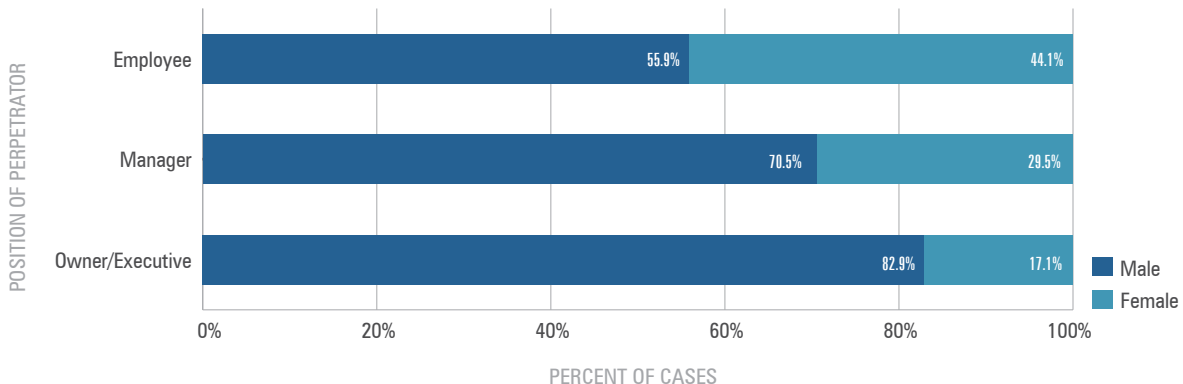


### Position of Perpetrator Based on Gender

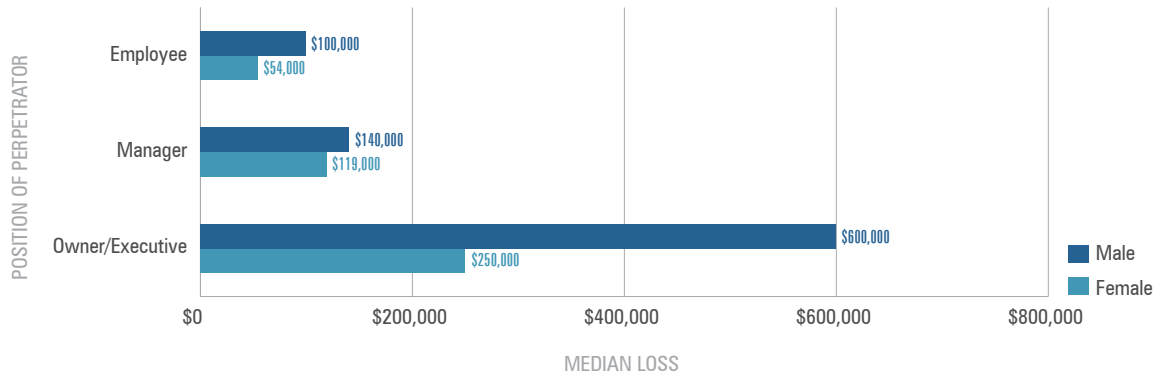
Figure 60 shows the distribution of male and female fraudsters based on their positions of authority. The proportion of males rises as authority levels increase — from 56% of employee-fraudsters to 83% of owner/executive-fraudsters. This could explain some of the differences in median losses between males and females. We know fraudsters with higher authority levels tend to cause larger losses, so the fact that there are more male fraudsters with high levels of authority would cause us to expect male fraud losses to be higher than female losses.

However, when we compare males and females at each authority level, we see that males consistently cause larger losses, even when they occupy similar positions as females (see Figure 61). In our 2014 study, male employees caused losses 85% higher than female employees, losses caused by male managers were 50% higher and losses caused by male owner/executives were 140% higher. We found similar results in our three previous studies.

**Figure 60: Position of Perpetrator Based on Gender**

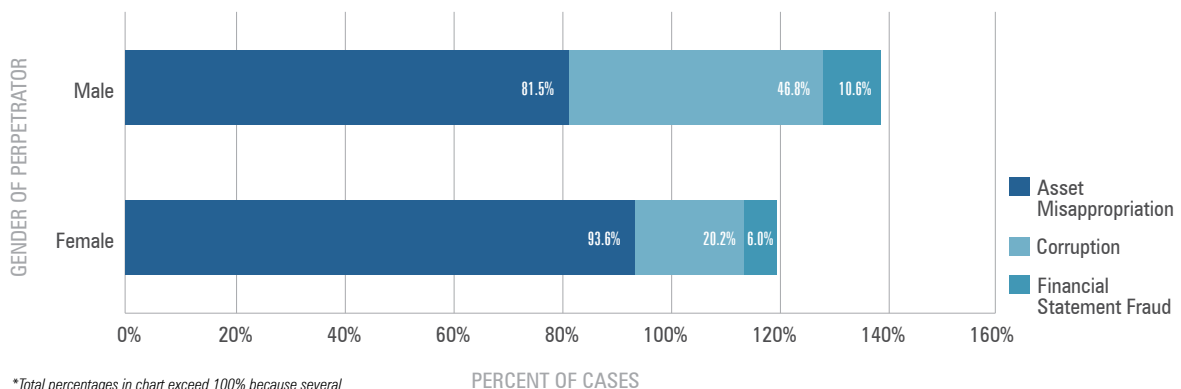


**Figure 61: Position of Perpetrator — Median Loss Based on Gender**



One possible reason for the discrepancy in median losses is that males tend to commit corruption and financial statement fraud schemes at a much higher rate than females. In Figure 62, we see that nearly half of all frauds committed by men involve corruption and 11% involve financial statement fraud. Women, conversely, only committed corruption in 20% of cases and financial statement fraud in 6%. Because corruption and financial statement fraud tend to cause larger losses than asset misappropriation, this might help explain the discrepancy in male and female median loss. However, it is not clear why men seem more likely than women to engage in corruption and financial statement fraud.

**Figure 62: Frequency of Fraud Schemes Based on Gender**

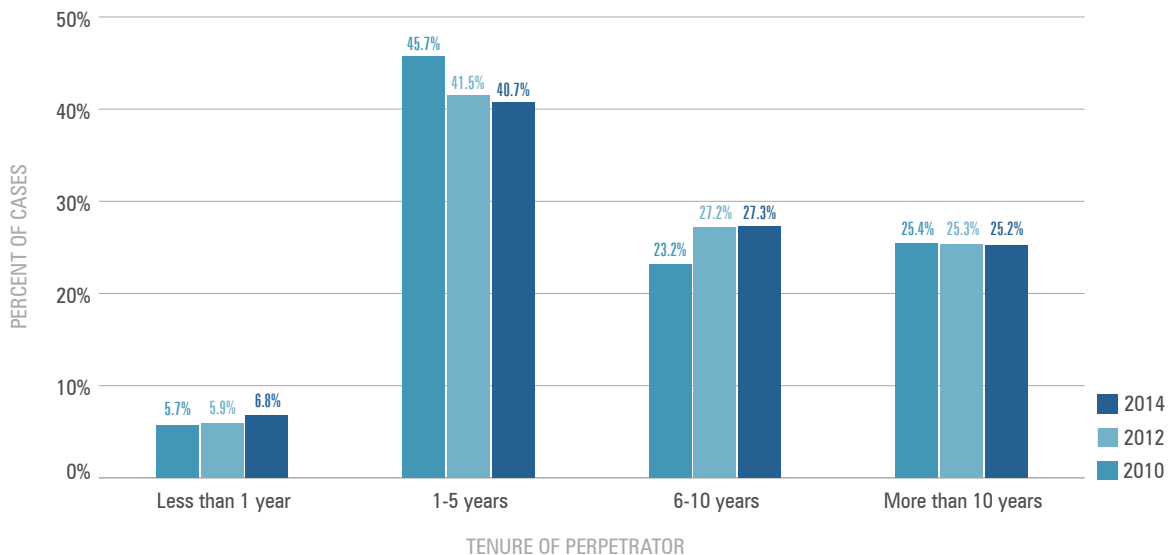


\*Total percentages in chart exceed 100% because several cases fell into more than one scheme category.

### Perpetrator's Tenure

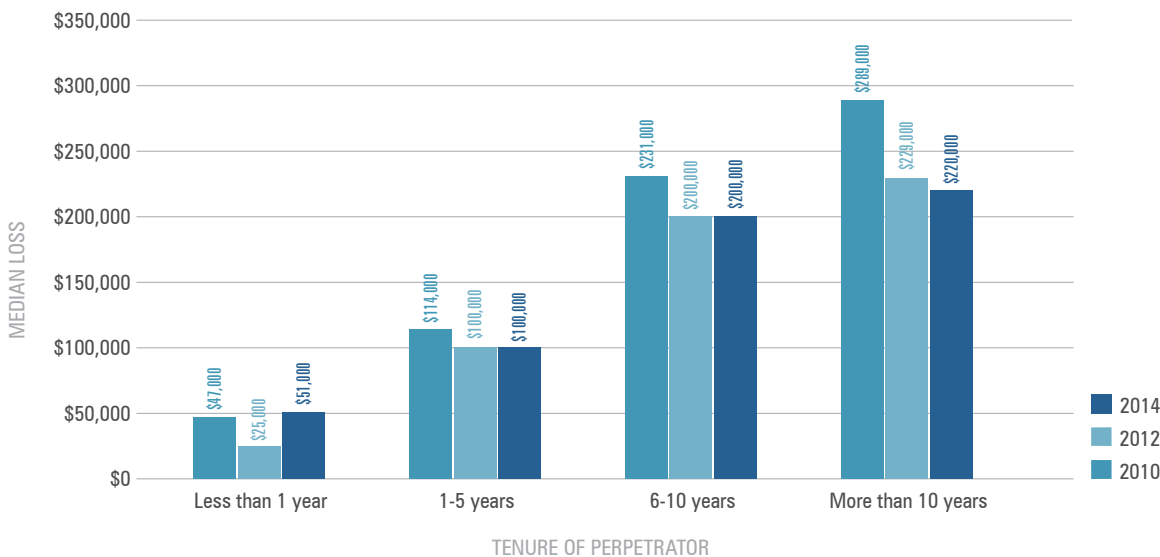
The distribution of fraudsters in our study based on their tenure with the victim organization is shown in Figure 63, and we can see that it has remained consistent with our 2010 and 2012 data. The largest group of fraud perpetrators (41%) had been employed by their targets between one and five years before committing their crimes. Less than 7% committed fraud within the first year of employment with the victim. However, fraudsters in the first-year group were more than three times as likely to have a prior fraud-related conviction (15% of all first-year fraudsters had prior convictions, as opposed to only 4% of those with at least one year of tenure), and they were twice as likely to have been previously charged but not convicted of a fraud (14% for first-year fraudsters versus 7% for those with at least one year of tenure). This seems to suggest that first-year fraudsters are more likely to be “predatory employees” — those who take a job with the intent of defrauding their employer. However, as shown in Figure 64, this group caused far lower median losses than those who had longer tenure.

