

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, 2015 and 2014

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, 2015 and 2014, 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.

To the Transit Commission Board
Waukesha Metro Transit

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, 2015 and 2014, 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 Matters

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, 2015 and 2014 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.

As discussed in the Note 1, Waukesha Metro Transit has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. The cumulative effect of the change is shown in the current year. 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.

To the Transit Commission Board
Waukesha Metro Transit

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 Vichow Krause, LLP

Madison, Wisconsin
May 16, 2016

Waukesha Metro Transit

Management's Discussion and Analysis

Basic History of Waukesha Metro Transit

Waukesha Metro Transit began operations on August 30, 1981, after a referendum concerning a publicly owned, privately managed fixed-route bus system was successful in April 1980. 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 1981.

Public transit was actually initiated in the Waukesha area in 1895 with the construction of an electric railway between Waukesha and Waukesha Beach, a recreational area located on Pewaukee Lake. In 1898, this route was connected to a new electric interurban railway route between Waukesha and Milwaukee. In 1907 the line was extended west to Oconomowoc, and in 1908 it was extended again to Watertown. In August 1941, local bus service was inaugurated in the City of Waukesha. Declining ridership had forced cutbacks in the electric interurban railway service to the western city limits of Waukesha. In 1945, the interurban service was further reduced to the central business district. In 1951, for a brief period, both bus and railway service was provided in the Milwaukee-Waukesha corridor by Waukesha Transit Lines. Due to financial losses, the electric interurban railway service was discontinued in 1951. Wisconsin Coach Lines, formerly Waukesha Transit Lines, ran private city bus service until 1975, when the service ceased due to declining patronage.

Waukesha Metro Transit has grown since opening in 1981 and carried 695,391 passengers in 2015. Waukesha Metrolift, a demand-responsive paratransit service required under federal regulations for those persons unable to ride fixed route transit because of disability, was started in March 1982. Contracted to a private transit carrier at first, the Metrolift service was brought in-house in June 1995. The Metrolift service carried 10,906 disabled persons in 2015 at a fare double the fixed route adult fare.

The initial transit terminal in the River Front Parking Lot, currently used for the Farmer's Market, opened in 1983. Waukesha Metro recorded its 1 Millionth Rider in October 1984, 10 Millionth Rider in March 2000 and 20 Millionth Rider in May 2013. Saturday service began on February 11, 1985 and service to Brookfield Square began on August 31, 1992, providing a connection with Milwaukee County Transit System. Night service began on August 26, 1996 and Sunday Service began on June 17, 2001. When these new service types are piloted, it is typically through a CMAQ (Congestion Mitigation and Air Quality) Grant for the first few years. This is usually the length of time needed to establish these new services and make them effective. All of these services are still in place today and have been a positive addition to Waukesha Metro Transit service.

When service began in 1981, service was provided with nine leased buses from Nashville and the buses were parked outside the City Garage. Service was provided Monday-Friday, daytime hours only with an adult fare of \$0.50. Today, the City of Waukesha currently owns 30 buses, 7 paratransit and 23 fixed-route buses. All 30 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 with no long waits between buses for bus riders. 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. Revenue is recorded when earned and expenses are recorded when incurred.

The statement of net position presents information on the assets and liabilities, with the difference between the two 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

	2015	2014	2013
<u>Assets</u>			
Current Assets	\$2,507,530	\$1,951,508	\$2,715,806
Capital Assets (net of accum. depr)	\$14,021,130	\$11,656,514	\$12,518,570
Total Assets	\$16,528,660	\$13,608,022	\$15,234,376
<u>Liabilities</u>			
Current Liabilities	\$1,110,756	\$488,532	\$1,160,964
Non-current Liabilities	\$523,122	\$603,640	\$699,961
Total Liabilities	\$1,633,878	\$1,092,172	\$1,860,925
<u>Net Assets</u>			
Invested in capital assets	\$14,005,760	\$11,656,514	\$12,518,570
Restricted - Pension	\$15,370	\$0	\$0
Unrestricted (deficit)	\$889,740	\$859,336	\$854,881
Total Net Assets	\$14,910,870	\$12,515,850	\$13,373,451

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.

