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SOUTHWEST TRANSIT

Eden Prairie, Minnesota



Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2013

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2013**

Mission Statement

*SouthWest Transit is committed to providing a quality riding
experience that fulfills the needs and exceeds the
expectations of our customers.*

Prepared by:

Department of Finance and Administration

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	1-5
GFOA Certificate of Achievement	7
Organization Chart	8
Board of Commissioners and Key Personnel	9
 FINANCIAL SECTION:	
Independent Auditor’s Report	12-13
Management’s Discussion and Analysis	14-22
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	24
Statement of Activities.....	25
Fund Financial Statements:	
Balance Sheet – Governmental Funds	28
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds.....	31
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Funds.....	34
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	35
Notes to the Financial Statements.....	37-56
 Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	60
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital and Equipment Capital Projects Fund.....	62
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – East Creek Station Capital Projects Fund	63
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – SWS Development Capital Projects Fund	64
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – SouthWest Village Debt Service Fund	65
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Energy Savings Capital Projects Fund.....	66
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Energy Savings Debt Service Fund	67

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

TABLE OF CONTENTS

Page
Number

FINANCIAL SECTION (CONTINUED):

Combining and Individual Fund Statements and Schedules: (Continued)

Schedule of Capital Projects – Budget and Actual 68

STATISTICAL SECTION:

Table 1 Net Position by Component 73

Table 2 Changes in Net Position 74

Table 3 Fund Balances of Governmental Funds 75

Table 4 Changes in Fund Balances of Governmental Funds 76

Table 5 Ratios of Outstanding Debt by Type 78

Table 6 Demographic and Economic Statistics 79

Table 7 Principal Employers 80

Table 8 Full-Time Equivalent SWT Employees by Function 81

Table 9 Operating Statistics 82

Table 10 Capital Asset Statistics by Function/Program 83

Table 11 Farebox Recovery Percentage and Fare Structure 84

Table 12 Miscellaneous Statistics 85



May 7, 2014

Honorable Chair and Members of the Commission
SouthWest Transit

We are pleased to respectfully submit the SouthWest Transit (SWT) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2013 to the SouthWest Transit Commission, the citizens of this area and all interested in its financial condition. SWT is a public agency created by a joint powers agreement between the Cities of Eden Prairie, Chanhassen and Chaska for the purposes of providing transit services to the Cities of Eden Prairie, Chanhassen and Chaska and contracting to provide transit and planning services, as approved by the Commission, pursuant to *Minnesota Statutes 473.384* and/or *Minnesota Statutes 473.388* and *471.59*. This report is published to fulfill the requirements of Minnesota state law that all general purpose local governments publish annually a complete set of financial statements in conformance with accounting principles generally accepted in the United States of America (GAAP), audited in accordance with accounting standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report was prepared by the SWT Finance Department and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules and statistical tables rests with SWT. Management believes the data, as presented, is accurate in all material respects; that it is presented in a manner designated to fairly set forth the financial position and results of SWT as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain an understanding of SWT's financial position have been included. Management of SWT has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of SWT's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh their benefit, SWT's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

SWT's financial statements were audited by KDV, Ltd., a firm of licensed and certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of SWT for the year ended December 31, 2013 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion that SWT's financial statements for the year ended December 31, 2013 are presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. SWT's MD&A can be found in the financial section of this report immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The SouthWest Transit Commission was formed in July of 1986 by a joint powers agreement between the Cities of Eden Prairie, Chanhassen and Chaska to provide public transit services. The Commission consists of seven members. Each of the three Cities appoints two Commissioners; one must be a City Council member or the current Mayor of the respective Cities. The seventh member must reside or maintain a business in one of the three Cities and is appointed by the six Commissioners. This Commissioner is the rider representative. The Treasurer is a member of the Commission and is elected by the Commission.

The Chief Executive Officer (CEO) is appointed by the Commission to administer the day to day activities of SWT, including administration of the transit system, contracts for transportation services, marketing and promotion of such services, administration of personnel matters including hiring and termination of employees.

The primary mission of SWT is committed to providing a quality riding experience that fulfills the needs and exceeds the expectations of our customers.

SWT provides fixed route transit services within the three communities and connects the communities to other metropolitan destinations, including downtown Minneapolis, the University of Minnesota, the Southdale area, as well as providing reverse commute services to businesses within the three communities. SWT services are provided by a fleet of sixty (60) active vehicles. Driver services are provided by a private contractor. SWT does not have any component units.

The annual operating budget serves as the basis for SWT's financial planning and control. Departments submit their line item detailed budget requests to the Finance Department in August and the Chief Executive Officer presents the proposed budget to the Commission in October. The final budget is adopted before the next year begins, often in December of each year. Actual amounts exceeding the budgeted line items are allowed if there is corresponding revenue increase or if the total expenses for the department are within the department budgeted amount. However, the level at which management cannot overspend the budget without approval of the governing body is the fund level for all budgets. If significant changes occur after the budget is adopted, budget adjustments are proposed by SWT management and adopted by the Commission.

ECONOMIC CONDITIONS AND OUTLOOK

Operating Funds

The SWT service area is located in the southwest corner of the Minneapolis/St. Paul Metropolitan area. Population and construction activity continues to grow but has slowed due to the current economic conditions in each of the three communities we serve, Chanhassen, Chaska and Eden Prairie, Minnesota.

SouthWest Transit operations continued successfully in 2013, serving over one million riders for the seventh consecutive year.

Subsidy represents the cost of each ride less the fares received. SWT's per passenger subsidy was \$ 5.26 in 2012 and increased to \$ 5.60 in 2013.

In the fall of 2006, a constitutional amendment passed dedicating all State Motor Vehicle Sales Tax (MVST) revenue to transportation, with at least forty percent dedicated to transit. The MVST revenue was phased in between 2007 and 2013. The new source of funding is now referenced as regional allocated MVST. SWT will receive a portion of regional allocated MVST in 2014.

SWT's primary funding source is received through MVST. A base funding of \$ 5.3 million was received in 2013. Passenger fares at \$ 2.5 million are the second largest revenue source for operating funds. SWT received \$ 604,200 additional revenue through regional allocated MVST in 2013. The regional policy directed SWT to use fund balance for operations due to the regional transit deficit. While SWT continues to pursue a fair share of regional allocated funding, we are also committed to a proactive approach that relies on cost effectiveness and sound management decisions.

As SWT continues forward one thing that will not waiver is our commitment to quality, safety, customer service and to the development of our employees.

Capital Funds

Historically, capital expenditures for facilities such as park and ride lots, stations and bus garage facilities as well as bus purchases have been funded by state, local and federal grants, or SWT reserve funds. Capital funds are awarded on the basis of competitive proposals submitted by regional providers. SWT has developed and maintains a long range Capital Improvement Plan (CIP) to plan for future needs and services and to support application for the capital funds.

Significant project activity in 2013 includes the following:

- Completed the construction of a new 700 parking stall park and ride, transit station and bus way in Chaska – East Creek Station
- Technology projects included Wi-Fi at transit stations and on transit buses, new web site development, and an agency wide server upgrade.
- Began a \$ 1,000,000 project focused on energy saving improvements.

Long Term Financial Planning

SWT has implemented various financial/budget policies to guide the Commission and staff when making financial decisions and to ensure the long-term stability of SWT finances and operations. These policies include the following:

- The Commission shall set the General Fund balance to represent 35-40% of the current year operating budget.
- In 2013, SWT refinanced the SouthWest Village transit station and parking ramp debt by issuing \$ 1,120,000 Refunding Certificates of Participation (COP), Series 2013 together with \$ 826,824 from other SWT services.
- A debt service fund balance of \$ 1,926 as stated in the Balance Sheet is dedicated to retirement of the Refunding Certificates of Participation for the SouthWest Village construction.

- Intergovernmental revenue or local funds will be used to pay the debt service on the current outstanding value of \$ 1,120,000 for the above stated COP.
- The Commission issued \$ 1,000,000 in energy savings debt that will be repaid from future energy savings. A separate debt service fund has been set up to account for the repayment of this debt.
- SWT completed the creation of its asset management plan in 2013.

SWT has also adopted the following Capital and Debt Policies:

- SWT will first seek state and federal capital funding to the extent it is available. State and federal sources include the Metropolitan Council (MC), Federal Congestion Mitigation Air Quality (CMAQ) grants and/or other sources as they become available.
- SWT will look towards its Capital and Equipment Fund (C&E) fund balance to fund one-time capital expenditures.
- Should SWT need to issue debt, it shall confine long-term borrowing to capital improvements or assets for which there is no limited or delayed capital funding from the Metropolitan Council or other grant sources and that cannot be funded from current revenues. When debt is issued, it will pay back the debt within a period not more than the useful life of the improvement or asset.
- A minimum reserve in the amount of one year debt retirement will be dedicated to the debt retirement at the time the debt is issued.
- Total annual debt retirement payments funded by current revenue will not exceed 10% of the general fund budget. Debt retirement for issues with a dedicated reserve will not be included in the 10% maximum.
- SWT will maintain a five-year Capital Improvement Plan for all projects over \$ 50,000 and update the plan with the annual budget process.

Major Initiatives

Major initiatives for SWT operations included:

- Ridership on SWT increased 3.4% for the first time since 2008. An improved economy, new service, a new station and the agency's marketing efforts were all responsible for the increase.
- Additional transit services have been added to other destinations including Best Buy Corporate Offices, Normandale Community College and Southdale Shopping Center.
- SWT can now operate its buses on the shoulders of Hwy 494 between Hwy 5 in Eden Prairie and Hwy 394 in Golden Valley. Up to this point bus use of shoulders was prohibited on 494.
- WiFi service is available on all of SWT's buses. SWT is the first transit agency in the state and one of the first in the country to offer WiFi on all buses. In addition, free WiFi is available at all four of SWT's major Park & Ride locations.
- East Creek Station in Chaska opened in September 2013. This station is the third major Park & Ride SWT has built and opened along Hwy 212.
- At SouthWest Village in Chanhassen, construction of 38 townhomes has begun on property purchased from the agency by Ryland Homes.
- SWT completed the creation of its Asset Management Plan in 2013. This document focuses on ensuring that strategic objectives are achieved by establishing lifecycle management plans for all assets.

- SWT Energy Efficiency - A number of energy improvements were made to the facilities of SWT that are estimated to save the agency \$ 1 million over the next 15 years.

Certificate of Achievement

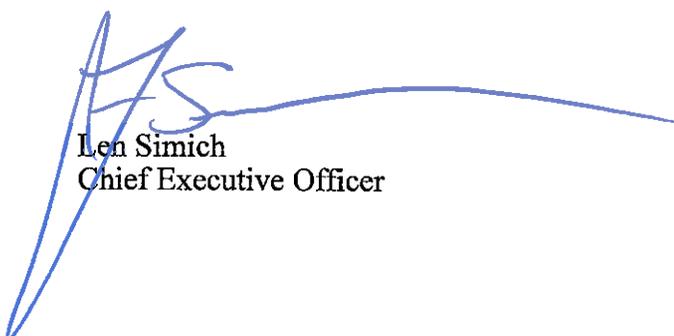
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SWT for its comprehensive annual financial report for the year ended December 31, 2012. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our appreciation to the Commission for their continued support in planning and conducting the financial operations of SWT in a responsible and progressive manner. We also want to thank the Finance staff for their contribution in the preparation of this report. Special recognition is in order for Ms. Souriyong Souriya, who is responsible for the operational oversight of the financial system, closing adjustments, coordination of the annual audit, compilation of the statistical information and preparation of the CAFR. Mr. Mel Rozeboom should also be recognized for his contribution in compiling the fixed asset, depreciation, investments and payroll information.