**Figure 63: Tenure of Perpetrator — Frequency**



A fraudster's tenure with his or her employer tends to have a strong correlation with the size of the fraud. Figure 64 shows a steady increase in median loss as the perpetrator's tenure increases. There are several reasons why tenure might affect fraud losses. Individuals who have worked for an organization for a long time might engender trust from their coworkers or supervisors, which can mean their work is not reviewed as closely as it should be. Long-term employees might also be more familiar with an organization's anti-fraud controls — and the gaps in those controls. And, of course, long-tenured employees might rise to higher levels of authority within their companies.

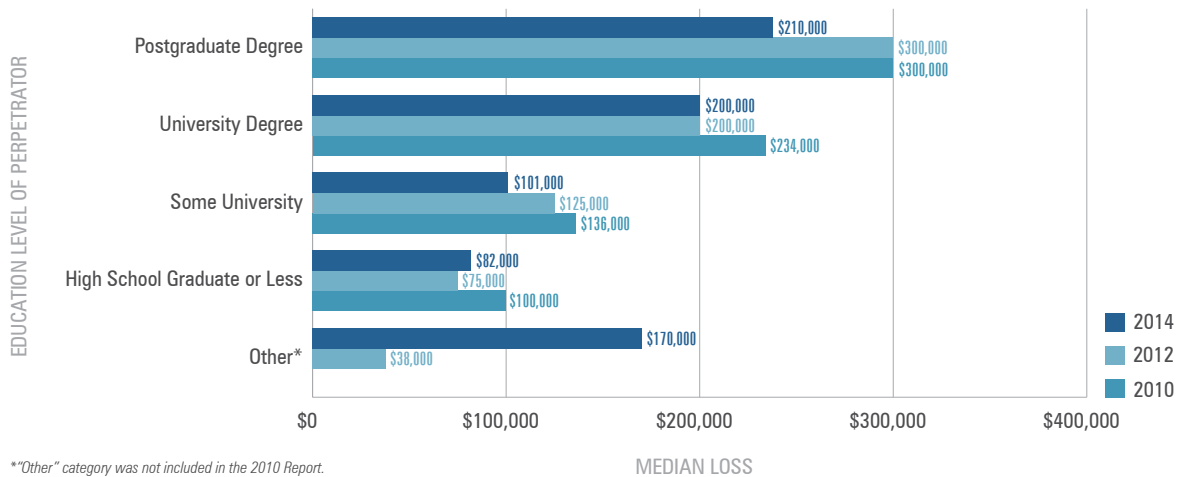
**Figure 64:** Tenure of Perpetrator — Median Loss



### Perpetrator's Education Level

As shown in Figure 65, perpetrators with a university degree caused median losses that were twice as high as those with only some university education, and two-and-a-half times higher than those with high school degrees or less. We believe that education is a secondary factor in predicting loss. High-level staff members tend to be more highly educated, and it is their authority within their organizations, not their degrees, that probably explains why their schemes tend to cost more. For example, 66% of owner/executive-fraudsters in our study had either a university degree or a postgraduate degree. Among managers that number was 51%, and among employees the rate dropped to 26%. However, it's also possible that more highly educated fraudsters possess greater technical knowledge and skills that help them be more successful in their fraud schemes.

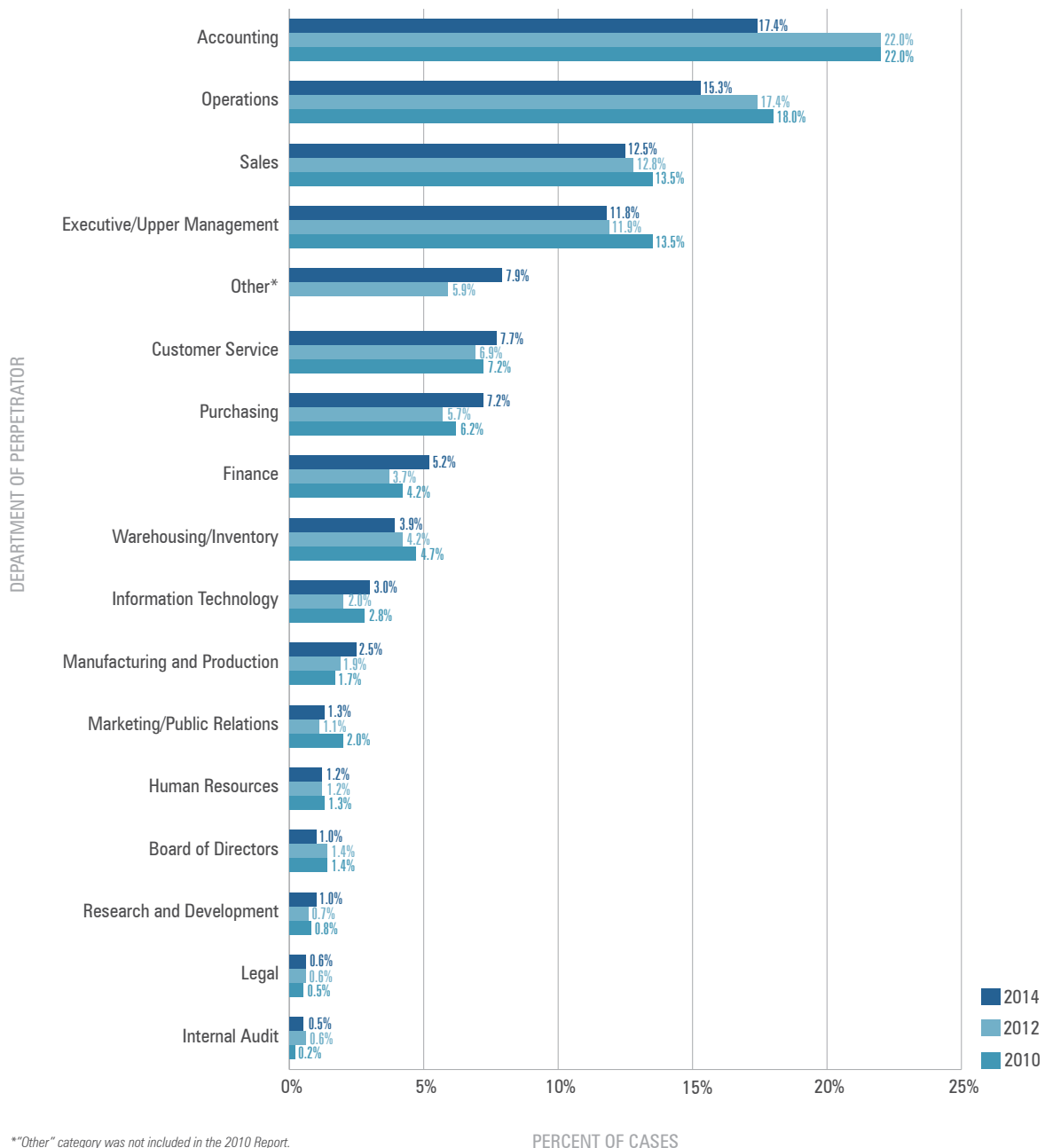
**Figure 65: Education Level of Perpetrator — Median Loss**



## Perpetrator's Department

Figure 66 shows the departments that the fraud perpetrators worked in. There were seven departments that each accounted for 5% or more of all cases: accounting, operations, sales, executive/upper management, customer service, purchasing and finance. Collectively, these seven departments were responsible for approximately 77% of all frauds in our study. The department with the greatest incidence of fraud was accounting, but the level of frauds perpetrated by accounting personnel in our 2014 study (17%) was much lower than what we found in our two previous Reports. However, this was the first study we've conducted in which frauds in the finance department accounted for at least 5% of all cases.

**Figure 66: Department of Perpetrator — Frequency**





Sorting departments based on median loss shows that the largest frauds are committed by executives and upper management (see Figure 67). This is not surprising because this group tends to have the highest authority within an organization. Among the seven departments that each accounted for at least 5% of cases, the finance department caused the second-highest median loss, followed by purchasing, accounting, operations, sales and customer service.

**Figure 67: Department of Perpetrator (Sorted by Median Loss)**

Department	Number of Cases	Percentage	Median Loss
Executive/Upper Management	156	11.8%	\$680,000
Board of Directors	13	1.0%	\$500,000
Finance	69	5.2%	\$500,000
Warehousing/Inventory	52	3.9%	\$245,000
Purchasing	95	7.2%	\$166,000
Marketing/Public Relations	17	1.3%	\$160,000
Manufacturing and Production	33	2.5%	\$150,000
Accounting	230	17.4%	\$150,000
Other	105	7.9%	\$100,000
Operations	203	15.3%	\$100,000
Human Resources	16	1.2%	\$94,000
Sales	166	12.5%	\$80,000
Customer Service	102	7.7%	\$54,000
Research and Development	13	1.0%	\$50,000
Information Technology	40	3.0%	\$50,000
Legal	8	0.6%	\$44,000
Internal Audit	7	0.5%	\$25,000

### Schemes Based on Perpetrator's Department

Figure 68 is a heat map that shows the most common fraud schemes in each department that accounted for at least 5% of reported cases. The highest-risk schemes for each department are shaded red, followed by moderate-risk schemes in orange and relatively low-risk schemes in yellow. Note that corruption schemes are a high risk for every department, but are a particularly high risk in purchasing (74% of cases) and executive/upper management (52% of cases).

