

**VALLEY TRANSIT**  
An Enterprise Fund of the  
City of Appleton, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

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

# VALLEY TRANSIT

An Enterprise Fund of the City of Appleton, Wisconsin

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

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Common Council  
Valley Transit  
Appleton, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Valley Transit (Transit), an enterprise fund of the City of Appleton, 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 Transit's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Transit's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Honorable Mayor and Common Council  
Valley Transit

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transit as of December 31, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Transit enterprise fund and do not purport to, and do not present fairly the financial position of the City of Appleton, Wisconsin, as of December 31, 2015 and 2014, and the 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. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the Transit 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. 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 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. Management has elected to include more information in the Management's Discussion and Analysis than is required by the standards. 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 opinions on the financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

To the Honorable Mayor and Common Council  
Valley 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 City of Appleton'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 the 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 Transit's internal control over financial reporting and compliance.

*Baker Tilly Vinchow Krause, LLP*

Madison, Wisconsin  
May 31, 2016

# Valley Transit

## Management's Discussion and Analysis

The management of Valley Transit offers readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended December 31, 2015 and 2014.

### Basic Financial Statements

Valley Transit is owned and operated by the City of Appleton, with our basic financial statements prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. These are followed by the notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information.

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 whether the financial position of Valley Transit is improving or deteriorating.

The Statement of Revenue, Expenses and Changes in Net Position reports the operating revenues and expenses and non-operating revenues and expenses of Valley 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 prior year equals the net position at the end of the current fiscal year.

The Statement of Cash Flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, non-capital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash balance equals the cash and cash equivalent balance at the end of the current fiscal year.

An analysis of Valley Transit's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report Valley Transit's net position and changes to it. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

Net position may serve over time as a useful indicator of the government's financial position. In the case of Valley Transit, assets exceeded liabilities by \$5,754,051 as of December 31, 2015; compared to \$5,388,703 in 2014. The largest portion of Valley Transit's net position is investments in capital assets (i.e. land, building, equipment and improvements). These assets are used to provide

transportation services to customers. The Federal Transit Administration provided 80% of the funding to purchase Valley Transit's capital assets and therefore has significant interest in their use.

### Statement of Valley Transit's Net Position

	2015	2014	2013	2012	2011
<b>Assets</b>					
Current Assets	\$2,212,158	\$2,394,766	\$1,967,774	\$2,488,472	\$2,159,533
Capital Assets	3,468,189	4,115,515	4,726,762	5,215,657	5,533,803
Other Assets	<u>1,910,863</u>	<u>1,342,640</u>	<u>1,249,143</u>	<u>1,121,968</u>	<u>990,969</u>
Total Assets	7,591,210	7,852,921	7,943,679	8,826,097	8,684,305
<b>Deferred Outflow of Resources</b>					
Deferred outflows related to pension	458,657	-	-	-	-
<b>Liabilities</b>					
Current Liabilities	2,177,614	2,366,282	1,854,177	2,306,593	1,889,494
Non-current Liabilities	<u>118,202</u>	<u>97,936</u>	<u>127,581</u>	<u>157,456</u>	<u>226,674</u>
Total Liabilities	2,295,816	2,464,218	1,981,758	2,464,049	2,116,168
<b>Net Assets</b>					
Invested in capital assets	3,468,189	4,115,515	4,726,762	5,215,657	5,533,803
Restricted for depreciation reserve	1,481,216	1,342,640	1,249,143	1,121,968	990,969
Restricted for pension	429,647	-	-	-	-
Unrestricted	<u>374,999</u>	<u>(69,452)</u>	<u>(13,984)</u>	<u>24,423</u>	<u>43,365</u>
Total Net Assets	5,754,051	5,388,703	5,961,921	6,362,048	6,568,137
Percent restricted for depreciation reserve	25.74%	24.92%	20.95%	17.64%	15.09%

Current Assets decreased in 2015 mostly due to one payment from the State towards accrued grants owed to Valley Transit. Final payments on the State operating grants are received once the State Department of Transportation has completed its audit of Valley Transit's financial statements, which in years has lagged. Valley Transit is waiting for final payments on State grants from 2010 and 2011, as well as 2015. The Federal grant money is typically drawn when Valley Transit's own audit is complete; within the first quarter of the new year. Current Liabilities also decreased because more Federal grant funds were drawn prior to year-end and distributed to the local funding partners; requiring less funds to be accrued. Refunds to local governments and municipalities are payable at the end of the year but are verified by auditors prior to payment.

Non-current Liabilities are an accrual for payouts of accumulated sick leave on behalf of employees upon retirement. This liability steadily declined between 2011 and 2014 as long term employees retired, but increased in 2015 as new and existing employees continue to build a bank of sick leave.

The decline in Capital Assets since 2012 reflects several years of lower than average capital asset additions due to a lack of federal capital funding available for bus and bus facilities. Depreciation

expense of approximately \$641,000 was recorded as compared to asset retirements of approximately \$815,000. Valley Transit disposed of three old, fully depreciated buses and removed old, obsolete, fully depreciated items from the schedule that no longer met the capital threshold. Valley Transit saw an increase in total Net Position during 2015 due to the effect of new accounting standards as discussed in the Notes to Financial Statements.

The following table provides a summary of Valley Transit's operations for the years ending December 31, 2011 - 2015.