Respectfully submitted,



Len Simich
Chief Executive Officer





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

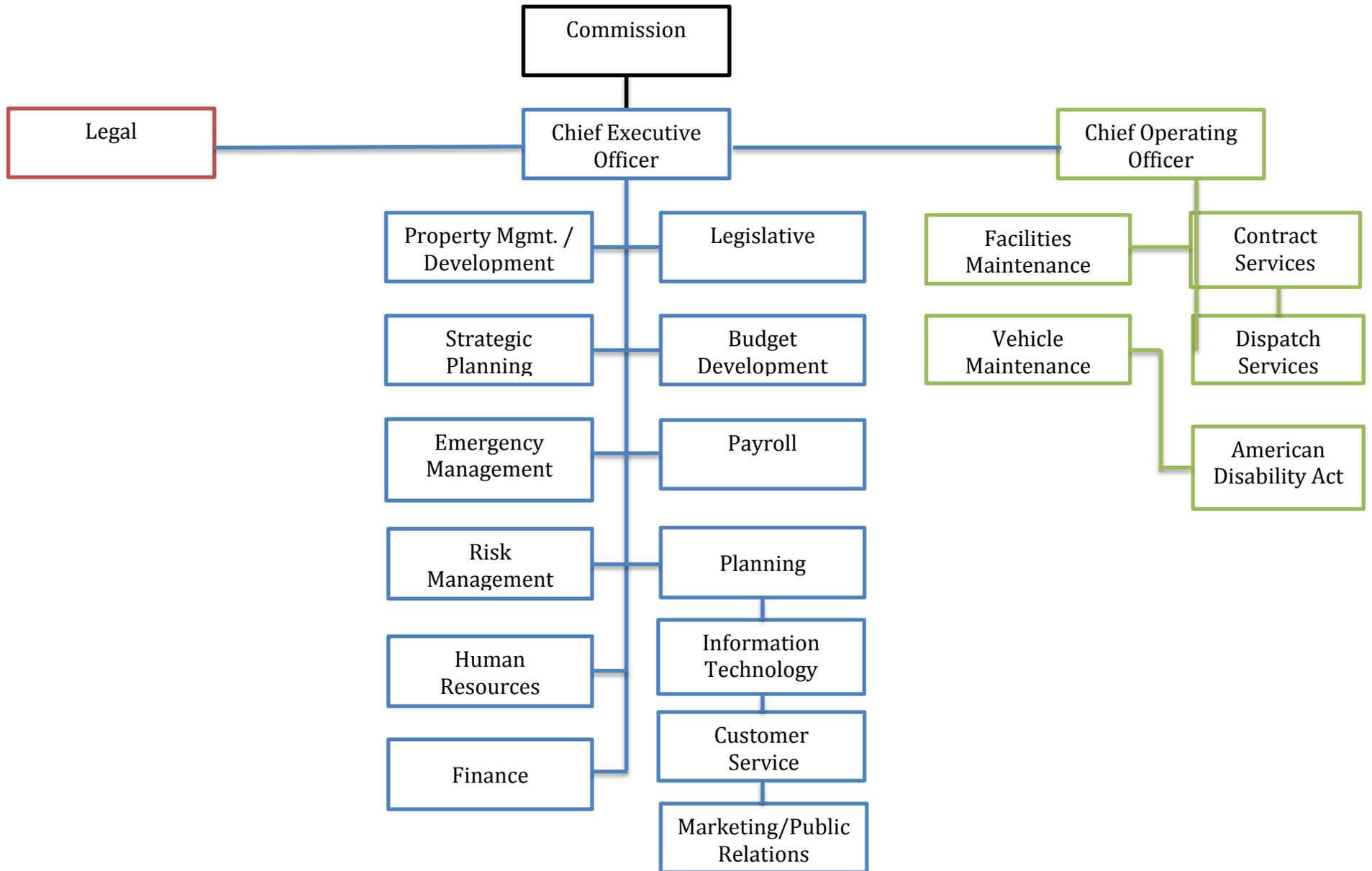
**SouthWest Transit
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

SouthWest Transit Organization Chart



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**BOARD OF COMMISSIONERS AND KEY PERSONNEL
December 31, 2013**

<u>Board Member</u>	<u>Position on Board</u>	<u>Community Represented</u>	<u>Term Expires</u>
Jerry McDonald	Chairperson	Chanhassen	December 31, 2016
Nancy Tyra-Lukens	Vice Chairperson	Eden Prairie	December 31, 2015
Jay Rohe	Secretary/Treasurer	Chaska	December 31, 2015
Jody Collis King	Board Member	Chanhassen	December 31, 2015
Brad Aho	Board Member	Eden Prairie	December 31, 2014
Bob Roepke	Board Member	Chaska	December 31, 2015
Dan Wilczek	Board Member	Eden Prairie	December 31, 2015
<u>Key Personnel</u>			
Len Simich	Chief Executive Officer		
Dave Jacobson	Chief Operating Officer		
Steve LaFrance	Maintenance and Facilities Director		



FINANCIAL SECTION



Expert advice. When you need it.SM

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
SouthWest Transit
Eden Prairie, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of SouthWest Transit ("SWT"), Eden Prairie, Minnesota, as of and for the year ended December 31, 2013 and the related Notes to the Financial Statements, which collectively comprise SWT's basic 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 auditor's 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 relevant to SWT'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 SWT'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of SouthWest Transit, Eden Prairie, Minnesota, as of December 31, 2013, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SWT's basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with SWT's financial statement for the year ended December 31, 2012, from which such partial information was derived.

We have previously audited SWT's 2012 financial statements and our report, dated May 8, 2013, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2014 on our consideration of SWT'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. 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 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 SWT's internal control over financial reporting and compliance.


KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
May 7, 2014

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2013**

As management of SouthWest Transit (SWT), we offer readers of SWT's financial statements this narrative overview and analysis of the financial activities of SWT for the year ended December 31, 2013. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- The assets of SWT exceeded its liabilities at the close of year 2013 by \$ 55,679,949 (net position). Of this amount, \$ 6,927,320 (unrestricted net position) may be used to meet SWT's ongoing obligations to customers and creditors.
- SWT's total net position increased by \$ 5,633,252, or 11.3%.
- As of the close of the current year, SWT's governmental funds reported combined ending fund balances of \$ 7,178,505, a decrease of \$ 93,836 in comparison with the prior year. \$ 2,707,349 of the General Fund is unassigned and available for spending at SWT's discretion.
- At the end of the current fiscal year, the General Fund had a fund balance of \$ 3,230,309. Of that amount, \$ 522,960 was in nonspendable form and the remaining \$ 2,707,349 was unassigned.
- SWT has a fund balance of \$ 2,687 available for debt retirement. Funds from the Development Fund and Capital and Equipment Fund were budgeted and were transferred to cover 2013 debt payments.
- SWT refinanced the SouthWest Village parking ramp and passenger waiting station debt in 2013. SWT issued \$ 1,120,000 Certificates of Participation, Series 2013 and together with \$ 826,824 from the SWS Development Capital Projects Fund retired the prior year outstanding debt.
- SWT obtained \$ 1,000,000 lease purchase financing for energy savings projects and expects that future reductions of cost will provide the financing necessary to retire the debt.
- The SWT ridership increased by 3.4% to 1,032,889; operations increased the overall subsidy per passenger from \$ 5.26 in 2012 to \$ 5.60 in 2013.

Overview of the Financial Statements – This discussion and analysis is intended to serve as an introduction to SWT's basic financial statements. SWT's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) Notes to the Financial Statements.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2013**

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of SWT's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of SWT's 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 SWT is improving or deteriorating.

The Statement of Activities presents information showing how SWT's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future periods (e.g. uncollected motor vehicle excise taxes, and earned but unused personal leave).

The government-wide financial statements include only SWT itself. SWT has no component units.

The government-wide financial statements can be found on pages 24-25 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SWT, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of SWT are governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating SWT's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of SWT's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

SWT maintained the following individual governmental funds during 2013: the General Fund, Capital Project Funds for East Creek Station, Energy Savings, SWT Buses, SWS Development Fund and the Capital and Equipment Fund. In addition, SWT maintains two Debt Service Funds for SW Village Debt and Energy Savings Debt Service.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2013**

SWT adopts annual budgets for its General Fund, Capital Project Funds and the Debt Service Fund. However, capital projects that are totally grant funded are typically controlled through the grant provisions. A budgetary comparison statement has been provided for the funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28-35 of this report.

Notes to the Financial Statements – The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 37-56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an organization's financial position. In the case of SWT, assets exceeded liabilities by \$ 55,679,949 at the close of 2013.

12.4 % of SWT's net position is unrestricted. This is the amount available to meet SWT's ongoing obligations to its riders and creditors.

The remaining 87.6% reflects SWT's investment in capital assets (e.g. land, buildings, vehicles, equipment) less any related debt used to acquire those assets that is still outstanding. SWT uses these capital assets to provide transit services to the citizens within our service area. Consequently, these assets are not available for future spending. Although SWT's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2013**

Net Position

	2013	2012
Current Assets	\$ 8,453,404	\$ 8,540,356
Capital Assets, Net of Depreciation	50,704,276	44,741,373
Total Assets	\$ 59,157,680	\$ 53,281,729
Current Liabilities	\$ 1,516,282	\$ 1,397,403
Long-Term Liabilities	1,961,449	1,837,629
Total Liabilities	\$ 3,477,731	\$ 3,235,032
NET POSITION:		
Net Investment in Capital Assets	\$ 48,752,629	\$ 42,839,924
Unrestricted	6,927,320	7,206,773
Total Net Position	\$ 55,679,949	\$ 50,046,697

Governmental Activities – Governmental activities increased SWT's net position by \$ 5,633,252. The components of net position increased or decreased as follows:

- Net position invested in capital assets increased by \$ 5,912,705 primarily due to the completion of the East Creek Station.
- Unrestricted net position decreased by \$ 279,453 primarily due to using more current assets to support operations in addition to transfers for cash outlay of capital activity.

Please see pages 24-25 for further detailed information.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2013**

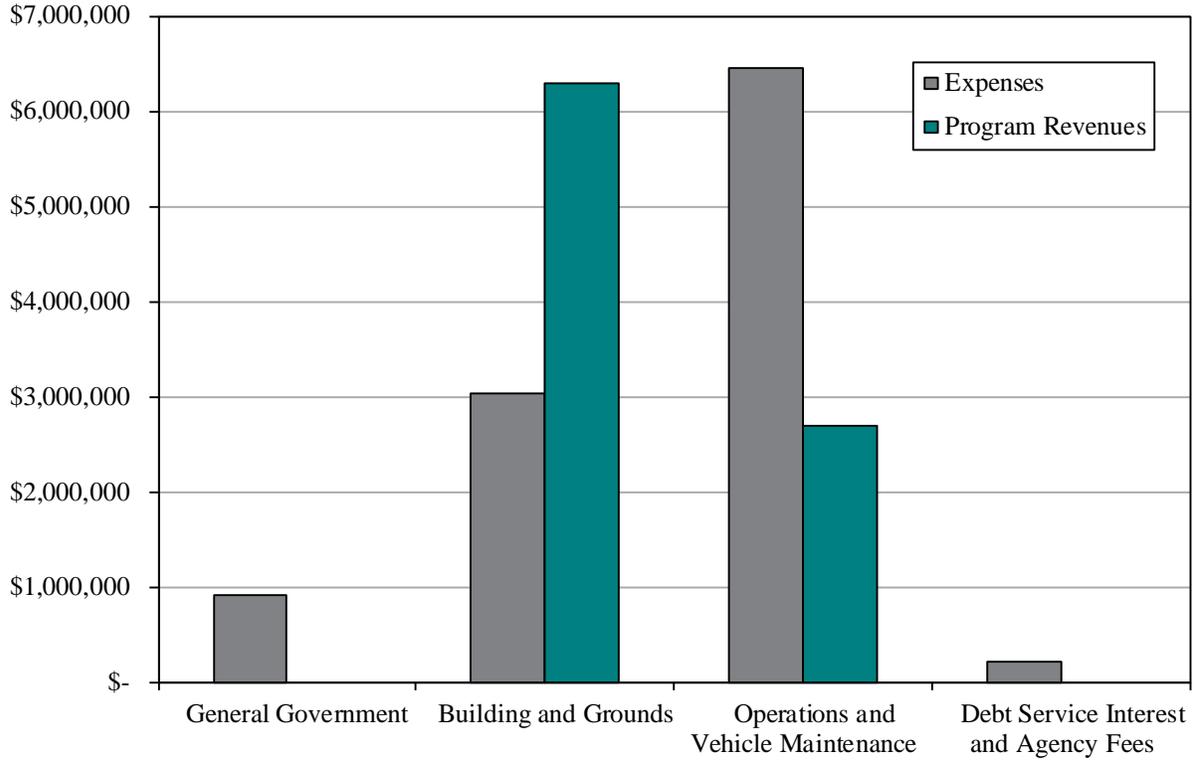
Changes in Net Position

	Governmental Activities	
	2013	2012
Revenues:		
Program Revenues		
Charges for Services	\$ 3,441,354	\$ 2,653,940
Capital Grants and contributions	6,482,340	4,346,355
Total Program Revenues	9,923,694	7,000,295
General revenues:		
Unrestricted Intergovernmental revenue	5,979,464	5,042,264
Other Local Revenue	288,300	193,258
Gain on Sales of Assets	17,500	-
Unrestricted Investment earnings	31,680	31,661
Total revenues	16,240,638	12,267,478
Expenses:		
General Government	914,906	907,404
Building and Grounds	3,030,101	3,532,084
Operations and Vehicle Maintenance	6,448,144	6,338,270
Debt Service Interest and Agency Fees	214,235	92,435
Total expenses	10,607,386	10,870,193
Change in Net Assets	5,633,252	1,397,285
NET ASSETS:		
Beginning	50,046,697	48,649,412
Ending	\$ 55,679,949	\$ 50,046,697