**Figure 68:** Frequency of Schemes Based on Perpetrator's Department

Department/ Scheme	Accounting	Operations	Sales	Executive/ Upper Management	Customer Service	Purchasing	Finance
Cases	230	203	166	156	102	95	69
Billing	31.3%	22.2%	9.6%	35.9%	10.8%	25.3%	26.1%
Cash Larceny	19.1%	8.4%	3.6%	7.7%	17.6%	1.1%	10.1%
Cash on Hand	18.7%	15.8%	10.2%	9.0%	24.5%	4.2%	14.5%
Register Disbursements	3.0%	3.9%	4.2%	2.6%	4.9%	1.1%	2.9%
Check Tampering	35.7%	4.4%	3.0%	10.9%	3.9%	3.2%	24.6%
Corruption	22.2%	37.9%	29.5%	51.9%	24.5%	73.7%	31.9%
Expense Reimbursements	15.7%	14.8%	10.2%	26.9%	7.8%	6.3%	13.0%
Financial Statement Fraud	8.3%	4.9%	9.6%	26.3%	1.0%	4.2%	17.4%
Non-Cash	7.8%	19.7%	24.1%	21.2%	20.6%	21.1%	17.4%
Payroll	18.7%	3.9%	6.0%	15.4%	6.9%	2.1%	11.6%
Skimming	18.3%	13.3%	15.7%	10.9%	15.7%	2.1%	5.8%



## Perpetrator's Criminal and Employment History

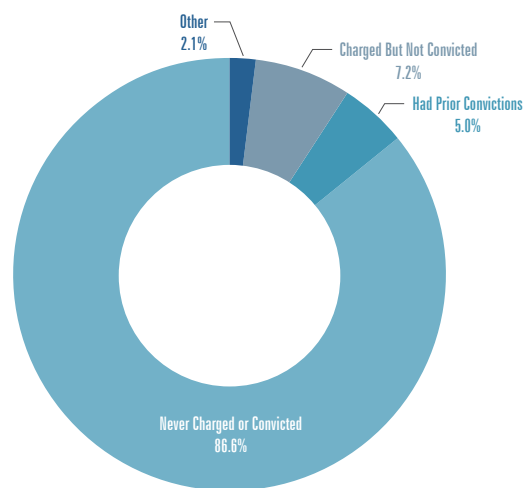
### Perpetrator's Criminal Background

Only 5% of the fraudsters in our study had been convicted of a fraud-related offense prior to committing the crimes in our study (see Figure 69). This is consistent with our previous data, which show that generally fewer than 8% of fraud perpetrators have a prior conviction. Interestingly, when we compared perpetrators with prior convictions to those without, we found no significant difference in the size of their frauds. The median loss caused by those with prior convictions was \$154,000, while the median loss caused by those who had never been charged or convicted was \$153,000.

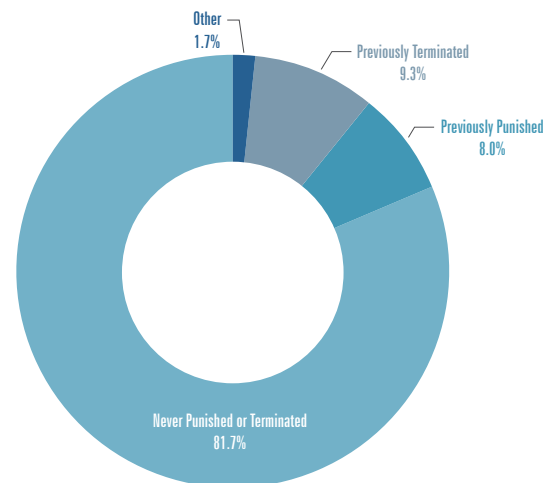
### Perpetrator's Employment History

In addition to collecting data about prior convictions, we asked respondents to tell us whether the fraudsters had ever been punished or fired for fraud-related conduct prior to the crimes reported in our study. Only 710 respondents were able to answer this question, but from those who did, we found that just over 9% of fraudsters had been previously terminated and 8% had been previously punished for fraud-related conduct. Those who had previously been punished or terminated actually caused significantly lower losses than those with no record of employer discipline. The median loss for those who had been previously terminated was \$125,000, and the median loss for those who had been previously punished was \$109,000; in contrast, the median loss caused by individuals who had never been punished or terminated was \$200,000.

**Figure 69: Criminal Background of Perpetrator**



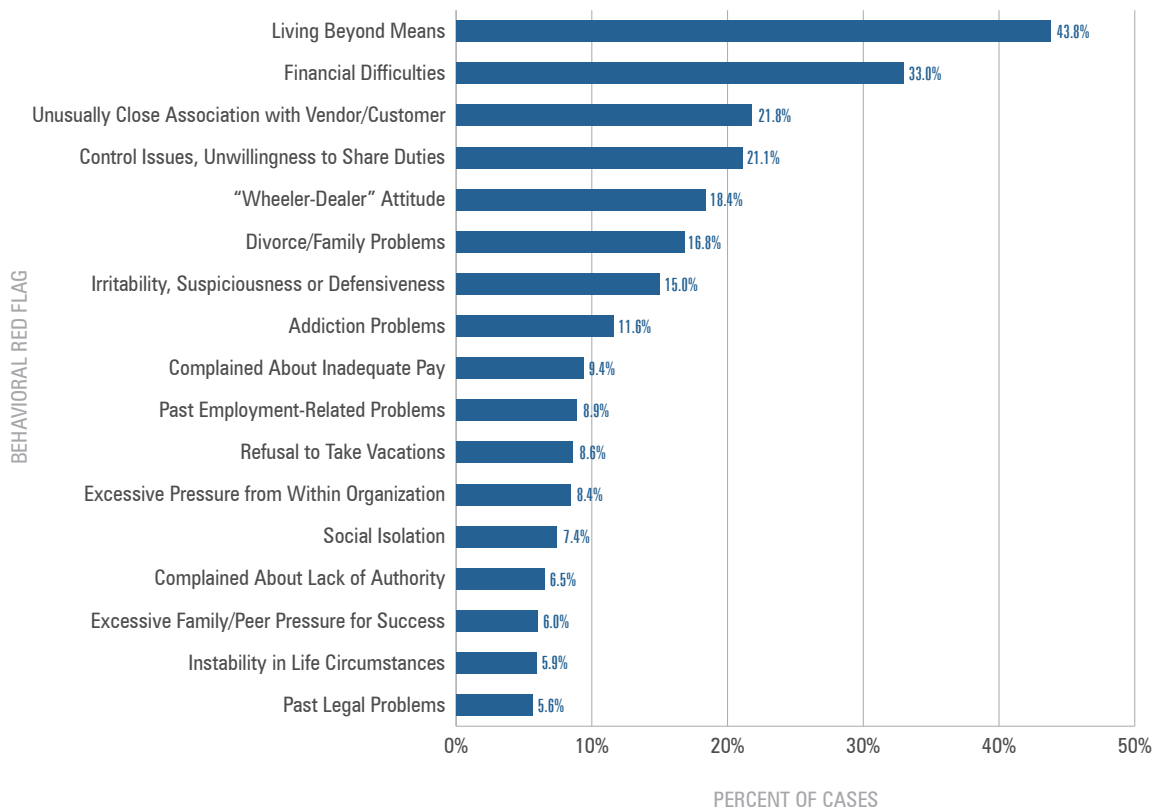
**Figure 70: Employment Background of Perpetrator**



## Behavioral Red Flags Displayed by Perpetrators

Our survey respondents were asked to identify which, if any, common behavioral indicators were exhibited by the perpetrators before their frauds were detected. Overall, at least one red flag was identified in 92% of cases, and, in 64% of cases, the fraudster displayed two or more behavioral red flags. Figure 71 shows the distribution of those red flags. Approximately 44% of fraud perpetrators were living beyond their means while the fraud was ongoing, and 33% were experiencing known financial difficulties. Other common red flags were an unusually close association with a vendor or customer (22%), displaying control issues or an unwillingness to share duties (21%), a general “wheeler-dealer” attitude involving shrewd or unscrupulous behavior (18%), and recent divorce or family problems (17%). These six red flags were also the most common behavioral indicators in each of our last three studies. In general, the distribution of behavioral red flags from year to year has followed a remarkably consistent curve despite the fact that each of our studies contains entirely distinct cases of fraud and perpetrators.

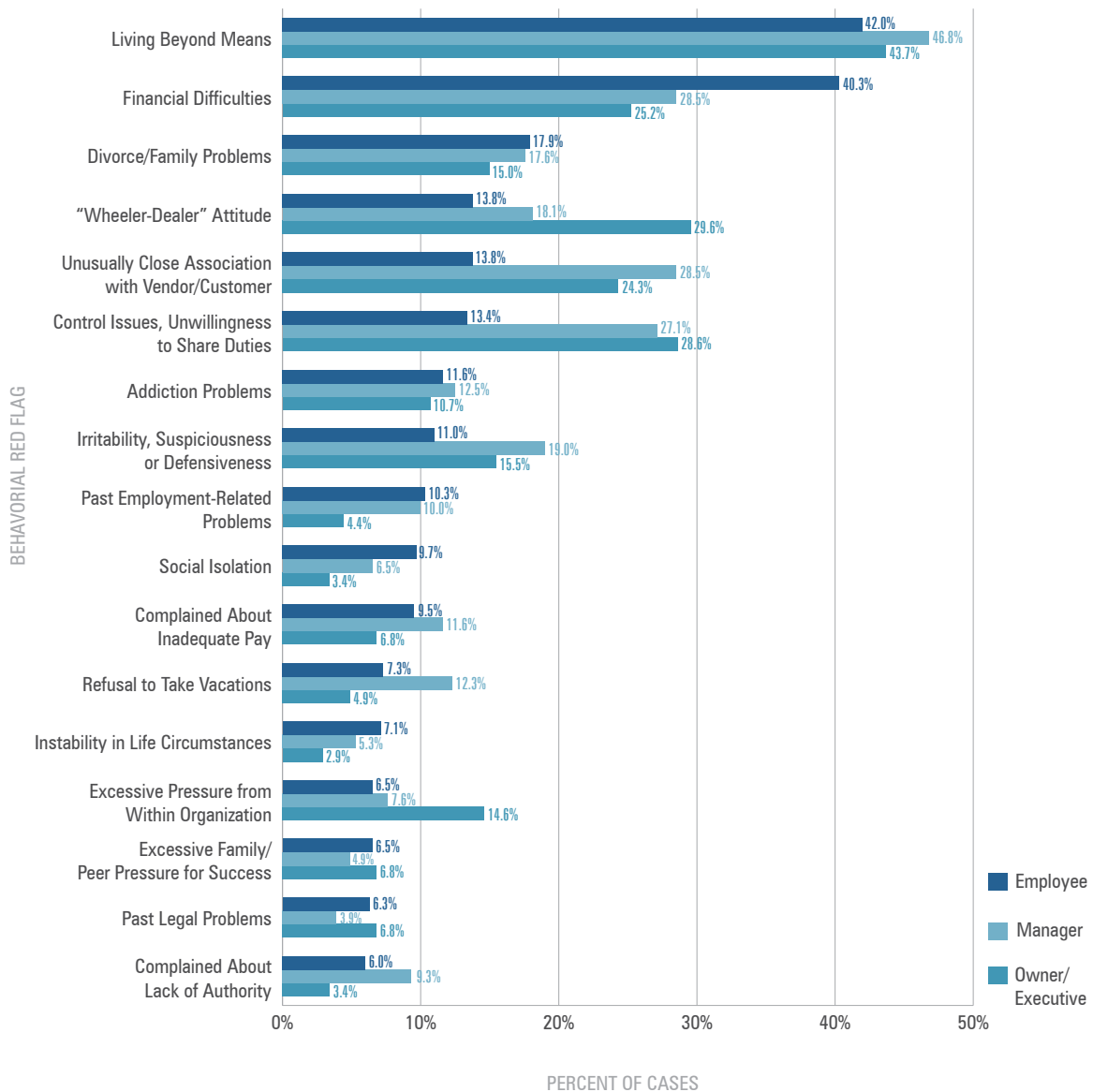
**Figure 71: Behavioral Red Flags Displayed by Perpetrators**



### Behavioral Red Flags Based on Perpetrator's Position

Figure 72 shows how behavioral red flags were distributed based on the fraudster's position at the victim organization. This analysis provides some insight into how the pressures and motivations that lead to occupational fraud might vary depending on the fraudster's level of authority. For instance, employee-level fraudsters are much more likely than their counterparts to show signs of financial difficulties while a fraud is ongoing. Meanwhile, owners/executives and managers are more likely than employees to exhibit "wheeler-dealer" attitudes, to have unusually close associations with vendors or customers and to display control issues. We also see a much higher rate of owner/executive fraudsters who were under excessive pressure to perform within their organizations.