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.

Net Position is comprised of the three 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 net pension asset calculated under GASB Statement No. 68. The final line represents the component of Net Position that doesn't fit into the prior categories. 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 – Invested 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

	2015	2014	2013
Operating Revenues			
Passenger fares for transit service	\$1,460,608	\$1,536,313	\$1,607,892
Non-transportation revenues - advertising	\$74,485	\$46,382	\$101,589
WisDOT commuter service	\$394,732	\$7,607	\$0
Non-transportation revenues - route administration	\$135,034	\$129,379	\$126,198
Total Operating Revenues	\$2,064,859	\$1,719,681	\$1,835,679
Operating Expenses			
Salaries and wages	\$2,198,663	\$2,210,205	\$2,132,849
Fringe benefits	\$1,489,000	\$1,441,278	\$1,505,669
Services	\$587,737	\$584,152	\$543,789
Materials and Supplies	\$475,167	\$753,774	\$784,086
Utilities	\$95,214	\$108,315	\$99,420
Casualty and Liability costs	\$121,903	\$159,432	\$161,521
Taxes	\$841	\$533	\$325
Purchased transportation services	\$3,810,901	\$3,443,188	\$3,593,143
Miscellaneous	\$42,963	\$30,435	\$60,905
Depreciation	\$1,055,725	\$965,499	\$1,047,830

Total Operating Expenses	\$9,878,114	\$9,696,811	\$9,929,537
Operating Loss	(\$7,813,255)	(\$7,977,130)	(\$8,093,858)
Operating Subsidies			
Federal/city tire lease grant revenue	\$32,827	\$31,697	\$32,400
Local - City of Waukesha	\$950,350	\$1,064,798	\$989,432
Local - Other	\$742,496	\$674,512	\$678,875
State - Operating	\$4,093,426	\$4,207,784	\$4,361,428
Prior Year State Grant Close-outs	\$0	(\$51,561)	\$479,202
Refund Prior Year State Grant Close-outs - Waukesha County	\$0	(\$4,808)	(\$221,126)
CMAQ Grant	\$29,660	\$26,696	\$31,579
State I-94 Subsidy	\$0	\$0	\$0
Federal - Operating	\$918,756	\$1,008,774	\$1,006,186
Federal Capital/Operating Assistance Passed To Subrecipient	(\$8,473)	(\$1,991)	(\$52,955)
Total Subsidies	\$6,759,042	\$6,955,901	\$7,305,021
Loss before Contributions and Transfers	(\$1,054,213)	(\$1,021,229)	(\$788,837)
Capital Contributions - Federal/State	\$2,792,823	\$75,478	\$442,707
Capital Contributions - Local	\$625,384	\$31,781	\$5,726
Transfers Out	\$0	\$56,369	(\$258,076)
Change in Net Assets	\$2,363,994	(\$857,601)	(\$598,480)
Net Assets - Beginning of Year	\$12,515,850	\$13,373,451	\$13,971,931
Cumulative effect of a change in accounting principle	\$31,026	\$0	\$0
Net Assets - End of Year	\$14,910,870	\$12,515,850	\$13,373,451

The transit system saw a 20% increase in operating revenue from 2014 to 2015 which is attributable to the I-94 service hours for the County that Wisconsin Coach Lines ran.

The transit system saw under a 2% increase in total operating expenses from 2014 to 2015. The majority of the increase is found in the depreciation category, which is an unfunded expense. There was a large amount of capital purchases and retirements in 2015.

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 2013, Waukesha Metro Transit purchased \$448,443 in capital grants. Of these purchases \$442,707 was the federal share and \$5,726 was the local match. Most of the purchases this year was made from an ARRA Grant and reimbursed at 100% by the FTA.

These capital grant expenditures included fareboxes for the entire fleet, security cameras for 13 buses, various ADP hardware items, fascia project at Badger Drive facility, shop equipment and enhancement projects.

In 2014, Waukesha Metro Transit purchased \$107,259 in capital grants. Of these purchases \$75,478 was the federal share and \$31,781 was the local match.

