

WAUKESHA METRO TRANSIT

An Enterprise Fund of the
City of Waukesha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2017 and 2016

WAUKESHA METRO TRANSIT

An Enterprise Fund of the City of Waukesha, Wisconsin

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INDEPENDENT AUDITORS' REPORT

To the Transit Commission Board
Waukesha Metro Transit
Waukesha, Wisconsin

We have audited the accompanying financial statements of Waukesha Metro Transit (transit), an enterprise fund of the City of Waukesha, Wisconsin, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the transit's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the transit's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waukesha Metro Transit as of December 31, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the transit enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Waukesha, Wisconsin, as of December 31, 2017 and 2016 and the respective changes in financial position, or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of the overall City of Waukesha's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including those systems applicable to Waukesha Metro Transit. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waukesha's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
May 10, 2018

Waukesha Metro Transit

Management's Discussion and Analysis

Basic History of Waukesha Metro Transit

The Waukesha Metro Transit System is owned by the City of Waukesha and operated by a private contract management firm, currently Transdev. The management contract is competitively procured every five years and has always been in place since the beginning of operations in August 1981.

Waukesha Metro Transit carried 630,003 passengers in 2017. Waukesha Metrolift, a demand-responsive paratransit service required under federal regulations for those persons unable to ride fixed route transit because of disability, carried 9,693 disabled persons in 2017 at a fare double the fixed route adult fare. Waukesha Metro has provided over 20 Million rides in its history.

The City of Waukesha currently owns 27 buses, 6 paratransit and 21 fixed-route buses. All 27 buses are ADA accessible, with two wheelchair passengers able to be accommodated on each of the fixed-route buses. The transit system operates service seven days a week with an adult fare of \$2.00. The transit system has extended service beyond city boundaries where appropriate. Frequent service is operated in the Bluemound Road corridor in the Town and City of Brookfield to the Brookfield Square Mall. This service is funded by Waukesha County.

The transit system operates out of two fixed facilities. The Badger Drive facility is the administrative and maintenance facility that provides indoor storage for the buses and all maintenance and administrative functions of the transit system are conducted from this facility. The original building opened in March 1986 and there was a building expansion in 1995 that added on to both the bus storage area and administrative facility. The other facility is the downtown transit center located on St. Paul Avenue near the Fox River. Buses meet at the transit center every half hour to facilitate transfers. The downtown transit center opened in October 2004 and provides an indoor waiting area, covered bus bays and staffs the Transportation Department personnel for direct customer service.

To pay the cost of operating the system, the City of Waukesha receives grants from the Federal Transit Administration (FTA) and the Wisconsin Department of Transportation (WISDOT). Federal and state operating grants cover up to 60 percent of expenses, with the farebox revenue covering about 20 percent. This leaves about 20 percent of the cost as a City taxpayer expense. Federal grants for capital expenses (buses, structures, etc.) cover up to 80 percent of expenses. As a condition of receiving federal and state operating grants, the transit system is subject to state mandated efficiency and effectiveness measures. Waukesha Metro Transit has consistently performed well when measured in a peer group of other state transit systems as well as a national peer group.

In March 2003, the transit system successfully won a competitive procurement to administer the Waukesha County transit service. The County transit service, which is all contracted to other transit operators (including Waukesha Metro Transit), operates countywide with an emphasis on commuter service between Milwaukee and various Waukesha County communities. The City of Waukesha holds all of the grants received from the Federal Transit Administration (FTA) and the Wisconsin Department of Transportation (WISDOT). In order for Waukesha County transit to receive proper credit for their share of the grant funding, Waukesha Metro Transit acts as a pass through and pays all of the contractors directly for operating the Waukesha County transit service. Thus, both Waukesha Metro Transit and Waukesha County Transit revenue and expenses are reflected on the financial statements.

Basic Financial Statements

Waukesha Metro Transit is an Enterprise Fund of the City of Waukesha. The City of Waukesha hires a management firm to manage the employees that operate the transit system. The employees all work for the company called Professional Transit Management of Waukesha, Inc. There is only one City of Waukesha employee at Waukesha Metro Transit, the Transit Manager.

As an Enterprise Fund, the same basis of accounting as a private-sector business is used. Under this method of accounting, the accrual basis of accounting is used. Revenues are recorded when earned and expenses are recorded when incurred.

The statement of net position presents information on the assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of Waukesha Metro Transit's financial position.

