

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2011**

Mission Statement

*SouthWest Transit is committed to providing high quality,
safe, environmentally friendly and cost effective transit
services that meet the mobility, social and economic needs of
the communities we serve.*

Prepared by:

Department of Finance and Administration



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

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Eden Prairie, Minnesota**

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June 6, 2012

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, 2011 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 U.S. generally accepted accounting principles (GAAP), audited in accordance with U.S. general accepted accounting standards 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, 2011 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 unqualified opinion that SWT's financial statements for the year ended December 31, 2011 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 of which must be a City Council member, inclusive of the Mayor currently serving in office. 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 and also serves as the Chair of the SWT Rider Committee. 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 to provide transit services that are the highest quality, safety, cost effectiveness and customer satisfaction. To achieve its mission, SWT has established seven core strategies:

- To provide the best customer service, equipment and facilities.
- To sustain safe, secure, reliable and cost effective transit and support services.
- To begin everything with the customer in mind, and adapt quickly in a changing environment.
- To provide leadership, direction and influence on transportation issues.
- To invest in and use the talents of dedicated, well-trained, professional employees who work together with respect and loyalty.
- To operate with pride and integrity.
- To provide value and be accountable to the communities we serve.

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 Director of Administrative Services 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 2011, despite reduced state funding. For the fifth consecutive year SWT safely provided over one million rides without sacrificing service quality.

Continued cost savings in operational programs allowed SWT to reduce the subsidy per passenger per ride. The subsidy was reduced from \$ 5.03 in 2010 to \$ 4.89 in 2011.

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 is being phased in between 2007 and 2012. The new source of funding is now referenced as regional allocated MVST.

SWT's primary funding source is received through MVST. A base funding of \$ 4.8 million was received in 2011. SWT did not receive any regional allocated MVST in 2011. 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 we will not waiver on 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 2011 includes the following:

- Completed construction and began transit service of the new 400 parking stall ramp and passenger waiting station – Chanhassen Station
- Began the design for a new 450 parking stall park and ride, transit station and bus way in Chaska – East Creek Station

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.
- A debt service fund balance \$ 108,359 as stated in the Balance Sheet is dedicated to the capital lease retirement for the capital lease issued in 2008 for the SouthWest Village construction.
- Intergovernmental revenue or local funds will be used to pay the debt service on the current outstanding value of \$ 1,979,303 for the above stated capital lease.

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:

- Reduction in the work force to match consolidated operation levels and current budget.
- Leased space at SWT facilities and advertised in SWT ramps and on SWT buses to increase revenue.
- Improved safety and security programs and was awarded the American Public Transit Association (APTA) 2011 Gold Award for Safety.
- Improved technology with the first smart phone application in the region for real time bus arrival information, wifi on SWT buses and in SWT facilities, and automatic vehicle locator (AVL) in all SWT buses for improved dispatch and customer service.

Certificate of Achievement

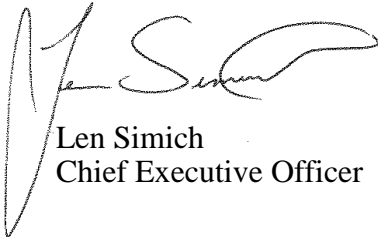
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SWT for its comprehensive annual financial report for the year ended December 31, 2010. This was the fifth consecutive year that the government 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 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



Pat J. Qvale
Administrative Services Director



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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