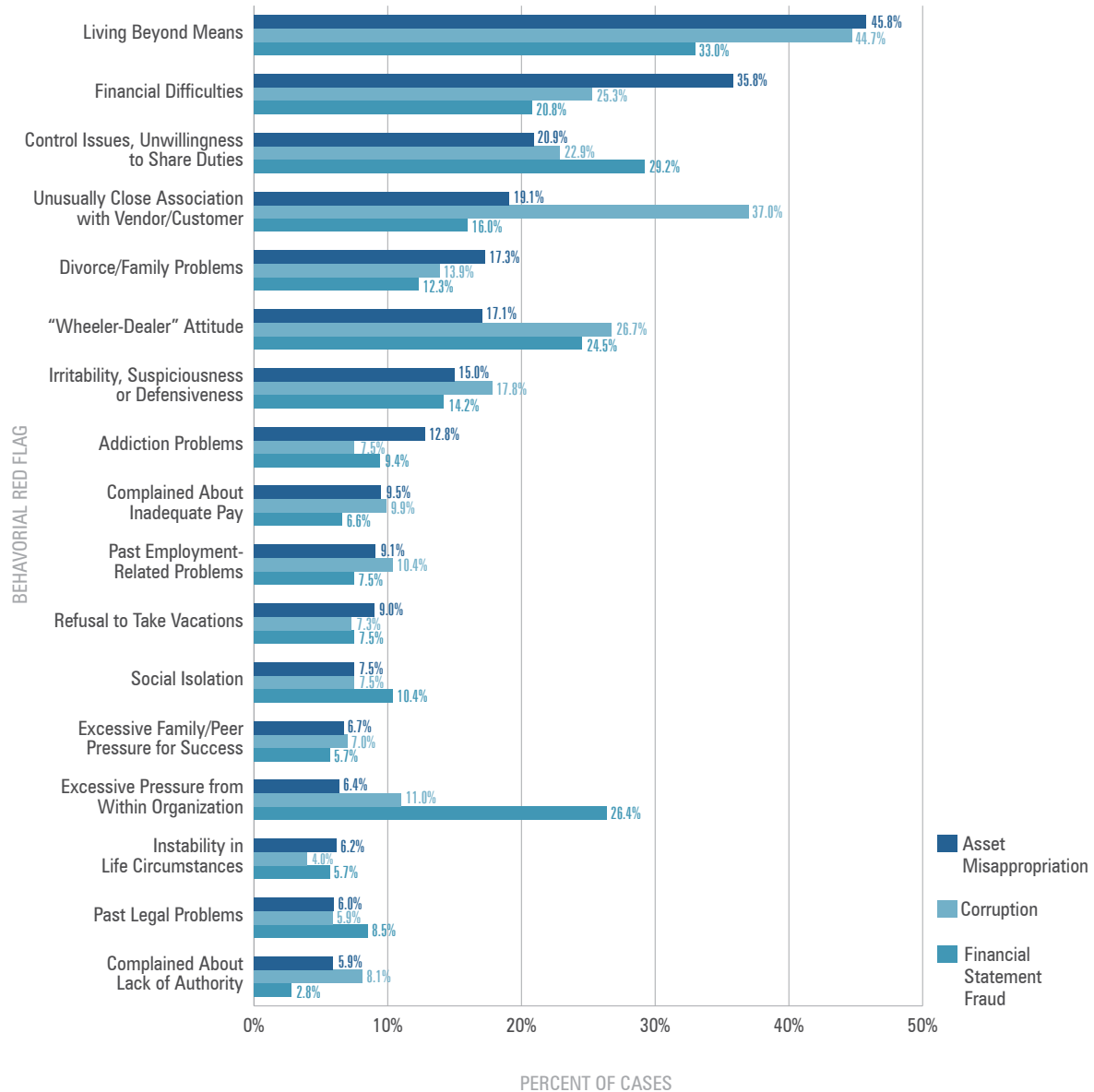
**Figure 72: Behavioral Red Flags Based on Position**



### Behavioral Red Flags Based on Scheme Type

Figure 73 provides an analysis of behavioral red flags based on the type of fraud that was committed. Individuals who committed financial statement fraud were much more likely to be under excessive organizational pressure compared to those who engaged in corruption or asset misappropriation. In contrast, fraudsters engaging in corruption were, not surprisingly, much more likely to have exhibited an unusually close association with a vendor or customer.

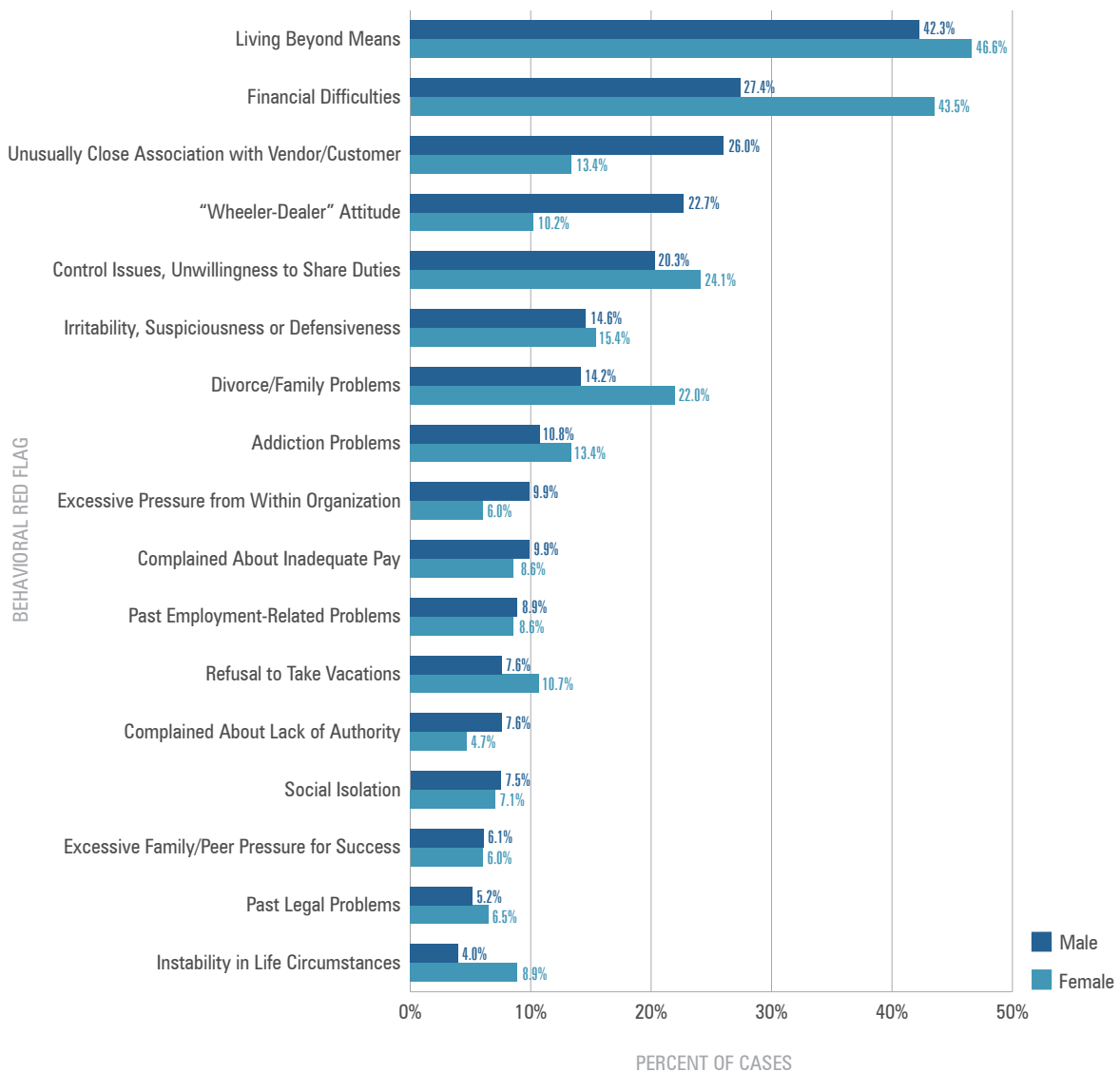
**Figure 73: Behavioral Red Flags Based on Scheme Type**



### Behavioral Red Flags Based on Gender

As noted in Figure 61 on page 51, males cause much higher fraud losses than females, even when the two groups have similar levels of authority. Because of that discrepancy, we wondered if male and female fraudsters might commit fraud for different reasons or exhibit different behavioral clues during their schemes. Figure 74 shows the distribution of behavioral red flags based on the gender of the perpetrator. This data indicates that women are much more likely than men to commit fraud while undergoing financial difficulties, experiencing divorce or other family problems or showing signs of instability in their life circumstances (such as frequent job changes, residence changes, etc.). In contrast, male fraudsters more commonly engaged in an unusually close association with an outsider or displayed “wheeler-dealer” tendencies. These red flags tend to be more common in corruption and financial statement schemes than asset misappropriation schemes, and, as shown in Figure 62 on page 51, males tend to commit both corruption and financial statement fraud at a much higher rate than females.

**Figure 74: Behavioral Red Flags Based on Gender**



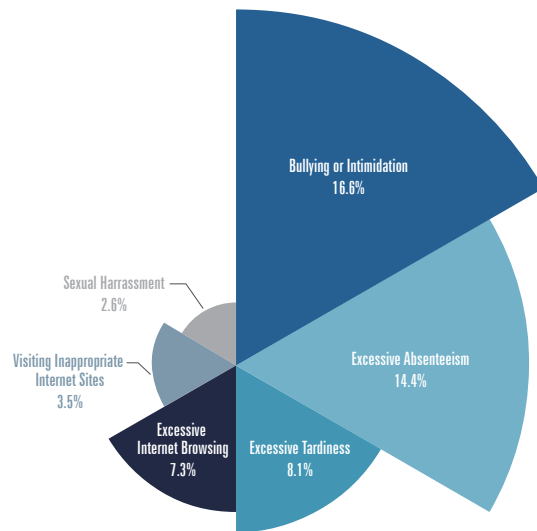
### Non-Fraud-Related Misconduct

In addition to behavioral red flags, we asked respondents if the fraudsters they investigated had engaged in any non-fraud-related workplace misconduct before or during their crimes. We wanted to see if there was a relationship between occupational fraud and other types of inappropriate workplace behavior. We received 908 responses to this question, and in 38% of those cases the perpetrator had engaged in at least one of the misbehaviors shown in Figure 75. The most common type of non-fraud misconduct was bullying or intimidation, which was displayed by one-sixth of the fraud perpetrators in our study. Another 14% of cases involved individuals who were excessively absent from work. Fewer than 5% of cases involved fraudsters who had engaged in sexual harassment or who had a history of visiting inappropriate websites (such as pornography or illegal gambling) at the office.