These capital grant expenditures included the rebuilding of bus engines to extend their useful life, building wash lane door replacement, a new service vehicle, building floor scrubber, bus build preproduction expenses and enhancement projects.

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.

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

- 706,297 total ridership in 2015, 1.6% decrease
- Serving the City of Waukesha, Town and City of Brookfield & Village of Pewaukee
- Operates 11 fixed routes & Metrolift paratransit service
- 23 fixed route buses & 7 Metrolift buses
- 1 Transit Center & 1 Administration and Maintenance facility

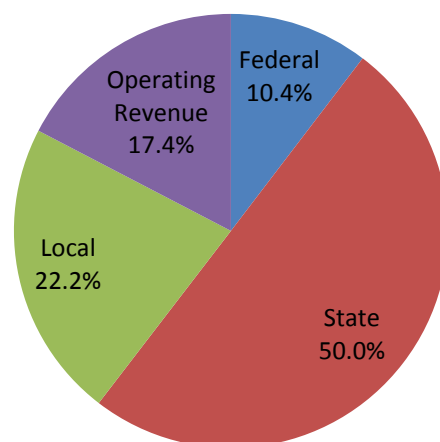


Performance and Cost Efficiency: Waukesha Metro Transit

Fixed Route – City of Waukesha	2015	2014	2013
Revenue Hours	51,464	51,365	53,623
Revenue Miles	665,030	664,064	710,817
Unlinked Trips	695,391	706,447	746,793
Cost per Trip	\$ 6.06	\$ 6.32	\$ 5.97
Trips per Hour	13.51	13.75	13.93

ADA Paratransit—City of Waukesha	2015	2014	2013
Revenue Hours	6,523	6,872	7,077
Revenue Miles	66,529	72,228	71,512
Unlinked Trips	10,906	11,916	12,398
Cost per Trip	\$ 52.68	\$ 51.06	\$ 49.04
Trips per Hour	1.67	1.73	1.75

Waukesha Metro Transit 2015 Funding





Snap Shot of Transportation

- 410,674 total ridership in 2015, 3.8% decrease
- Serving Waukesha County and portions of Milwaukee County
- 7 fixed routes & paratransit service
- All services contracted out
-

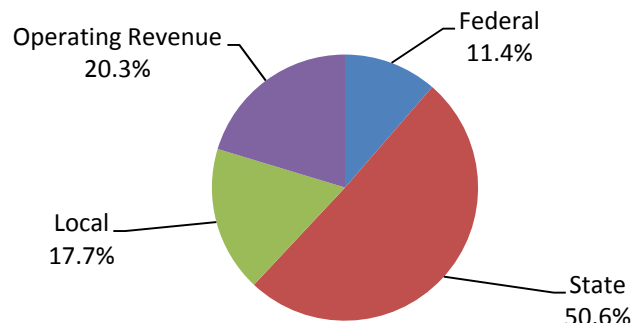
Contractor	Service
Wisconsin Coach Lines	Route 901, 904, 905, 906
Milwaukee County Transit	Route 10 & 79
Waukesha Metro Transit	Route 1 (Portion)
Transit Express	ADA Paratransit

Performance and Cost Efficiency: Waukesha County Transit System

Fixed Route-- Waukesha County	2015	2014	2013
Revenue Hours	25,295	22,291	22,109
Revenue Miles	567,060	485,920	475,731
Unlinked Trips	407,579	423,423	441,307
Cost per Trip	\$ 9.54	\$ 8.25	\$ 8.07
Trips per Hour	16.11	19.00	19.96

ADA Paratransit— Waukesha County	2015	2014	2013
Revenue Hours	1,380	1,430	2,220
Revenue Miles	22,049	20,851	29,682
Unlinked Trips	3,095	3,677	5,856
Cost per Trip	\$ 47.90	\$ 45.89	\$ 43.13
Trips per Hour	2.24	2.57	2.64

