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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, 2020 and 2019

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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

Report on the Financial Statements

We have audited the accompanying financial statements of Waukesha Metro Transit, an enterprise fund of the City of Waukesha, Wisconsin, as of and for the years ended December 31, 2020 and 2019, 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 over financial reporting relevant to the Waukesha Metro 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 Waukesha Metro 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, 2020 and 2019, 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 Waukesha Metro 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, 2020 and 2019 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 are 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 solely 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 effectiveness of the City of Waukesha's 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.

Madison, Wisconsin

DRAFT**WAUKESHA METRO TRANSIT**STATEMENTS OF NET POSITION
As of December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ -	\$ -
Accounts receivable		
State of Wisconsin capital and operating grants	-	-
Federal capital and operating grants	698,342	490,630
CARES grant	600,000	-
Waukesha County	421,901	454,510
Other	51,607	39,818
Due from other funds	151,716	685,057
Inventories	127,883	142,864
Prepaid items	65,100	233,924
Total Current Assets	<u>2,116,549</u>	<u>2,046,803</u>
NONCURRENT ASSETS		
Net pension asset	19,079	-
Capital assets		
Land	1,683,701	1,683,701
Plant in service (at cost)	23,726,751	23,369,339
Accumulated depreciation	<u>(12,056,789)</u>	<u>(11,374,956)</u>
Total Noncurrent Assets	<u>13,372,742</u>	<u>13,678,084</u>
Total Assets	<u>15,489,291</u>	<u>15,724,887</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	46,949	61,296
Deferred outflows related to other postemployment benefits	1,989	442
Total Deferred Outflows of Resources	<u>48,938</u>	<u>61,738</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	264,695	424,377
Accrued liabilities	69,027	45,299
Due to State of Wisconsin capital and operating grants	135,851	135,851
Compensated absences	78,590	68,027
Total Current Liabilities	<u>548,163</u>	<u>673,554</u>
NONCURRENT LIABILITIES		
Other liabilities	105,056	105,056
Compensated absences	338,101	338,514
Net other postemployment benefit liability	4,939	3,070
Net pension liability	-	21,125
Total Noncurrent Liabilities	<u>448,096</u>	<u>467,765</u>
Total Liabilities	<u>996,259</u>	<u>1,141,319</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	57,012	31,419
Deferred inflows related to other postemployment benefits	818	845
Total Deferred Inflows of Resources	<u>57,830</u>	<u>32,264</u>
NET POSITION		
Net investment in capital assets	13,353,663	13,678,084
Restricted - Pension	19,079	-
Unrestricted	<u>1,111,398</u>	<u>934,958</u>
NET POSITION	<u>\$ 14,484,140</u>	<u>\$ 14,613,042</u>

See accompanying notes to financial statements

WAUKESHA METRO TRANSIT

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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION As of December 31, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Passenger fares for transit service	\$ 434,651	\$ 1,193,282
Nontransportation Revenue		
Advertising	45,722	54,946
Other	147,889	147,616
Total Operating Revenues	628,262	1,395,844
OPERATING EXPENSES		
Operation and maintenance	7,389,309	8,748,187
Depreciation	1,101,923	1,088,714
Total Operating Expenses	8,491,232	9,836,901
Operating Loss	(7,862,970)	(8,441,057)
OPERATING SUBSIDIES		
Tire lease	25,300	26,579
Local - Other	665,931	1,031,025
State	3,533,817	3,769,180
Federal	1,316,697	1,533,468
CARES grant	600,000	-
Total Nonoperating Revenues	6,141,745	6,360,252
Loss Before Contributions and Transfers	(1,721,225)	(2,080,805)
TRANSFER IN - MUNICIPALITY - OPERATING	806,238	985,456
TRANSFER IN - MUNICIPALITY - TIRE LEASE	6,325	6,645
TRANSFER IN - MUNICIPALITY - CAPITAL	-	29,147
CAPITAL CONTRIBUTIONS	623,809	826,964
CAPITAL CONTRIBUTIONS - MUNICIPALITY	155,951	177,596
Change in Net Position	(128,902)	(54,997)
NET POSITION - Beginning of Year	14,613,042	14,668,039
NET POSITION - END OF YEAR	\$ 14,484,140	\$ 14,613,042

See accompanying notes to financial statements.