Statement of Waukesha Metro Transit's Net Position

	2017	2016	2015
<u>Assets</u>			
Current Assets	\$1,768,134	\$1,889,397	\$2,507,530
Capital Assets (net of accum. depr.)	<u>13,883,246</u>	<u>14,178,715</u>	<u>14,021,130</u>
Total Assets	15,651,380	16,068,112	16,528,660
<u>Deferred Outflows of Resources</u>	41,108	57,368	16,088
<u>Liabilities</u>			
Current Liabilities	437,317	500,484	1,102,015
Non-current Liabilities	<u>455,048</u>	<u>518,205</u>	<u>523,122</u>
Total Liabilities	892,365	1,018,689	1,625,137
<u>Deferred Inflows of Resources</u>	17,057	21,722	-
<u>Net Position</u>			
Net Investment in capital assets	13,883,246	14,178,715	14,005,760
Restricted - Pension	-	-	15,370
Unrestricted (deficit)	<u>899,820</u>	<u>906,354</u>	<u>889,740</u>
Total Net Position	\$14,783,066	\$15,085,069	\$14,910,870

See independent auditor's report.

In the Statement of Net Position above, Current Assets are comprised of accounts receivables from vendors and various grants, value of inventories and prepaid items, and advances to the City of Waukesha including the cash accounts which have a negative balance due to the sweep account feature that exists on a nightly basis. The Capital Assets are comprised of land and various plant costs less the accumulated depreciation taken on these plant costs.

Deferred Outflows of Resources are defined as the consumption of net assets in one period that are applicable to future reporting periods. The Transit reports a deferred outflow of resources on its Statement of Net Position related to pension.

Current Liabilities represent accounts payable, accrued payroll liabilities, and compensated absences such as vacation. Non-current Liabilities represent the accrued sick leave balance that covers the liability for those employees with ten years (or 15 years for those hired after September 2012 with minimum age requirement of age 55) or more of service to the transit system.

Deferred Inflows of Resources are defined as the acquisition of net assets in one period that are applicable to future reporting periods. The Transit reports a deferred inflow of resources on its Statement of Net Position related to pension.

Net Position is comprised of the two lines above. The first is Net Investment in Capital Assets and will match the value in the asset category for Capital Assets – Net of Accumulated Depreciation. This number truly represents the value of capital assets at any given time. These Capital Assets are purchased with Federal and State grants with a local matching contribution. The second line represents the component of Net Position that doesn't fit into the category Net Investment in Capital Assets. The value of Unrestricted Net Position will vary with the capital purchases that are made each year. If there is an increase in Capital Assets – Net of Accumulated Depreciation there will be an increase in Net Position – Net Investment in Capital Assets and then a subsequent decrease in Unrestricted Net Position. Net Position – Unrestricted represents the value of the transit system at year end if all assets and liabilities were liquidated.

The statement of revenue, expenses and changes in net position reports the operating revenues and expenses and non-operating revenues and expenses of Waukesha Metro Transit for the fiscal year with the difference – the net income or loss – being combined with any capital grants to determine the net change in position for the fiscal year. That change combined with the net position at the end of the previous year equals the net position at the end of the current fiscal year.

Statement of Revenues, Expenses and Changes in Net Position

	2017	2016	2015
Operating Revenues			
Passenger fares for transit service	\$1,269,274	\$1,417,054	\$1,460,608
Non-transportation revenues - advertising	69,106	77,732	74,485
WisDOT commuter service	244,384	366,180	394,732
Non-transportation revenues - route administration	140,611	137,218	135,034
Total Operating Revenues	1,723,375	1,998,184	2,064,859
Operating Expenses			
Salaries and wages	2,276,379	2,289,898	2,198,663
Fringe benefits	1,477,297	1,406,124	1,489,000
Services	575,313	635,578	587,737
Materials and Supplies	450,807	432,411	475,167
Utilities	86,296	92,028	95,214
Casualty and Liability costs	175,059	150,156	121,903
Taxes	364	453	841
Purchased transportation services	3,762,508	3,789,333	3,810,901
Miscellaneous	29,545	29,976	42,963
Depreciation	1,239,381	1,199,371	1,055,725
Total Operating Expenses	10,072,949	10,025,328	9,878,114
Operating Loss	(8,349,574)	(8,027,144)	(7,813,255)
Operating Subsidies			
Federal tire lease grant revenue	24,932	24,899	26,262
Local - Other	938,149	755,263	742,496
State - Operating	4,042,389	4,130,187	4,093,426
CMAQ Grant	18,415	17,455	29,660
Federal - Operating	996,478	911,593	918,756
Federal Capital/Operating Assistance Passed To Subrecipient	-	-	(8,473)
Total Subsidies	6,020,363	5,839,397	5,802,127
Loss before Contributions and Transfers	(2,329,211)	(2,187,747)	(2,011,128)
Transfer In - Municipality - Operating	1,080,942	986,486	950,350
Transfer In - Municipality - Tire Lease	6,233	6,225	6,565
Transfer In - Municipality - Capital	35,051	-	-
Capital Contributions - Federal/State	741,898	1,095,388	2,792,823
Capital Contributions - Local	163,084	273,847	625,384
Change in Net Position	(302,003)	174,199	2,363,994
Net Position - Beginning of Year	15,085,069	14,910,870	12,515,850
Cumulative effect of a change in accounting principle	-	-	31,026
Net Position - End of Year	\$14,783,066	\$15,085,069	\$14,910,870

See independent auditor's report.