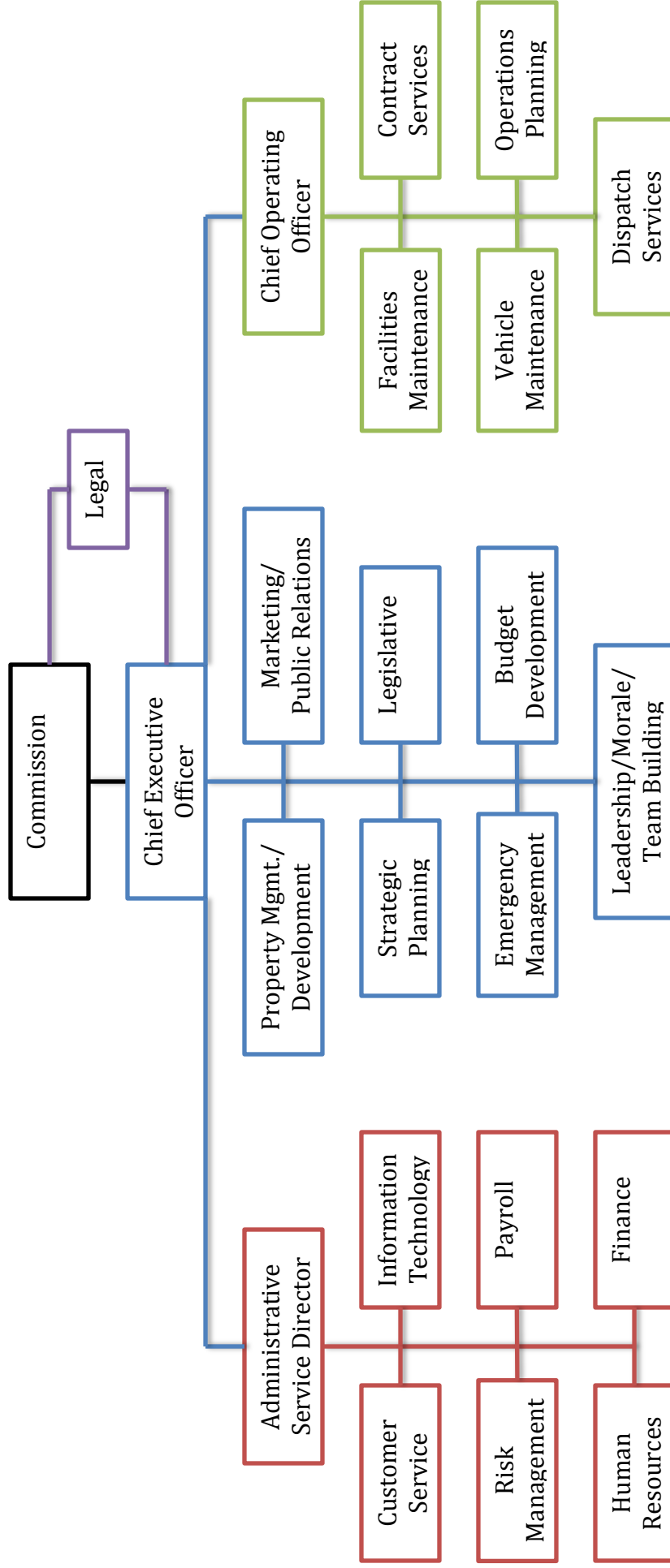
Linda C. Dandson

President

Jeffrey R. Emen

Executive Director

SouthWest Transit Organization Chart



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**BOARD OF COMMISSIONERS AND KEY PERSONNEL
December 31, 2011**

<u>Board Member</u>	<u>Position on Board</u>	<u>Community Represented</u>	<u>Term Expires</u>
Nancy Tyra-Lukens	Chairperson	Eden Prairie	December 31, 2011
Greg Boe	Vice Chairperson	Chaska	December 31, 2011
Jody Collis King	Secretary/Treasurer	Chanhassen	December 31, 2012
Jerry McDonald	Board Member	Chanhassen	December 31, 2013
Jennifer Wolff	Board Member	Chaska	December 31, 2011
Sherry Butcher Wickstrom	Board Member	Eden Prairie	December 31, 2012
Dan Wilczek	Board Member	Eden Prairie	December 31, 2012
<u>Key Personnel</u>			
Len Simich	Chief Executive Officer		
Dave Jacobson	Chief Operating Officer		
Pat Qvale	Administrative Services Director		



FINANCIAL SECTION



Expert advice. When you need it.SM

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
SouthWest Transit
Eden Prairie, Minnesota

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, 2011, which collectively comprise SWT's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of SWT's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from SWT's 2010 financial statements and, in our report dated June 13, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with U.S. generally accepted accounting principles.

SWT has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011.

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with SWT's financial statements for the year ended December 31, 2010, from which such partial information was derived.