### Statement of Revenues, Expenses and Changes in Net Position

	2015	2014	2013	2012	2011
<b>Operating Revenues</b>					
Passenger fares for transit service	\$1,481,947	\$1,495,310	\$1,472,445	\$1,410,215	\$1,435,751
Special fare assistance	4,267	-	-	545	639
Non-transportation revenue	<u>107,184</u>	<u>68,046</u>	<u>75,113</u>	<u>74,757</u>	<u>81,218</u>
<b>Total Operating Revenues</b>	<u>1,593,398</u>	<u>1,563,356</u>	<u>1,547,558</u>	<u>1,485,517</u>	<u>1,517,608</u>
<b>Operating Expenses</b>					
Salaries and wages	2,414,557	2,374,084	2,282,429	2,198,590	2,193,681
Fringe benefits	1,338,533	1,311,645	1,305,491	1,252,792	1,321,894
Services	440,747	384,024	271,349	220,147	188,649
Materials and Supplies	738,432	959,385	905,241	789,402	800,097
Utilities	100,395	105,020	101,937	85,422	91,133
Casualty and Liability costs	180,072	199,369	90,011	130,233	190,285
Purchased transportation services	3,163,972	3,296,289	3,098,708	2,869,326	2,869,324
Miscellaneous	91,529	58,489	63,865	45,258	53,641
Depreciation	<u>641,396</u>	<u>657,913</u>	<u>655,108</u>	<u>616,297</u>	<u>571,706</u>
<b>Total Operating Expenses</b>	<u>9,109,633</u>	<u>9,346,218</u>	<u>8,774,139</u>	<u>8,207,467</u>	<u>8,280,410</u>
<b>Operating Loss</b>	<u>(7,516,235)</u>	<u>(7,782,862)</u>	<u>(7,226,581)</u>	<u>(6,721,950)</u>	<u>(6,762,802)</u>
<b>Operating Subsidies</b>					
Local	1,342,550	1,422,802	1,348,844	1,164,332	1,124,915
Investment Income <small>(credited as local subsidies)</small>	3,024	24,464	(2,450)	26,455	123,432
State	2,598,948	2,246,007	2,208,486	2,169,356	2,322,036
Federal	<u>2,481,702</u>	<u>2,952,625</u>	<u>2,649,815</u>	<u>2,455,837</u>	<u>2,336,554</u>
<b>Total Subsidies</b>	<u>6,426,224</u>	<u>6,645,898</u>	<u>6,204,695</u>	<u>5,815,980</u>	<u>5,906,937</u>
<b>Loss Before Contributions &amp; Transfers</b>	(1,090,011)	(1,136,964)	(1,021,886)	(905,970)	(855,865)
<b>Capital Contributions - Federal &amp; State</b>	-	39,485	126,488	268,163	605,512
<b>Capital Contributions - Local</b>	-	-	-	-	-
<b>Loss on Asset Disposal</b>	-	(10,165)	-	625	(712)



Transfers - Appleton Operating Subsidies	585,506	534,426	495,271	431,093	441,519
Transfers - Appleton Capital Subsidies	-	-	-	-	-
<b>Change in Net Assets</b>	<u>(504,505)</u>	<u>(573,218)</u>	<u>(400,127)</u>	<u>(206,089)</u>	<u>190,454</u>
NET Assets - Beginning of Year	<u>5,388,703</u>	<u>5,961,921</u>	<u>6,362,048</u>	<u>6,568,137</u>	<u>6,377,682</u>
Cumulative effect of a change in accounting principle	869,853	-	-	-	-
NET Assets - End of Year	<u>5,754,051</u>	<u>5,388,703</u>	<u>5,961,921</u>	<u>6,362,048</u>	<u>6,568,137</u>

Operating revenues increased \$30,042 in 2015, mainly due to an overall increase in Non-transportation revenue, partially offset by a reduction in farebox revenue. Valley Transit saw a slight decrease in fixed route ridership during 2015 (-2.4%) and an overall increase in use of paratransit services (3.2%). Passenger fares for transit services decreased \$13,363 in 2015. Valley Transit raised some of the fixed route fares at the beginning of 2015. The single ride regular fare was raised from \$1.80 per ride to \$2.00 (approximately 11%) per ride. Valley Transit also incorporated a youth fare (\$.75 per ride/\$22.00 for a 30 day pass) which is a reduction in fares for passengers under 18 years of age who used to pay full fare. A fare increase typically results in reduced ridership. The decrease in farebox revenue can be attributed to a greater use of 30 day senior/disabled tickets and an increase in the reduced youth fares.

Operating expenses decreased by \$236,585, due to reductions in several areas, offset by increases in others. The operating expense reduction was led by declining fuel cost (down \$224,816). Purchased transportation services were re-bid late in 2014, resulting in an overall reduction of \$132,317. Personnel cost increased approximately 1.8% due to a contractual increase under the labor agreement with union employees, partially offset by lower contributions to the Wisconsin Retirement System.

Since the majority of transit assets are funded by federal capital grants, which typically provide 80% funding for asset acquisition, net position in years in which there are no major capital acquisitions can be expected to decline by 80% of depreciation expense. In total, however, Valley Transit's net position increased by \$365,348 in 2015, which reflects the adoption of Governmental Accounting Standards Board rule #68 (GASB 68) dealing with pension reporting. Adoption of this reporting standard added a net pension asset (Deferred outflows related to pension of \$458,657) to Valley Transits balance sheet.

## Capital Assets

Valley Transit's capital assets are 80% funded by Federal Transit Administration grants. The remaining 20% is funded either through Valley Transit's depreciation reserve for replacement equipment or from current year support from the various local governments that participate in Valley Transit.

During 2015, Valley Transit did not acquire any new capital assets.

Looking back at prior years, in 2014 Valley Transit purchased a new staff vehicle, participated in a City-wide upgrade of security cameras and camera software and replaced the broken DVR systems in all of its fleet. Replacement of the cameras was necessary because they had ceased functioning effectively, but were not fully depreciated, which resulted in a loss on asset disposal. Capital grant money was not available for all of the projects, which made it necessary to use depreciation reserve money to fund items not covered by grants.

In 2013, Valley Transit completed unfinished projects from the 2011 capital grant. Valley Transit remodeled the Administration offices to comply with ADA requirements and purchased a staff vehicle. Both projects cost a total of \$142,750 and was reimbursed at 80% through the capital grant. Valley Transit also completed installation of an Intelligent Transit System funded under an ARRA grant (\$29,620 reimbursed at 100%).

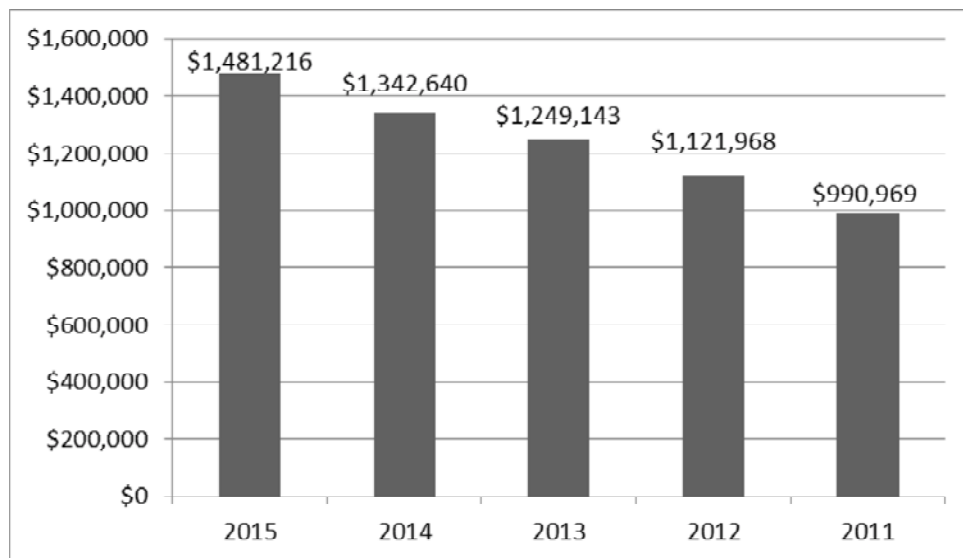
The 2012 capital projects included purchasing two staff vehicles, two bus shelters and capital maintenance items (\$124,578 reimbursed at 80%). In 2012, Valley Transit also continued to work on projects associated with the ARRA grant; purchasing and installing new bus stop signs and implementing a large portion of the Intelligent Transit System for the fixed route buses (\$211,192 reimbursed at 100%).