The transit system saw a 14% decrease in operating revenue from 2016 to 2017 with nearly 80% of the decrease attributable to the Waukesha County fixed route service which had a decrease in ridership and a significant decrease in the per ride revenue calculation for the Gold Line Route.

The transit system saw less than a 1/2% increase in total operating expenses from 2016 to 2017. The majority of the increase is found in the Fringe benefits category and also in the depreciation category, which is an unfunded expense. There was a large amount of capital purchases and retirements in 2017.

Capital Assets

Waukesha Metro Transit's capital assets are 80% funded by Federal Transit Administration grants. The remaining 20% is funded through local tax levy dollars, both current and past years through carryover requests.

In 2015, Waukesha Metro Transit purchased \$3,418,207 in capital grants. Of these purchases \$2,792,823 was the federal share and \$625,384 was the local match.

These capital grant expenditures included the purchase of (8) new buses, an AVL project, enhancement projects, generator for the transit center and engine/transmission rebuilds.

In 2016, Waukesha Metro Transit purchased \$1,369,235 in capital grants. Of these purchases \$1,095,388 was the federal share and \$273,847 was the local match.

These capital grant expenditures included the purchase of (3) new buses, a building generator, new paratransit scheduling software and components and engine/transmission rebuilds.

In 2017, Waukesha Metro Transit purchased \$940,033 in capital grants. Of these purchases \$741,898 was the federal share and \$198,135 was the local match.

These capital grant expenditures included the purchase of (2) new buses, security cameras, fall restraint system, make up air unit, enhancement projects, and paratransit scheduling software.

This financial report is intended to provide readers with a general overview of the finances of Waukesha Metro Transit. Questions concerning any information within this report may be directed to the Finance Director at 2311 Badger Drive, Waukesha, WI 53188.

Snap Shot of Transportation

- 639,696 total ridership in 2017, 2.1% decrease
- Serving the City of Waukesha, Town and City of Brookfield & Pewaukee
- Operates 11 fixed routes & Metrolift paratransit service
- 21 fixed route buses & 7 Metrolift buses
- 1 Transit Center & 1 Administration and Maintenance facility

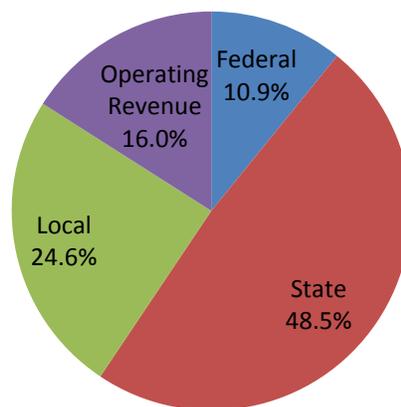


Performance and Cost Efficiency: Waukesha Metro Transit

Fixed Route – City of Waukesha	2017	2016	2015
Revenue Hours	51,915	52,207	51,464
Revenue Miles	648,178	656,798	665,030
Unlinked Trips	630,003	643,451	695,391
Cost per Trip	\$ 6.78	\$ 6.58	\$ 6.06
Trips per Hour	12.14	12.32	13.51

ADA Paratransit – City of Waukesha	2017	2016	2015
Revenue Hours	4,502	6,006	6,523
Revenue Miles	50,312	58,518	66,529
Unlinked Trips	9,693	10,561	10,906
Cost per Trip	\$ 60.10	\$ 54.69	\$ 52.68
Trips per Hour	2.15	1.76	1.67

Waukesha Metro Transit 2017 Funding



See independent auditor's report.



Snap Shot of Transportation

- 383,408 total ridership in 2017, 6% decrease
- Serving Waukesha County and portions of Milwaukee County
- 7 fixed routes & paratransit service
- All services contracted out

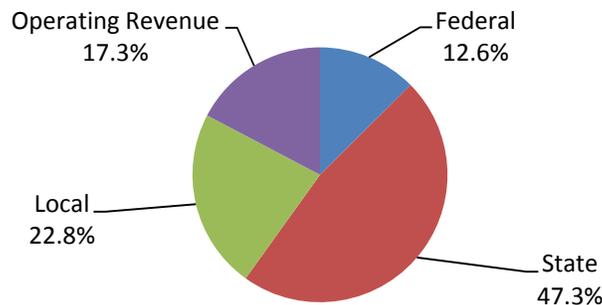
Contractor	Service
Wisconsin Coach Lines	Route 901, 904, 905, 906
Milwaukee County Transit	Route 10 & 79
Waukesha Metro Transit	Route 1 (Portion)
Transit Express	ADA Paratransit

Performance and Cost Efficiency: Waukesha County Transit System

Fixed Route – Waukesha County	2017	2016	2015
Revenue Hours	23,493	24,952	25,295
Revenue Miles	531,443	562,616	567,060
Unlinked Trips	379,928	404,721	407,579
Cost per Trip	\$ 10.03	\$ 9.54	\$ 9.54
Trips per Hour	16.17	16.22	16.11

ADA Paratransit – Waukesha County	2017	2016	2015
Revenue Hours	1,444	1,432	1,380
Revenue Miles	21,920	22,830	22,049
Unlinked Trips	3,480	3,169	3,095
Cost per Trip	\$ 48.19	\$ 48.33	\$ 47.90
Trips per Hour	2.41	2.21	2.24

Waukesha County Transit System 2017 Funding



See independent auditor's report.