Waukesha County Transit System 2015 Funding



WAUKESHA METRO TRANSIT

STATEMENTS OF NET POSITION As of December 31, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 8,741	\$ -
Accounts receivable		
State of Wisconsin capital and operating grants	690,406	654,286
Federal capital and operating grants	1,013,356	189,649
Waukesha County	277,989	253,189
Due from WisDOT commuter service	274,299	7,607
Other	28,047	37,155
Due from other funds	-	586,876
Inventories	142,309	141,990
Prepaid items	72,383	80,756
Total Current Assets	<u>2,507,530</u>	<u>1,951,508</u>
NONCURRENT ASSETS		
Net pension asset	15,370	-
Capital Assets		
Land	1,683,701	1,683,701
Plant in service (at cost)	22,970,833	21,453,178
Accumulated depreciation	<u>(10,648,774)</u>	<u>(11,480,365)</u>
Total Noncurrent Assets	<u>14,021,130</u>	<u>11,656,514</u>
 Total Assets	 <u>16,528,660</u>	 <u>13,608,022</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	<u>16,088</u>	<u>-</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	392,540	410,820
Accrued liabilities	29,721	23,276
Due to other funds	631,264	-
Compensated absences	<u>57,231</u>	<u>54,436</u>
Total Current Liabilities	<u>1,110,756</u>	<u>488,532</u>
NONCURRENT LIABILITIES		
Other liabilities	105,056	105,056
Compensated absences	<u>418,066</u>	<u>498,584</u>
Total Noncurrent Liabilities	<u>523,122</u>	<u>603,640</u>
 Total Liabilities	 <u>1,633,878</u>	 <u>1,092,172</u>
NET POSITION		
Net investment in capital assets	14,005,760	11,656,514
Restricted - Pension	15,370	-
Unrestricted	<u>889,740</u>	<u>859,336</u>
 NET POSITION	 <u>\$ 14,910,870</u>	 <u>\$ 12,515,850</u>

See accompanying notes to financial statements.

WAUKESHA METRO TRANSIT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

As of December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Passenger fares for transit service	\$ 1,460,608	\$ 1,536,313
Non-Transportation Revenue		
Advertising	74,485	46,382
WisDOT commuter service	394,732	7,607
Other	135,034	129,379
Total Operating Revenues	<u>2,064,859</u>	<u>1,719,681</u>
OPERATING EXPENSES		
Operation and maintenance	8,822,389	8,731,311
Depreciation	1,055,725	965,500
Total Operating Expenses	<u>9,878,114</u>	<u>9,696,811</u>
Operating Loss	<u>(7,813,255)</u>	<u>(7,977,130)</u>
OPERATING SUBSIDIES		
Tire lease	32,827	31,697
Local - City of Waukesha	950,350	1,064,798
Local - Other	742,496	674,512
State	4,093,426	4,207,784
Prior year state grant close-outs	-	(51,561)
Allocation of prior year state grant close-outs - Waukesha County	-	(4,808)
Federal	948,416	1,035,470
Federal capital/operating assistance passed to subrecipient	(8,473)	(1,991)
Total Nonoperating Revenues	<u>6,759,042</u>	<u>6,955,901</u>
Loss Before Contributions and Transfers	(1,054,213)	(1,021,229)
CAPITAL CONTRIBUTIONS	2,792,823	75,478
CAPITAL CONTRIBUTIONS - MUNICIPALITY	625,384	31,781
TRANSFERS (IN)/OUT - REFUND PRIOR YEAR STATE GRANT		
CLOSE-OUTS - CITY	<u>-</u>	<u>56,369</u>
Change in Net Position	2,363,994	(857,601)
NET POSITION - Beginning of Year	12,515,850	13,373,451
Cumulative effect of a change in accounting principle	<u>31,026</u>	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ 14,910,870</u>	<u>\$ 12,515,850</u>

See accompanying notes to financial statements.