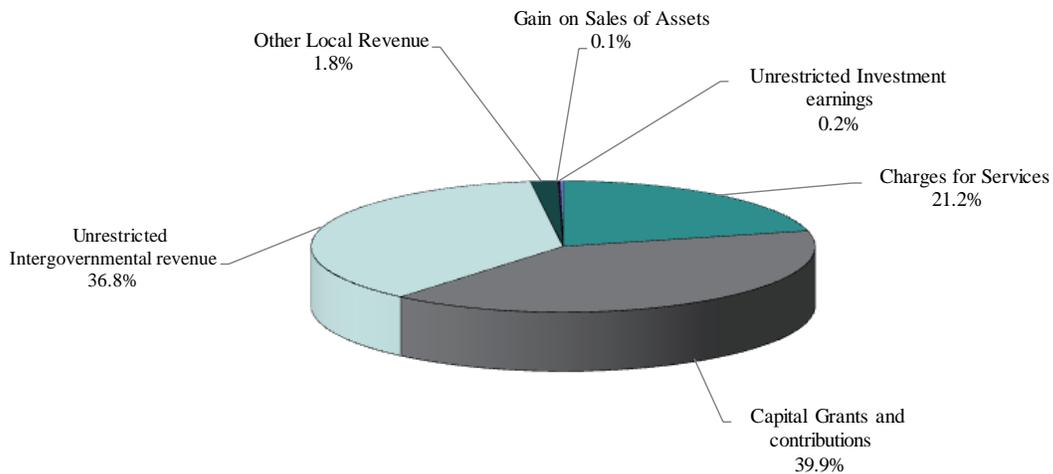
**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2013**

Expenses and Program Revenues - Governmental Activities



Revenues by Sources - Governmental Activities



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2013**

FINANCIAL ANALYSIS OF SWT FUNDS

As noted earlier, SWT uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – The focus of SWT's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing SWT's financing requirements. In particular, unassigned and assigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, SWT's governmental funds reported combined ending fund balances of \$ 7,178,505, a decrease of \$ 93,836 in comparison with the prior year. Fund balances are classified to reflect the limitations and restriction of the respective funds. Additional information on fund balance classifications are in Note 7 on page 52 of this report.

The decrease in SWT's fund balance of \$ 93,836 during the current year is comprised of the following key factors:

- The General Fund decrease of \$ 60,357 was primarily due to the \$ 400,000 transfer out for Capital and Equipment Capital activities.

Other fund activity includes the following significant transactions:

- SWT sold property adjacent to SouthWest Village Transit Station for the future residential development. The sales price was \$ 652,515 and sale proceeds were used to refinance the SouthWest Village Parking Debt.
- SWT refinanced the remaining debt outstanding for SouthWest Village Transit Station and Parking Ramp. SWT issued \$ 1,120,000 Certificates of Participation and \$ 826,824 of funds on hand to complete the transaction.
- The East Creek Station project was completed and service started in September 2013. The remaining fund balance of \$ 872,868 was transferred \$ 722,868 and \$ 150,000 respectively, back to the Capital and Equipment and the SWS Development Capital Projects Funds.
- SWT financed its \$ 1,000,000 Energy Savings project by obtaining lease purchase financing. The project started in 2013, and is near completion.

GENERAL FUND BUDGETARY HIGHLIGHTS

The SWT Commission amended the 2013 budget in December 2013 to react to anticipated reduction of expenditures in transit operations and vehicle maintenance, however, the final variance was a \$ 128,593 positive variance in expenditures as some of the year end expenditures did not meet anticipated amounts. SWT received \$ 604,200 of regional allocated MVST that was not anticipated when the original budget was adopted. Passenger fare revenues increased 2.78% over the original budget and \$ 32,920 more than anticipated with the amended budget.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2013**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – SWT's investment in capital assets as of December 31, 2013 amounted to \$ 50,704,276 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements including parking decks, equipment and intangible assets. See the following table for more detail.

Capital Assets (Net of Depreciation)

	2013	2012
Buildings and Facilities	\$ 8,112,462	\$ 8,408,220
Bus Equipment	5,074	6,490
Equipment and Software	436,576	406,179
Furniture	3,942	6,480
Land	3,804,820	3,804,820
Land Improvements	915,914	1,007,086
Park and Ride Facilities	32,804,559	24,788,482
Transit Hub Facilities	439,338	470,871
Vehicles	53,967	63,585
Construction in Progress	4,127,624	5,779,160
Total	\$ 50,704,276	\$ 44,741,373

SWT operates 60 buses owned by the Metropolitan Council.

Additional information on SWT's capital assets can be found in Note 1.D.5 on pages 41-42 of this report and Note 5 on pages 49-50 of this report.

Long-Term Debt – SWT refinanced the outstanding balance of the capital lease purchase balance of \$ 1,819,847 with the issuance of \$ 1,120,000 Certificates of Participation, Series 2013. The proceeds of this issue plus \$ 826,824 from the Capital Projects Fund were used to complete the transaction. SWT reduced both the principal amount outstanding and the interest rate paid on the debt. SWT also obtained \$ 1,000,000 in lease purchase financing to complete its energy savings project.

Additional information on SWT's long-term debt can be found in Note 7 on pages 52-53 of this report.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2013**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

SWT had approved its 2014 budget that includes an estimated \$ 5,478,000 from MVST and \$ 3,013,520 from regional allocated MVST. The 2014 expenditure budget provides additional service for its riders with new service to Best Buy, Target Corporation Offices, Normandale Community College and the Southdale Shopping area. The General Fund expenditure budget for 2014 is \$ 10,333,470; an increase of \$ 1,889,579. The increased expenditures are planned to be financed with an additional \$ 2,563,320 MVST and regional allocated MVST.

SWT ridership increased by 3.4% in 2013 and the trend is expected to continue in 2014. Ridership increases are expected with both the current routes and with the planned expansion of services in 2014. The 2014 budget increased passenger fares to \$ 2,556,000; up 2.86% over the 2013 amended budget.

SWT General Fund balance policy states the SWT Commission shall set the General Fund balance to represent 35%-40% of the current year operating budget. The 2014 budget as approved by the SWT Commission maintains less than this policy. It is projected the 2014 fund balance will be increased to maintain the fund balance policy guidelines.

SWT will utilize the following strategies to balance the 2014 budget:

- Implementing additional operating efficiencies
- Forging new partnerships
- Actively pursuing an equitable share of state and federal funding for transit operation
- Use of reserves as necessary

SWT's goal is to balance the budget by minimizing as much as possible any negative impacts to both our riding customers and staff.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of SWT's finances for all those with an interest in SWT's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, 13500 Technology Drive, Eden Prairie, Minnesota 55344.

BASIC FINANCIAL STATEMENTS

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
December 31, 2013
(With Comparative Totals for December 31, 2012)

	December 31,	
	2013	2012
ASSETS:		
Current Assets:		
Cash and Investments	\$ 6,540,851	\$ 4,508,985
Cash with Fiscal Agent	140,718	-
Accounts Receivable	629,969	590,488
Interest Receivable	1,543	2,901
Special Assessments Receivable	-	26,760
Intergovernmental Receivable	617,363	2,884,672
Inventory - Vehicle Parts	404,396	341,431
Land Held for Resale	-	48,833
Prepaid Items	118,564	136,286
Total Current Assets	8,453,404	8,540,356
Noncurrent Assets:		
Capital Assets:		
Land	3,804,820	3,804,820
Land Improvements	1,507,829	1,507,829
Buildings and Facilities	12,346,319	12,302,934
Transit Hub Facilities	1,474,837	1,428,387
Bus Equipment	103,920	103,920
Park and Ride Facilities	38,135,914	29,277,489
Equipment and Software	1,097,602	983,454
Vehicles	135,201	135,201
Furniture	24,455	24,455
Construction in Progress	4,127,624	5,779,160
Total Cost	62,758,521	55,347,649
Less Accumulated Depreciation	(12,054,245)	(10,606,276)
Total Noncurrent Assets	50,704,276	44,741,373
Total Assets	\$ 59,157,680	\$ 53,281,729
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Accounts and Contracts Payable	\$ 773,794	\$ 1,002,183
Retainage Payable	399,800	101,528
Salaries and Benefits Payable	78,347	73,461
Unearned Revenue	22,958	15,250
Interest Payable	7,781	22,611
Long-Term Liabilities Due Within One Year	233,602	182,370
Total Current Liabilities	1,516,282	1,397,403
Noncurrent Liabilities:		
Lease Purchase/Certificates of Participation Payable	2,092,365	1,901,449
Compensated Absences Payable	102,686	118,550
Less Amounts Due Within One Year	(233,602)	(182,370)
Total Noncurrent Liabilities	1,961,449	1,837,629
Total Liabilities	3,477,731	3,235,032
Net Position:		
Net Investment in Capital Assets	48,752,629	42,839,924
Unrestricted	6,927,320	7,206,773
Total Net Position	55,679,949	50,046,697
Total Liabilities and Net Position	\$ 59,157,680	\$ 53,281,729

The Notes to the Financial Statements are an integral part of this statement.

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2013	2012
					Governmental Activities	Governmental Activities
Governmental Activities:						
General Government	\$ 914,906	\$ -	\$ -	\$ -	\$ (914,906)	\$ (907,404)
Buildings and Grounds	3,030,101	750,928	-	6,284,882	4,005,709	426,121
Operations and Vehicle Maintenance	6,448,144	2,690,426	-	197,458	(3,560,260)	(3,296,180)
Debt Service Interest and Agency Fees	214,235	-	-	-	(214,235)	(92,435)
Total Governmental Activities	<u>\$ 10,607,386</u>	<u>\$ 3,441,354</u>	<u>\$ -</u>	<u>\$ 6,482,340</u>	(683,692)	(3,869,898)
General Revenues:						
Unrestricted Intergovernmental Revenue					5,979,464	5,042,264
Other Local Revenue					288,300	193,258
Unrestricted Investment Earnings					31,680	31,661
Gain on Sales of Assets					17,500	-
Total General Revenues					<u>6,316,944</u>	<u>5,267,183</u>
Change in Net Position					5,633,252	1,397,285
Net Position - Beginning					50,046,697	48,649,412
Net Position - Ending					<u>\$ 55,679,949</u>	<u>\$ 50,046,697</u>

⌘ The Notes to the Financial Statements are an integral part of this statement.





SOUTHWEST TRANSIT
Eden Prairie, Minnesota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2013
(With Comparative Totals for December 31, 2012)

		Capital Projects		
	General Fund	Capital and Equipment	East Creek Station	SWS Development Capital
ASSETS:				
Cash and Investments	\$ 2,522,438	\$ 2,091,368	\$ -	\$ 1,924,358
Cash with Fiscal Agent	-	-	-	-
Accounts Receivable	617,011	-	-	12,958
Interest Receivable	828	326	-	389
Special Assessments Receivable	-	-	-	-
Intergovernmental Receivable	-	-	524,566	-
Due from Other Funds	181,168	-	-	-
Inventory	404,396	-	-	-
Land Held for Resale	-	-	-	-
Prepaid Items	118,564	-	-	-
Total Assets	<u>\$ 3,844,405</u>	<u>\$ 2,091,694</u>	<u>\$ 524,566</u>	<u>\$ 1,937,705</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts and Contracts Payable	\$ 535,749	\$ 195,288	\$ 9,726	\$ 6,362
Retainage Payable	-	-	399,800	-
Salaries and Benefits Payable	78,347	-	-	-
Unearned Revenue	-	-	-	22,958
Due to Other Funds	-	-	115,040	-
Total Liabilities	<u>614,096</u>	<u>195,288</u>	<u>524,566</u>	<u>29,320</u>
Fund Balances:				
Nonspendable	522,960	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	1,896,406	-	1,908,385
Unassigned	2,707,349	-	-	-
Total Fund Balances	<u>3,230,309</u>	<u>1,896,406</u>	<u>-</u>	<u>1,908,385</u>
Total Liabilities and Fund Balances	<u>\$ 3,844,405</u>	<u>\$ 2,091,694</u>	<u>\$ 524,566</u>	<u>\$ 1,937,705</u>