WAUKESHA METRO TRANSIT

STATEMENTS OF NET POSITION
As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ -	\$ -
Accounts receivable		
State of Wisconsin capital and operating grants	996,974	964,854
Federal capital and operating grants	76,995	153,481
Waukesha County	264,335	208,454
Due from WisDOT commuter service	88,666	124,103
Other	40,488	33,662
Due from other funds	87,822	194,232
Inventories	132,149	128,514
Prepaid items	80,705	82,097
Total Current Assets	<u>1,768,134</u>	<u>1,889,397</u>
NONCURRENT ASSETS		
Capital assets		
Land	1,683,701	1,683,701
Plant in service (at cost)	23,412,404	23,333,367
Accumulated depreciation	<u>(11,212,859)</u>	<u>(10,838,353)</u>
Total Noncurrent Assets	<u>13,883,246</u>	<u>14,178,715</u>
Total Assets	<u>15,651,380</u>	<u>16,068,112</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	<u>41,108</u>	<u>57,368</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	345,832	368,086
Accrued liabilities	31,995	68,467
Compensated absences	59,490	63,931
Total Current Liabilities	<u>437,317</u>	<u>500,484</u>
NONCURRENT LIABILITIES		
Other liabilities	105,056	105,056
Compensated absences	344,902	402,831
Net pension liability	5,090	10,318
Total Noncurrent Liabilities	<u>455,048</u>	<u>518,205</u>
Total Liabilities	<u>892,365</u>	<u>1,018,689</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	<u>17,057</u>	<u>21,722</u>
NET POSITION		
Net investment in capital assets	13,883,246	14,178,715
Unrestricted	<u>899,820</u>	<u>906,354</u>
NET POSITION	<u>\$ 14,783,066</u>	<u>\$ 15,085,069</u>

See accompanying notes to financial statements

WAUKESHA METRO TRANSIT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION As of December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Passenger fares for transit service	\$ 1,269,274	\$ 1,417,054
Nontransportation Revenue		
Advertising	69,106	77,733
WisDOT commuter service	244,384	366,180
Other	140,611	137,218
Total Operating Revenues	1,723,375	1,998,185
OPERATING EXPENSES		
Operation and maintenance	8,833,568	8,825,958
Depreciation	1,239,381	1,199,371
Total Operating Expenses	10,072,949	10,025,329
Operating Loss	(8,349,574)	(8,027,144)
OPERATING SUBSIDIES		
Tire lease	24,932	24,899
Local - Other	938,149	755,263
State	4,042,389	4,130,187
Federal	1,014,893	929,048
Total Nonoperating Revenues	6,020,363	5,839,397
Loss Before Contributions and Transfers	(2,329,211)	(2,187,747)
TRANSFER IN - MUNICIPALITY - OPERATING	1,080,942	986,486
TRANSFER IN - MUNICIPALITY - TIRE LEASE	6,233	6,225
TRANSFER IN - MUNICIPALITY - CAPITAL	35,051	-
CAPITAL CONTRIBUTIONS	741,898	1,095,388
CAPITAL CONTRIBUTIONS - MUNICIPALITY	163,084	273,847
Change in Net Position	(302,003)	174,199
NET POSITION - Beginning of Year	15,085,069	14,910,870
NET POSITION - END OF YEAR	\$ 14,783,066	\$ 15,085,069

See accompanying notes to financial statements.

WAUKESHA METRO TRANSIT

STATEMENTS OF CASH FLOWS As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 1,858,396	\$ 1,948,534
Paid to suppliers for goods and services	(6,619,663)	(7,151,356)
Paid to employees for services	(2,347,113)	(2,289,898)
Cash Flows From Operating Activities	<u>(7,108,380)</u>	<u>(7,492,720)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies received - local	882,268	818,573
Operating subsidies received - state	4,010,269	3,855,739
Operating subsidies received - federal	1,114,174	1,750,087
Transfers	1,122,226	992,711
Cash Flows From Noncapital Financing Activities	<u>7,128,937</u>	<u>7,417,110</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	907,119	1,439,195
Acquisition and construction of capital assets	(927,676)	(1,372,326)
Cash Flows From Capital and Related Financing Activities	<u>(20,557)</u>	<u>66,869</u>
Net Change in Cash and Cash Equivalents	-	(8,741)
CASH AND CASH EQUIVALENTS - Beginning of Year	-	8,741
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
NONCASH CAPITAL AND FINANCING ACTIVITIES		
Change in capital grant receivables	<u>\$ (2,137)</u>	<u>\$ (69,960)</u>
Change in operating grant receivables	<u>\$ (42,229)</u>	<u>\$ (515,467)</u>

See accompanying notes to financial statements.