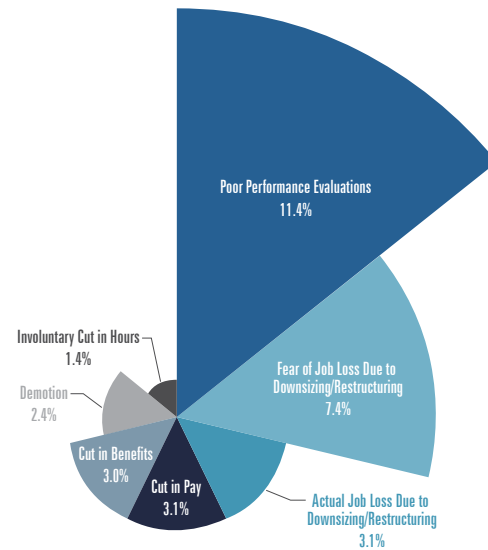
### Human-Resources-Related Red Flags

We also asked survey respondents if the perpetrators had experienced any of several human-resources-related events, such as fear of job loss, cuts in pay or demotions. These circumstances could potentially cause an individual to experience financial pressure that might lead to an occupational fraud, or they could provide the means for a perpetrator to rationalize his or her conduct. We received just over 1,000 responses to this question, and in 25% of those cases the perpetrator had experienced an HR-related event immediately before or during the commission of the fraud. As illustrated in Figure 76, the most common HR-related red flag was a poor performance evaluation, which occurred in 11% of all cases. Seven percent of occupational fraudsters also experienced a fear of job loss due to downsizing or restructuring in their company.

**Figure 75: Non-Fraud-Related Misconduct**



**Figure 76: HR-Related Red Flags**



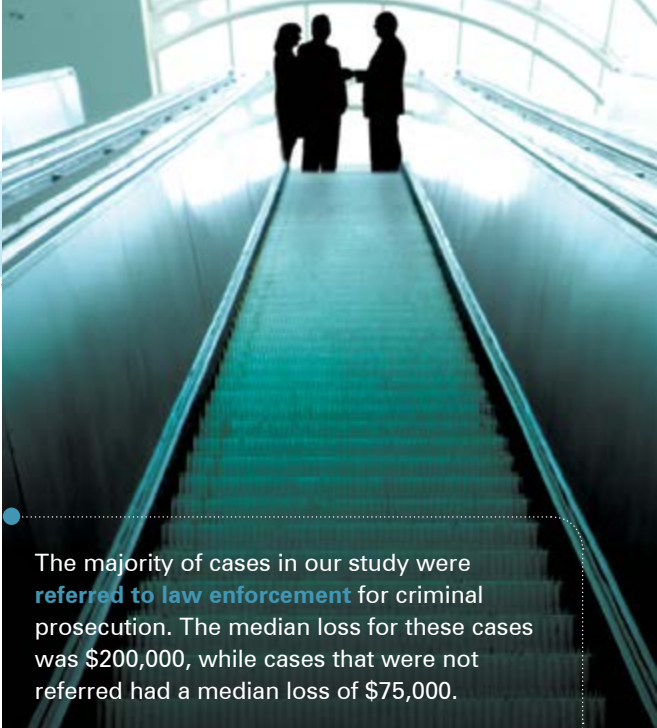


# Case Results

We asked respondents to describe the results of the fraud examination, including referrals of cases to law enforcement, subsequent civil litigation and recovery of losses.

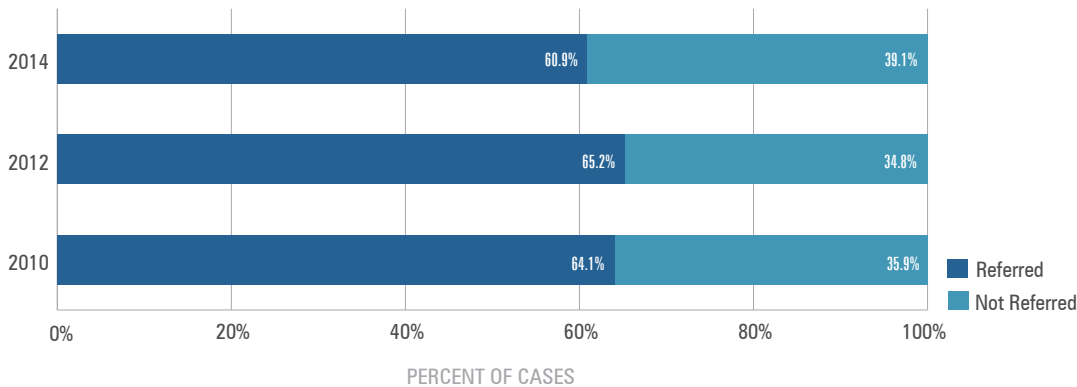
## Criminal Prosecutions

The majority of cases reported (61%) were referred to law enforcement for criminal prosecution, down about 4% from 2012. The median loss for cases referred for criminal prosecution was \$200,000, while cases that were not referred had a median loss of \$75,000. These findings are almost identical to the 2012 data (\$200,000 and \$76,000, respectively).



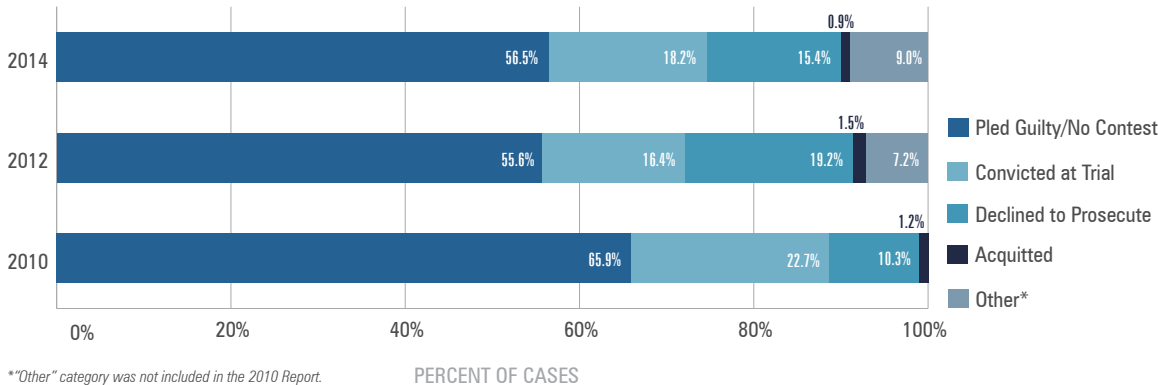
The majority of cases in our study were referred to law enforcement for criminal prosecution. The median loss for these cases was \$200,000, while cases that were not referred had a median loss of \$75,000.

**Figure 77: Cases Referred to Law Enforcement**



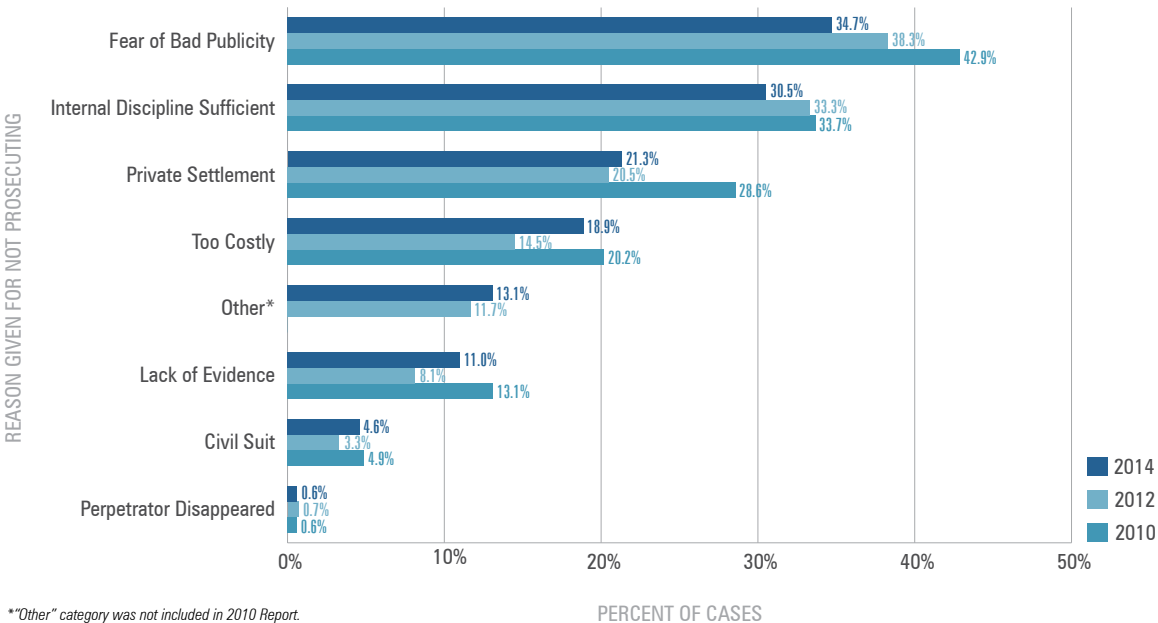
Many of the cases referred to law enforcement were still pending at the time of our research, but we analyzed the results of the 324 cases for which respondents reported a particular outcome. Combining pled guilty/no contest responses with convictions at trial, 75% of respondents in our current study said their case resulted in perpetrators being found guilty. Only 1% of reported prosecutions ended in acquittal.

**Figure 78: Result of Cases Referred to Law Enforcement**



There are many reasons why an organization might decline to refer occupational fraud cases to law enforcement. In our past three Reports, the most common reasons for deciding not to refer cases have been: fear of bad publicity, internal punishment deemed sufficient, private settlement reached with the fraudster and criminal action deemed too costly to pursue. However, the top two reasons — fear of bad publicity and sufficient internal punishment — have declined steadily in the past three Reports (from 43% to 35%, and 34% to 31%, respectively).