WAUKESHA METRO TRANSIT

STATEMENTS OF CASH FLOWS As of December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 1,807,275	\$ 1,717,845
Paid to suppliers for goods and services	(5,487,522)	(7,388,539)
Paid to employees for services	(2,198,663)	(2,210,205)
Cash Flows From Operating Activities	(5,878,910)	(7,880,899)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies received - local	1,668,046	1,470,653
Operating subsidies received - state	4,057,306	5,240,461
Operating subsidies received - federal	207,051	1,168,057
Pass through of federal operating subsidies	(8,473)	(1,991)
Cash Flows From Noncapital Financing Activities	5,923,930	7,877,180
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	3,368,692	107,163
Acquisition and construction of capital assets	(3,404,971)	(103,444)
Cash Flows From Capital and Related Financing Activities	(36,279)	3,719
Net Change in Cash and Cash Equivalents	8,741	-
CASH AND CASH EQUIVALENTS - Beginning of Year	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,741	\$ -
NONCASH CAPITAL AND FINANCING ACTIVITIES		
Change in capital grant receivables	\$ 49,515	\$ 96
Change in operating grant receivables	\$ 835,111	\$ (1,236,895)

	2015	2014
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (7,813,255)	\$ (7,977,130)
Noncash items included in operating loss		
Depreciation	1,055,725	965,500
Change in assets and liabilities		
Accounts receivable - other	(257,584)	(1,836)
Due from other funds	586,876	(465,275)
Inventories	(319)	(1,969)
Prepaid items	8,373	(3,421)
Accounts payable	(18,280)	(259,149)
Due to other funds	631,264	-
Compensated absences	(77,723)	(89,903)
Pension related deferrals and liabilities	(432)	-
Other current liabilities	6,445	(47,716)
	<u>6,445</u>	<u>(47,716)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (5,878,910)</u>	<u>\$ (7,880,899)</u>

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2015 and 2014

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.

GASB issued Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, in June 2012 and November 2013, respectively. These statements establish accounting and financial reporting standards for the accounting and reporting to the utility's cost-sharing multiple employer pension plan. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employer*. The utility adopted these statements effective January 1, 2015. The cumulative impact of the implementation is shown in Note 12.

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.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2015 and 2014

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

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, 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:

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. 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.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2015 and 2014

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

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

Prepaid Items

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

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.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2015 and 2014

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

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

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.

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.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2015 and 2014

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 GASB Statement No. 72, *Fair Value Measure and Application*, Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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, 2015 and 2014:

Due To	Due From	2015		2014	
		Amount	Principal Purpose	Balance	Principal Purpose
Municipality	Transit	\$ 622,523	Capital and operating activities	\$ -	
Transit	Municipality	-		586,876	Capital and operating activities

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2015 and 2014

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in transit capital assets for 2015 and 2014 follows:

	Balance 1/1/15	Additions	Retirements	Balance 12/31/15
Capital assets, not being depreciated				
Land	\$ 1,683,701	\$ -	\$ -	\$ 1,683,701
Capital assets being depreciated				
Building	12,165,071	38,792	(16,832)	12,187,031
Vehicles	6,387,473	3,186,612	(1,171,720)	8,402,365
Shop equipment	1,748,221	71,556	(278,642)	1,541,135
Office equipment	1,152,413	120,001	(432,112)	840,302
Total Capital Assets Being Depreciated	21,453,178	3,416,961	(1,899,306)	22,970,833
Total Capital Assets	23,136,879	3,416,961	(1,899,306)	24,654,534
Less: Accumulated depreciation				
Building	(4,266,921)	(329,185)	16,832	(4,579,274)
Vehicles	(5,079,634)	(463,438)	1,158,220	(4,384,852)
Shop equipment	(1,133,417)	(198,697)	278,642	(1,053,472)
Office equipment	(1,000,393)	(61,533)	430,750	(631,176)
Total Accumulated Depreciation	(11,480,365)	(1,052,853)	1,884,444	(10,648,774)
Net Transit System Plant	<u>\$ 11,656,514</u>			<u>\$ 14,005,760</u>
	Balance 1/1/14	Additions	Retirements	Balance 12/31/14
Capital assets, not being depreciated				
Land	\$ 1,683,701	\$ -	\$ -	\$ 1,683,701
Capital assets being depreciated				
Building	12,153,446	11,625	-	12,165,071
Vehicles	6,621,056	21,630	(255,213)	6,387,473
Shop equipment	1,686,002	62,219	-	1,748,221
Office equipment	1,139,383	13,030	-	1,152,413
Total Capital Assets Being Depreciated	21,599,887	108,504	(255,213)	21,453,178
Total Capital Assets	23,283,588	108,504	(255,213)	23,136,879
Less: Accumulated depreciation				
Building	(3,936,152)	(330,769)	-	(4,266,921)
Vehicles	(4,941,882)	(387,265)	249,513	(5,079,634)
Shop equipment	(944,466)	(188,951)	-	(1,133,417)
Office equipment	(942,518)	(57,875)	-	(1,000,393)
Total Accumulated Depreciation	(10,765,018)	(964,860)	249,513	(11,480,365)
Net Transit System Plant	<u>\$ 12,518,570</u>			<u>\$ 11,656,514</u>