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (8,349,574)	\$ (8,027,144)
Noncash items included in operating loss		
Depreciation	1,239,381	1,199,371
Change in assets and liabilities		
Accounts receivable - other	28,611	144,581
Due from other funds	106,410	(194,232)
Inventories	(3,635)	13,795
Prepaid items	1,392	(9,714)
Accounts payable	(38,490)	(24,454)
Due to other funds	-	(631,264)
Compensated absences	(61,920)	(8,535)
Pension related deferrals and liabilities	6,367	6,130
Other current liabilities	<u>(36,922)</u>	<u>38,746</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ (7,108,380)</u>	 <u>\$ (7,492,720)</u>

See accompanying notes to financial statements.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Waukesha Metro Transit (transit) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by transit are described below:

REPORTING ENTITY

Waukesha Metro Transit, an enterprise fund of the City of Waukesha (city), provides public bus transportation in the city and surrounding communities. The transit is governed by the Transit Commission Board which consists of city council members and citizen representatives. Waukesha Metro Transit, under contract, performs the administrative functions of the Waukesha County Transit System.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

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

Deposits and Investments

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

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

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

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

Deposits and Investments (cont.)

Investment of transit funds is restricted by state statutes. Investments are limited to:

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

The transit is included in the city's investment policy which follows the state statutes for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices or similar information. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statements as increases or decreases in investment income. Market values may have changed significantly after year-end.

Accounts Receivable

Outstanding balances between the transit and other funds of the municipality are reported as due to/from other funds.

Transit considers receivables from government units to be fully collectible; accordingly, no allowance for doubtful accounts from governmental units is presented.

Inventories

Materials and supplies are generally used for operation and maintenance work, not for resale. They are valued at lower of cost or market utilizing the first-in first-out method and charged to operation and maintenance expense when used.

Prepaid Items

Prepayments represent costs of services and insurance policies paid during the current audit year for coverage in subsequent years.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

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

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

Pensions

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

Capital Assets

Capital assets are defined by the transit as assets with an initial, individual cost of at least \$5,000 and an estimated useful life in excess of one year.

Additions to and replacements of transit capital assets are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to capital asset accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from capital asset accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation. The provision for depreciation shown in the financial statements results from the application of straight-line rates to original costs.

A summary of depreciation lives follows:

	<u>Years</u>
Building	25
Vehicles	2–12
Shop Equipment	2–10
Office equipment	3–10
Bus stop signs	10
Shelters and benches	5–10

Deferred Outflow of Resources

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

Compensated Absences

All permanent employees are allowed to accumulate up to 920 hours of sick time. For employees hired prior to February 6, 2013, upon the retirement with ten or more years of seniority, the employee's unused accumulated sick leave shall be paid out on the final paycheck. For employees hired after February 6, 2013, upon the retirement after age 55 and with fifteen or more years of seniority, the employee's unused accumulated sick leave shall be paid out on the final paycheck. This liability is reported as a long term liability on the statements of net position.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

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

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

Compensated Absences (cont.)

Employees earn varying amounts of vacation based on years of service. Vacation time is accrued throughout the year. This liability is reported as a current liability on the statements of net position.

Other Liabilities

The balance consists of funds received from the county to be applied to future service costs.

Deferred Inflows of Resources

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

REVENUES AND EXPENSES

Revenue Recognition

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

Charges for Services

Waukesha Metro Transit fares are recorded as revenue continuously through the year. Current fares were made effective May 1, 2013 as approved by the Waukesha Transit Commission Board.

Wisconsin Department of Transportation Commuter Service

Waukesha Metro Transit has contracted with Wisconsin Coachlines and the Wisconsin Department of Transportation (WisDOT) to provide additional service for commuters during the construction of the I-94 zoo interchange project to mitigate traffic congestion. The Transit pays Wisconsin Coachlines for the service and then invoices the WisDOT. The Transit is subsequently reimbursed by the WisDOT.

Tire Lease Subsidy

Certain major vehicle repair parts such as tires, transmissions, differentials, etc. as well as certain special studies are eligible for funding under federal capital grants. These items are called "capital associated maintenance items." In the year these items are purchased, they are recorded as operating expenses and the related capital grants are recorded as federal operating assistance. The tire lease subsidy revenue represents federal grant revenue provided for tire leases and thus recognized as operating assistance.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

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

REVENUES AND EXPENSES (cont.)