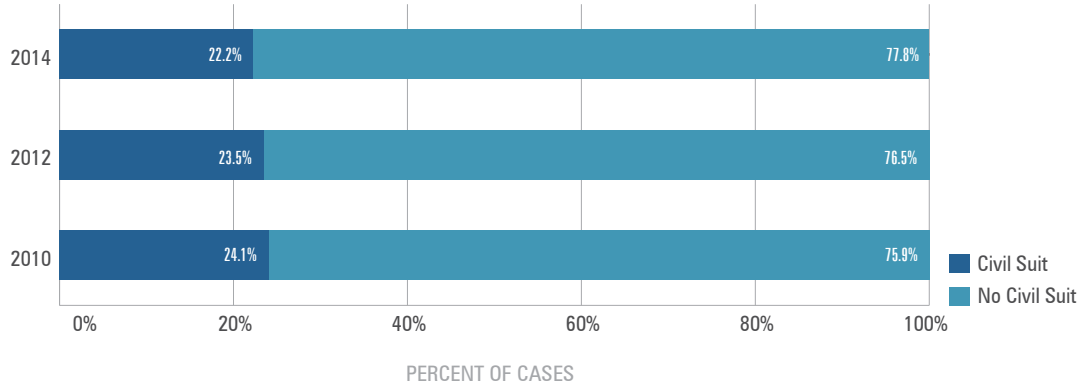
**Figure 79: Reason(s) Case Not Referred to Law Enforcement**



## Civil Suits

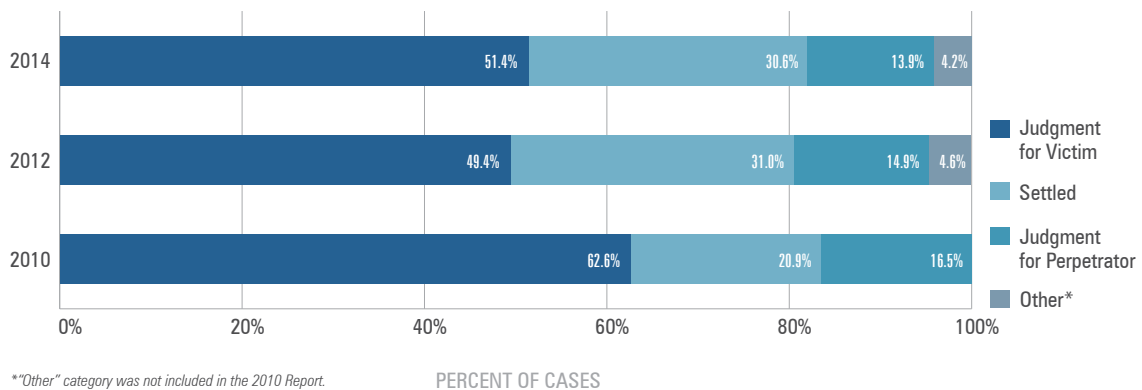
Figure 80 demonstrates the percentage of cases in which a civil suit was filed against the fraudster. The data have remained consistent over our last three studies: less than one-fourth of victim organizations have filed suit against the perpetrators who defrauded them.

**Figure 80: Cases Resulting in Civil Suits**



For those cases in which a civil suit was filed, we asked respondents to report on the results of the civil litigation. While many cases were still pending at the time of our study, the 72 cases for which results were provided are displayed in Figure 81. A little over half of the victims who filed a civil suit won a judgment in their favor, and another 31% settled with the defendant. Only 14% of the accused perpetrators obtained a favorable judgment. Only 14% of the accused perpetrators obtained a favorable judgment.

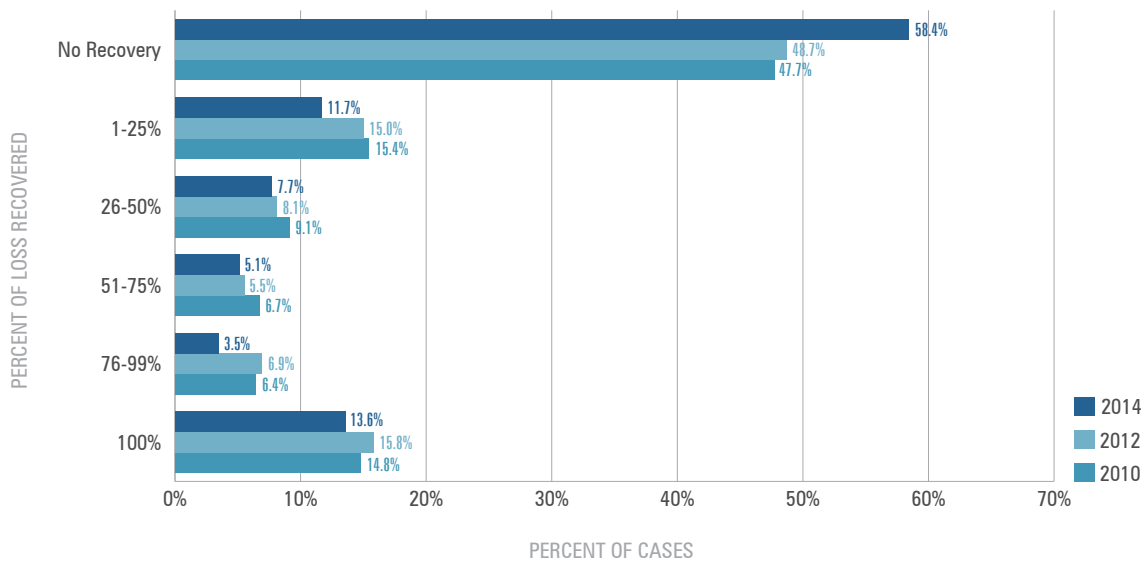
**Figure 81: Result of Civil Suits**



## Recovery of Losses

Although the process of recovering the losses from a fraud can go on for years after a fraud examination is complete, we asked respondents to provide the percentage of the loss that the victim organization had recovered at the time of the survey. “No recovery” has been the most common response in past surveys, and this year we saw a substantial increase in this number. In 58% of cases reported in 2014, the victim organizations have seen no losses recovered, compared to 49% in 2012. At the time of our survey, only 14% of victim organizations had made a full recovery.

**Figure 82: Recovery of Victim Organization’s Losses**



## Methodology

The 2014 *Report to the Nations on Occupational Fraud and Abuse* is based on the results of an online survey opened to 34,615 Certified Fraud Examiners (CFEs) from October 2013 to December 2013. As part of the survey, respondents were asked to provide a detailed narrative of the single largest fraud case they had investigated. Additionally, for the first time in the Report's history, we allowed respondents to submit information about a second case that they investigated; of the cases included in the Report, 68 were secondary cases. Each case submitted met the following four criteria:

1. The case must have involved occupational fraud (defined as internal fraud, or fraud committed by a person against the organization for which he or she works).
2. The investigation must have occurred between January 2012 and the time of survey participation.
3. The investigation must have been complete at the time of survey participation.
4. The CFE must have been reasonably sure the perpetrator(s) was (were) identified.

Respondents were then presented with 84 questions to answer regarding the particular details of the fraud case, including information about the perpetrator, the victim organization and the methods of fraud employed, as well as fraud trends in general. We received 1,713 total responses to the survey, 1,483 of which were usable for purposes of this Report. The data contained herein is based solely on the information provided in these 1,483 survey responses.

### Analysis Methodology

In calculating the percentages discussed throughout this Report, we used the total number of complete and relevant responses for the question(s) being analyzed. Specifically, we excluded any blank responses or instances where the participant indicated that he or she did not know the answer to a question. Consequently, the total number of cases included in each analysis varies.

Several survey questions allowed participants to select more than one answer. Therefore, the sum of percentages in many figures throughout the Report exceeds 100%.

All loss amounts discussed throughout the Report are calculated using median loss rather than mean, or average, loss. Average losses were heavily skewed by a limited number of very high-dollar frauds. Using median loss provides a more conservative — and we believe more accurate — picture of the typical impact of occupational fraud schemes. Additionally, we excluded median loss calculations for categories for which there were fewer than 10 responses.



We received 1,713 total responses to our survey, 1,483 of which were usable for purposes of this Report. The data contained herein is based solely on the information provided in these 1,483 survey responses.

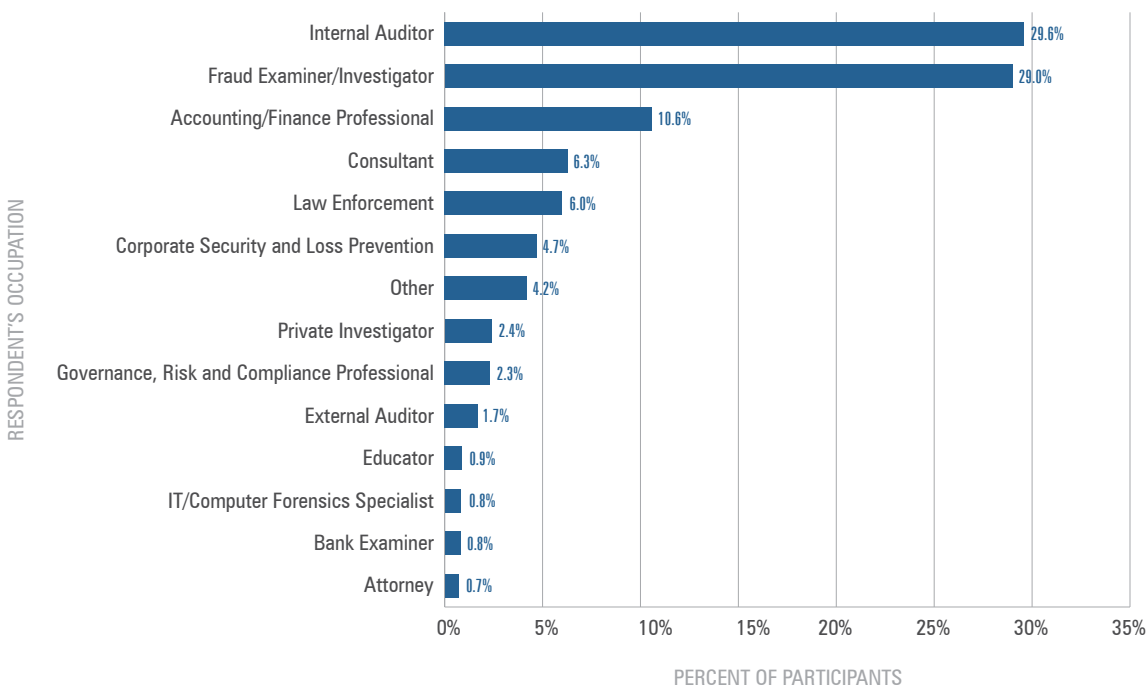
### Who Provided the Data?