WAUKESHA METRO TRANSIT**DRAFT**STATEMENTS OF CASH FLOWS
As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 1,149,814	\$ 1,384,109
Paid to suppliers for goods and services	(4,797,303)	(6,414,144)
Paid to employees for services	<u>(2,533,974)</u>	<u>(2,375,367)</u>
Cash Flows From Operating Activities	<u>(6,181,463)</u>	<u>(7,405,402)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies received - local	698,540	942,335
Operating subsidies received - state	3,533,817	4,274,595
Operating subsidies received - federal	1,216,355	1,468,474
Transfers	812,562	1,021,248
Swept to pooled city cash	<u>-</u>	<u>(685,057)</u>
Cash Flows From Noncapital Financing Activities	<u>6,261,274</u>	<u>7,021,595</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	(777,502)	1,411,302
Acquisition and construction of capital assets	<u>697,691</u>	<u>(1,027,495)</u>
Cash Flows From Capital and Related Financing Activities	<u>(79,811)</u>	<u>383,807</u>
Net Change in Cash and Cash Equivalents	-	-
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
NONCASH CAPITAL AND FINANCING ACTIVITIES		
Change in capital grant receivables	<u>\$ 82,070</u>	<u>\$ (406,742)</u>
Change in operating grant receivables	<u>\$ 125,642</u>	<u>\$ (413,842)</u>
Change in CARES grant receivables	<u>\$ 600,000</u>	<u>\$ -</u>

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	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (7,862,970)	\$ (8,441,057)
Noncash items included in operating loss		
Depreciation	1,101,923	1,088,714
Change in assets and liabilities		
Accounts receivable - other	(11,789)	(11,735)
Due from other funds	533,341	-
Inventories	14,981	(1,041)
Prepaid items	168,824	7,829
Accounts payable	(159,682)	129,588
Due to other funds	-	(219,182)
Compensated absences	10,150	22,843
OPEB related deferrals and liabilities	3,040	(845)
Pension related deferrals and assets	(3,009)	9,652
Other current liabilities	<u>23,728</u>	<u>9,832</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (6,181,463)</u>	<u>\$ (7,405,402)</u>

See accompanying notes to financial statements.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2020 and 2019

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.

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

- > Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2020 and 2019

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.)***

- > 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.
- > Bonds or securities issued or guaranteed by the federal government.
- > The local government investment pool.
- > Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- > Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- > 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, 2020 and 2019

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.

Postemployment Benefits Other Than Pensions (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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:

	Years
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.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2020 and 2019

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

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

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 January 6, 2020 as approved by the Waukesha Transit Commission Board.

WAUKESHA METRO TRANSIT**NOTES TO FINANCIAL STATEMENTS**

As of and for the Years Ended December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**REVENUES AND EXPENSES (cont.)*****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.

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. 87, *Leases*, Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, Statement No. 91, *Conduit Debt Obligations*, and Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. 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, 2020 and 2019:

Due To	Due From	2020		2019	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Transit	\$ 38,402	Operating activities	\$ 685,057	Capital and operating activities
Transit	Municipality	190,118	Reserve tax levy	-	

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2020 and 2019

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in transit capital assets for 2020 and 2019 follows:

	Balance 1/1/20	Additions	Retirements	Balance 12/31/20
Capital assets, not being depreciated				
Land	\$ 1,683,701	\$ -	\$ -	\$ 1,683,701
Capital assets being depreciated				
Transit Terminal				
Building	12,384,003	87,289	-	12,471,292
Vehicles	9,032,015	598,280	422,347	9,207,948
Shop equipment	1,115,363	32,693	-	1,148,052
Office equipment	837,958	61,497	-	899,455
Total Capital Assets Being Depreciated	23,369,339	779,759	422,347	23,726,751
Total Capital Assets	25,053,040	779,759	422,347	25,410,452
Less: Accumulated depreciation				
Building	(5,902,934)	(329,929)	-	(5,902,934)
Vehicles	(3,764,410)	(675,762)	422,347	(3,764,410)
Shop equipment	(1,077,233)	(22,858)	-	(1,077,233)
Office equipment	(630,379)	(75,631)	-	(630,379)
Total Accumulated Depreciation	(11,374,956)	(1,104,180)	422,347	(12,056,789)
Net Transit System Plant	\$ 13,678,084			\$ 13,353,663
	Balance 1/1/19	Additions	Retirements	Balance 12/31/19
Capital assets, not being depreciated				
Land	\$ 1,683,701	\$ -	\$ -	\$ 1,683,701
Capital assets being depreciated				
Transit Terminal				
Building	12,384,003	-	-	12,384,003
Vehicles	9,076,113	952,483	996,581	9,032,015
Shop equipment	1,287,980	-	172,617	1,115,363
Office equipment	890,521	81,226	133,789	837,958
Total Capital Assets Being Depreciated	23,638,617	1,033,709	1,302,987	23,369,339
Total Capital Assets	25,322,318	1,033,709	1,302,987	25,053,040
Less: Accumulated depreciation				
Building	(5,565,458)	(337,476)	-	(5,902,934)
Vehicles	(4,109,906)	(640,285)	985,781	(3,764,410)
Shop equipment	(1,217,484)	(32,366)	172,617	(1,077,233)
Office equipment	(685,585)	(78,573)	133,779	(630,379)
Total Accumulated Depreciation	(11,578,433)	(1,088,700)	1,292,177	(11,374,956)
Net Transit System Plant	\$ 13,743,885			\$ 13,678,084

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2020 and 2019

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 nonfederal 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.