Capital Contributions

The transit has received federal, state, local and other grants to pay a portion of the costs of capital assets or capital associated maintenance items. The value of property contributed to the transit is reported as revenues on the statement of revenues, expenses and statement of net position.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, and Statement No. 85, *Omnibus*, Statement No. 86, *Certain Debt Extinguishment Issues*, and Statement No. 87, *Leases*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. When they become effective, application of these standards may restate portions of these financial statements.

COMPARATIVE DATA

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Generally accepted accounting principles require the disclosure of the transit's cash and investment balances and their applicable investment insurance coverage. The transit cash and investments are commingled with the entire city; therefore, individual fund bank balances cannot be determined. Please refer to the citywide statements for further information.

NOTE 3 – INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of the Interfund balances for the years ending December 31, 2017 and 2016:

Due To	Due From	2017		2016	
		Amount	Principal Purpose	Amount	Principal Purpose
Transit	Municipality	\$ 87,822	Capital and operating activities	\$ 194,232	Capital and operating activities

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2017 and 2016

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in transit capital assets for 2017 and 2016 follows:

	Balance 1/1/17	Additions	Retirements	Balance 12/31/17
Capital assets, not being depreciated				
Land	\$ 1,683,701	\$ -	\$ -	\$ 1,683,701
Capital assets being depreciated				
Building	12,261,576	86,984	-	12,348,560
Vehicles	8,688,445	815,715	524,403	8,979,757
Shop equipment	1,519,636	-	248,720	1,270,916
Office equipment	863,710	49,274	99,813	813,171
Total Capital Assets Being Depreciated	23,333,367	951,973	872,935	23,412,404
Total Capital Assets	25,017,068	951,973	872,935	25,096,105
Less: Accumulated depreciation				
Building	(4,905,042)	(325,433)	-	(5,230,475)
Vehicles	(4,055,531)	(646,962)	519,003	(4,183,490)
Shop equipment	(1,229,607)	(202,126)	248,619	(1,183,114)
Office equipment	(648,173)	(67,407)	99,800	(615,780)
Total Accumulated Depreciation	(10,838,353)	(1,241,928)	867,422	(11,212,859)
Net Transit System Plant	\$ 14,178,715			\$ 13,883,246
	Balance 1/1/16	Additions	Retirements	Balance 12/31/16
Capital assets, not being depreciated				
Land	\$ 1,683,701	\$ -	\$ -	\$ 1,683,701
Capital assets being depreciated				
Building	12,187,031	74,545	-	12,261,576
Vehicles	8,402,365	1,223,456	937,376	8,688,445
Shop equipment	1,541,135	13,483	34,982	1,519,636
Office equipment	840,302	67,305	43,897	863,710
Total Capital Assets Being Depreciated	22,970,833	1,378,789	1,016,255	23,333,367
Total Capital Assets	24,654,534	1,378,789	1,016,255	25,017,068
Less: Accumulated depreciation				
Building	(4,579,274)	(325,768)	-	(4,905,042)
Vehicles	(4,384,852)	(597,255)	926,576	(4,055,531)
Shop equipment	(1,053,472)	(211,117)	34,982	(1,229,607)
Office equipment	(631,176)	(60,894)	43,897	(648,173)
Total Accumulated Depreciation	(10,648,774)	(1,195,034)	1,005,455	(10,838,353)
Net Transit System Plant	\$ 14,005,760			\$ 14,178,715

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE 5 – OPERATING SUBSIDIES

The transit receives operating subsidies from the federal, state and local governments. The transit submits an annual request for federal and state subsidies. Federal subsidies are provided for preventative maintenance and third party contracting while state subsidies are limited by 1) the maximum amount of the grant award, 2) five times the local contribution, and 3) the non-federal share of the audited operating deficit. The transit combined state and federal operating assistance shall not exceed 60% of audited operating expenses.

State operating assistance is received in quarterly payments from the Wisconsin Department of Transportation. A portion of the fourth quarter is withheld pending final audit by the DOT staff.

Local subsidies are contributions made by the City of Waukesha, Waukesha County, and the Town of Brookfield based on their applicable share of revenues. Operating assistance for 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Governmental Unit		
Federal (net of amounts passed to sub recipients)	\$ 996,478	\$ 911,593
Federal/City – tire lease	31,165	31,124
Federal-CMAQ	18,415	17,455
State of Wisconsin	3,958,040	4,041,463
State Paratransit Aid	84,349	88,724
Local		
City of Waukesha	1,080,942	986,486
Waukesha County	930,331	747,356
Town of Brookfield	<u>7,818</u>	<u>7,907</u>
Totals	<u>\$ 7,107,538</u>	<u>\$ 6,832,108</u>

In 2017, the State of Wisconsin Department of Transportation (DOT) completed the final review of the operating grants for 2014 and 2015 which resulted in no change to the final receivable from the State.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 6 – LONG-TERM OBLIGATIONS