We asked survey respondents to provide certain information about their professional experience and qualifications so that we could gather a fuller understanding of who was involved in investigating the frauds reported to us.

#### Primary Occupation

The top three occupations of contributors to this Report were internal auditors, fraud examiners/investigators and accounting/finance professionals; combined, these three categories represent 69% of all survey respondents.

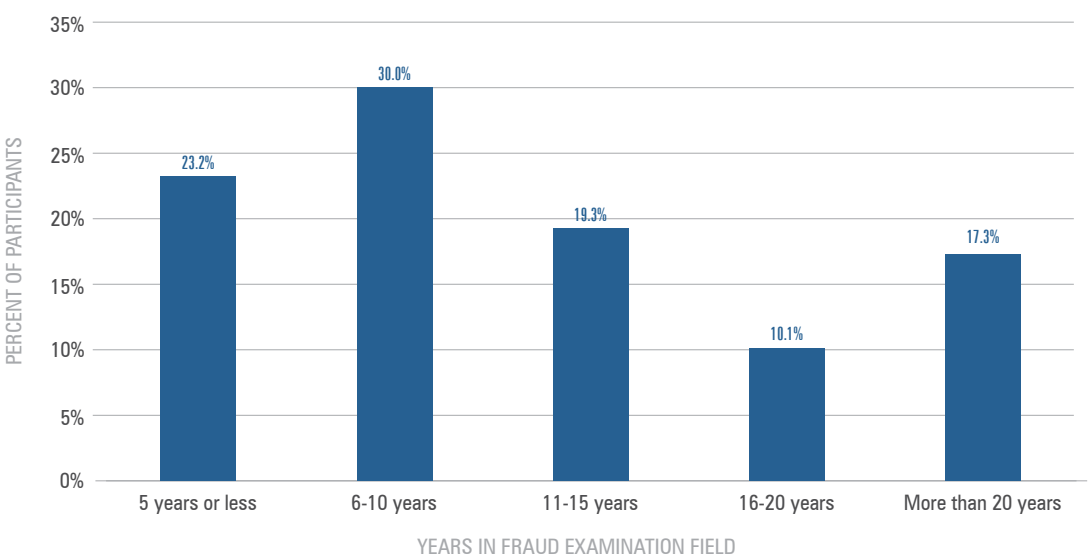
**Figure 83:** Primary Occupation of Survey Participants



Experience

Survey participants had a median of 10 years of experience in the anti-fraud profession. Of those participants who reported their tenure, 77% had at least five years of fraud examination experience, and 17% of participants have been in the anti-fraud field for more than 20 years.

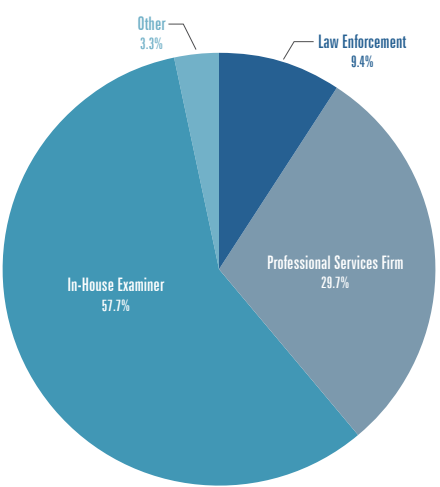
**Figure 84:** Experience of Survey Participants



Nature of Fraud Examinations Conducted

Of the participants who provided information on the nature of fraud examinations they conduct, the majority (58%) work as in-house fraud examiners, while nearly 30% work for professional services firms that conduct anti-fraud engagements for other organizations and 9% work in a law enforcement capacity.

**Figure 85:** Nature of Survey Participants' Fraud Examination Work



# Glossary of Terminology

**Asset misappropriation:** A fraud scheme in which an employee steals or misuses the employing organization's resources (e.g., theft of company cash, false billing schemes or inflated expense reports)

**Billing:** A fraudulent disbursement scheme in which a person causes his or her employer to issue a payment by submitting invoices for fictitious goods or services, inflated invoices or invoices for personal purchases (e.g., employee creates a shell company and bills employer for services not actually rendered; employee purchases personal items and submits an invoice to employer for payment)

**Cash larceny:** A scheme in which an incoming payment is stolen from an organization after it has been recorded on the organization's books and records (e.g., employee steals cash and checks from daily receipts before they can be deposited in the bank)

**Cash-on-hand misappropriation:** Any scheme in which the perpetrator misappropriates cash kept on hand at the victim organization's premises (e.g., employee steals cash from a company vault)

**Cash register disbursements:** A fraudulent disbursement scheme in which an employee makes false entries on a cash register to conceal the fraudulent removal of cash (e.g., employee fraudulently voids a sale on his or her cash register and steals the cash)

**Check tampering:** A fraudulent disbursement scheme in which a person steals his or her employer's funds by intercepting, forging or altering a check drawn on one of the organization's bank accounts (e.g., employee steals blank company checks and makes them out to himself or an accomplice; employee steals an outgoing check to a vendor and deposits it into his or her own bank account)

**Corruption:** A fraud scheme in which an employee misuses his or her influence in a business transaction in a way that violates his or her duty to the employer in order to gain a direct or indirect benefit (e.g., schemes involving bribery or conflicts of interest)

**Employee support programs:** Programs that provide support and assistance to employees dealing with personal issues or challenges, such as drug, family or financial counseling services

**Expense reimbursements:** A fraudulent disbursement scheme in which an employee makes a claim for reimbursement of fictitious or inflated business expenses (e.g., employee files a fraudulent expense report, claiming personal travel, nonexistent meals, etc.)

**Financial statement fraud:** A scheme in which an employee intentionally causes a misstatement or omission of material information in the organization's financial reports (e.g., recording fictitious revenues, understating reported expenses or artificially inflating reported assets)

**Hotline:** A mechanism for reporting fraud or other violations, whether managed internally or by an external party

**Management review:** The process of management reviewing organizational controls, processes, accounts or transactions for adherence to company policies and expectations

**Non-cash misappropriations:** Any scheme in which an employee steals or misuses non-cash assets of the victim organization (e.g., employee steals inventory from a warehouse or storeroom; employee steals or misuses confidential customer financial information)

**Occupational fraud:** The use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets

**Payroll:** A fraudulent disbursement scheme in which an employee causes his or her employer to issue a payment by making false claims for compensation (e.g., employee claims overtime for hours not worked; employee adds ghost employees to the payroll)

**Primary perpetrator:** The person who worked for the victim organization and was reasonably confirmed as the primary culprit in the case

**Skimming:** A scheme in which an incoming payment is stolen from an organization before it is recorded on the organization's books and records (e.g., employee accepts payment from a customer but does not record the sale and instead pockets the money)



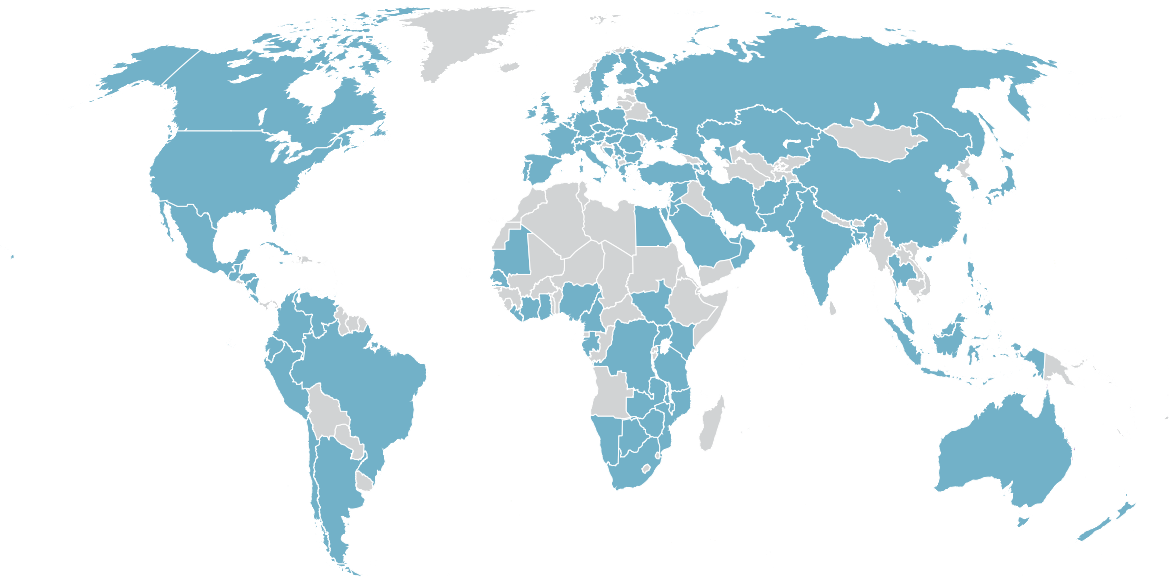
# Appendix

**Figure 86:** Breakdown of Geographic Regions by Country

Asia-Pacific (129 Cases)		Latin America and the Caribbean (57 Cases)	
Country	Number of Cases	Country	Number of Cases
Australia	12	Antigua and Barbuda	2
China	39	Argentina	3
East Timor	2	Bahamas	2
Indonesia	19	Barbados	1
Japan	3	Belize	2
Korea, South	5	Brazil	8
Malaysia	10	Chile	2
Micronesia	1	Colombia	4
New Zealand	5	Costa Rica	1
Philippines	18	Cuba	1
Singapore	8	Ecuador	2
Taiwan	3	Grenada	1
Thailand	4	Guatemala	1
Eastern Europe and Western/Central Asia (78 Cases)		Honduras	2
Albania	1	Jamaica	5
Armenia	1	Mexico	11
Azerbaijan	2	Nicaragua	1
Bosnia and Herzegovina	1	Peru	2
Bulgaria	8	Trinidad and Tobago	5
Czech Republic	6	Venezuela	1
Hungary	4	Middle East and North Africa (53 Cases)	
Kazakhstan	4	Bahrain	1
Kosovo	1	Cyprus	1
Poland	12	Egypt	2
Romania	4	Iran	1
Russia	11	Israel	3
Serbia	3	Jordan	3
Slovakia	2	Lebanon	2
Slovenia	1	Oman	2
Turkey	13	Qatar	11
Ukraine	4	Saudi Arabia	5
		Syria	1
		United Arab Emirates	21
		Southern Asia (55 Cases)	
		Afghanistan	1
		Bangladesh	1
		India	41
		Pakistan	12