During 2011, Valley Transit also worked on projects associated with the ARRA grant; purchasing two twenty-passenger hybrid buses, in addition to beginning installation of the Intelligent Transit System for the fixed route buses.

### Funded Depreciation Reserve – Restricted Assets

Restricted Net Position represents a funded reserve used to pay for asset replacements that are not paid for by capital grants; typically 20% of the asset value. This reserve is funded by a charge equal to 20% of annual depreciation expense levied on the system's fixed route local municipal partners.

The balance of this account over the past five years is as follows:



While capital assets are 80% funded by Federal Transit grants and Valley Transit has purchased capital items over the last five years using the depreciation reserve for the remaining 20%, we have not made significant purchases so the balance in this fund is appropriately increasing. As previously discussed, several capital projects in 2014 were paid for out of the depreciation reserve account at a higher rate than 20%, reflecting a smaller increase in the reserve account than expected.

### **Requests for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of Valley Transit's finances. If you have questions about this report or need any additional information contact the City of Appleton, Valley Transit Attn: Daniel Sandmeier, Assistant General Manager at 1.920.832.2294 or [Daniel.Sandmeier@appleton.org](mailto:Daniel.Sandmeier@appleton.org).

### **Valley Transit Statistics and Accomplishments**

The following section provides detailed information about a variety of topics relating to Valley Transit operations in 2015 including: funding partners, services provided, operating statistics and a list of accomplishments.

# VALLEY TRANSIT BY THE NUMBERS 2015

**1,249,802** RIDES ON ALL SERVICES

**1,055,544** RIDES ON FIXED ROUTE

**54%** OF TRIPS TO JOBS OR JOB TRAINING

**166,616** RIDES TAKEN BY AASD STUDENTS

**96,937** RIDES TAKEN BY FVTC STUDENTS

**18**

FIXED BUS ROUTES

**3**

TRIPPER ROUTES

**1**

CALL-A-RIDE ZONE

## 13 Municipalities as Local Funding Partners

City of Appleton  
 City of Kaukauna  
 City of Menasha  
 City of Neenah  
 Town of Buchanan  
 Town of Grand Chute  
 Town of Harrison  
 Town of Menasha  
 Village of Kimberly  
 Village of Little Chute  
 Calumet County  
 Outagamie County  
 Winnebago County

## Other Local Funding Partners

Appleton Area School District  
 Appleton Downtown Inc.  
 Community Care  
 Community Foundation of the Fox Cities  
 IRIS  
 Jewelers Mutual Insurance  
 Lakeland Care District  
 Menasha Corp.  
 Plexus  
 Thrivent Financial for Lutherans  
 United Way Fox Cities

**216,154** URBANIZED POPULATION

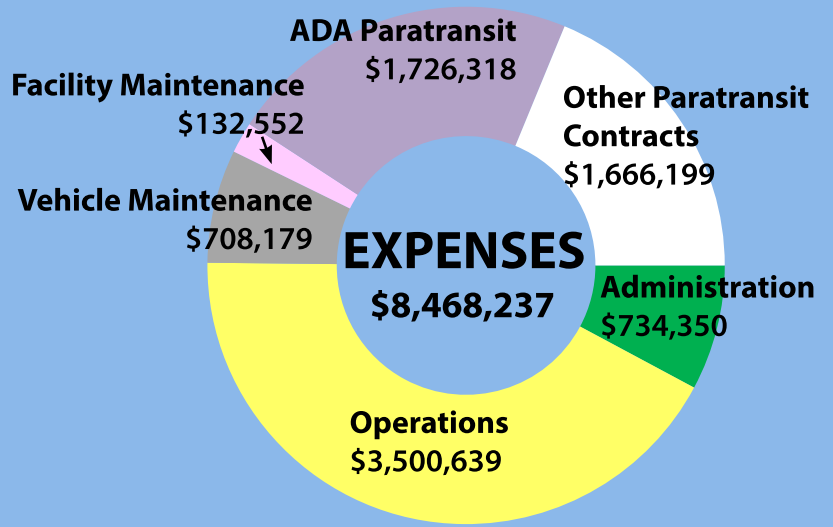
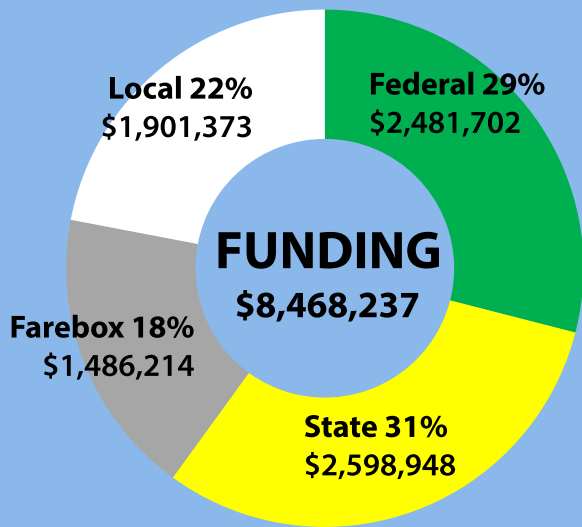
**117** SQUARE MILE RADIUS



BUSES IN FLEET



PEAK HOUR BUSES



# 11 SERVICES PROVIDED

- Fixed Route Bus Service
- Valley Transit II ADA Paratransit
- Appleton Downtown Trolley
- Calumet County Rural Transportation
- Call-A-Ride
- The Connector
- Neenah Industrial Park Shuttle - *new public/private partnership*
- New Hope Transportation
- Northern Winnebago County Dial-A-Ride
- Outagamie County Employment
- Outagamie County Rural

## VISION

People can get where they want to go in the Fox Cities.

## MISSION

Valley transit provides safe, customer-focused transportation options that connect our communities to enhance quality of life.