<u>Debt Service</u> <u>SW Village</u> <u>Debt</u> <u>Service</u>	Nonmajor Governmental Funds	<u>Total Governmental Funds</u>	
		<u>2013</u>	<u>2012</u>
\$ 1,926	\$ 761	\$ 6,540,851	\$ 4,508,985
-	140,718	140,718	-
-	-	629,969	590,488
-	-	1,543	2,901
-	-	-	26,760
-	92,797	617,363	2,884,672
-	-	181,168	363,354
-	-	404,396	341,431
-	-	-	48,833
-	-	118,564	136,286
<u>\$ 1,926</u>	<u>\$ 234,276</u>	<u>\$ 8,634,572</u>	<u>\$ 8,903,710</u>
\$ -	\$ 26,669	\$ 773,794	\$ 1,002,183
-	-	399,800	101,528
-	-	78,347	73,461
-	-	22,958	90,843
-	66,128	181,168	363,354
-	92,797	1,456,067	1,631,369
-	-	522,960	477,717
-	140,718	140,718	-
1,926	761	2,687	14,279
-	-	3,804,791	3,967,396
-	-	2,707,349	2,812,949
<u>1,926</u>	<u>141,479</u>	<u>7,178,505</u>	<u>7,272,341</u>
<u>\$ 1,926</u>	<u>\$ 234,276</u>	<u>\$ 8,634,572</u>	<u>\$ 8,903,710</u>



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS**

December 31, 2013

(With Comparative Totals for December 31, 2012)

	December 31,	
	2013	2012
Total Fund Balances - Governmental Funds	\$ 7,178,505	\$ 7,272,341
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.		
Cost of Capital Assets	62,758,521	55,347,649
Less Accumulated Depreciation	(12,054,245)	(10,606,276)
Long-term liabilities, including leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Leases/Certificates of Participation Payable	(2,092,365)	(1,901,449)
Compensated Absences Payable	(102,686)	(118,550)
Deferred special assessments receivable are not available to pay for current expenditures and, therefore, are deferred in the funds.	-	26,760
Unrestricted SouthWest Village land held for resale	-	48,833
Governmental funds do not report a liability for accrued interest until due and payable.	(7,781)	(22,611)
Total Net Position - Governmental Activities	\$ 55,679,949	\$ 50,046,697

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	General Fund	Capital and Equipment	Capital Projects	
			East Creek Station	SWS Development Capital
REVENUES:				
Intergovernmental - Federal	\$ -	\$ -	\$ 4,742,482	\$ -
Intergovernmental - State	5,979,461	-	1,542,401	-
Passenger Fares	2,517,920	-	-	-
Special Assessments	-	-	-	4,460
Investment Income	8,547	8,963	3,696	10,418
Other Local Revenue	149,013	88,087	-	850,961
Total Revenues	8,654,941	97,050	6,288,579	865,839
EXPENDITURES:				
Current:				
General Government	959,830	-	-	64
Buildings and Grounds	1,117,111	-	-	26,624
Operations and Vehicle Maintenance	6,238,357	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Agency Fees	-	-	-	-
Capital Outlay:				
General Government	-	22,030	-	-
Buildings and Grounds	-	676,415	6,252,447	-
Operations and Vehicle Maintenance	-	-	-	-
Total Expenditures	8,315,298	698,445	6,252,447	26,688
Excess of Revenues Over (Under) Expenditures	339,643	(601,395)	36,132	839,151
OTHER FINANCING SOURCES (USES):				
Issuance of Capital Lease	-	-	-	-
Proceeds from Certificate of Participation	-	-	-	-
Insurance Recoveries	-	172,507	-	-
Sale of Property	-	17,500	-	-
Transfers In	-	1,122,868	-	150,000
Transfers Out	(400,000)	(110,000)	(872,868)	(916,500)
Total Other Financing Sources (Uses)	(400,000)	1,202,875	(872,868)	(766,500)
Net Change in Fund Balances	(60,357)	601,480	(836,736)	72,651
FUND BALANCES:				
Beginning of Year	3,290,666	1,294,926	836,736	1,835,734
End of Year	<u>\$ 3,230,309</u>	<u>\$ 1,896,406</u>	<u>\$ -</u>	<u>\$ 1,908,385</u>

Debt Service SW Village Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	
		2013	2012
		\$ -	\$ -
-	197,458	7,719,320	7,764,167
-	-	2,517,920	2,528,315
-	-	4,460	4,460
57	-	31,681	31,661
-	-	1,088,061	318,883
<u>57</u>	<u>197,458</u>	<u>16,103,924</u>	<u>12,271,938</u>
-	-	959,894	845,869
-	-	1,143,735	1,142,476
-	-	6,238,357	5,836,559
1,901,449	27,635	1,929,084	77,855
216,461	12,604	229,065	93,231
-	-	22,030	50,759
-	859,282	7,788,144	2,868,743
-	197,458	197,458	523,690
<u>2,117,910</u>	<u>1,096,979</u>	<u>18,507,767</u>	<u>11,439,182</u>
(2,117,853)	(899,521)	(2,403,843)	832,756
-	1,000,000	1,000,000	-
1,120,000	-	1,120,000	-
-	-	172,507	-
-	-	17,500	-
985,500	41,000	2,299,368	1,112,454
-	-	(2,299,368)	(1,112,454)
<u>2,105,500</u>	<u>1,041,000</u>	<u>2,310,007</u>	<u>-</u>
(12,353)	141,479	(93,836)	832,756
14,279	-	7,272,341	6,439,585
<u>\$ 1,926</u>	<u>\$ 141,479</u>	<u>\$ 7,178,505</u>	<u>\$ 7,272,341</u>

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	December 31,	
	2013	2012
Net Change in Fund Balances - Governmental Funds	\$ (93,836)	\$ 832,756
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital Outlay Expenditures	7,422,270	2,847,975
Depreciation Expense	(1,459,367)	(1,482,395)
<p>The net effect of transactions involving the disposal of the East Creek Park and Ride lot for the construction of a new parking ramp.</p>		
	-	(862,919)
<p>Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.</p>		
	15,864	(12,323)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This repayment is reflected as an expenditure in the governmental funds. In the Statement of Net Position, this is reflected as a reduction of debt principal payable.</p>		
Principal Repayment	1,929,084	77,854
New Debt Issued	(2,120,000)	-
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
	14,830	797
<p>Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
Unearned Revenue - Sale of SouthWest Village Land Held for Resale	(48,833)	-
Deferred Special Assessments	(26,760)	(4,460)
Change in Net Position - Governmental Activities	<u>\$ 5,633,252</u>	<u>\$ 1,397,285</u>

The Notes to the Financial Statements are an integral part of this statement.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND**

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
REVENUES:				
Intergovernmental - State	\$ 5,354,000	\$ 5,928,200	\$ 5,979,461	\$ 51,261
Passenger Fares	2,450,000	2,485,000	2,517,920	32,920
Investment Income	2,000	2,000	8,547	6,547
Other Local Revenue	145,000	145,000	149,013	4,013
Total Revenues	7,951,000	8,560,200	8,654,941	94,741
EXPENDITURES:				
Current:				
General Government	899,800	916,810	959,830	43,020
Buildings and Grounds	1,406,100	1,139,800	1,117,111	(22,689)
Operations and Vehicle Maintenance	6,518,650	6,387,281	6,238,357	(148,924)
Total Expenditures	8,824,550	8,443,891	8,315,298	(128,593)
Excess of Revenues Over (Under) Expenditures	(873,550)	116,309	339,643	223,334
OTHER FINANCING USES:				
Transfers Out	-	(400,000)	(400,000)	-
Net Change in Fund Balances	\$ (873,550)	\$ (283,691)	(60,357)	\$ 223,334
FUND BALANCES:				
Beginning of Year			3,290,666	
End of Year			\$ 3,230,309	



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

SouthWest Transit (SWT) is a replacement transit agency, operated under a joint powers agreement by and for the Cities of Chanhassen, Chaska and Eden Prairie, Minnesota. These Cities are located in the southwestern Twin Cities metropolitan area. SWT was organized in July 1986 for the purpose of providing public transit services to the participating Cities, which cover 81 square miles and are located in Carver and Hennepin Counties. SWT provides fixed route express, reverse commute and local fixed route services.

For financial reporting purposes, SWT's financial statements include all funds over which SWT exercises financial accountability. SWT does not have any component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of SWT. SWT has only governmental activities, which normally are supported by intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Motor Vehicle Sales Tax (MVST) funds are the major source of revenue and are recognized in the year the taxes are collected by the State of Minnesota. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, SWT considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

MVST, farebox revenue, interest and grant funding associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by SWT.

Description of Funds:

Major Governmental Funds:

General Fund – This Fund is the general operating fund of SWT. It is used to account for all financial resources and transit operations except those required to be accounted for in another fund.

Capital and Equipment Capital Projects Fund – This Fund is used to account for financial resources dedicated to the capital and equipment purchases that are locally funded.

East Creek Station Capital Projects Fund – This Fund is used to account for financial resources dedicated to the addition of a new Park and Ride facility.

SWS Development Capital Projects Fund – This Fund is used to account for the accumulation of resources to be used for capital construction and maintenance on SWT's property, or future development activities.

SW Village Debt Service Fund – This Fund is used to account for the accumulated resources for, and the payment of general long-term debt principal, interest and related costs of general long-term debt.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

In 2001, the Minnesota Legislature amended the statutes providing for transit funding by eliminating property tax as the source of funding for transit systems operations and by dedicating a portion of the MVST to transit funding. These statutes dedicated 20.5% of the MVST to transit operations in the Twin Cities area effective July 1, 2002. Effective July 1, 2003, this increased to 21.5% of MVST. These funds are appropriated to the Metropolitan Council (MC). The MC is then mandated to provide the requested financial assistance to suburban transit systems. The formula for distributing the funds to each transit system is contained in the statute.

The 2005 State Legislature passed a transportation appropriations bill that contained numerous funding initiatives, including a proposed constitutional amendment that would gradually dedicate all MVST revenue to transportation by 2012.

In 2006, the Minnesota voters passed the constitutional amendment on the November 7 ballot, 57% to 43%, according to the Secretary of State Office. The amendment changes the Constitution so that 100% of the sales tax revenues on motor vehicles are dedicated to state-wide transportation improvement. The amendment calls for a phased-in transfer of the revenues over five years, with up to 60% of the dedicated funds going to state highways and local roads and at least 40% to public transit. This revenue is now referred to as regional allocated MVST.

The amendment provided that beginning in year 2008, 63.75% of MVST revenues would be dedicated to transportation, with the remainder going to the General Fund. The transportation percentage would rise 10% each year until reaching 100% in 2012. These percentages would be in addition to the allocation of MVST revenues in current law, and distribution of the incremental increase is controlled through a criteria set by the MC.

The Minnesota Legislature enacted provisions that provide supplemental General Fund funding for transit through 2009. In 2010, SWT received \$ 1,025,000 additional revenue through regional allocated MVST generated by the constitutional amendment. In 2011 and 2012, SWT did not receive any regional allocated MVST due to policy changes on the allocation within the region to respond to the regional transit deficit. In 2013, SWT received \$ 604,200 additional revenue through regional allocated MVST.

Capital funding contracts between the federal government, Mn/DOT, the MC and SWT are designated for specific capital projects. These monies are available until the projects for which the funds were allocated are completed or until the end of the grant term, whichever occurs first.

When both restricted and unrestricted resources are available for use, it is SWT's policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned fund balances are available for use, it is SWT's policy to use fund balances in the following order: 1) committed, 2) assigned and 3) unassigned.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance

1. Cash and Investments

SWT's cash is considered to be cash on hand, deposits and highly liquid debt instruments. Investments are stated at fair value.

Minnesota Statutes requires that all deposits be protected by federal depository insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Minnesota Statutes authorizes SWT to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

SWT has an investment policy in place that addresses interest rate risk, credit risk, concentration of credit risk and custodial credit risk as follows:

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of bank failure, SWT's deposits may not be returned to them. SWT retains federal securities as collateral for all bank deposits.

Interest Rate Risk: Managing exposure to fair value arising from changes in interest rates. SWT's investment policy does include specific limits on investment maturities as a means of managing its exposure to fair value arising from changes in interest rates. Investments will primarily be in shorter-term investments. The investment policy also states the portfolio must be structured so that securities mature concurrent with cash needs to meet anticipated demands.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SWT's investment policy addresses credit risk by limiting investments to the safest type of securities and using prequalifying brokers/financial institutions. SWT's investment policy refers to *Minnesota Statutes* 118A. State statutes limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations.

Concentration of Credit Risk: Limits the amount SWT may invest in any one issuer. SWT's investment policy does place a limit on the amount SWT may invest in any one issuer. With the exception of U.S. Treasury Securities and authorized pools, no more than 20% of SWT's total investment portfolio will be invested with a single financial institution unless SWT deposits in that institution are backed by U.S. guaranteed investments.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

1. Cash and Investments (Continued)

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, SWT will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

2. Receivables/Payables

Receivables include amounts due from the State of Minnesota through the MC for MVST collected but not received, the MC for farebox revenues and various capital grants and other local receivables. No allowance for doubtful accounts has been deemed necessary.

Amounts included in accounts payable include expenses incurred in 2013, but not paid until 2014 for subcontracted transit services and other operating expenses.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The treatment accorded prepaid expenditures in the governmental funds is the consumption method.

