

Waukesha Metro Transit

An Enterprise Fund of the City of Waukesha, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2023 and 2022

Waukesha Metro Transit

An Enterprise Fund of the City of Waukesha, Wisconsin
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Independent Auditors' Report

To the Transit Commission Board of
Waukesha Metro Transit

Opinion

We have audited the financial statements of Waukesha Metro Transit, an enterprise fund of the City of Waukesha, Wisconsin, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position for Waukesha Metro Transit, as of December 31, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Waukesha Metro Transit and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of Waukesha Metro Transit, an enterprise fund of the City of Waukesha, Wisconsin, are intended to present the financial position, the changes in the financial position, and cash flows of only the enterprise fund. They do not purport to, and do not, present fairly the financial position of the City of Waukesha, Wisconsin, as of December 31, 2023 and 2022, and the changes in financial position or cash flows 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Waukesha Metro Transit's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Management has omitted pension and other postemployment benefit schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing 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. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are 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 supplementary information are fairly stated in all material respects, in relation to the financial statements as a whole.

Madison, Wisconsin
June 13, 2024

**Management Discussion
and Analysis Placeholder**

Waukesha Metro Transit

Statements of Net Position
December 31, 2023 and 2022

	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	\$ -	\$ -
Accounts receivable:		
Federal capital and operating grants	656,365	641,344
CARES grant	506,562	-
Waukesha County	206,146	262,422
Milwaukee Transport	146,425	-
Other	50,087	23,511
Due from other funds	1,205,446	1,742,903
Inventories	211,024	196,730
Prepaid items	412,983	102,557
Total current assets	<u>3,395,038</u>	<u>2,969,467</u>
Noncurrent Assets		
Restricted assets:		
Net pension asset	-	48,568
Capital assets:		
Land	1,683,701	1,683,701
Plant in service (at cost)	25,856,534	25,122,330
Accumulated depreciation	<u>(13,902,353)</u>	<u>(13,679,725)</u>
Total noncurrent assets	<u>13,637,882</u>	<u>13,174,874</u>
Total assets	<u>17,032,920</u>	<u>16,144,341</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	121,159	97,116
Deferred outflows related to other postemployment benefits	<u>2,218</u>	<u>2,582</u>
Total deferred outflows of resources	<u>123,377</u>	<u>99,698</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	307,773	403,207
Accrued liabilities	137,101	78,498
Due to State of Wisconsin capital and operating grants	1,276,031	885,641
Compensated absences	<u>86,745</u>	<u>86,745</u>
Total current liabilities	<u>1,807,650</u>	<u>1,454,091</u>
Noncurrent Liabilities		
Other liabilities	166,925	105,056
Compensated absences	248,034	298,185
Net other postemployment benefit liability	4,502	7,323
Net pension liability	<u>31,222</u>	<u>-</u>
Total noncurrent liabilities	<u>450,683</u>	<u>410,564</u>
Total liabilities	<u>2,258,333</u>	<u>1,864,655</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	68,852	114,656
Deferred inflows related to other postemployment benefits	<u>3,229</u>	<u>828</u>
Total deferred inflows of resources	<u>72,081</u>	<u>115,484</u>
Net Position		
Net investment in capital assets	13,637,882	13,126,306
Restricted, pension	-	48,568
Unrestricted	<u>1,188,001</u>	<u>1,089,026</u>
Net position	<u>\$ 14,825,883</u>	<u>\$ 14,263,900</u>

See notes to financial statements

Waukesha Metro Transit

Statements of Revenues, Expenses and Changes in Net Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Passenger fares for transit service	\$ 532,437	\$ 575,789
Nontransportation revenue:		
Advertising	96,757	84,788
Other	175,134	153,062
	<u>804,328</u>	<u>813,639</u>
Operating Expenses		
Operation and maintenance	7,787,572	8,066,280
Depreciation	1,461,279	1,287,295
	<u>9,248,851</u>	<u>9,353,575</u>
Total operating expenses	<u>9,248,851</u>	<u>9,353,575</u>
Operating loss	<u>(8,444,523)</u>	<u>(8,539,936)</u>
Operating Subsidies and Non-Operating Revenues (Expenses)		
Tire lease	34,236	25,911
Local, other	245,759	349,515
State	3,260,957	4,244,963
Federal	1,286,415	1,281,564
CARES grant	901,124	588,408
Gain (loss) on sale of asset	(3,100)	-
	<u>5,725,391</u>	<u>6,490,361</u>
Total nonoperating revenues	<u>5,725,391</u>	<u>6,490,361</u>
Loss before contributions and transfers	(2,719,132)	(2,049,575)
Transfer In, Municipality, Operating	1,298,187	751,816
Transfer In, Municipality, Tire Lease	8,559	6,478
Capital Contributions	1,579,495	657,649
Capital Contributions, Municipality	394,874	164,411
	<u>561,983</u>	<u>(469,221)</u>
Change in net position	561,983	(469,221)
Net Position, Beginning	<u>14,263,900</u>	<u>14,733,121</u>
Net Position, Ending	<u>\$ 14,825,883</u>	<u>\$ 14,263,900</u>