## VALUES

- Integrity
- Customer Service
- Convenience and Reliability
- Transportation Choices
- Efficiency
- Resilience

### FOR MORE INFORMATION:

Daniel Sandmeier, Interim General Manager  
 920-832-2294 Daniel.Sandmeier@appleton.org  
 www.myvalleytransit.com



# VALLEY TRANSIT

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

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	<b>ASSETS</b>	
	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 41,583	\$ -
Accounts Receivable		
State of Wisconsin operating assistance	978,480	984,661
Allowance for potentially uncollectible state grants	(105,275)	(105,275)
Federal capital and operating grants	640,369	898,637
Local governments	308,482	193,877
Other	164,013	216,503
Inventory	159,748	182,276
Prepaid expenses	24,758	24,087
Total Current Assets	<u>2,212,158</u>	<u>2,394,766</u>
<b>NONCURRENT ASSETS</b>		
Restricted Assets		
Capital asset cash and investments	1,481,216	1,342,640
Net pension asset	429,647	-
Capital Assets		
Plant in service	13,443,226	14,264,045
Accumulated depreciation	<u>(9,975,037)</u>	<u>(10,148,530)</u>
Total Noncurrent Assets	<u>5,379,052</u>	<u>5,458,155</u>
 Total Assets	 <u>7,591,210</u>	 <u>7,852,921</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred outflows related to pension	<u>458,657</u>	<u>-</u>

<b>LIABILITIES</b>		
	<u>2015</u>	<u>2014</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable		
Trade	\$ 299,363	\$ 347,248
Local governments	1,280,510	1,083,874
Due to municipality	-	279,782
Unearned revenues	384,801	346,091
Accrued payroll liabilities		
Wages	45,104	150,147
Accrued vacation	<u>167,836</u>	<u>159,140</u>
Total Current Liabilities	<u>2,177,614</u>	<u>2,366,282</u>
<b>NONCURRENT LIABILITIES</b>		
Accrued sick leave	<u>118,202</u>	<u>97,936</u>
Total Liabilities	<u>2,295,816</u>	<u>2,464,218</u>
<b>NET POSITION</b>		
<b>NET POSITION</b>		
Invested in capital assets	3,468,189	4,115,515
Restricted for capital replacement	1,481,216	1,342,640
Restricted for pension	429,647	-
Unrestricted	<u>374,999</u>	<u>(69,452)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 5,754,051</u>	<u>\$ 5,388,703</u>

See accompanying notes to financial statements.

# VALLEY TRANSIT

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended December 31, 2015 and 2014

	2015	2014
<b>OPERATING REVENUES</b>		
Passenger fares for transit service	\$ 1,481,947	\$ 1,495,310
Special fare assistance	4,267	-
Non-Transportation Revenue		
Advertising	70,294	38,419
Other	3,879	2,157
Contra - expenses	33,011	27,470
Total Operating Revenues	1,593,398	1,563,356
<b>OPERATING EXPENSES</b>		
Labor		
Operators' wages	1,771,993	1,705,758
Other salaries and wages	642,564	668,326
Fringe benefits	1,338,533	1,311,645
Services	440,747	384,024
Materials and Supplies		
Fuels and lubricants	382,043	606,859
Tires and tubes	53,682	38,735
Other	302,707	313,791
Utilities	100,395	105,020
Casualty and liability costs	180,072	199,369
Purchased transportation services	3,163,972	3,296,289
Miscellaneous	91,529	58,489
Depreciation	641,396	657,913
Total Operating Expenses	9,109,633	9,346,218
Operating Loss	(7,516,235)	(7,782,862)
<b>OPERATING SUBSIDIES</b>		
Local	1,342,550	1,422,802
Investment income credited as local subsidies	3,024	24,464
State	2,598,948	2,246,007
Federal	2,481,702	2,952,625
Total Operating Subsidies	6,426,224	6,645,898
Loss Before Contributions and Transfers	(1,090,011)	(1,136,964)
<b>CAPITAL CONTRIBUTIONS - FEDERAL &amp; STATE</b>	-	39,485
<b>GAIN (LOSS) ON ASSET DISPOSAL</b>	-	(10,165)
<b>TRANSFERS-CITY OPERATING SUBSIDY</b>	585,506	534,426
<b>CHANGE IN NET POSITION</b>	(504,505)	(573,218)
NET POSITION - Beginning of Year	5,388,703	5,961,921
Cumulative effect of a change in accounting principle	869,853	-
<b>NET POSITION - END OF YEAR</b>	\$ 5,754,051	\$ 5,388,703

See accompanying notes to financial statements.



# VALLEY TRANSIT

## STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2015 and 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers	\$ 1,684,598	\$ 1,694,847
Paid to suppliers for goods and services	(6,093,847)	(5,884,704)
Paid to employees for services	(2,768,802)	(2,534,920)
Cash Flows from Operating Activities	(7,178,051)	(6,724,777)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating subsidies received - federal	2,739,970	2,654,142
Operating subsidies received - state	2,605,129	2,040,548
Operating subsidies received - local	2,010,087	2,116,466
Cash Flows from Noncapital Financing Activities	7,355,186	6,811,156
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income and unrealized losses	3,024	24,464
Cash Flows from Investing Activities	3,024	24,464
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	-	(56,831)
Contributed capital - federal	-	39,485
Cash Flows from Capital and Related Financing Activities	-	(17,346)
<b>Net Change in Cash and Cash Equivalents</b>	180,159	93,497
CASH AND CASH EQUIVALENTS - Beginning of Year	1,342,640	1,249,143
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,522,799	\$ 1,342,640
<b>NONCASH CAPITAL AND FINANCING ACTIVITIES</b>		
Loss on disposal of capital asset	\$ -	\$ 10,165

	<u>2015</u>	<u>2014</u>
<b>RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (7,516,235)	\$ (7,782,862)
Noncash items included in operating loss		
Depreciation	641,396	657,913
Miscellaneous expense	5,930	-
Changes in assets and liabilities		
Accounts receivable - other	52,490	99,842
Inventory	22,528	(1,774)
Prepaid expenses	(671)	5,608
Accounts payable - trade	(47,885)	100,913
Due to municipality	(279,782)	177,274
Unearned revenues	38,710	31,649
Pension related deferrals and assets	(18,451)	-
Accrued payroll liabilities	<u>(76,081)</u>	<u>(13,340)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (7,178,051)</u>	<u>\$ (6,724,777)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS</b>		
Statement of Net Assets Accounts		
Current cash and investments	\$ 41,583	\$ -
Restricted capital investments	<u>1,481,216</u>	<u>1,342,640</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 1,522,799</u>	<u>\$ 1,342,640</u>

See accompanying notes to financial statements.

# VALLEY TRANSIT

## NOTES TO FINANCIAL STATEMENTS

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

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements of Valley 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***

Valley Transit, an enterprise fund of the City of Appleton (city), provides public bus transportation in the city and surrounding communities. The transit is governed by the Transit Commission which consists of city council members, citizen representatives and participating government's representatives.