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2015 and 2014

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 2015 and 2014 was as follows:

	2015	2014
Governmental Unit		
Federal (net of amounts passed to sub recipients)*	\$ 910,282	\$ 1,006,783
Federal/City – tire lease	32,827	31,697
Federal-CMAQ	29,661	26,696
State of Wisconsin	4,006,975	4,109,826
State Paratransit Aid	86,451	97,958
Local		
City of Waukesha	950,350	1,064,798
Waukesha County	734,592	666,812
Town of Brookfield	7,904	7,700
Totals	<u>\$ 6,759,042</u>	<u>\$ 7,012,270</u>

* In 2014 and 2015, the transit passed through federal enhancement funds to Waukesha County for new bus shelters.

In 2014, the State of Wisconsin Department of Transportation (DOT) completed the final review of the operating grants for 2009 through 2012. This resulted in additional money due back to the transit. Since the City of Waukesha and Waukesha County subsidize the deficit of the transit, these funds were transferred proportionately to the City and Waukesha County. In early 2015, the DOT completed the final review of the operating grant for 2013 which resulted in a reduced final receivable from the State. The difference will be provided proportionately by the City and Waukesha County. As there is no net impact to the transit, the schedule above does not include the accrual of prior year state grant close-out activity.

WAUKESHA METRO TRANSIT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2015 and 2014

NOTE 6 – LONG-TERM OBLIGATIONS

LONG-TERM OBLIGATIONS SUMMARY

	1/1/15 Balance	Additions	Reductions	12/31/15 Balance	Due Within One Year
Other Liabilities	\$ 105,056	\$ -	\$ -	\$ 105,056	\$ -
Compensated Absences	498,584	64,295	144,813	418,066	-
Totals	<u>\$ 603,640</u>	<u>\$ 64,295</u>	<u>\$ 144,813</u>	<u>\$ 523,122</u>	<u>\$ -</u>
	1/1/14 Balance	Additions	Reductions	12/31/14 Balance	Due Within One Year
Other Liabilities	\$ 105,056	\$ -	\$ -	\$ 105,056	\$ -
Compensated Absences	594,905	69,709	166,030	498,584	-
Totals	<u>\$ 699,961</u>	<u>\$ 69,709</u>	<u>\$ 166,030</u>	<u>\$ 603,640</u>	<u>\$ -</u>

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, 2015 and 2014, 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, 2015, 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, 2015 and 2014

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, 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 and pension expense are included in those 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.

In 2015, TMi issued to the city an auto liability insurance policy with a \$250,000 per person policy limit and a \$7,000,000 per accident policy limit. Of the per accident policy limit, TMi insures \$2,000,000 and reinsures \$5,000,000 with Genesis Insurance. 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, 2015 and 2014

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

The city's share of this corporation is 4.51% 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

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, 2015 and 2014, the transit paid \$114,120 and \$111,333, respectively, in retirement costs for the retirement plan maintained by Professional Transit Management of Waukesha, Inc.

NOTE 11 – SUBSEQUENT EVENTS

The utility 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.

NOTE 12 – CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE

The utility adopted GASB Statement No. 68 effective January 1, 2015. The cumulative effect of implementation is reflected as a change in net position as follows:

Net pension asset January 1, 2015	\$ 24,919
Deferred outflows January 1, 2015	<u>6,107</u>
Cumulative Effect of a Change in Accounting Principle	<u>\$ 31,026</u>

Additional information required for retroactive implementation was not provided by the pension plan.