In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles 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 GASB, 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 U.S. generally accepted auditing standards, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SWT's financial statements as a whole. The accompanying supplementary information identified in the Table of Contents as Combining and Individual Fund Statements and Schedules is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

The information identified in the Table of Contents as the Introductory and Statistical Sections and the Schedule of Capital Projects – Budget and Actual are presented for purposes of additional analysis and are not a required part of the basic financial statements of SWT. The Introductory and Statistical Sections and Schedule of Capital Projects – Budget and Actual have not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kern, DeWenter, Viere, Ltd.

KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
June 6, 2012

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2011**

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, 2011. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- The assets of SWT exceeded its liabilities at the close of year 2011 by \$ 48,649,412 (net assets). Of this amount, \$ 6,390,003 (unrestricted net assets) may be used to meet SWT's ongoing obligations to customers and creditors.
- SWT's total net assets increased by \$ 3,298,400, or 7.3%.
- As of the close of the current year, SWT's governmental funds reported combined ending fund balances of \$ 6,439,585, a decrease of \$ 1,044,334 in comparison with the prior year. \$ 1,975,935 of the General Fund is unassigned and available for spending at SWT discretion.
- SWT General Fund revenue was \$ 339,845 less in 2011. SWT did not receive any regional allocated Motor Vehicle Sales Tax (MVST). The regional allocated MVST funds are a result of the 2006 constitutional amendment. Regional policy dictated that SWT use fund balance for operations due to the regional transit deficit.
- SWT has a fund balance of \$ 108,359 available for debt retirement.

SWT's 2008 COP debt for SouthWest Village parking ramp and passenger waiting station construction decreased by \$ 74,280, or 3.6%, during the current year. The 2008 COP has an outstanding balance of \$ 1,979,303.

- The SWT ridership increased by 2.8% to 1,030,018, operations reduced the overall subsidy per passenger from \$ 5.03 in 2010 to \$ 4.89 in 2011 with on-going cost savings measures.

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, 2011**

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 Assets presents information on all of SWT's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent year. All changes in net assets 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 2011: the General Fund, Capital Project Funds for East Creek Station, SWT Buses, SWT Facilities Improvement, Chaska Garage, SWS Development Fund, Chanhassen Transit Station and the Capital and Equipment Fund. In addition, SWT maintains a Debt Service Fund for SW Village Debt Service.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2011**

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 37-57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an organization's financial position. In the case of SWT, assets exceeded liabilities by \$ 48,649,412 at the close of year 2011.

13.1% of SWT's net assets are unrestricted. This is the amount available to meet SWT's ongoing obligations to its riders and creditors.

The remaining 86.9% 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, 2011**

Net Assets

	2011	2010
Current Assets	\$ 7,705,023	\$ 8,678,479
Capital Assets, Net of Depreciation	44,238,712	39,952,841
Total Assets	\$ 51,943,735	\$ 48,631,320
Current Liabilities	\$ 1,382,252	\$ 1,291,779
Long-Term Liabilities	1,912,071	1,988,529
Total Liabilities	\$ 3,294,323	\$ 3,280,308
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	\$ 42,259,409	\$ 37,899,258
Unrestricted	6,390,003	7,451,754
Total Net Assets	\$ 48,649,412	\$ 45,351,012

Governmental Activities – Governmental activities increased SWT's net assets by \$ 3,298,400. The components of net assets increased or decreased as follows:

- Net assets invested in capital assets, net of related debt, increased by \$ 4,360,151 primarily due to the completion of the Chanhassen Station.
- Unrestricted net assets decreased by \$ 1,061,751 primarily due to using more current assets to support operations in addition to transfers for cash outlay of construction activity.