#### ***MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION***

The transit is presented as an enterprise fund of the city. 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 transit'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 transit adopted these statements effective January 1, 2015. The cumulative effect of implementation is shown in Note 11.

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, 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.

# VALLEY TRANSIT

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

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

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#### ***ASSETS, DEFERRED OUTFLOWS OF RESOURCE, LIABILITIES, AND NET POSITION*** (cont.)

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

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

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. 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***

Transit considers receivables from government units to be fully collectible. The transit has established an allowance for potentially uncollectible state operating funds. Any reduction in state aid as a result of reduced collections would be offset by local aid recovered from the local partners.

#### ***Inventory***

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 average cost method and charged to operation and maintenance expense when used.

# VALLEY TRANSIT

## NOTES TO FINANCIAL STATEMENTS

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

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

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#### *ASSETS, DEFERRED OUTFLOWS OF RESOURCE, LIABILITIES, AND NET POSITION (cont.)*

##### ***Restricted Assets – Capital Asset Cash and Investments***

Valley Transit collects the local share of capital additions from the contributing municipalities in advance based on depreciation expense. These funds are shown as restricted assets in the financial statements and are to be used for the future purchases of capital items.

##### ***Capital Assets***

Capital assets are defined by the transit as assets with an initial, individual cost of more than \$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. Any local share of proceeds on sale of property is treated as additional contributed capital from local shares.

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	3–15
Shop Equipment	2–10
Office equipment	3–10
Bus stop signs	10
Shelters and benches	5–10

##### ***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.

# VALLEY TRANSIT

## NOTES TO FINANCIAL STATEMENTS

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

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

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#### ***ASSETS, DEFERRED OUTFLOWS OF RESOURCE, LIABILITIES, AND NET POSITION (cont.)***

##### ***Capital Associated Maintenance Items***

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.

##### ***Due to/from Municipality – Payable to/Receivable from Local Governments***

The partners contribute an estimated portion of the local share throughout the year. At the end of the year, the amount over or under collected is shown as due to/from municipality and payable to/receivable from local governments, respectively, on the statements of net position.

##### ***Unearned Revenues***

Unearned revenues represent tickets that have been sold to agencies, but not yet used or redeemed.

##### ***Sick Leave and Vacation Policies***

All permanent employees are allowed to accumulate up to 960 hours of sick time. Upon retirement, the equivalent value of the accumulated sick leave up to 720 hours shall be paid to the employee. Non-represented employees are also entitled to an additional 240 hours of accumulated sick leave, if available, which can be used to pay for health insurance premiums under the city’s group insurance policy.

Employees earn varying amounts of vacation based on years of service. Vacation time is awarded on January 1 based on the prior year’s service and is therefore accrued at the end of each year.

#### ***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, as fully described in Note 4, 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***

Valley Transit fares are recorded as revenue continuously through the year. The value of tickets for various paratransit services sold but not used is recorded as a liability. Fares were made effective January 1, 2009 and revised effective January 5, 2015 as approved by the Valley Transit Commission.

# VALLEY TRANSIT

## NOTES TO FINANCIAL STATEMENTS

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

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

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#### ***REVENUES AND EXPENSES (cont.)***

##### ***Capital Contributions***

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 statements of revenues, expenses and changes in 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.

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### **NOTE 2 – DEPOSITS AND INVESTMENTS**

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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.

# VALLEY TRANSIT

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

### NOTE 3 – 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	\$ 891,831	\$ -	\$ -	\$ 891,831
Capital assets being depreciated				
Building	3,847,222	13,206	-	3,860,428
Vehicles	8,705,540	-	(663,504)	8,042,036
Shop equipment	272,062	-	-	272,062
Office equipment	291,288	(13,206)	(149,184)	128,898
Bus stop signs	34,389	-	-	34,389
Shelters and benches	221,713	-	(8,131)	213,582
Total Capital Assets Being Depreciated	13,372,214	-	(820,819)	12,551,395
Total Capital Assets	14,264,045	-	(820,819)	13,443,226
Less: Accumulated depreciation				
Building	(3,438,790)	(118,705)	-	(3,557,495)
Vehicles	(5,947,285)	(515,560)	659,829	(5,803,016)
Shop equipment	(269,975)	(1,392)	-	(271,367)
Office equipment	(275,100)	4,768	146,930	(123,402)
Bus stop signs	(13,595)	(2,772)	-	(16,367)
Shelters and benches	(203,785)	(7,736)	8,131	(203,390)
Total Accumulated Depreciation	(10,148,530)	(641,397)	814,890	(9,975,037)
Construction in progress	-	-	-	-
Net Transit System Plant	\$ 4,115,515			\$ 3,468,189



# VALLEY TRANSIT

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

### NOTE 3 – CHANGES IN CAPITAL ASSETS (cont.)

	Balance 1/1/14	Additions	Retirements	Balance 12/31/14
Capital assets, not being depreciated				
Land	\$ 891,831	\$ -	\$ -	\$ 891,831
Capital assets being depreciated				
Building	3,903,581	15,996	(72,355)	3,847,222
Vehicles	8,719,979	36,579	(51,018)	8,705,540
Shop equipment	272,062	-	-	272,062
Office equipment	291,288	-	-	291,288
Bus stop signs	34,389	-	-	34,389
Shelters and benches	215,822	5,891	-	221,713
Total Capital Assets Being Depreciated	<u>13,437,121</u>	<u>58,466</u>	<u>(123,373)</u>	<u>13,372,214</u>
Total Capital Assets	<u>14,328,952</u>	<u>58,466</u>	<u>(123,373)</u>	<u>14,264,045</u>
Less: Accumulated depreciation				
Building	(3,382,231)	(117,114)	60,555	(3,438,790)
Vehicles	(5,484,677)	(513,626)	51,018	(5,947,285)
Shop equipment	(268,199)	(1,776)	-	(269,975)
Office equipment	(259,622)	(15,478)	-	(275,100)
Bus stop signs	(10,823)	(2,772)	-	(13,595)
Shelters and benches	(196,638)	(7,147)	-	(203,785)
Total Accumulated Depreciation	<u>(9,602,190)</u>	<u>(657,913)</u>	<u>111,573</u>	<u>(10,148,530)</u>
Construction in progress	-	-	-	-
Net Transit System Plant	<u>\$ 4,726,762</u>			<u>\$ 4,115,515</u>

### NOTE 4 – OPERATING SUBSIDIES AND TRANSFERS

The transit receives operating subsidies from the federal, state and local governments. The transit submits an annual request for state subsidies which 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 governments contribute their estimated share of operating costs either monthly or quarterly. Funds not needed for immediate operations are invested and the interest earned is credited to the various local governmental units based upon their contributions. The interest, including restricted capital funding, earned for 2015 and 2014 amounted to \$3,024 and \$24,464, respectively. At the end of the year, actual operating costs are allocated between the various local governmental units based on the number of hours of service provided to each. Any excess payments are recorded as payables, or deficiencies as receivables.