Sub-Saharan Africa 173 Cases		Western Europe 98 Cases	
Country	Number of Cases	Country	Number of Cases
Botswana	2	Austria	2
Cameroon	5	Belgium	5
Cote d'Ivoire (Ivory Coast)	2	Denmark	1
Congo, Democratic Republic of the	2	Finland	1
Gabon	1	France	9
Ghana	6	Germany	14
Kenya	18	Greece	7
Liberia	9	Ireland	1
Malawi	3	Italy	6
Mauritius	1	Luxembourg	1
Mauritania	1	Netherlands	4
Mozambique	1	Portugal	4
Namibia	2	Spain	3
Nigeria	36	Sweden	1
Senegal	3	Switzerland	10
South Africa	57	United Kingdom	29
South Sudan	1		
Tanzania	1		
Uganda	3		
Zambia	6		
Zimbabwe	13		

**Figure 87:** Countries with Reported Cases



# Index of Figures

## Age of Perpetrator

Age of Perpetrator — Frequency .....	48
Age of Perpetrator — Median Loss.....	48

## Anti-Fraud Controls

Frequency of Anti-Fraud Controls .....	31
Frequency of Anti-Fraud Controls by Region .....	33-37
Frequency of Anti-Fraud Controls by Size of Victim Organization .....	32
Median Duration of Fraud Based on Presence of Anti-Fraud Controls .....	38
Median Loss Based on Presence of Anti-Fraud Controls .....	38
Primary Internal Control Weakness Observed by CFE .....	39

## Behavioral Red Flags of Perpetrators

Behavioral Red Flags Based on Gender.....	62
Behavioral Red Flags Based on Position.....	60
Behavioral Red Flags Based on Scheme Type .....	61
Behavioral Red Flags Displayed by Perpetrators.....	59
HR-Related Red Flags .....	63
Non-Fraud-Related Misconduct.....	63

## Case Results

Cases Referred to Law Enforcement .....	64
Cases Resulting in Civil Suits .....	66
Reason(s) Case Not Referred to Law Enforcement .....	65
Recovery of Victim Organization's Losses .....	67
Result of Cases Referred to Law Enforcement .....	65
Result of Civil Suits.....	66

## Criminal and Employment Background of Perpetrator

Criminal Background of Perpetrator.....	58
Employment Background of Perpetrator .....	58

## Demographics of Survey Participants

Experience of Survey Participants .....	70
Nature of Fraud Examinations Conducted .....	70
Primary Occupation of Survey Participants .....	69

## Department of Perpetrator

Department of Perpetrator — Frequency .....	55
Department of Perpetrator (Sorted by Median Loss) .....	56
Frequency of Schemes Based on Perpetrator's Department .....	57

## Detection Method

Detection Method by Size of Victim Organization.....	23
Impact of Hotlines .....	22
Initial Detection of Occupational Frauds .....	19
Median Loss and Median Duration by Detection Method .....	20
Source of Tips .....	21

## Distribution of Losses

Distribution of Dollar Losses .....	9
-------------------------------------	---

## Education Level of Perpetrator

Education Level of Perpetrator — Median Loss.....	54
---	----

## Gender of Perpetrator

Frequency of Fraud Schemes Based on Gender.....	51
Gender of Perpetrator Based on Region .....	49
Gender of Perpetrator — Frequency.....	49
Gender of Perpetrator — Median Loss .....	50
Position of Perpetrator Based on Gender .....	50
Position of Perpetrator — Median Loss Based on Gender.....	51

## Geographical Region of Victim Organization

Breakdown of Geographic Regions by Country.....	72-73
Countries with Reported Cases .....	73
Detection Method by Region .....	23
Geographical Location of Victim Organizations .....	7
Frequency and Median Loss of Corruption Cases by Region .....	14

## Industry of Victim Organization

Corruption Cases by Industry .....	30
Frequency of Schemes Based on Industry .....	29
Industry of Victim Organizations .....	27
Industry of Victim Organizations (Sorted by Median Loss) .....	28

## Number of Perpetrators

Number of Perpetrators — Frequency and Median Loss .....	46
Scheme Type Based on Number of Perpetrators.....	47

## Position of Perpetrator

Median Duration of Fraud Based on Position.....	41
Median Loss Based on Position of Perpetrator by Region .....	43-45
Position of Perpetrator Based on Region.....	42
Position of Perpetrator — Frequency .....	40
Position of Perpetrator — Median Loss .....	41

## Scheme Duration

Frequency and Median Loss Based on Duration of Fraud .....	16
Median Duration of Fraud Based on Scheme Type.....	17

## Scheme Type

Frequency and Median Loss of Asset Misappropriation Sub-Schemes.....	13
Occupational Fraud and Abuse Classification System (Fraud Tree) .....	11
Occupational Frauds by Category — Frequency .....	12
Occupational Frauds by Category — Median Loss.....	12
Overlap of Fraud Schemes.....	15

## Size of Victim Organization

Scheme Type by Size of Victim Organization .....	26
Size of Victim Organization — Frequency .....	25
Size of Victim Organization — Median Loss.....	25

## Tenure of Perpetrator

Tenure of Perpetrator — Frequency.....	52
Tenure of Perpetrator — Median Loss.....	53

## Type of Victim Organization

Type of Victim Organization — Frequency.....	24
Type of Victim Organization — Median Loss .....	24

# Fraud Prevention Checklist

The most cost-effective way to limit fraud losses is to prevent fraud from occurring. This checklist is designed to help organizations test the effectiveness of their fraud prevention measures.

## 1. Is ongoing anti-fraud training provided to all employees of the organization?

- ☐ Do employees understand what constitutes fraud?
- ☐ Have the costs of fraud to the company and everyone in it — including lost profits, adverse publicity, job loss, and decreased morale and productivity — been made clear to employees?
- ☐ Do employees know where to seek advice when faced with uncertain ethical decisions, and do they believe that they can speak freely?
- ☐ Has a policy of zero-tolerance for fraud been communicated to employees through words and actions?

## 2. Is an effective fraud reporting mechanism in place?

- ☐ Have employees been taught how to communicate concerns about known or potential wrongdoing?
- ☐ Is there an anonymous reporting channel, such as a third-party hotline, available to employees?
- ☐ Do employees trust that they can report suspicious activity anonymously and/or confidentially and without fear of reprisal?
- ☐ Has it been made clear to employees that reports of suspicious activity will be promptly and thoroughly evaluated?
- ☐ Do reporting policies and mechanisms extend to vendors, customers and other outside parties?

## 3. To increase employees' perception of detection, are the following proactive measures taken and publicized to employees?

- ☐ Is possible fraudulent conduct aggressively sought out, rather than dealt with passively?
- ☐ Does the organization send the message that it actively seeks out fraudulent conduct through fraud assessment questioning by auditors?
- ☐ Are surprise fraud audits performed in addition to regularly scheduled audits?
- ☐ Is continuous auditing software used to detect fraud and, if so, has the use of such software been made known throughout the organization?

**4. Is the management climate/tone at the top one of honesty and integrity?**

- ☐ Are employees surveyed to determine the extent to which they believe management acts with honesty and integrity?
- ☐ Are performance goals realistic?
- ☐ Have fraud prevention goals been incorporated into the performance measures against which managers are evaluated and that are used to determine performance-related compensation?
- ☐ Has the organization established, implemented and tested a process for oversight of fraud risks by the board of directors or others charged with governance (e.g., the audit committee)?

**5. Are fraud risk assessments performed to proactively identify and mitigate the company's vulnerabilities to internal and external fraud?**

**6. Are strong anti-fraud controls in place and operating effectively, including the following?**

- ☐ Proper separation of duties
- ☐ Use of authorizations
- ☐ Physical safeguards
- ☐ Job rotations
- ☐ Mandatory vacations

**7. Does the internal audit department, if one exists, have adequate resources and authority to operate effectively and without undue influence from senior management?**

**8. Does the hiring policy include the following (where permitted by law)?**

- ☐ Past employment verification
- ☐ Criminal and civil background checks
- ☐ Credit checks
- ☐ Drug screening
- ☐ Education verification
- ☐ References checks

**9. Are employee support programs in place to assist employees struggling with addiction, mental/emotional health, family or financial problems?**

**10. Is an open-door policy in place that allows employees to speak freely about pressures, providing management the opportunity to alleviate such pressures before they become acute?**

**11. Are anonymous surveys conducted to assess employee morale?**

## About the ACFE

Founded in 1988 by Dr. Joseph T. Wells, CFE, CPA, the ACFE is celebrating its 25th anniversary as the world's largest anti-fraud organization and premier provider of anti-fraud training and education. Together with more than 70,000 members in more than 150 countries, the ACFE is reducing business fraud worldwide and providing the training and resources needed to fight fraud more effectively.

The ACFE provides educational tools and practical solutions for anti-fraud professionals through initiatives including:

- Global conferences and seminars led by anti-fraud experts
- Instructor-led, interactive professional training
- Comprehensive resources for fighting fraud, including books, self-study courses and articles
- Leading anti-fraud periodicals including *Fraud Magazine*®, *The Fraud Examiner* and *FraudInfo*
- Local networking and support through ACFE chapters worldwide
- Anti-fraud curriculum and educational tools for colleges and universities

The positive effects of anti-fraud training are far-reaching. Clearly, the best way to combat fraud is to educate anyone engaged in fighting fraud on how to effectively prevent, detect and investigate it. By educating, uniting and supporting the global anti-fraud community with the tools to fight fraud more effectively, the ACFE is reducing business fraud worldwide and inspiring public confidence in the integrity and objectivity of the profession.

The ACFE offers its members the opportunity for professional certification. The CFE credential is preferred by businesses and government entities around the world and indicates expertise in fraud prevention and detection.



The ACFE serves more than 70,000 members in more than 150 countries worldwide. For more information, visit [ACFE.com](https://www.acfe.com).

## Membership

Immediate access to world-class anti-fraud knowledge and tools is a necessity in the fight against fraud. Members of the ACFE include accountants, internal auditors, fraud investigators, law enforcement officers, lawyers, business leaders, risk/compliance professionals and educators, all of whom have access to expert training, educational tools and resources.

More than 70,000 members from all over the world have come to depend on the ACFE for solutions to the challenges they face in their professions. Whether their career is focused exclusively on preventing and detecting fraudulent activities or they just want to learn more about fraud, the ACFE provides the essential tools and resources necessary for anti-fraud professionals to accomplish their objectives.

To learn more, visit [ACFE.com](http://ACFE.com) or call (800) 245-3321 / +1 (512) 478-9000.

## Certified Fraud Examiners

Certified Fraud Examiners (CFEs) are anti-fraud experts who have demonstrated knowledge in four critical areas: Fraudulent Financial Transactions, Fraud Investigation, Legal Elements of Fraud, and Fraud Prevention and Deterrence. In support of CFEs and the CFE credential, the ACFE:

- Provides bona fide qualifications for CFEs through administration of the CFE Examination
- Requires CFEs to adhere to a strict code of professional conduct and ethics
- Serves as the global representative for CFEs to business, government and academic institutions
- Provides leadership to inspire public confidence in the integrity, objectivity and professionalism of CFEs







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