4. Inventory

Vehicle parts inventory totaled \$ 404,396 at December 31, 2013 and is valued at cost using the first in, first out (FIFO) method and is accounted for using the consumption method.

5. Capital Assets

Capital assets, which include property, facilities, equipment and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by SWT as assets with an initial, individual cost of more than \$ 5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold established for assets by category are as listed on the following page.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

5. Capital Assets (Continued)

<u>Asset Category</u>	<u>Threshold</u>
Land/Land Improvements	\$ 10,000
Other Improvements	25,000
Buildings and Building Improvements	25,000
Machinery and Equipment	5,000
Vehicles	5,000
Infrastructure	100,000
Construction in Progress (When Completed)	100,000
Intangible Assets	5,000
Other Assets	5,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized when they are placed in service.

Property, plant and equipment of SWT are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	7-40
Infrastructure	15-40
Other Improvements	10-20
Equipment, Machinery and Vehicles	3-15

6. Use of Estimates

The preparation of the 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. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

7. Compensated Absences

SWT compensates its employees for unused personal leave benefits in the event of separation. Compensated absences are recorded as expenditures in governmental funds only when obligations are expected to be liquidated with available expendable financial resources, reflected as a liability in governmental funds for employees that have retired but have yet to receive their entire compensated absence balances. Compensated absences are recorded as expenses in governmental activities when earned.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the Fund Financial statements, governmental funds recognize debt issuance costs in the year the debt is issued. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which SWT is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balances** – Amounts that are not in a spendable form or are required to be maintained intact. Examples include prepaid items, inventory, land held for resale and long-term receivables that are not otherwise restricted, committed, assigned, or offset by unearned revenue.
- **Restricted Fund Balances** – Amounts are subject to externally enforceable legal restrictions. Examples include fund balance related to unspent bond proceeds, tax increments, debt service fund balances and park dedication fees.
- **Committed Fund Balances** – Amounts that are constrained by SouthWest Transit Commission resolution for a specific purpose. Fund balance commitment resolutions must be completed before December 31st to be effective for that year and remain in effect until the commitment is changed or eliminated by Commission resolution.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

9. Fund Balance (Continued)

- Assigned Fund Balances – Amounts a government intends to use for a specific purpose; intent can be expressed by the government body or by an official or body to which the governing body delegates the authority. This would include any remaining positive fund balance in all funds other than the General Fund. The SWT CEO or his/her designee shall have the authority to assign fund balance as defined by the SWT Commission approved Resolution 11-60 dated December 8, 2011.
- Unassigned Fund Balances – Residual amounts that are available for any purpose in the General Fund. Unassigned fund balance will occur only in the General Fund or in other funds when there is a negative fund balance that can't be eliminated by reducing restricted, committed or assigned fund balances.

SWT's target General Fund balance is a minimum of 35% to 40% of the annual operating budget.

10. Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

11. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented by fund types and in total in the fund financial statements and in the government-wide statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with this year's presentation.

12. Other Post-Employment Benefits (OPEB) Liabilities

The Commission continues to evaluate OPEB in accordance with GASB Statement No. 45. The annual required contribution (ARC) liability calculated was determined to be immaterial; therefore, no liability for OPEB has been recorded in the financial statements.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

SWT annually prepares, and the SWT Commission adopts, an operating budget for the funds listed below. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America. *Minnesota Statutes* defines the source, method and allocation of a major portion of its funding. The level at which management cannot overspend the budget without the approval of the SWT Commission is at the fund level for all funds. All budget amendments are reviewed and approved by the SWT Commission. Budgeted amounts in the financial statements are as amended.

Capital projects budgets are prepared for existing and potential capital assets for a five year period through the Capital Improvement Program (CIP). Funding sources along with the timing of funding agreements (appropriations), revenue recognition and project expenditures are budgeted for each project.

In 2013, the SWT Commission adopted annual budgets for the following Funds:

- General Fund
- Capital and Equipment Capital Projects Fund
- East Creek Station Capital Projects Fund
- SWS Development Capital Projects Fund
- Energy Savings Capital Projects Fund
- SouthWest Village Debt Service Fund
- Energy Savings Debt Service Fund

B. Appropriation Control

The original 2013 budget was adopted by the SWT Commission on December 6, 2012. A budget amendment was completed on December 5, 2013. The budget amendment included the approved fund transfers as noted on Note 4.B. on page 47-48 of this report.

The Commission was updated throughout the year on the General Fund activity. Expenditures were contained below budget primarily due to the reduced cost of transit service and vehicle maintenance operations.

The net increase to the General Fund balance in 2013 was \$ 339,643, before a transfer out in the amount of \$ 400,000 as noted on Note 4.B. on page 47-48 of this report.

Appropriation control is managed for all of SWT annual adopted budgets.

The Capital Project Funds for East Creek Station were funded with a combination of Federal and State grant proceeds and were alternatively controlled through the grant provisions. The Capital and Equipment and SWS Development Capital Projects Funds are local financing sources managed through the budgetary controls of the SWT Commission.

Capital Project Fund budgets showed a number of fluctuations from actual to budgeted revenues based on changes in the timing of projects. All funds maintained a positive fund balance with approved fund transfers as noted on Note 4.B. on page 47-48 of this report.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

C. Excess of Expenditures over Appropriations

	Appropriations	Expenditures
Capital and Equipment Capital Projects Fund	\$ 646,900	\$ 698,445
East Creek Station Capital Projects Fund	5,142,989	6,252,447
SouthWest Village Debt Services Fund	997,580	2,117,910

The expenditures that exceeded appropriations were financed by insurance recoveries in the Capital and Equipment Capital Projects Fund, Federal and state grant proceeds in the East Creek Station Capital Projects Fund, and the proceeds of the Certificates of Participation issued in 2013 financed the debt service expenditures in the SouthWest Village Debt Service Fund.

NOTE 3 – DEPOSITS AND INVESTMENTS

As of December 31, 2013, SWT’s bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with pledged federal securities held by the pledging financial institution’s trust department or agent and in SWT’s name.

Checking	\$ 45,858	
Savings	3,785,311	
Certificates of Deposit	2,850,000	
Total Deposits		\$ 6,681,169

Custodial Credit Risk – Deposits: As of December 31, 2013, SWT’s certificates of deposit were not exposed to custodial credit risk because they were fully insured through the FDIC and collateralized with securities held in SWT’s name.

The following is a summary of total deposits and investments:

Deposits	\$ 6,681,169	
Petty Cash	400	
Total Deposits and Investments		\$ 6,681,569

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits and investments are presented in the December 31, 2013 basic financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 6,540,851
Cash with fiscal agent	<u>140,718</u>
Total	<u><u>\$ 6,681,569</u></u>

The Cash with fiscal agent represents the balance of the money available to complete the SWT Energy savings performance project. The balance remaining, if any at the completion of the project will be used to reduce the debt as further explained in Note 7.A. on page 52.

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

The composition of interfund balances as of December 31, 2013 follows:

	<u>Due from Other Funds</u>
	<u>General Fund</u>
Due to Other Funds:	
East Creek Station	\$ 115,040
SWT Buses	<u>66,128</u>
Total	<u><u>\$ 181,168</u></u>

The above transactions were made to cover deficit cash balances.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

B. Interfund Transfers

The composition of interfund transfers as of December 31, 2013 follows:

	Transfer In				Total
	Capital & Equipment Capital Projects Fund	SWS Development Capital Projects Fund	SW Village Debt Service Funds	Nonmajor Governmental Funds	
Transfer Out:					
General Fund	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
Capital and Equipment - Capital Projects Fund	-	-	69,000	41,000	110,000
East Creek Station - Capital Projects Fund	722,868	150,000	-	-	872,868
SWS Development - Capital Projects Fund	-	-	916,500	-	916,500
Total Transfers	<u>\$ 1,122,868</u>	<u>\$ 150,000</u>	<u>\$ 985,500</u>	<u>\$ 41,000</u>	<u>\$2,299,368</u>

The \$ 400,000 transfer was approved by the commission to provide financing for a portion of the capital equipment and facility needs budgeted for 2013.

The \$ 110,000 transfer was approved by the Commission to provide financing for the debt service expenditures in 2013.

In 2011, the local share of the East Creek Station project was financed with advances from the SWS Development and Capital and Equipment Capital Projects Funds. In 2013 an \$ 872,868 transfer was approved by the Commission to close the East Creek Station Capital Projects Fund. \$ 150,000 was transferred back to the SWS Development Capital Projects Fund and the remaining balance of \$ 722,868 was transferred back to the Capital and Equipment Capital Projects Fund.

The \$ 916,500 transfer was approved by the Commission to refinance the SouthWest Village Transit Station debt as further detailed in other notes to the financial statements.

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 3,804,820	\$ -	\$ -	\$ 3,804,820
Construction in Progress	5,779,160	7,111,729	(8,763,265)	4,127,624
Total Capital Assets not being Depreciated	<u>9,583,980</u>	<u>7,111,729</u>	<u>(8,763,265)</u>	<u>7,932,444</u>
Capital Assets being Depreciated:				
Buildings and Facilities	12,302,934	43,385	-	12,346,319
Bus Equipment	103,920	-	-	103,920
Equipment and Software	983,454	125,546	(11,398)	1,097,602
Furniture	24,455	-	-	24,455
Land Improvements	1,507,829	-	-	1,507,829
Park and Ride Facilities	29,277,489	8,858,425	-	38,135,914
Transit Hub Facilities	1,428,387	46,450	-	1,474,837
Vehicles	135,201	-	-	135,201
Total Capital Assets being Depreciated	<u>45,763,669</u>	<u>9,073,806</u>	<u>(11,398)</u>	<u>54,826,077</u>
Total Capital Assets, Cost	55,347,649	16,185,535	(8,774,663)	62,758,521
Less Accumulated Depreciation for:				
Buildings and Facilities	3,894,714	339,143	-	4,233,857
Bus Equipment	97,430	1,416	-	98,846
Equipment and Software	577,275	95,149	(11,398)	661,026
Furniture	17,975	2,538	-	20,513
Land Improvements	500,743	91,172	-	591,915
Park and Ride Facilities	4,489,007	842,348	-	5,331,355
Transit Hub Facilities	957,516	77,983	-	1,035,499
Vehicles	71,616	9,618	-	81,234
Total Accumulated Depreciation	<u>10,606,276</u>	<u>1,459,367</u>	<u>(11,398)</u>	<u>12,054,245</u>
Total Capital Assets being Depreciated, Net	<u>35,157,393</u>	<u>7,614,439</u>	<u>-</u>	<u>42,771,832</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,741,373</u>	<u>\$ 14,726,168</u>	<u>\$ (8,763,265)</u>	<u>\$ 50,704,276</u>

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 5 – CAPITAL ASSETS

Depreciation expense was charged to functions/programs of SWT as follows:

Governmental Activities:

Buildings and Grounds	\$ 1,399,763
Operations and Vehicle Maintenance	54,809
General Government	<u>4,795</u>
Total Depreciation Expenses - Governmental Activities	<u><u>\$ 1,459,367</u></u>

Capital asset activity by program/function for the year ended December 31, 2013 was as follows:

	Beginning Balance, Restated*	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Cost:				
Buildings and Grounds	\$ 54,533,841	\$ 16,088,286	\$ (8,763,265)	\$ 61,858,862
Operations and Vehicle Maintenance	756,288	37,344	(11,398)	782,234
General Government	57,520	59,905	-	117,425
Total Capital Assets, Cost	<u>55,347,649</u>	<u>16,185,535</u>	<u>(8,774,663)</u>	<u>62,758,521</u>
Less Accumulated Depreciation for:				
Buildings and Grounds	10,081,157	1,399,763	-	11,480,920
Operations and Vehicle Maintenance	486,211	54,809	(11,398)	529,622
General Government	38,908	4,795	-	43,703
Total Accumulated Depreciation	<u>10,606,276</u>	<u>1,459,367</u>	<u>(11,398)</u>	<u>12,054,245</u>
Governmental Activities, Capital Assets, Net	<u><u>\$ 44,741,373</u></u>	<u><u>\$ 14,726,168</u></u>	<u><u>\$ (8,763,265)</u></u>	<u><u>\$ 50,704,276</u></u>

*An adjustment of the beginning capital asset cost balance between programs was made to reflect actual assets by program.

SWT's 60 transit service buses are owned by the MC and thus are not reflected in SWT's assets.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 6 – FUND BALANCES/NET POSITION

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities or as required by other outside parties.

A. Fund Balance

Fund equity balances are classified below to reflect the limitations and restrictions of the respective funds.