# VALLEY TRANSIT

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

### **NOTE 4 – OPERATING SUBSIDIES AND TRANSFERS (cont.)**

Operating assistance for 2015 and 2014 was as follows:

	2015	2014
Governmental Unit		
Federal	\$ 2,413,009	\$ 2,724,535
Federal – capital maintenance	-	91,986
State of Wisconsin	2,490,364	2,142,421
State of Wisconsin – paratransit aid	108,584	103,586
Planning grant (federal passed through state)	378	63,622
ADA - Federal	68,315	72,482
Local		
City of Appleton (reported as transfer)	585,506	534,426
City of Appleton share of investment income	3,024	24,464
Town of Buchanan	12,407	11,663
City of Kaukauna	22,698	20,248
Village of Kimberly	15,120	13,660
City of Menasha	38,088	34,244
Town of Menasha	44,731	41,959
Town of Menasha – Elderly	8,502	8,680
City of Neenah	79,082	71,228
City of Neenah – Dial-A-Ride	31,266	33,906
Village of Little Chute	16,276	14,782
Town of Grand Chute	120,737	111,365
Town of Harrison	432	1,270
Winnebago County – Heritage Dial-a-Ride	3,012	3,177
Outagamie County – Link	76,784	70,307
Special transportation – Outagamie County	185,482	224,210
Special transportation – Winnebago County	42,698	61,373
Special transportation – Calumet County	8,325	18,563
Calumet County – New Hope	115,365	103,079
Appleton Downtown Inc. – Trolley	13,287	13,491
Connector	63,713	94,294
IRIS	11,941	15,379
Lakeland	21,531	38,284
Community Care	352,627	364,921
AASD Tripper	37,069	37,750
Planning grant donation	21,377	14,969
	\$ 7,011,730	\$ 7,180,324
Totals		

# VALLEY TRANSIT

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

### NOTE 5 – LONG-TERM OBLIGATIONS

#### *LONG-TERM OBLIGATIONS SUMMARY*

	1/1/15 Balance	Additions	Reductions	12/31/15 Balance	Due Within One Year
Accrued sick leave	\$ 97,936	\$ 29,672	\$ (9,406)	\$ 118,202	\$ -

	1/1/14 Balance	Additions	Reductions	12/31/14 Balance	Due Within One Year
Accrued sick leave	\$ 127,581	\$ 13,475	\$ 43,120	\$ 97,936	\$ -

### NOTE 6 – 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 invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. As of December 31, 2015 and 2014, Valley Transit does not have any outstanding debt.

**Restricted** – This component of net position consists of constraints placed on net position 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 and 2014, Valley Transit has \$1,910,863 and \$1,342,640 of restricted net position, respectively.

**Unrestricted net position** – The component of net position consist of net assets that do 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.

# VALLEY TRANSIT

## NOTES TO FINANCIAL STATEMENTS

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

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### NOTE 7 – EMPLOYEES' RETIREMENT SYSTEMS

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The transit implemented GASB No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB 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 in net position due to the change in accounting standard is shown as a change in beginning net position for 2015. The prior year balances for deferred outflows of resources and the net pension liability were not restated due to the measurement date used for the calculation of the balances and the timing of information received by WRS. For this reason, prior year pension footnote disclosures are included under GASB No. 27.

#### **General Information About the Pension Plan**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

# VALLEY TRANSIT

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

### NOTE 7 – EMPLOYEES’ RETIREMENT SYSTEMS (cont.)

**Post-Retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system’s consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contributions unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$177,445 in contributions from the transit.

Contribution rates as of December 31, 2015 are:

	2015		2014	
	Employee	Employer	Employee	Employer
General (including teachers)	6.8%	6.8%	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%	7.75%	7.75%
Protective with Social Security	6.8%	9.5%	6.8%	9.5%
Protective without Social Security	6.8%	13.1%	6.8%	13.1%

# VALLEY TRANSIT

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

### **NOTE 7 – EMPLOYEES’ RETIREMENT SYSTEMS (cont.)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2015, the transit reported a liability (asset) of (\$429,647) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The transits’ proportion of the net pension liability (asset) was based on the transits’ share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the

City of Appleton’s proportion was 0.3516829%, which was a decrease of 0.00142806% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the transit recognized pension expense of \$202,613.

At December 31, 2015, the transit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Valley Transit Deferred Outflows of Resources
Differences between expected and actual experience	\$ 62,285
Changes in assumption	-
Net Differences between project and actual earnings on pension plan	208,056
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,154
Employer contributions subsequent to the measurement date	184,162
Total	\$ 458,657

Deferred outflows related to pension resulting from WRS Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. \$184,162 is reported for the transit. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

# VALLEY TRANSIT

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

### NOTE 7 – EMPLOYEES’ RETIREMENT SYSTEMS (cont.)

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** (cont.)

Year Ended December 31	Valley Transit Deferred Outflow of Resources
2016	\$ 67,161
2017	67,161
2018	67,161
2019	67,161
2020	5,851
Total	\$ 274,495

***Actuarial assumptions.*** The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial valuation date	December 31, 2013
Measurement date of net pension liability (asset)	December 31, 2014
Actuarial cost method	Entry age
Asset valuation method	Fair market value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases	
Salary increases	3.2%
Salary Increases	0.2% - 5.8%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments	2.1%

*\*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

***Long-term expected Return on Plan Assets.*** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

# VALLEY TRANSIT

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

### NOTE 7 – EMPLOYEES’ RETIREMENT SYSTEMS (cont.)

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** (cont.)

Asset Class	Long-term Real Rate of Return	Target Allocation
US Equities	5.3%	21.0%
International Equities	5.7	23.0
Fixed Income	1.7	36.0
Inflation Sensitive Assets	2.3	20.0
Real Estate	4.2	7.0
Private Equity/Debt	6.9	7.0
Multi-Asset	3.9	6.0
Cash	0.9	(20.0)

*Single Discount rate.* A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the utility's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the utility’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the utility’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Valley Transits' proportionate share of the net position liability (asset)	\$ 1,212,108	\$ (429,647)	\$ (1,726,238)

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.



# VALLEY TRANSIT

## NOTES TO FINANCIAL STATEMENTS

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

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### NOTE 7 – EMPLOYEES’ RETIREMENT SYSTEMS (cont.)