Please see pages 24-25 for further detailed information.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2011**

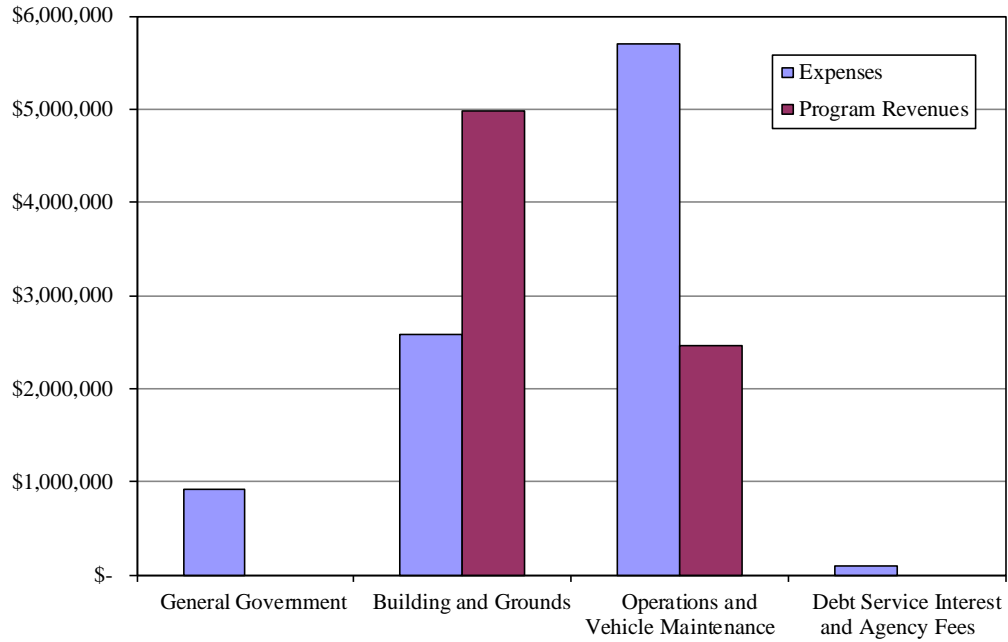
Changes in Net Assets

	Governmental Activities	
	2011	2010
REVENUES:		
Program Revenues:		
Charges for Services	\$ 2,511,362	\$ 2,435,034
Capital Grants and Contributions	4,977,911	2,918,338
Total Program Revenues	7,489,273	5,353,372
General Revenues:		
Unrestricted Intergovernmental Revenue	4,885,269	5,248,837
Other Local Revenue	142,506	45,923
Unrestricted Investment Earnings	66,291	123,298
Total Revenues	12,583,339	10,771,430
EXPENSES:		
General Government	915,019	942,499
Buildings and Grounds	2,578,591	2,266,249
Operations and Vehicle Maintenance	5,695,536	5,663,462
Debt Service	95,793	147,225
Total Expenses	9,284,939	9,019,435
Special Items - See Note 12	-	(4,103,019)
Changes in Net Assets	3,298,400	(2,351,024)
NET ASSETS:		
Beginning	45,351,012	47,702,036
Ending	\$ 48,649,412	\$ 45,351,012

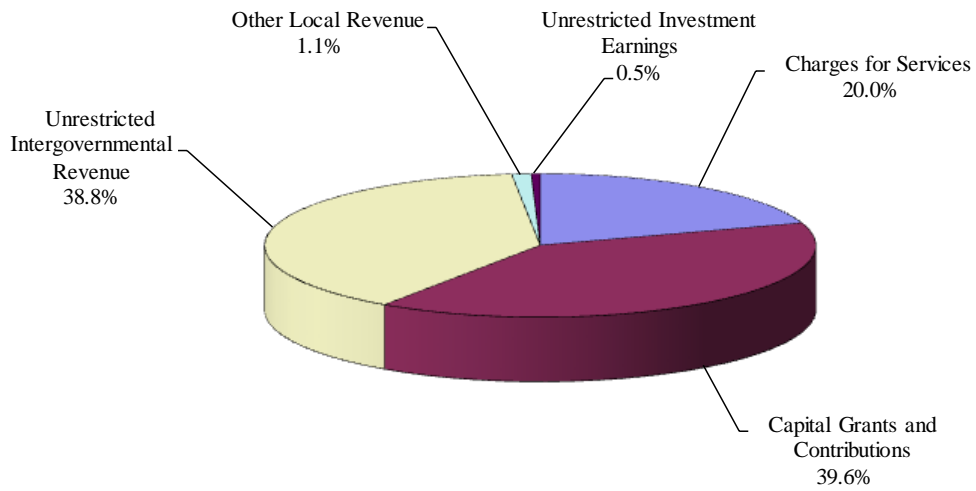
**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2011**