LONG-TERM OBLIGATIONS SUMMARY

	1/1/17 Balance	Additions	Reductions	12/31/17 Balance	Due Within One Year
Other liabilities	\$ 105,056	\$ -	\$ -	\$ 105,056	\$ -
Compensated absences	402,831	62,591	120,520	344,902	-
Net pension liability	10,318	-	5,228	5,090	-
Totals	\$ 518,205	\$ 62,591	\$ 125,748	\$ 455,048	\$ -

	1/1/16 Balance	Additions	Reductions	12/31/16 Balance	Due Within One Year
Other liabilities	\$ 105,056	\$ -	\$ -	\$ 105,056	\$ -
Compensated absences	418,066	63,979	79,214	402,831	-
Net pension liability	-	10,318	-	10,318	-
Totals	\$ 523,122	\$ 74,297	\$ 79,214	\$ 518,205	\$ -

NOTE 7 – NET POSITION

GASB No. 34 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. As of December 31, 2017 and 2016, Waukesha Metro Transit does not have any outstanding debt.

Restricted – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. As of December 31, 2016 and 2017, Waukesha Metro Transit does not have restricted net position related to pension.

Unrestricted net position – The component of net position consist of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE 8 – EMPLOYEE RETIREMENT SYSTEM

The city participates in the Wisconsin Retirement System (WRS). The Transit has one employee who is WRS eligible and is allocated a share of the city's pension related assets, deferred outflows of resources, deferred inflows of resources, and pension expense based on their proportionate share of employer contributions made to WRS related to the one employee

Generally accepted accounting principles require disclosures related to defined benefit pension plans including a description of the plan, information about the net pension liability (asset), and amounts payable by the employer to the plan. Please see the citywide statements for this information as it relates to WRS. The Transit's proportionate share of the city's pension related assets, deferred outflows of resources, deferred inflows of resources and pension expense are included in these statements.

NOTE 9 – RISK MANAGEMENT (COMMERCIAL/SELF INSURANCE)

The transit is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors, and omissions; workers compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

TRANSIT MUTUAL INSURANCE CORPORATION OF WISCONSIN (TMi)

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

Effective June 1, 2016, TMi issued to the city an auto liability insurance policy with a combined single limit coverage of \$10,000,000. In addition, the city's policy provides for \$25,000 per person and \$50,000 per accident in uninsured motorist insurance.

The physical damage policy issued by TMi to the city provides collision and comprehensive coverage for the lesser of the agreed value or the cost of repairs minus a \$500 per accident deductible for private passenger and service units and a \$1,000 per accident deductible for bus units.

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

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

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE 9 – RISK MANAGEMENT (COMMERCIAL/SELF INSURANCE) (cont.)

The city's share of this corporation is 4.54% for auto liability and 10.59% of physical damage liability. A list of the other members and their share of participation is available in the TMI report which is available from TMI, PO Box 1135, Appleton, WI 54915-1483 or by email from tmi@transitmutual.com.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

GRANTS

Waukesha Metro Transit has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

LONG TERM CONTRACTS FOR PURCHASED TRANSPORTATION

The transit has certain contracts for purchased transportation that extend beyond year end.

Waukesha Metro Transit has contracted with Transdev to provide management and operational staffing. As such, substantially all employees are employees of Professional Transit Management of Waukesha, Inc. (a subsidiary of Transdev); however, labor and benefits are recorded in compliance with the Federal Transit Administration chart of accounts. For the years ended December 31, 2017 and 2016, the transit paid \$129,272 and \$111,267, respectively, in retirement costs for the retirement plan maintained by Professional Transit Management of Waukesha, Inc.

NOTE 11 – SUBSEQUENT EVENTS

On December 21, 2017, the commission approved a revision to passenger fares effective January 5, 2018.

SUPPLEMENTAL INFORMATION

WAUKESHA METRO TRANSIT

DETAILED SCHEDULE OF WAUKESHA TRANSIT COMMISSION -
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - REGULATORY BASIS
As of December 31, 2017 and 2016