See notes to financial statements

Waukesha Metro Transit

Statements of Cash Flows

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Received from customers	\$ 777,752	\$ 809,146
Paid to suppliers for goods and services	(5,212,548)	(5,437,395)
Paid to employees for services	(2,914,970)	(2,558,045)
	<u>(7,349,766)</u>	<u>(7,186,294)</u>
Cash flows from operating activities		
Cash Flows From Noncapital Financing Activities		
Operating subsidies received, local	155,610	376,467
Operating subsidies received, state	3,651,347	4,244,963
Operating subsidies received, federal	1,661,305	2,471,717
Transfers	1,306,746	758,294
Swept to pooled city cash	537,457	(506,424)
	<u>7,312,465</u>	<u>7,345,017</u>
Cash flows from noncapital financing activities		
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,975,955)	(822,061)
Capital contributions	2,013,256	663,338
	<u>37,301</u>	<u>(158,723)</u>
Cash flows from capital and related financing activities		
Net change in cash and cash equivalents	-	-
Cash and Cash Equivalents, Beginning	-	-
Cash and Cash Equivalents, Ending	<u>\$ -</u>	<u>\$ -</u>
Noncash Capital and Financing Activities		
Change in capital grant receivables	\$ 38,887	\$ 158,722
Change in operating grant receivables (payables)	\$ (260,229)	\$ 98,502
Change in CARES grant receivables	\$ 506,562	\$ (674,336)

See notes to financial statements

Waukesha Metro Transit

Statements of Cash Flows

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of Operating Loss to		
Cash Flows From Operating Activities		
Operating loss	\$ (8,444,523)	\$ (8,539,936)
Noncash items included in operating loss:		
Depreciation	1,461,279	1,287,295
Change in assets and liabilities:		
Accounts receivable, other	(26,576)	(4,493)
Inventories	(14,294)	(35,502)
Prepaid items	(310,426)	(37,741)
Accounts payable	(95,434)	157,879
Compensated absences	(50,151)	(11,243)
OPEB related deferrals and liabilities	(56)	1,263
Pension related deferrals and assets	9,943	(11,206)
Other current liabilities	<u>120,472</u>	<u>7,390</u>
Net cash flows from operating activities	<u>\$ (7,349,766)</u>	<u>\$ (7,186,294)</u>

See notes to financial statements

Waukesha Metro Transit

Notes to Financial Statements
December 31, 2023 and 2022

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 the 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 the 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.
- 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.

Waukesha Metro Transit

Notes to Financial Statements
December 31, 2023 and 2022

- 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.

The 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.

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 the 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 Outflows of Resources

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

Compensated Absences

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

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.

Waukesha Metro Transit

Notes to Financial Statements
December 31, 2023 and 2022

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 September 1, 2023 as approved by the Waukesha Transit Commission Board.

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 GASB Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*, Statement No. 101, *Compensated Absences—an amendment of GASB Statements No. 14 and No. 84* and a supersession of GASB Statement No. 32, and Statement No. 102, *Certain Risk Disclosures*. When they become effective, application of these standards may restate portions of these financial statements.

Waukesha Metro Transit

Notes to Financial Statements
December 31, 2023 and 2022

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.

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.

3. Interfund Receivables/Payables

The following is a schedule of the Interfund balances for the years ending December 31, 2023 and 2022:

Due To	Due From	2023		2022	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Transit	\$ 402,267	Operating activities	\$ 113,158	Operating activities
Transit	Municipality	1,417,595	Advance	1,665,943	Advance
Transit	Municipality	190,118	Reserve tax levy	190,118	Reserve tax levy

4. Changes in Capital Assets

A summary of changes in the Transit capital assets for 2023 and 2022 follows:

	Balance 1/1/23	Additions	Retirements	Balance 12/31/23
Capital assets, net being depreciated:				
Land	\$ 1,683,701	\$ -	\$ -	\$ 1,683,701
Capital assets being depreciated Transit				
Terminal:				
Building	12,462,967	-	(80,673)	12,382,294
Vehicles	10,136,143	1,631,285	(974,523)	10,792,905
Shop equipment	1,564,219	232,004	(163,078)	1,633,145
Office equipment	959,001	117,667	(28,478)	1,048,190
Total capital assets being depreciated	25,122,330	1,980,956	(1,246,752)	25,856,534
Total capital assets	26,806,031	1,980,956	(1,246,752)	27,540,235
Less accumulated depreciation for:				
Building	(6,819,348)	(322,825)	80,673	(7,061,500)
Vehicles	(5,033,755)	(900,602)	974,523	(4,959,834)
Shop equipment	(1,163,489)	(125,724)	161,238	(1,127,975)
Office equipment	(663,133)	(112,219)	27,050	(748,302)
Total accumulated depreciation	(13,679,725)	(1,466,114)	1,243,484	(13,902,353)
Net transit system plant	\$ 13,126,306			\$ 13,637,882