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 2020 and 2019 was as follows:

	2020	2019
Governmental Unit		
Federal (net of amounts passed to sub recipients)	\$ 1,307,406	\$ 1,519,369
Federal/City – tire lease	31,625	33,224
Federal-CMAQ	9,291	14,099
Federal-CARES	600,000	-
State of Wisconsin	3,447,269	3,655,790
State Paratransit Aid	86,548	84,234
Local		
City of Waukesha	806,238	985,456
Waukesha County	665,931	1,031,025
Town of Brookfield	-	-
	\$ 6,954,308	\$ 7,323,197
Totals		

In 2020, the State of Wisconsin Department of Transportation (DOT) completed the final review of the operating grants for 2018, which resulted in additional money due from the transit. In 2019, the State of Wisconsin Department of Transportation (DOT) completed the final review of the operating grants for 2017, which resulted in additional money due back to the transit. The additional \$29,156 of state aid was recognized in 2019.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2020 and 2019

NOTE 6 – LONG-TERM OBLIGATIONS

LONG-TERM OBLIGATIONS SUMMARY

	1/1/20 Balance	Additions	Reductions	12/31/20 Balance	Due Within One Year
Other liabilities	\$ 105,056	\$ -	\$ -	\$ 105,056	\$ -
Compensated absences	338,514	29,328	29,741	338,101	-
Totals	\$ 443,570	\$ 29,328	\$ 29,741	\$ 443,157	\$ -

	1/1/19 Balance	Additions	Reductions	12/31/19 Balance	Due Within One Year
Other liabilities	\$ 105,056	\$ -	\$ -	\$ 105,056	\$ -
Compensated absences	322,459	28,754	12,699	338,514	-
Totals	\$ 427,515	\$ 28,754	\$ 12,699	\$ 443,570	\$ -

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note 8, and information on the Net OPEB liability (asset) is provided in Note 9.

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, 2020 and 2019, 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, 2020, Waukesha Metro Transit has a restricted net position for the pension asset.

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, 2020 and 2019

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, liabilities 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, liabilities and pension expense are included in these statements.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

The city participates in the Local Retiree Life Insurance Fund (LRLIF). The transit has one employee who is LRLIF eligible and is allocated a share of the city's OPEB related liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense based on their proportionate share of employer contributions made to LRLIF related to the one employee.

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

NOTE 10 – 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; worker's 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.

WAUKESHA METRO TRANSIT**NOTES TO FINANCIAL STATEMENTS**As of and for the Years Ended December 31, 2020 and 2019

NOTE 10 – RISK MANAGEMENT (COMMERCIAL/SELF INSURANCE) (cont.)

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.

The city's share of this corporation is 3.89% for auto liability and 8.98% 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 11 – 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, 2020 and 2019, the transit paid \$131,807 and \$130,475, respectively, in retirement costs for the retirement plan maintained by Professional Transit Management of Waukesha, Inc.

NOTE 12 – SUBSEQUENT EVENTS

The transit evaluated subsequent events through the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

DRAFT

SUPPLEMENTAL INFORMATION

DRAFT**WAUKESHA METRO TRANSIT**

DETAILED SCHEDULE OF WAUKESHA TRANSIT COMMISSION -
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - REGULATORY BASIS
 As of December 31, 2020 and 2019