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#### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* (cont.)

#### *Required Disclosures Under GASB No.27*

Covered payroll listed below is substantially the same as total payroll.

	Year Ended December 31	
	2014	2013
Total Covered Employee Payroll	<u>\$ 2,534,920</u>	<u>\$ 2,474,112</u>
Total Required Contributions	<u>\$ 354,889</u>	<u>\$ 329,057</u>
Total Required Contributions	<u>14.0%</u>	<u>13.3%</u>

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### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS

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The city administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The city’s group health insurance plan provides coverage to active employees and retirees at blended premium rates. This results in other postemployment benefit for retirees, commonly referred to as an implicit rate subsidy. The retirees pay 100% of the premium amounts under the plan. Specific information concerning the transit’s other postemployment benefits has not been determined. Please refer to the city’s financial statements for information concerning the city’s other postemployment benefits.

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### NOTE 9 – RISK MANAGEMENT (COMMERCIAL/SELF INSURANCE)

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#### **SELF INSURANCE**

Valley Transit participates in the City of Appleton’s Insurance Fund (an internal service fund). The city established this fund to account for and finance its common insurance premiums, risk management costs and uninsured risks of loss. All funds of the city participate in the fund and make payments based on historical estimates of the amounts needed to pay prior and current year claims and administration costs. The charge considers recent trends in actual claims experience of the city as a whole and makes provision for losses relating to catastrophes. The city carries a variety of self insured retention (SIR) levels and deductibles. The SIR for each general, automobile, police professional or public officials claim is \$200,000 per occurrence up to \$800,000 in a year and \$300,000 per occurrence for each worker’s compensation claim. The deductibles for property damage claims range from \$100 to \$10,000. The city also purchases commercial insurance coverage in excess of the SIR and deductible. In addition, the city retains a balance in the fund for uninsured losses such as environmental/pollution claims and employment practices claims. Settled claims for Valley Transit have not exceeded this commercial coverage in any of the past three years. Valley Transit’s share of insurance fund costs was \$86,380 in 2015 and \$83,650 in 2014. The city’s Comprehensive Annual Financial Report contains additional information about the insurance fund and the city’s risk management policies.

# VALLEY TRANSIT

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

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

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#### ***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/underinsured 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. In 2015 and 2014, TMI did not issue any refunds to Valley Transit.

The city's share of this corporation is 4.86% for auto liability and 2.87% 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](mailto:tmi@transitmutual.com).

#### ***HEALTH CARE***

The city provides health and dental care benefits to employees through a self-funded plan with specific insurance coverage. The plans are administered by United Health Care and Delta Dental. Insurance premiums, based on historical cost, are paid into the general fund from all other city funds and are available to pay claims, administrative costs, and stop loss claims.

The estimated liability for self-funded losses is based on reported claims for the year and those received subsequent to year end.

The city's Comprehensive Annual Financial Report contains additional information about the insurance fund and the city's risk management policies.

# VALLEY TRANSIT

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

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### NOTE 10 – COMMITMENTS AND CONTINGENCIES

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#### *PARATRANSIT SERVICE CONTRACTS*

Valley Transit contracts with a number of surrounding cities and counties for demand-responsive paratransit services. Contract terms and conditions vary for each provider.

#### *LONG-TERM CONTRACT – RUNNING, INC.*

In 2009, Valley Transit entered into a long-term contract with Running, Inc. effective April 1, 2009 through March 31, 2012. The contract contained two option years and was extended through December 31, 2012 while negotiating the first option year. The second option year agreement expired December 31, 2014. A new three year contract began January 1, 2015.

#### *GRANTS*

Valley 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 has recorded an allowance for potentially uncollectible state grants and believes any remaining disallowances would be immaterial.

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### NOTE 11 – CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE

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

#### *Valley Transit*

Net pension asset, January 1, 2014	\$	692,415
Deferred outflows January 1, 2014		<u>177,438</u>
Cumulative Effect of a Change in Accounting Principle	\$	<u><u>869,853</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

## Valley Transit

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u> (Plan year)	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	4.97000000%	\$ 429,647	\$ 2,534,920	16.95%	102.74%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u> (Calendar year)	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 184,822	\$ 184,822	\$ -	\$ 2,717,974	6.80%

See independent auditors' report and accompanying notes to the required supplementary information.

## Valley Transit

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2015

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#### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Valley Transit is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions.* There were no changes in assumptions.

**SUPPLEMENTAL INFORMATION**

## VALLEY TRANSIT

### DETAILED SCHEDULE OF REVENUES AND EXPENSES - REGULATORY BASIS For the Years Ended December 31, 2015 and 2014

	2015	2014
<b>REVENUE</b>		
401 - Passenger fares for transit service	\$ 1,481,947	\$ 1,495,310
402 - Special fare assistance	4,267	-
407 - Non-transportation revenue		
Advertising	70,294	38,419
Other	3,879	2,157
Contra-expenses	33,011	27,470
409 - Local operating assistance	1,861,476	1,865,165
409 - Local operating assistance - donations	69,604	116,527
411 - State operating assistance - current year	2,490,364	2,142,421
411 - State operating assistance - paratransit aid	108,584	103,586
411 - Planning grant (federal passed through state)	378	63,622
413 - Federal operating assistance	2,413,009	2,724,535
413 - Federal operating assistance - ADA	68,315	72,482
413 - Federal operating assistance - capital maintenance	-	91,986
	<u>8,605,128</u>	<u>8,743,680</u>
Total Revenue		
<b>EXPENSES - BY OBJECT CLASS TOTAL</b>		
501 - Labor		
Operators' wages	1,771,993	1,705,758
Other salaries and wages	642,564	668,326
502 - Fringe benefits	1,338,533	1,311,645
503 - Services	440,747	384,024
504 - Materials and supplies		
Fuels and lubricants	382,043	606,859
Tires and tubes	53,682	38,735
Other	302,707	313,791
505 - Utilities	100,395	105,020
506 - Casualty and liability costs	180,072	199,369
508 - Purchased transportation services	3,163,972	3,296,289
509 - Miscellaneous - Training	91,529	58,488
513 - Depreciation	641,396	657,913
	<u>9,109,633</u>	<u>9,346,217</u>
Total Expenses		
EXCESS EXPENSES OVER REVENUES FOR THE YEAR *	<u>\$ (504,505)</u>	<u>\$ (602,537)</u>

\* Excludes capital contributions and loss on asset disposal shown on Statements of Revenues and Expenses.