Waukesha Metro Transit

Notes to Financial Statements
December 31, 2023 and 2022

	Balance 1/1/22	Additions	Retirements	Balance 12/31/22
Capital assets, net being depreciated:				
Land	\$ 1,683,701	\$ -	\$ -	\$ 1,683,701
Capital assets being depreciated Transit				
Terminal:				
Building	12,435,846	27,121	-	12,462,967
Vehicles	9,636,354	499,789	-	10,136,143
Shop equipment	1,318,352	245,867	-	1,564,219
Office equipment	909,717	49,284	-	959,001
Total capital assets being depreciated	24,300,269	822,061	-	25,122,330
Total capital assets	25,983,970	822,061	-	26,806,031
Less accumulated depreciation for:				
Building	(6,491,083)	(328,265)	-	(6,819,348)
Vehicles	(4,242,598)	(791,157)	-	(5,033,755)
Shop equipment	(1,098,265)	(65,224)	-	(1,163,489)
Office equipment	(560,484)	(102,649)	-	(663,133)
Total accumulated depreciation	(12,392,430)	(1,287,295)	-	(13,679,725)
Net transit system plant	\$ 13,591,540			\$ 13,126,306

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.

State operating assistance is received from the Wisconsin Department of Transportation.

Local subsidies are contributions made by the City of Waukesha and Waukesha County based on their applicable share of revenues. Operating assistance for 2023 and 2022 was as follows:

	2023	2022
Governmental Unit:		
Federal (net of amounts passed to sub recipients)	\$ 1,263,646	\$ 1,251,860
Federal/City - tire lease	42,795	32,389
Federal/City - share of buses	17,447	-
Federal CMAQ	22,769	13,751
Federal CARES	901,124	588,408
State of Wisconsin	3,170,196	4,153,237
State Paratransit Aid	90,761	91,729
Local:		
City of Waukesha	1,298,187	751,816
Waukesha County	245,759	349,515
Total	\$ 7,232,702	\$ 7,232,702

Waukesha Metro Transit

Notes to Financial Statements
December 31, 2023 and 2022

6. Long-Term Obligations

Long-Term Obligations Summary

	1/1/23 Balance	Additions	Reductions	12/31/23 Balance	Due Within One Year
Other liabilities	\$ 105,056	\$ 61,869	\$ -	\$ 166,925	\$ -
Compensated absences	298,185	22,900	73,051	248,034	-
Total	<u>\$ 403,241</u>	<u>\$ 84,769</u>	<u>\$ 73,051</u>	<u>\$ 414,959</u>	<u>\$ -</u>
	1/1/22 Balance	Additions	Reductions	12/31/22 Balance	Due Within One Year
Other liabilities	\$ 105,056	\$ -	\$ -	\$ 105,056	\$ -
Compensated absences	309,428	28,166	39,409	298,185	-
Total	<u>\$ 414,484</u>	<u>\$ 28,166</u>	<u>\$ 39,409</u>	<u>\$ 403,241</u>	<u>\$ -</u>

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.

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, 2023 and 2022, 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, 2022, Waukesha Metro Transit has a restricted net position for the pension asset. As of December 31, 2023, there is no restricted net position.

Unrestricted Net Position - The component of net position consists 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.

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.

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.

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.

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.

Waukesha Metro Transit

Notes to Financial Statements
December 31, 2023 and 2022

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 4.89% for auto liability and 3.78% 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.

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, 2023 and 2022, the Transit paid \$127,614 and \$135,617, respectively, in retirement costs for the retirement plan maintained by Professional Transit Management of Waukesha, Inc.

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.

SUPPLEMENTARY INFORMATION

Waukesha Metro Transit

Detailed Schedule of Waukesha Transit Commission -
 Statements of Revenues, Expenses and Changes in Net Position - Regulatory Basis
 December 31, 2023 and 2022