	General Fund	Capital and Equipment	SWS Development Capital	SW Village Debt Service	Nonmajor Funds	Total
Nonspendable:						
Inventory	\$ 404,396	\$ -	\$ -	\$ -	\$ -	\$ 404,396
Prepaid Items	118,564	-	-	-	-	118,564
Total Nonspendable	<u>522,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>522,960</u>
Retricted for:						
Energy Savings Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ 140,718	\$ 140,718
Committed for:						
Debt Service	\$ -	\$ -	\$ -	\$ 1,926	\$ 761	\$ 2,687
Assigned to:						
Capital & Equipment Purchases	\$ -	\$ 1,896,406	\$ -	\$ -	\$ -	\$ 1,896,406
Development Capital Expenditures	<u>-</u>	<u>-</u>	<u>1,908,385</u>	<u>-</u>	<u>-</u>	<u>1,908,385</u>
Total Assigned	<u>-</u>	<u>1,896,406</u>	<u>1,908,385</u>	<u>-</u>	<u>-</u>	<u>3,804,791</u>
Unassigned	<u>\$ 2,707,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,707,349</u>
Total Fund Balance	<u>\$ 3,230,309</u>	<u>\$ 1,896,406</u>	<u>\$ 1,908,385</u>	<u>\$ 1,926</u>	<u>\$ 141,479</u>	<u>\$ 7,178,505</u>

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 7 – LONG-TERM DEBT

A. Certificates of Participation and Lease/Purchase Debt

In August 2008, SWT entered into a capital lease agreement to fund a portion of the construction of SouthWest Village parking ramp and passenger waiting station in the amount of \$ 3,500,000.

In 2013, SWT refinanced the outstanding capital lease balance of \$ 1,819,847 with \$ 1,120,000 Refunding Certificates of Participation (COP), Series 2013, together with \$ 826,824 from the SWS Development Capital Projects Fund. The annual principal payments increase from \$ 90,000 in 2014 to \$ 110,000 in 2025 together with interest from 1.15% to 4.00%.

In 2013, SWT approved lease purchase financing totaling \$ 1,000,000 to provide financing for an energy savings performance project. The annual principal payments increase from \$ 59,319 in 2014 to \$ 77,997 in 2027 together with interest at 2.55%.

Certificates of Participation and Lease/Purchase debt currently outstanding is as follows:

Purpose	Date Issued	Final Maturity	Interest Rate	Amount
SouthWest Village Parking Ramp (COP)	12/1/2013	10/1/2025	1.15 - 4.00%	\$ 1,120,000
Energy Savings Lease Purchase	4/11/2013	4/11/2028	2.55%	972,365
Total				<u>\$ 2,092,365</u>

The future minimum lease obligations and net present value of these minimum lease payments as of December 31, 2013 were as follows:

Year Ended December 31,	(COP) SouthWest Village	(Lease/Purchase) Energy Savings	Total Governmental Activities
2014	\$ 115,818	\$ 80,478	\$ 196,296
2015	112,180	80,477	192,657
2016	110,900	80,477	191,377
2017	114,500	80,477	194,977
2018	117,462	80,477	197,939
2019-2023	569,800	402,387	972,187
2024-2028	231,000	362,149	593,149
Total Minimum Lease Payments	<u>1,371,660</u>	<u>1,166,922</u>	<u>2,538,582</u>
Less Interest	<u>(251,660)</u>	<u>(194,557)</u>	<u>(446,217)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,120,000</u>	<u>\$ 972,365</u>	<u>\$ 2,092,365</u>

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 7 – LONG-TERM DEBT

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Certificates of Participation and Lease/Purchase Debt:					
SouthWest Village Parking Ramp	\$ 1,901,449	\$ 1,120,000	\$ 1,901,449	\$ 1,120,000	\$ 90,000
Energy Savings Lease Purchase	-	1,000,000	27,635	972,365	56,319
Total Certificates of Participation and Lease/Purchase Debt	1,901,449	2,120,000	1,929,084	2,092,365	146,319
Compensated Absences	118,550	111,144	127,008	102,686	87,283
Governmental Activities Long-Term Liabilities	<u>\$ 2,019,999</u>	<u>\$ 2,231,144</u>	<u>\$ 2,056,092</u>	<u>\$ 2,195,051</u>	<u>\$ 233,602</u>

The General Fund typically liquidates the liability related to compensate absences. The Debt Service Funds typically liquidate the liability related to the long – term debt.

NOTE 8 – RISK MANAGEMENT

SWT is exposed to various risk of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In order to protect against these risks of loss, SWT purchases commercial insurance through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool. The LMCIT currently operates common risk management and insurance programs for municipal entities. SWT pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self sustaining through commercial companies for excess claims. SWT is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amounts of these deductibles are considered immaterial to the financial statements.

SWT's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience, workers' compensation rates and salaries for the year are known. The final premium adjustment is in the year the adjustment is made.

During the year ended December 31, 2013, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded SWT's coverage in any of the past three years.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Public Employees' Retirement Association

A. Plan Description

All full-time and certain part-time employees of SWT are covered by defined benefit plans administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees' Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This Plan is established and administered in accordance with *Minnesota Statutes* Chapters 353 and 356.

GERF members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. SWT employees are members of the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service (60 months for members hired after June 2010). The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For all GERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the Fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active Plan participants. Vested, terminated employees, who are entitled to benefits but are not yet receiving them, are bound by the provisions in effect at the time they last terminated their public service.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Public Employees' Retirement Association (Continued)

A. Plan Description (Continued)

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERP. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive, #200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the State Legislature. SWT makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Coordinated Plan members were required to contribute 6.25% of their annual covered salary in 2013. In 2013, SWT was required to contribute 7.25% for Coordinated Plan members. SWT's contributions to the Public Employees' Retirement Fund for the years ending December 31, 2013, 2012 and 2011 were \$ 91,671, \$ 99,008 and \$ 105,165, respectively. SWT's contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

In May 1999, SWT entered into a transit service contract with a service provider for a term of 60 months for purposes of delivering bus services in connection with its express and local route service. SWT extended this contract four times in a subcontract agreement containing contract termination options available to SWT. Payments to the transit provider are contingent upon the actual level of services rendered, using rates established in the contract's agreement. The current contract will expire December 31, 2015.

SWT participates in the Replacement Service Program and Capital Funding Agreement administered by the MC. To the extent that program expenditures may be disallowed as a result of a program compliance audit, a liability to the MC would result.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 10 – COMMITMENTS AND CONTINGENCIES

SWT has both active engineering and construction project consultant commitments and operating commitments as of December 31, 2013. At year-end, SWT’s commitments with contractors were as follows:

<u>Engineering/Construction</u>	<u>Project</u>	<u>Amount</u>
Ameresco, Inc.	Energy Savings Performance	\$ 119,718
<u>Transit Operating Services</u>	<u>Estimated Commitment at December 31, 2013</u>	<u>Expiration Date</u>
First Transit Services	\$ 3.9 million	December 31, 2014

First Transit Service’s contract may be terminated with 30 days written notice. The SWT Commission did approve a continuation of this contract through December 31, 2015 on March 29, 2012.

NOTE 11 – SUBSEQUENT EVENTS

In January 2014, SWT approved the sale of a 95,000 square foot garage in Chaska for \$ 4.7 million. The transaction is expected to close in May, 2014. SWT anticipates issuing a contract for deed of approximately \$ 4,365,000 after 10% down payment with interest at 4.625% through 2034 to finance the transaction.

NOTE 12 – GASB STATEMENTS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement will be effective for the year ending December 31, 2015.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2013
(With Comparative Totals for December 31, 2012)**

	Debt Service		
	Energy Savings Debt Service	Total	
		2013	2012
ASSETS:			
Cash and Investments	\$ 761	\$ 761	\$ -
Cash with Fiscal Agent	-	-	-
Intergovernmental Receivable	-	-	-
	-	-	-
Total Assets	\$ 761	\$ 761	\$ -
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts and Contracts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Restricted	-	-	-
Committed	761	761	-
Total Fund Balances	761	761	-
Total Liabilities and Fund Balances	\$ 761	\$ 761	\$ -

Capital Projects

Energy Savings	SWT Buses	Total		Total Nonmajor Governmental Funds	
		2013	2012	2013	2012
\$ -	\$ -	\$ -	\$ -	\$ 761	\$ -
140,718	-	140,718	-	140,718	-
-	92,797	92,797	103,200	92,797	103,200
<u>\$ 140,718</u>	<u>\$ 92,797</u>	<u>\$ 233,515</u>	<u>\$ 103,200</u>	<u>\$ 234,276</u>	<u>\$ 103,200</u>
\$ -	\$ 26,669	\$ 26,669	\$ -	\$ 26,669	\$ -
-	66,128	66,128	103,200	66,128	103,200
-	92,797	92,797	103,200	92,797	103,200
140,718	-	140,718	-	140,718	-
-	-	-	-	761	-
<u>140,718</u>	<u>-</u>	<u>140,718</u>	<u>-</u>	<u>141,479</u>	<u>-</u>
<u>\$ 140,718</u>	<u>\$ 92,797</u>	<u>\$ 233,515</u>	<u>\$ 103,200</u>	<u>\$ 234,276</u>	<u>\$ 103,200</u>

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2013

(With Comparative Totals for the Year Ended December 31, 2012)

	Debt Service		
	Energy Savings Debt Service	Total	
		2013	2012
REVENUES:			
Intergovernmental - State	\$ -	\$ -	\$ -
Investment Income	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Debt Service:			
Principal Retirement	27,635	27,635	-
Interest and Agency Fees	12,604	12,604	-
Capital Outlay:			
Buildings and Grounds	-	-	-
Operations and Vehicle Maintenance	-	-	-
Total Expenditures	<u>40,239</u>	<u>40,239</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(40,239)	(40,239)	-
OTHER FINANCING SOURCES (USES):			
Issuance of Capital Lease	-	-	-
Transfers In	41,000	41,000	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>41,000</u>	<u>41,000</u>	<u>-</u>
Net Change in Fund Balances	761	761	-
FUND BALANCES:			
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ 761</u>	<u>\$ 761</u>	<u>\$ -</u>

Capital Projects

Energy Savings	SWT Buses	Total		Total Nonmajor Governmental Funds	
		2013	2012	2013	2012
\$ -	\$ 197,458	\$ 197,458	\$ 513,775	\$ 197,458	\$ 513,775
-	-	-	2,603	-	2,603
-	197,458	197,458	516,378	197,458	516,378
-	-	-	-	27,635	-
-	-	-	-	12,604	-
859,282	-	859,282	50,925	859,282	50,925
-	197,458	197,458	513,775	197,458	513,775
859,282	197,458	1,056,740	564,700	1,096,979	564,700
(859,282)	-	(859,282)	(48,322)	(899,521)	(48,322)
1,000,000	-	1,000,000	-	1,000,000	-
-	-	-	-	41,000	-
-	-	-	(562,454)	-	(562,454)
1,000,000	-	1,000,000	(562,454)	1,041,000	(562,454)
140,718	-	140,718	(610,776)	141,479	(610,776)
-	-	-	610,776	-	610,776
\$ 140,718	\$ -	\$ 140,718	\$ -	\$ 141,479	\$ -