		2017	2016
REVENUE			
401.	Passenger fares for transit service	\$ 1,269,274	\$ 1,417,054
406.	Nontransportation revenues	69,686	78,602
407.	Nontransportation revenues - route administration	140,031	136,349
408.	City tire lease grant revenue	6,233	6,225
408.	Federal tire lease grant revenue	24,932	24,899
409.	Local cash grants, reimbursements and transfers - operating	2,019,091	1,741,749
409.105	Local cash grants, reimbursements and transfers - capital	198,135	273,847
411.	State cash grants and reimbursements	3,958,040	4,041,463
411.	State paratransit aid	84,349	88,724
411.	State I-94 Subsidy	244,384	366,180
413.	Federal cash grants and reimbursements - operating	996,478	911,593
413.	CMAQ grant	18,415	17,455
413.105	Federal cash grants and reimbursements - capital	741,898	1,095,388
	TOTAL REVENUE	9,770,946	10,199,528
EXPENSES – BY OBJECT CLASS TOTAL			
501.01	Operations salaries and wages	1,406,563	1,361,603
501.02	Other salaries and wages	869,816	928,295
502.	Fringe benefits and FICA	1,477,297	1,406,124
503.	Services	575,313	635,578
504.01	Fuel and lubricants	274,370	245,299
504.02	Tires and tubes	31,165	31,124
504.99	Other materials and supplies	145,272	155,988
505.	Utilities	86,296	92,028
506.	Casualty and liability costs	175,059	150,156
507.	Taxes	364	454
508.	Purchased transportation	3,762,508	3,789,333
509.	Miscellaneous expense	29,545	29,976
	Total Operation and Maintenance Expenses	8,833,568	8,825,958
	Reconciling items		
513.	Loss (gain) on asset disposal	(2,655)	4,337
513.	Depreciation	1,242,036	1,195,034
	Total Reconciling Items	1,239,381	1,199,371
	TOTAL EXPENSES AND RECONCILING ITEMS	10,072,949	10,025,329
	CHANGE IN NET POSITION	(302,003)	174,199
	NET POSITION - Beginning of Year	15,085,069	14,910,870
	NET POSITION - END OF YEAR	\$ 14,783,066	\$ 15,085,069

WAUKESHA METRO TRANSIT

WAUKESHA TRANSIT COMMISSION -
RECONCILIATION OF REVENUES AND EXPENSES TO WISDOT AND FEDERAL
RECOGNIZED REVENUES AND EXPENSES - REGULATORY BASIS
For the Year Ended December 31, 2017

	Per WisDOT Guidelines	Per Federal Guidelines
Revenues from Waukesha Transit Commission's records	\$ 9,770,946	\$ 9,770,946
Less: Unrecognized Revenues		
406. Nontransportation revenues	580	69,686
407. Nontransportation revenues - route administration	140,031	140,031
408. Local tire lease revenue	6,233	6,233
409. Local operating assistance and transfers	2,019,091	2,019,091
411. State operating assistance	3,958,040	3,958,040
411. State paratransit aid	84,349	84,349
411. State I-94 Subsidy	244,384	-
413. Federal operating assistance	996,478	996,478
413. Federal tire lease revenue	24,932	24,932
413. CMAQ grant	18,415	18,415
413.105 Other nonoperating revenues (capital funding & subrecipient costs)	<u>940,033</u>	<u>940,033</u>
ADJUSTED REVENUES	<u>\$ 1,338,380</u>	<u>\$ 1,513,658</u>
Expenses from Waukesha Transit Commission's records	\$ 10,072,949	\$ 10,072,949
Less: Nonrecognized Expenses		
513. Depreciation	1,242,036	1,242,036
513. Loss (gain) on asset disposal	(2,655)	(2,655)
Less: CMAQ Grant Funding - not eligible (mkt/night service) - 100%	23,019	23,019
Less: WisDOT Paratransit Costs - not eligible	84,349	-
Less: WisDOT I-94 Mitigation Costs Farebox Credit - not eligible	34,157	-
Less: I-94 Subsidy - not eligible	<u>244,384</u>	<u>-</u>
RECOGNIZED EXPENSES	<u>\$ 8,447,659</u>	<u>\$ 8,810,549</u>
RECOGNIZED DEFICITS	<u>\$ (7,109,279)</u>	<u>\$ (7,296,891)</u>

WAUKESHA METRO TRANSIT

WAUKESHA TRANSIT COMMISSION -
COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS
For the Year Ended December 31, 2017

FEDERAL SECTION 9 FUNDS

Preventative maintenance	\$	483,439
Federal tire lease grant revenue		29,600
Capital cost of third party contracting		<u>513,039</u>
Maximum Federal Share Per Grant Awards	\$	<u>1,026,078</u>

STATE FUNDS

WisDOT Recognized Deficit		<u>\$ 7,109,279</u>
WisDOT Recognized Expenses	\$	<u>8,447,659</u>
59% Times Recognized Expenses		4,984,118
Less: Federal share		<u>1,026,078</u>
	\$	<u>3,958,040</u>
WisDOT Contract Maximum	\$	<u>3,987,199</u>
Local Operating Subsidy	\$	<u>2,019,091</u>
5 Times Operating Subsidy	\$	<u>10,095,455</u>
State Share – Contractual Amount		<u>\$ 3,958,040</u>

SUMMARY OF 2017 OPERATIONAL FUNDING *

	Received in 2017	Receivable 12/31/17	Totals
Federal Section 9 Funds	\$ 951,148	\$ 45,330	\$ 996,478
State Funds – Operating	3,588,477	369,563	3,958,040
Local Funds	<u>1,754,756</u>	<u>264,335</u>	<u>2,019,091</u>
Total Funding	<u>\$ 6,294,381</u>	<u>\$ 679,228</u>	<u>\$ 6,973,609</u>

* Excludes local and federal capital assistance, CMAQ, WETAP, or prior year activity.