		2023	2022
	Revenue		
401.	Passenger fares for transit service	\$ 532,437	\$ 575,789
406.	Nontransportation revenues	96,966	84,959
407.	Nontransportation revenues, route administration	157,478	152,891
408.	City tire lease grant revenue	8,559	6,478
408.	Federal tire lease grant revenue	34,236	25,911
408.	Local share of buses	17,447	-
409.	Local cash grants, reimbursements and transfers, operating	1,543,946	1,101,331
409.	Refund prior year state grant close-outs	-	-
409.105	Local cash grants, reimbursements and transfers, capital	394,874	164,411
411.	State cash grants and reimbursements, operating	3,170,196	4,153,237
411.	State paratransit aid	90,761	91,726
413.	Federal cash grants and reimbursements, operating	1,263,646	1,251,860
413.	CMAQ grant	22,769	13,751
413.	CARES grant	901,124	588,408
413.	Federal cash grants and reimbursements - passed through to subrecipient	-	15,953
413.105	Federal cash grants and reimbursements, capital	1,579,495	657,649
	Total revenue	9,813,934	8,884,354
	Expenses - by Object Class Total		
501.01	Operations salaries and wages	1,791,717	1,506,211
501.02	Other salaries and wages	1,123,253	1,051,834
502.	Fringe benefits and FICA	1,698,635	1,652,425
503.	Services	747,227	613,330
504.01	Fuel and lubricants	479,235	526,118
504.02	Tires and tubes	42,796	32,388
504.99	Other materials and supplies	175,560	137,267
505.	Utilities	105,300	99,480
506.	Casualty and liability costs	305,971	156,998
507.	Taxes	891	559
508.	Purchased transportation	1,263,359	2,252,230
509.	Miscellaneous expense	37,675	21,487
510	Payments to subrecipients	15,953	15,953
	Total operation and maintenance expenses	7,787,572	8,066,280
	Reconciling items:		
513.	Loss (gain) on asset disposal	3,100	-
513.	Depreciation	1,461,279	1,287,295
	Total reconciling items	1,464,379	1,287,295
	Total expenses and reconciling items	9,251,951	9,353,575
	Change in net position	561,983	(469,221)
	Net Position, Beginning	14,263,900	14,733,121
	Net Position, Ending	\$ 14,825,883	\$ 14,263,900

Waukesha Metro Transit

Waukesha Transit Commission -
 Reconciliation of Revenues and Expenses to WisDOT and Federal
 Recognized Revenues and Expenses - Regulatory Basis
 Year Ended December 31, 2023

	<u>Per WisDOT Guidelines</u>	<u>Per Federal Guidelines</u>
Revenues from Waukesha Transit Commission's records	\$ 9,813,934	\$ 9,813,934
Less Unrecognized Revenues		
406. Nontransportation revenues	209	96,966
407. Nontransportation revenues, route administration	157,478	157,478
408. Local tire lease revenue	8,559	8,559
409. Local operating assistance and transfers	1,543,946	1,543,946
409.105 Local assistance and transfers, capital	394,874	394,874
411. State operating assistance	3,170,196	3,170,196
411. State paratransit aid	90,761	90,761
411. State prior year revenue	-	-
413. Federal operating assistance	1,263,646	1,263,646
413. Federal tire lease revenue	34,236	34,236
413. CMAQ grant	22,769	22,769
413. CARES grant	901,124	901,124
413. Federal cash grants and reimbursements - passed through to subrecipient	-	-
413.105 Other nonoperating revenues (capital funding & subrecipient costs)	<u>1,579,495</u>	<u>1,579,495</u>
Adjusted revenues	<u>\$ 646,641</u>	<u>\$ 549,884</u>
Expenses from Waukesha Transit Commission's records	\$ 9,251,951	\$ 9,251,951
Less Nonrecognized Expenses		
513. Depreciation	1,461,279	1,461,279
513. Loss (gain) on asset disposal	3,100	3,100
Less CMAQ Grant Funding, not eligible (mkt/night service), 100%	28,461	28,461
Less WisDOT Paratransit Costs, not eligible	90,761	-
Less 5337 Grant Funding, not eligible 100%	<u>-</u>	<u>-</u>
Recognized expenses	<u>\$ 7,668,350</u>	<u>\$ 7,759,111</u>
Recognized deficits	<u>\$ (7,021,709)</u>	<u>\$ (7,209,227)</u>

Waukesha Metro Transit

Waukesha Transit Commission -
 Computation of the Deficit Distribution Among the Subsidy Grantors
 Year Ended December 31, 2023

Federal Section 9 Funds

Preventative maintenance	\$	617,423	
Federal tire lease grant revenue		28,800	
Capital cost of third party contracting		646,223	
Maximum federal share per grant awards	\$		1,292,446

State Funds

WisDOT contract maximum			\$ 3,560,586
Local operating subsidy	\$	1,543,946	
5 Times operating subsidy			\$ 7,719,730
State share, contractual amount			\$ 3,560,586

Summary of 2023 Operational Funding *

	Received in 2023	Receivable (Payable) 12/31/2023	Total
Federal Section 9 Funds	\$ 666,058	\$ 631,824	\$ 1,297,882
State Funds, operating	3,170,196	-	3,170,196
Local Funds	1,088,808	455,138	1,543,946
Total funding	\$ 4,925,062	\$ 1,086,962	\$ 6,012,024

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