SUPPLEMENTAL INFORMATION

WAUKESHA METRO TRANSIT

DETAILED SCHEDULE OF WAUKESHA TRANSIT COMMISSION – STATEMENTS OF NET POSITION - REGULATORY BASIS As of December 31, 2015 and 2014

	2015	2014
ASSETS		
101. Cash and cash items	\$ 8,741	\$ (488,893)
102. Receivables		
Federal – capital	100,152	50,637
Federal – capital maintenance, paratransit and contracting	910,282	134,709
State – operating	690,406	654,286
CMAQ	2,922	4,303
Other	580,335	297,952
103. Materials and supplies inventory	142,309	141,990
111. Tangible transit operating property – net of accumulated depreciation of \$10,648,774 in 2015 and \$11,480,365 in 2014	14,005,760	11,656,514
151. Prepayments	72,383	80,756
160. Pension related assets	15,370	-
Total Assets	16,528,660	12,532,254
DEFERRED OUTFLOWS OF RESOURCES		
161. Deferred outflows related to pension	16,088	-
LIABILITIES AND NET POSITION		
201. Payables		
Trade payables	392,540	410,821
202. Accrued payroll liabilities	29,721	23,276
202. Accrued compensated absences	475,297	553,020
205. Other liabilities	105,056	105,056
211. Advances from (to) city	631,264	(1,075,769)
Total Liabilities	1,633,878	16,404
Net investment in capital assets	14,005,760	11,656,514
Restricted - Pension	15,370	-
Unrestricted	889,740	859,336
TOTAL NET POSITION	\$ 14,910,870	\$ 12,515,850

WAUKESHA METRO TRANSIT

DETAILED SCHEDULE OF WAUKESHA TRANSIT COMMISSION - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - REGULATORY BASIS As of December 31, 2015 and 2014

		2015	2014
	REVENUE		
401.	Passenger fares for transit service	\$ 1,460,608	\$ 1,536,313
406.	Non-transportation revenues	75,712	47,716
407.	Non-transportation revenues - route administration	133,808	128,045
408.	City tire lease grant revenue	6,565	6,339
408.	Federal tire lease grant revenue	26,262	25,358
409.	Local cash grants and reimbursements - operating	1,692,846	1,739,310
409	Refund prior year state grant close-outs	-	51,561
409.105	Local cash grants and reimbursements - capital	625,384	31,781
411.	State cash grants and reimbursements	4,006,975	4,109,826
411.	Prior year state grant close-outs	-	(51,561)
411.	State paratransit aid	86,451	97,958
411.	State I-94 Subsidy	394,732	7,607
413.	Federal cash grants and reimbursements - operating	910,282	1,006,783
413.	CMAQ grant	29,660	26,696
413.	Federal cash grants and reimbursements - county enhancements	8,473	1,991
413.	Federal cash grants and reimbursements - passed through to subrecipient	(8,473)	(1,991)
413.105	Federal cash grants and reimbursements - capital	2,792,823	75,478
	TOTAL REVENUE	<u>12,242,108</u>	<u>8,839,210</u>
	EXPENSES – BY OBJECT CLASS TOTAL		
501.01	Operations salaries and wages	1,310,932	1,346,865
501.02	Other salaries and wages	887,731	863,340
502.	Fringe benefits and FICA	1,489,000	1,441,278
503.	Services	587,737	584,152
504.01	Fuel and lubricants	318,314	542,391
504.02	Tires and tubes	32,827	31,697
504.99	Other materials and supplies	124,026	179,686
505.	Utilities	95,214	108,315
506.	Casualty and liability costs	121,903	159,432
507.	Taxes	841	533
508.	Purchased transportation	3,810,901	3,443,188
509.	Miscellaneous expense	42,963	30,434
	Total Operation and Maintenance Expenses	<u>8,822,389</u>	<u>8,731,311</u>
	Reconciling Items		
	Loss on asset disposal	1,511	640
513.	Depreciation	<u>1,054,214</u>	<u>964,860</u>
	Total Reconciling Items	<u>1,055,725</u>	<u>965,500</u>
	TOTAL EXPENSES AND RECONCILING ITEMS	<u>9,878,114</u>	<u>9,696,811</u>
	CHANGE IN NET POSITION	2,363,994	(857,601)
	NET POSITION - Beginning of Year	12,515,850	13,373,451
	Cumulative effect of a change in accounting principle	<u>31,026</u>	<u>-</u>
	NET POSITION - END OF YEAR	<u>\$ 14,910,870</u>	<u>\$ 12,515,850</u>

