

May 30, 2019

Waukesha Transit Commission
City of Waukesha
2311 Badger Drive
Waukesha, WI 53188-5932

Dear Commission Members:

The following are comments highlighting items that came to our attention during our audit of the financial statements of the City of Waukesha Transit (transit) for the year ended December 31, 2018 and 2017, which we reported upon on May 30, 2019. These comments are based on our observations during the audit and are intended to bring information of interest to the Waukesha Transit Commission (Commission).

This report is intended solely for the information and use of management and the Commission, and is not intended to be, and should not be, used by anyone other than the specified parties.

AUDIT REPORT

Consistent with recent years, the transit issued a full audit report in addition to the supplemental schedules historically prepared. This report is prepared with the assistance of management and provides additional detail and understanding of the transit's operations during year and financial position at year end. The transit's financial data continues to be included in the City of Waukesha's Comprehensive Annual Financial Report.

COUNTY INFORMATION THAT FLOWS THROUGH TRANSIT'S FINANCIALS

The transit continues to act as an administrator for county services. Due to this relationship with the county, all federal, state, and local grants that the county receives flow through the transit's revenues on the financial statements. The transit also contracts out for purchased transportation and bills some administrative costs to the county, which show as expenses on the transit's financial statements. If this relationship with the county were to end, the transit's revenues and expenses would decrease; however, there would be minimal overall net effect on income.

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

TRANSIT OVERSIGHT

Due to the size of the transit, there is limited personnel in the accounting department. Management has worked diligently to implement controls, however, it is important that the Transit Commission stay involved, review information provided, and ask questions.

REQUIRED COMMUNICATIONS

As part of the audit process we are required to communicate certain issues related to the internal controls of the transit. As the processes related to the recording and reporting of financial data for the transit are integrated with the city, these communications are included in the report on internal controls for the City of Waukesha as presented to the City Council. In addition, there are certain communications that are required to be made to the governing body related to responsibilities, the scope of the audit and the audit processes. Again, these communications are included in the report on internal controls for the City of Waukesha, including the transit, as presented to the City Council. This letter presents communications related to only transit specific items.

CORRECTED AND UNCORRECTED MISSTATEMENTS (AUDIT ADJUSTMENTS)

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There was one uncorrected financial statement misstatement related to the close out of the 2017 WI DOT grant funding that would have increased accounts receivable and the state operating subsidy by \$29,516. Due to the timing of receiving the closeout communication, management has determined to record this in 2019. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, a summary of material financial statement misstatements (audit adjustments) has been provided to you.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter. This letter is attached.

CLOSING

Our comments are intended to highlight unique transactions and items that were noted during the financial audit of the transit. We are available to discuss these items in more detail.

We thank transit's personnel for the assistance provided during the audit. Please contact us if you have any questions or comments.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.