## VALLEY TRANSIT

### STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL For the Year Ended December 31, 2015

	Budget*	Actual	Variance- Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Passenger fares and special fare assistance	\$ 1,649,176	\$ 1,486,214	\$ (162,962)
Non-transportation revenue	61,000	107,184	46,184
Total Operating Revenues	<u>1,710,176</u>	<u>1,593,398</u>	<u>(116,778)</u>
<b>OPERATING EXPENSES (Excluding Depreciation)</b>			
Labor and Fringe Benefits			
Operators' wages	2,143,938	1,771,993	371,945
Other salaries and wages	583,287	642,564	(59,277)
Fringe benefits	<u>1,015,287</u>	<u>1,338,533</u>	<u>(323,246)</u>
Total Labor and Fringe Benefits	<u>3,742,512</u>	<u>3,753,090</u>	<u>(10,578)</u>
Services	<u>379,377</u>	<u>440,747</u>	<u>(61,370)</u>
Materials and Supplies			
Fuels	661,092	367,872	293,220
Lubricants	11,000	14,171	(3,171)
Tires and tubes	34,592	53,682	(19,090)
Revenue equipment maintenance	118,000	204,377	(86,377)
Building and grounds maintenance	-	5,568	(5,568)
General office	<u>75,265</u>	<u>92,762</u>	<u>(17,497)</u>
Total Materials and Supplies	<u>899,949</u>	<u>738,432</u>	<u>161,517</u>
Utilities			
Electric	61,251	52,791	8,460
Gas	43,500	20,071	23,429
Water	7,841	6,364	1,477
Telephone	9,700	10,844	(1,144)
Other	<u>10,288</u>	<u>10,325</u>	<u>(37)</u>
Total Utilities	<u>132,580</u>	<u>100,395</u>	<u>32,185</u>
Casualty and Liability Costs			
Physical damage	14,396	10,132	4,264
Public liability and property	<u>173,445</u>	<u>169,940</u>	<u>3,505</u>
Total Casualty and Liability Costs	<u>187,841</u>	<u>180,072</u>	<u>7,769</u>

## VALLEY TRANSIT

### STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (cont.) For the Year Ended December 31, 2015

	Budget*	Actual	Variance- Favorable (Unfavorable)
<b>OPERATING EXPENSES (Excluding Depreciation) (cont.)</b>			
Purchased Transportation Services	<u>\$ 3,559,507</u>	<u>\$ 3,163,972</u>	<u>\$ 395,535</u>
Miscellaneous			
Dues and subscriptions	5,710	5,620	90
Advertising and promotion	46,000	49,273	(3,273)
Training/other miscellaneous	<u>8,462</u>	<u>36,636</u>	<u>(28,174)</u>
Total Miscellaneous	<u>60,172</u>	<u>91,529</u>	<u>(31,357)</u>
Total Operating Expenses (Excluding Depreciation)	<u>8,961,938</u>	<u>8,468,237</u>	<u>493,701</u>
EXCESS OF OPERATING EXPENSES (EXCLUDING DEPRECIATION) OVER OPERATING REVENUES FOR THE YEAR	<u>\$ (7,251,762)</u>	<u>\$ (6,874,839)</u>	<u>\$ 376,923</u>

\* Budget numbers reflect the city's approved budget excluding current year capital and capital carryover.

## VALLEY TRANSIT

### RECONCILIATION OF REVENUES AND EXPENSES TO WISDOT AND FEDERAL RECOGNIZED REVENUES AND EXPENSES - REGULATORY BASIS For the Year Ended December 31, 2015

	<u>Per WisDOT Guidelines</u>	<u>Per Federal Guidelines</u>
Total revenues including operating assistance	\$ 8,605,128	\$ 8,605,128
Less: Unrecognized Revenues		
Local operating subsidies	1,931,080	1,931,080
Federal operating subsidy (including capital maintenance)	2,413,009	2,413,009
State operating subsidy	2,490,364	2,490,364
State paratransit aid	108,584	108,584
Planning grant	378	-
Advertising	70,294	38,419
Non-transportation revenues	36,890	36,890
Total Unrecognized Revenues	<u>7,050,599</u>	<u>7,018,346</u>
 ADJUSTED REVENUES	 <u>\$ 1,554,529</u>	 <u>\$ 1,586,782</u>
Total expenses per statement of revenues and expenses	\$ 9,109,633	\$ 9,109,633
Less: Unrecognized Expenses		
Depreciation	641,396	641,396
Capital maintenance *	-	-
Planning study (funded with separate grant)	473	473
5310 Funding	85,394	85,394
Contra-expenses	33,011	33,011
WisDOT Paratransit Costs - not eligible	108,584	108,584
Total WisDOT Unrecognized Expenses	<u>868,858</u>	<u>868,858</u>
 RECOGNIZED EXPENSES	 <u>\$ 8,240,775</u>	 <u>\$ 8,240,775</u>
 RECOGNIZED DEFICITS	 <u>\$ (6,686,246)</u>	 <u>\$ (6,653,993)</u>

\* Represents 100% of costs funded through capital maintenance program.

## VALLEY TRANSIT

### COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS For the Year Ended December 31, 2015

#### FEDERAL FUNDS

Capital Cost of Third Party Contracting	\$	361,280	
Preventative Maintenance		457,696	
Operating Assistance		<u>1,594,033</u>	
			<u>\$ 2,413,009</u>

#### STATE FUNDS

WisDOT Recognized Deficit	\$	<u>6,686,246</u>	
WisDOT Contract Amount		<u>2,490,364</u>	
WisDOT Recognized Expenses	\$	8,240,775	
Maximum Federal and State	60.00%	4,944,465	
Less: Federal Share		<u>2,413,009</u>	
Non-Federal Share		<u>\$ 2,531,456</u>	
City of Appleton and Other Local Subsidies	\$	<u>1,931,080</u>	
5 Times Operating Subsidy		<u>\$ 9,655,400</u>	
STATE SHARE - LEAST OF THE FIVE			<u>\$ 2,490,364</u>

#### SUMMARY OF 2015 FUNDING

	Received in 2015	Receivable (Payable) 12/31/15***	Totals
Federal Operating Funds*	\$ 1,772,640	\$ 640,369	\$ 2,413,009
State Funds**	2,241,345	249,019	2,490,364
Local Public Subsidies	<u>3,211,590</u>	<u>(1,280,510)</u>	<u>1,931,080</u>
<b>TOTAL FUNDING</b>	<u>\$ 7,225,575</u>	<u>\$ (391,122)</u>	<u>\$ 6,834,453</u>

\* - Revenues exclude Planning grant of \$378 and ADA grant of \$68,315.

\*\* - Revenues exclude paratransit funding of \$108,584.

\*\*\*- Receivable excludes prior year state operating aid of \$729,460.