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL AND EQUIPMENT CAPITAL PROJECTS FUND
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
REVENUES:				
Investment Income	\$ 5,000	\$ 5,000	\$ 8,963	\$ 3,963
Other Local Revenue	-	-	88,087	88,087
Total Revenues	5,000	5,000	97,050	92,050
EXPENDITURES:				
Capital Outlay:				
General Government	10,000	10,000	22,030	12,030
Buildings and Grounds	276,000	636,900	676,415	39,515
Total Expenditures	286,000	646,900	698,445	51,545
Excess of Revenues Over (Under) Expenditures	(281,000)	(641,900)	(601,395)	40,505
OTHER FINANCING SOURCES (USES):				
Insurance Recoveries	-	-	172,507	172,507
Sale of Property	-	-	17,500	17,500
Transfers In	-	1,122,131	1,122,868	737
Transfers Out	-	(110,000)	(110,000)	-
Total Other Financing Sources (Uses)	-	1,012,131	1,202,875	190,744
Net Change in Fund Balances	\$ (281,000)	\$ 370,231	601,480	\$ 231,249
FUND BALANCES:				
Beginning of Year			1,294,926	
End of Year			\$ 1,896,406	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
EAST CREEK STATION CAPITAL PROJECTS FUND
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
REVENUES:				
Intergovernmental - Federal	\$ 3,914,392	\$ 3,914,392	\$ 4,742,482	\$ 828,090
Intergovernmental - State	978,597	978,598	1,542,401	563,803
Investment Income	-	-	3,696	3,696
Total Revenues	4,892,989	4,892,990	6,288,579	1,395,589
EXPENDITURES:				
Capital Outlay:				
Buildings and Grounds	5,142,989	5,142,989	6,252,447	1,109,458
Excess of Revenues Over (Under) Expenditures	(250,000)	(249,999)	36,132	286,131
OTHER FINANCING USES:				
Transfers Out	-	(872,868)	(872,868)	-
Net Change in Fund Balances	\$ (250,000)	\$ (1,122,867)	(836,736)	\$ 286,131
FUND BALANCES:				
Beginning of Year			836,736	
End of Year			\$ -	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
SWS DEVELOPMENT CAPITAL PROJECTS FUND
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES:				
Special Assessments	\$ 4,460	\$ 4,460	\$ 4,460	\$ -
Investment Income	8,000	8,000	10,418	2,418
Other Local Revenue	151,000	803,500	850,961	47,461
Total Revenues	163,460	815,960	865,839	49,879
EXPENDITURES:				
Current:				
General Government	-	-	64	64
Buildings and Grounds	115,000	115,000	26,624	(88,376)
Total Expenditures	115,000	115,000	26,688	(88,312)
Excess of Revenues Over (Under) Expenditures	48,460	700,960	839,151	138,191
OTHER FINANCING SOURCES (USES):				
Transfers In	-	150,000	150,000	-
Transfers Out	(100,000)	(916,500)	(916,500)	-
Total Other Financing Sources (Uses)	(100,000)	(766,500)	(766,500)	-
Net Change in Fund Balances	\$ (51,540)	\$ (65,540)	72,651	\$ 138,191
FUND BALANCES:				
Beginning of Year			1,835,734	
End of Year			\$1,908,385	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
SOUTHWEST VILLAGE DEBT SERVICE FUND
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
REVENUES:				
Intergovernmental - State	\$ 74,280	\$ -	\$ -	\$ -
Investment Income	-	-	57	57
Total Revenues	74,280	-	57	57
EXPENDITURES:				
Debt Service:				
Principal Retirement	74,280	834,280	1,901,449	1,067,169
Interest and Agency Fees	96,800	163,300	216,461	53,161
Total Expenditures	171,080	997,580	2,117,910	1,120,330
Excess of Revenues Over (Under) Expenditures	(96,800)	(997,580)	(2,117,853)	(1,120,273)
OTHER FINANCING SOURCES:				
Proceeds from Certificate of Participation	-	-	1,120,000	1,120,000
Transfers In	100,000	985,500	985,500	-
Total Other Financing Sources	100,000	985,500	2,105,500	1,120,000
Net Change in Fund Balances	\$ 3,200	\$ (12,080)	(12,353)	\$ (273)
FUND BALANCES:				
Beginning of Year			14,279	
End of Year			\$ 1,926	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
ENERGY SAVINGS CAPITAL PROJECTS FUND
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
EXPENDITURES:				
Capital Outlay:				
Buildings and Grounds	\$ -	\$ 1,000,000	\$ 859,282	\$ (140,718)
OTHER FINANCING SOURCES:				
Issuance of Capital Lease	-	1,000,000	1,000,000	-
Net Change in Fund Balances	\$ -	\$ -	140,718	\$ 140,718
FUND BALANCES:				
Beginning of Year			-	
End of Year			\$ 140,718	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
ENERGY SAVINGS DEBT SERVICE FUND
For the Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
Debt Service:				
Principal Retirement	\$ -	\$ 27,635	\$ 27,635	\$ -
Interest and Agency Fees	-	12,604	12,604	-
Total Expenditures	<u>-</u>	<u>40,239</u>	<u>40,239</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfers In	<u>-</u>	<u>41,000</u>	<u>41,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 761</u>	761	<u>\$ -</u>
FUND BALANCES:				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ 761</u>	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF CAPITAL PROJECTS -
BUDGET AND ACTUAL
(Unaudited)
Year Ended December 31, 2013**

<u>Project</u>	<u>Status</u>	<u>Budget/Grant Award</u>	<u>Expenditures</u>		<u>Amount Remaining</u>
			<u>2013</u>	<u>Cumulative</u>	
SWT East Creek Station - CMAQ Federal	Incomplete	\$ 7,828,783	\$ 4,742,482	\$6,366,934	\$1,461,849
SWT East Creek Station - Local Match	Incomplete	1,957,196	1,542,401	1,948,514	8,682
SWT Midlife Bus Rehabilitations	Incomplete	175,000	119,659	119,659	55,341
SWT Midlife Bus Rehabilitations	Complete	<u>210,000</u>	<u>77,799</u>	<u>209,490</u>	<u>510</u>
Total		<u>\$10,170,979</u>	<u>\$ 6,482,341</u>	<u>\$8,644,597</u>	<u>\$1,526,382</u>

STATISTICAL SECTION



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**STATISTICAL SECTION
December 31, 2013
(Unaudited)**

This part of SWT's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about SWT's overall financial health. The following are the categories of the various schedules that are included in this section.

Financial Trends – These schedules contain trend information to help the reader understand how SWT's financial performance and well being have changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity – These schedules contain information to help the reader assess SWT's most significant local revenue source Motor Vehicle Sales Tax (MVST) and passenger fares. In 2002, the main source of revenue shifted from property tax to MVST. The agency does not control the amount of MVST it receives. The allocation is both controlled through state statute and a portion is controlled through the Metropolitan Council. SWT no longer receives any property tax. Passenger fares are controlled through a regional fare policy.

Debt Capacity – These schedules present information to help the reader assess the affordability of SWT's current level of outstanding debt and SWT's ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which SWT's financial activities take place.

- Demographic and Economic Statistics
- Principal Employers

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in SWT's financial report relates to the services the government provides and the activities it performs.

- Full-Time Equivalent SWT Employees by Function
- Operating Statistics
- Capital Assets Statistics by Function/Program
- Farebox Recovery Percentage and Fare Structure

Sources: Unless otherwise noted, the information in these schedules is derived from the CAFR for the relevant year.



SOUTHWEST TRANSIT
Eden Prairie, Minnesota

Table 1

NET POSITION BY COMPONENT
Last 10 Fiscal Years
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES:										
Net Investment in Capital Assets	\$ 29,940,973	\$ 28,878,167	\$ 29,707,719	\$ 35,260,145	\$ 34,508,142	\$ 38,725,890	\$ 37,899,258	\$ 42,259,409	\$ 42,839,924	\$ 48,752,629
Restricted	1,889,308	1,948,672	1,951,754	411,802	272,373	-	-	-	-	-
Unrestricted	8,844,412	9,651,304	10,113,869	12,484,598	13,678,490	8,976,146	7,451,754	6,390,003	7,206,773	6,927,320
 Total Governmental Activities Net Position	 <u>\$ 40,674,693</u>	 <u>\$ 40,478,143</u>	 <u>\$ 41,773,342</u>	 <u>\$ 48,156,545</u>	 <u>\$ 48,459,005</u>	 <u>\$ 47,702,036</u>	 <u>\$ 45,351,012</u>	 <u>\$ 48,649,412</u>	 <u>\$ 50,046,697</u>	 <u>\$ 55,679,949</u>

Source: SouthWest Transit financial records

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 2

**CHANGES IN NET POSITION
Last 10 Fiscal Years
(Unaudited)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES:										
Governmental Activities:										
General Government	\$ 916,059	\$ 1,063,292	\$ 931,656	\$ 1,051,001	\$ 923,387	\$ 965,247	\$ 942,499	\$ 915,019	\$ 907,404	\$ 914,906
Buildings and Grounds	1,255,399	1,939,256	1,627,764	1,578,148	1,896,460	1,813,461	2,266,249	2,578,591	3,532,084	3,030,101
Operations and Vehicle Maintenance	5,132,141	6,249,803	9,920,687	10,524,049	7,914,744	7,214,505	5,663,462	5,695,536	6,338,270	6,448,144
Interest on Long-Term Debt	154,363	142,155	139,156	93,607	146,473	182,213	147,225	95,793	92,435	214,235
Total Governmental Activities	\$ 7,457,962	\$ 9,394,506	\$ 12,619,263	\$ 13,246,805	\$ 10,881,064	\$ 10,175,426	\$ 9,019,435	\$ 9,284,939	\$ 10,870,193	\$ 10,607,386
PROGRAM REVENUES:										
Governmental Activities:										
Charges for Services:										
Passenger Fares	\$ 1,414,596	\$ 1,642,456	\$ 1,943,300	\$ 2,225,885	\$ 2,608,964	\$ 2,478,158	\$ 2,435,034	\$ 2,456,452	\$ 2,528,315	\$ 2,517,920
Other	-	-	-	-	-	-	-	54,910	125,625	923,434
Operating Grants and Contributions	124,729	-	-	431,883	-	-	-	-	-	-
Capital Grants and Contributions	3,335,701	1,324,761	5,973,200	10,175,073	1,473,028	1,583,048	2,918,338	4,977,911	4,346,355	6,482,340
Total Governmental Activities	\$ 4,875,026	\$ 2,967,217	\$ 7,916,500	\$ 12,832,841	\$ 4,081,992	\$ 4,061,206	\$ 5,353,372	\$ 7,489,273	\$ 7,000,295	\$ 9,923,694
Program Revenues	-	-	-	-	-	-	-	-	-	-
NET EXPENSE:										
Governmental Activities	\$ (2,582,936)	\$ (6,427,289)	\$ (4,702,763)	\$ (413,964)	\$ (6,799,072)	\$ (6,114,220)	\$ (3,666,063)	\$ (1,795,666)	\$ (3,869,898)	\$ (683,692)
GENERAL REVENUE AND OTHER										
CHANGES IN NET POSITION:										
Governmental Activities:										
Property Taxes	\$ 3,134	\$ 2,186	\$ 468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Intergovernmental Revenue	5,327,051	5,826,942	5,325,774	6,163,065	6,243,951	5,164,815	5,248,837	4,885,269	5,042,264	5,979,464
Unrestricted Investment Earnings	131,279	276,062	508,434	577,021	419,026	180,141	123,298	66,291	31,661	31,680
Other Local Revenue	66,900	2,006	3,175	57,081	438,555	12,295	45,923	142,506	193,258	288,300
Gain on Sale of Assets	-	-	-	-	-	-	-	-	-	17,500
Special Item ¹	-	-	-	-	-	-	(4,103,019)	-	-	-
Total Governmental Activities	\$ 5,528,364	\$ 6,107,196	\$ 5,837,851	\$ 6,797,167	\$ 7,101,532	\$ 5,357,251	\$ 1,315,039	\$ 5,094,066	\$ 5,267,183	\$ 6,316,944
CHANGES IN NET POSITION:										
Governmental Activities	\$ 2,945,428	\$ (320,093)	\$ 1,135,088	\$ 6,383,203	\$ 302,460	\$ (756,969)	\$ (2,351,024)	\$ 3,298,400	\$ 1,397,285	\$ 5,633,252

¹ SWT purchased transit service vehicles until 2010 with federal, state and local grants. The issue of where the title was held was not addressed in all grants. However, some of the more recent grants indicated the title should remain with the regional transit planning agency, the MC. In 2010, the MC enacted a new fleet management procedure to provide clarification and consistency on regional fleet replacement capital cost and maintenance responsibilities.

Management recommended and the SWT Commission approved a transfer of title of 32 revenue service vehicles to the MC on February 25, 2010. The vehicles were then incorporated into the current master lease agreement and leased back to SWT for transit operations at no cost. The Commission believed the transfer was in the best interest of the agency to ensure future major repairs on all current transit vehicles was a regional cost and not a cost of SWT transit operations. As a result, these 32 buses and related equipment were disposed from capital asset records of SWT, causing a loss of \$ 4,103,019.

Source: SouthWest Transit financial records

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

Table 3

FUND BALANCES OF GOVERNMENTAL FUNDS
Last 10 Fiscal Years
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL FUND:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,828	\$ 134,017	\$ -	\$ -	\$ -
Unreserved	7,801,143	6,314,371	6,947,250	7,722,335	8,226,388	4,714,182	3,705,601	-	-	-
Nonspendable	-	-	-	-	-	-	-	435,133	477,717	522,960
Unassigned	-	-	-	-	-	-	-	1,975,935	2,812,949	2,707,349
Total General Fund	<u>\$ 7,801,143</u>	<u>\$ 6,314,371</u>	<u>\$ 6,947,250</u>	<u>\$ 7,722,335</u>	<u>\$ 8,226,388</u>	<u>\$ 4,845,010</u>	<u>\$ 3,839,618</u>	<u>\$ 2,411,068</u>	<u>\$ 3,290,666</u>	<u>\$ 3,230,309</u>
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved	\$ 1,957,875	\$ 2,011,397	\$ 1,951,754	\$ -	\$ -	\$ 5,075	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	1,028,437	393,160	168,283	-	-	-	-	-	-	-
Debt Service Funds	-	-	-	396,710	326,573	503,371	204,874	-	-	-
Capital Projects Funds	-	2,951,724	3,023,230	4,795,274	5,493,384	3,678,010	3,439,427	-	-	-
Nonspendable	-	-	-	-	-	-	-	2,516	-	-
Restricted	-	-	-	-	-	-	-	-	-	140,718
Committed	-	-	-	-	-	-	-	108,359	14,279	2,687
Assigned	-	-	-	-	-	-	-	3,917,642	3,967,396	3,804,791
Total All Other Governmental Funds	<u>\$ 2,986,312</u>	<u>\$ 5,356,281</u>	<u>\$ 5,143,267</u>	<u>\$ 5,191,984</u>	<u>\$ 5,819,957</u>	<u>\$ 4,186,456</u>	<u>\$ 3,644,301</u>	<u>\$ 4,028,517</u>	<u>\$ 3,981,675</u>	<u>\$ 3,948,196</u>

Source: SouthWest Transit financial records

Note: SWT implemented GASB Statement No. 54 in 2011, resulting in a change in fund balance classifications.