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, 2015

	Per WisDOT Guidelines	Per Federal Guidelines
Revenues from Waukesha Transit Commission's records	\$ 12,242,108	\$ 12,242,108
Less: Unrecognized Revenues		
406. Non-transportation revenues	1,226	75,712
407. Non-transportation revenues - route administration	133,808	133,808
408. Local tire lease revenue	6,565	6,565
409. Local operating assistance	1,692,846	1,692,846
411. State operating assistance	4,006,975	4,006,975
411. State paratransit aid	86,451	86,451
411. State I-94 Subsidy	394,732	-
413. Federal operating assistance	910,282	910,282
413. Federal tire lease revenue	26,262	26,262
413. Federal mandatory transit improvement revenue	9,486	9,486
413. CMAQ grant	29,660	29,660
413.105 Other non-operating revenues (capital funding & subrecipient costs)	3,418,207	3,418,207
ADJUSTED REVENUES	\$ 1,525,608	\$ 1,845,854
Expenses from Waukesha Transit Commission's records	\$ 9,878,114	\$ 9,878,114
Less: Non-Recognized Expenses		
513. Depreciation	1,054,214	1,054,214
513. Loss on asset disposal	1,511	1,511
Less: CMAQ Grant Funding - not eligible (mkt/night service) - 100%	37,075	37,075
Less: WisDOT Paratransit Costs - not eligible	86,451	-
Less: WisDOT I-94 Mitigation Costs Farebox Credit - not eligible	44,893	-
Less: I-94 Subsidy - not eligible	394,732	-
RECOGNIZED EXPENSES	\$ 8,259,238	\$ 8,785,314
RECOGNIZED DEFICITS	\$ (6,733,630)	\$ (6,939,460)

WAUKESHA METRO TRANSIT

WAUKESHA TRANSIT COMMISSION - COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS For the Year Ended December 31, 2015

FEDERAL SECTION 9 FUNDS

Preventative Maintenance	440,741	
Federal Tire Lease Grant Revenue	28,800	
Federal mandatory transit improvement revenue	9,486	
Capital Cost of Third Party Contracting	<u>469,541</u>	
Maximum Federal Share Per Grant Awards		<u>\$ 948,568</u>

STATE FUNDS

WisDOT Recognized Deficit		<u>\$ 6,733,630</u>
WisDOT Recognized Expenses	<u>\$ 8,259,238</u>	
60% Times Recognized Expenses	<u>\$ 4,955,543</u>	
Less: Federal Share	<u>948,568</u>	
		<u>\$ 4,006,975</u>
WisDOT Contract Maximum		<u>\$ 4,077,262</u>
Local Operating Subsidy	<u>\$ 1,692,846</u>	
5 Times Operating Subsidy		<u>\$ 8,464,230</u>
State Share – Contractual Amount		<u>\$ 4,006,975</u>

SUMMARY OF 2015 OPERATIONAL FUNDING *

	Received in 2015	Receivable 12/31/15	Totals
Federal Section 9 Funds	\$ -	\$ 910,282	\$ 910,282
State Funds – operating	3,669,532	337,443	4,006,975
Local Funds	<u>1,414,857</u>	<u>277,989</u>	<u>1,692,846</u>
Total Funding	<u>\$ 5,084,389</u>	<u>\$ 1,525,714</u>	<u>\$ 6,610,103</u>

* Excludes local and federal capital assistance, CMAQ, WETAP.