		2020	2019
REVENUE			
401.	Passenger fares for transit service	\$ 434,651	\$ 1,193,282
406.	Nontransportation revenues	45,911	55,585
407.	Nontransportation revenues - route administration	147,700	146,977
408.	City tire lease grant revenue	6,325	6,645
408.	Federal tire lease grant revenue	25,300	26,579
409.	Local cash grants, reimbursements and transfers - operating	1,472,169	2,016,481
409.	Refund prior year state grant close-outs	-	29,156
409.105	Local cash grants, reimbursements and transfers - capital	155,951	206,743
411.	State cash grants and reimbursements - operating	3,447,269	3,655,790
411.105	State cash grants and reimbursements - capital	-	-
411.	State paratransit aid	86,548	84,234
413.	Federal cash grants and reimbursements - operating	1,307,406	1,519,369
413.	CMAQ grant	9,291	14,099
413	CARES grant	600,000	-
413.105	Federal cash grants and reimbursements - capital	623,809	826,964
TOTAL REVENUE		8,362,330	9,781,904
EXPENSES – BY OBJECT CLASS TOTAL			
501.01	Operations salaries and wages	1,320,587	1,454,559
501.02	Other salaries and wages	999,097	957,928
502.	Fringe benefits and FICA	1,534,877	1,417,439
503.	Services	547,189	592,344
504.01	Fuel and lubricants	206,771	311,976
504.02	Tires and tubes	31,625	33,224
504.99	Other materials and supplies	156,205	137,892
505.	Utilities	77,945	75,956
506.	Casualty and liability costs	143,032	139,809
507.	Taxes	893	466
508.	Purchased transportation	2,354,357	3,598,696
509.	Miscellaneous expense	16,731	27,898
	Total Operation and Maintenance Expenses	7,389,309	8,748,187
Reconciling items			
513.	Loss (gain) on asset disposal	3,142	5
513.	Depreciation	1,098,781	1,088,709
	Total Reconciling Items	1,101,923	1,088,714
TOTAL EXPENSES AND RECONCILING ITEMS		8,491,232	9,836,901
CHANGE IN NET POSITION		(128,902)	(54,997)
NET POSITION - Beginning of Year		14,613,042	14,668,039
NET POSITION - END OF YEAR		\$ 14,484,140	\$ 14,613,042

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, 2020

	Per WisDOT Guidelines	Per Federal Guidelines
Revenues from Waukesha Transit Commission's records	\$ 8,362,330	\$ 8,362,330
Less: Unrecognized Revenues		
406. Nontransportation revenues	189	45,911
407. Nontransportation revenues - route administration	147,700	147,700
408. Local tire lease revenue	6,325	6,325
409. Local operating assistance and transfers	1,472,169	1,472,169
409.105 Local assistance and transfers - capital	155,951	155,951
411. State operating assistance	3,447,269	3,447,269
411. State paratransit aid	86,548	86,548
411. State prior year revenue	29,156	29,156
413. Federal operating assistance	1,307,406	1,307,406
413. Federal tire lease revenue	25,300	25,300
413. CMAQ grant	9,291	9,291
413. CARES grant	600,000	600,000
413.105 Other nonoperating revenues (capital funding & subrecipient costs)	623,809	623,809
ADJUSTED REVENUES	\$ 451,217	\$ 405,495
Expenses from Waukesha Transit Commission's records	\$ 8,491,232	\$ 8,491,232
Less: Nonrecognized Expenses		
513. Depreciation	1,098,781	1,098,781
513. Loss (gain) on asset disposal	3,142	3,142
Less: CMAQ Grant Funding - not eligible (mkt/night service) - 100%	11,614	11,614
Less: WisDOT Paratransit Costs - not eligible	86,548	-
Less: 5337 Grant Funding - not eligible 100%	584,646	584,646
RECOGNIZED EXPENSES	\$ 6,706,501	\$ 6,793,049
RECOGNIZED DEFICITS	\$ (6,255,284)	\$ (6,387,554)

WAUKESHA METRO TRANSIT

WAUKESHA TRANSIT COMMISSION -
 COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS
 For the Year Ended December 31, 2020

FEDERAL SECTION 9 FUNDS

Preventative maintenance	\$ 319,303
Federal tire lease grant revenue	28,800
Capital cost of third party contracting	<u>668,103</u>
Maximum Federal Share Per Grant Awards	<u>\$ 1,016,206</u>

STATE FUNDS

WisDOT Contract Maximum	<u>\$ 3,447,269</u>
Local Operating Subsidy	<u>\$ 1,472,169</u>
5 Times Operating Subsidy	<u>\$ 7,360,845</u>
State Share – Contractual Amount	<u>\$ 3,447,269</u>

SUMMARY OF 2020 OPERATIONAL FUNDING *

	<u>Received in 2020</u>	<u>Receivable 12/31/20</u>	<u>Totals</u>
Federal Section 9 Funds	\$ 626,385	\$ 681,021	\$ 1,307,406
State Funds – Operating	3,447,269	-	3,447,269
Local Funds	<u>1,050,268</u>	<u>421,901</u>	<u>1,472,169</u>
Total Funding	<u>\$ 5,123,922</u>	<u>\$ 1,102,922</u>	<u>\$ 6,226,844</u>

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