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

Table 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last 10 Fiscal Years
(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
REVENUES:				
Intergovernmental - Federal	\$ 2,910,472	\$ 320,135	\$ 511,154	\$ 4,298,741
Intergovernmental - State	5,877,009	6,831,568	10,787,820	12,471,280
Property Tax	3,134	2,186	468	-
Passenger Fares	1,414,596	1,642,456	1,943,300	2,225,885
Investment Income	131,279	276,062	508,434	577,021
Special Assessments	4,460	4,460	4,460	4,460
Other Local Revenue	-	2,006	3,175	8,248
Total Revenues	<u>10,340,950</u>	<u>9,078,873</u>	<u>13,758,811</u>	<u>19,585,635</u>
EXPENDITURES:				
General Government	902,418	1,033,423	918,562	1,039,377
Buildings and Grounds	547,316	704,014	789,319	1,247,072
Operations and Vehicle Maintenance	4,137,303	4,738,093	5,384,905	6,062,575
Capital Outlay	4,287,785	1,319,977	5,403,227	9,812,821
Debt Service:				
Principal	240,606	252,171	801,163	540,122
Interest and Agency Fees	159,611	147,998	201,881	59,866
Total Expenditures	<u>10,275,039</u>	<u>8,195,676</u>	<u>13,499,057</u>	<u>18,761,833</u>
Excess of Revenues Over (Under) Expenditures	65,911	883,197	259,754	823,802
OTHER FINANCING SOURCES (USES):				
Transfers In	694,263	3,694,263	-	1,600,000
Transfers Out	(694,263)	(3,694,263)	-	(1,600,000)
Sales of Property	-	-	-	-
Insurance Recoveries	-	-	-	-
Issuance of Capital Lease	-	-	-	-
Proceeds from Certificate of Participation	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 65,911</u>	<u>\$ 883,197</u>	<u>\$ 259,754</u>	<u>\$ 823,802</u>
Debt Service as a Percent of Noncapital Expenditures	6.7%	5.8%	12.4%	5.0%

Source: SouthWest Transit financial records

**Table 4
(Continued)**

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 782,649	\$ 277,413	\$ 2,010,236	\$ 3,691,904	\$ 1,624,452	\$ 4,742,482
6,934,330	6,470,450	6,156,939	6,171,276	7,764,167	7,719,320
-	-	-	-	-	-
2,608,964	2,478,158	2,435,034	2,456,452	2,528,315	2,517,920
419,026	180,141	123,298	66,291	31,661	31,681
4,460	4,460	4,460	4,460	4,460	4,460
438,555	12,295	45,923	197,416	318,883	1,088,061
<u>11,187,984</u>	<u>9,422,917</u>	<u>10,775,890</u>	<u>12,587,799</u>	<u>12,271,938</u>	<u>16,103,924</u>
917,899	932,506	899,429	909,005	845,869	959,894
1,096,339	913,956	935,521	1,046,154	1,142,476	1,143,735
6,713,839	5,888,367	5,674,292	5,615,668	5,836,559	6,238,357
4,060,393	5,673,400	3,129,796	5,890,221	3,443,192	8,007,632
690,307	786,672	1,519,243	74,280	77,855	1,929,084
77,181	242,895	165,156	96,805	93,231	229,065
<u>13,555,958</u>	<u>14,437,796</u>	<u>12,323,437</u>	<u>13,632,133</u>	<u>11,439,182</u>	<u>18,507,767</u>
(2,367,974)	(5,014,879)	(1,547,547)	(1,044,334)	832,756	(2,403,843)
246,206	4,976,218	2,212,464	3,100,000	1,112,454	2,299,368
(246,206)	(4,976,218)	(2,212,464)	(3,100,000)	(1,112,454)	(2,299,368)
-	-	-	-	-	17,500
-	-	-	-	-	172,507
3,500,000	-	-	-	-	1,000,000
-	-	-	-	-	1,120,000
<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,310,007</u>
<u>\$ 1,132,026</u>	<u>\$ (5,014,879)</u>	<u>\$ (1,547,547)</u>	<u>\$ (1,044,334)</u>	<u>\$ 832,756</u>	<u>\$ (93,836)</u>
7.8%	11.2%	18.0%	2.1%	2.0%	19.5%

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 5

**RATIOS OF OUTSTANDING DEBT BY TYPE
Last 10 Fiscal Years
(Unaudited)**

Year	Governmental Activities			Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Special Assessment Bonds	Capital Leases			
2004	\$ -	\$ -	\$ 3,143,261	\$ 3,143,261	0.68%	\$ 29
2005	-	-	2,891,090	2,891,090	0.58%	26
2006	-	-	2,089,928	2,089,928	0.42%	19
2007	-	-	1,549,806	1,549,806	*	14
2008	-	-	4,359,498	4,359,498	*	39
2009	-	-	3,572,826	3,572,826	*	33
2010	-	-	2,053,583	2,053,583	*	18
2011	-	-	1,979,303	1,979,303	*	18
2012	-	-	1,901,449	1,901,449	*	17
2013	-	-	2,092,365	2,092,365	*	19

* Data is not available

⁽¹⁾ See Demographic and Economic Statistics Population

⁽²⁾ See Demographic and Economic Statistics Personal Income

Source: SouthWest Transit financial records

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 6

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last 10 Fiscal Years
(Unaudited)**

Year	Population	Personal Income	Per Capita Personal Income	K-12 Enrollment	Unemployment Rate
2004	107,512	*	*	17,715	3.8%
2005	109,540	*	*	17,261	3.4%
2006	111,202	*	*	18,323	3.2%
2007	112,794	*	*	17,301	4.1%
2008	110,466	*	*	17,185	5.3%
2009	109,248	*	*	16,566	7.5%
2010	112,061	*	*	17,580	6.1%
2011	107,832	*	*	17,626	6.8%
2012	108,637	*	*	18,585	4.2%
2013	107,519	*	*	18,162	5.4%

* Data is not available

Data Sources: Website from the Cities of Eden Prairie, Chanhassen and Chaska, Minnesota.
Combined all three cities.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 7

**PRINCIPAL EMPLOYERS
Current Year
(Unaudited)**

Employer	2013		Percentage of Total City Employment
	Employees	Rank	
Optum	1,800	1	3.0%
Rosemount-Emerson	1,666	2	2.8%
SuperValu	1,519	3	2.5%
Eden Prairie School District No. 272	1,500	4	2.5%
CH Robinson	1,465	5	2.4%
Starkey	1,440	6	2.4%
Cigna	1,200	7	2.0%
Chaska School District No. 112	1,100	8	1.8%
Dell Compellent	1,000	9	1.6%
GE Capital	900	10	1.5%
Total Principal Employees	13,590		22.5%
Total Employees	60,393		100.0%

Note: Principal employer information data from nine years ago was not available.

Source: *State of Minnesota, Department of Employment and Economic Development*

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 8

**FULL-TIME EQUIVALENT SWT EMPLOYEES BY FUNCTION
Last 10 Fiscal Years
(Unaudited)**

FUNCTION:	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government:										
Administration	3	3	4	6	5	5	5	5	5	4
Marketing	1	1	1	-	-	-	-	-	-	-
Customer Service	3	2	3	2	2	2	2	2	2	1
Operations and Vehicle Maintenance:										
Operations	4	4	4	3	6	6	5	5	5	4
Vehicle Maintenance	9	8	10	11	11	11	10	10	10	9
First Transit Service	53	60	60	69	66	59	44	44	56	64
Buildings and Grounds:										
Facilities	2	2	3	3	4	2	2	2	2	3
Total	<u>74</u>	<u>81</u>	<u>84</u>	<u>94</u>	<u>94</u>	<u>85</u>	<u>68</u>	<u>68</u>	<u>80</u>	<u>85</u>

* Does not include Part-Time or Seasonal
Source: SouthWest Transit budget record

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 9

**OPERATING STATISTICS
Last 10 Fiscal Years
(Unaudited)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
SYSTEM RIDERSHIP:										
Fixed Route	684,978	799,429	844,141	944,295	1,070,327	950,615	931,162	961,862	927,117	961,717
Special Events	41,329	42,864	56,086	68,243	76,502	61,359	71,220	68,156	71,862	71,172
VEHICLE HOURS:										
Fixed Route	39,105	47,083	46,606	46,311	46,545	33,028	29,995	35,364	35,952	38,597
Special Events	597	817	1,421	1,636	1,294	1,298	2,016	1,199	1,136	1,222
VEHICLE MILES:										
Fixed Route	786,738	909,662	985,251	1,013,149	1,104,246	808,779	753,235	778,742	802,656	863,726
Special Events	33,807	31,705	50,522	47,316	30,470	34,085	48,065	49,740	49,895	50,750

Source: SouthWest Transit ridership data

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

Table 10

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last 10 Fiscal Years
(Unaudited)

FUNCTION/PROGRAM:	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Facilities:										
Transit Park and Rides (Spaces):										
SWT Capital Assets	740	976	976	976	1,226	1,739	1,739	2,159	2,159	2,859
SWT Noncapital Assets	285	285	285	285	285	285	285	285	285	285
Construction in Progress	-	-	-	763	513	420	420	-	700	-
Transit Passenger Stations:										
SWT Capital Assets	1	1	1	1	1	2	2	3	3	4
Construction in Progress	-	-	-	1	1	1	1	-	1	-
Transit Buses:										
SWT Capital Assets	33	34	33	33	33	33	-	-	-	-
SWT Noncapital Assets	16	18	31	40	41	41	60	60	60	61

Note: No capital asset indicators are available for general government function. Total capital assets are shown regardless of ownership to identify the entire operations.

Source: SouthWest Transit facilities records

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 11

**FAREBOX RECOVERY PERCENTAGE AND FARE STRUCTURE
Last 10 Fiscal Years
(Unaudited)**

As of December 31, 2013

FAREBOX RECOVERY PERCENTAGE

Year	Percentage
2004.....	27.73%
2005.....	25.76%
2006.....	27.46%
2007.....	28.02%
2008.....	30.66%
2009.....	32.61%
2010.....	32.54%
2011.....	32.79%
2012.....	32.48%
2013.....	30.28%

Definition: Service revenues divided by operating expenditures.

FARE STRUCTURES

Fixed Route 680-699 (Monday through Friday):

Cash Fares	Peak Hours	Nonpeak Hours
Adults (13-64)	\$ 3.00	\$ 2.25
Seniors (65+), Youth (6-12)	\$ 3.00	\$ 0.75
Children (5 and Under)	Free*	Free*
Persons with Disabilities	\$ 0.75	\$ 0.75

* When accompanied by paying adult (limit 3)

Local Route 690E (Monday through Friday):

Cash Fares	Peak Hours	Nonpeak Hours
Adults (13-64)	\$ 2.25	\$ 1.75
Seniors (65+), Youth (6-12)	\$ 2.25	\$ 0.75
Children (5 and Under)	Free*	Free*
Persons with Disabilities	\$ 0.75	\$ 0.75

* When accompanied by paying adult (limit 3)

Peak Hours: Monday through Friday 6:00-9:00 a.m. and 3:00-6:30 p.m.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 12

**MISCELLANEOUS STATISTICS
December 31, 2013
(Unaudited)**

Date Founded	1986
Date of Incorporation	July 21, 1986
Form of Government	Joint Powers by three Cities City of Eden Prairie City of Chanhassen City of Chaska
Service Area	81 Square Miles
Population in Service Area	107,519
Type of Tax Support	Motor Vehicle Sales Tax
Sales Tax Rate	7.28%
Number of Routes	25
Number of Transfer Stations	4
Number of Park & Ride Lots	5
Number of Bus Stops	230
Number of Buses in Peak Service	53
Average Speed in Miles Per Hour	21
Employees:	
Full-Time	21
Part-Time and Seasonal	35