Expenses and Program Revenues - Governmental Activities



Revenues by Sources - Governmental Activities



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2011**

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 \$ 6,439,585, a decrease of \$ 1,044,334 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 \$ 1,044,334 during the current year is comprised of the following key factors:

- The General Fund decrease of \$ 1,428,550 was primarily due to the \$ 1,300,000 transfer out for the Capital and Equipment Fund to fund future capital needs. In addition, operating expenses exceeded revenues by \$ 128,550 as a result of both reduced State funding and anticipated use of fund balance for operations.

Other fund activity includes the following significant transactions:

- The Capital and Equipment Capital Project Fund had a \$ 1,650,000 transfer out for the Chanhassen Transit Station and the East Creek Transit Station projects.
- The Chanhassen Transit Station Fund received \$ 1,300,000 of the above transfer and completed the construction of the parking garage and waiting area. SWT was responsible for the engineering and design of this station with SWT funds. Federal and State funding was used for the construction cost. The station opened for service in December 2011. The fund will be closed out in 2012 and the remaining balance will be used for a future transit station project.
- The East Creek Station Fund was created with a \$ 500,000 transfer in, \$ 350,000 from the Capital and Equipment Fund and \$ 150,000 from the Development Fund. The design phase of this project began in 2011. The station will be constructed in 2012 with Federal and State funding.

GENERAL FUND BUDGETARY HIGHLIGHTS

The SWT Commission amended the 2011 budget in September 2011 to react to the reduction of regional allocated MVST and the increase in passenger fare revenue. The budget to actual variance improved as operations reduced both personal service and transit operation expenses and the fuel cost impact was not as great as anticipated. These combined initiatives resulted in a positive variance of \$ 554,791, budget to actual.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2011**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – SWT's investment in capital assets as of December 31, 2011 amounted to \$ 44,238,712 (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)

	<u>2011</u>	<u>2010</u>
Buildings and Facilities	\$ 8,751,790	\$ 9,096,251
Bus Equipment	7,906	12,123
Equipment and Software	479,296	487,289
Furniture	9,018	11,556
Land	3,804,820	3,780,703
Land Improvements	1,084,437	968,957
Park and Ride Facilities	26,531,531	18,880,578
Transit Hub Facilities	452,229	512,382
Construction in Progress	<u>3,117,685</u>	<u>6,203,002</u>
Total	<u>\$ 44,238,712</u>	<u>\$ 39,952,841</u>

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 6 on pages 50-51 of this report.

Long-Term Debt – At the end of the current year, SWT 2008 capital lease had an outstanding balance of \$ 1,979,303 and was reduced by \$ 74,280, or 3.6%. The decrease in the capital lease was due to the scheduled COP payments.

Additional information on SWT's long-term debt can be found in Note 8 on pages 53-54 of this report.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2011**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The State Legislature limited 2012 MVST to the 2011 level for SWT as part of the effort to balance the regional transit deficit. SWT was directed to fund operations in part from the General Fund balance. The new revenue generated from the 2006 constitutional amendment (regional allocated MVST) was not available to SWT in 2012 due to our current fund balance amount. In the revenue model that distributes regional allocated MVST, agencies with greater than 25% general fund balances have been required to fund a portion of operations from their fund balances and share in the regional deficits. SWT continues to respond to these changes in revenue allocations by reviewing operations and adjusting both revenue and expenditure budgets as required. The SWT Commission has authorized the use of General Fund reserves in the amount of \$ 1,104,565 in the approved 2012 budget. SWT anticipates a budget amendment in September 2012. This will ensure any further actions taken in the Minnesota Legislative session regarding the state budget deficit affecting transit operating funds can be taken into full consideration.

The diesel fuel market continues to be a budget challenge. The 2012 budget was developed based on the current market at the time. It is anticipated a 2012 budget adjustment will be needed to reflect current changes in the fuel market. SWT continues to participate in the state-wide fuel consortium to purchase 50% of SWT fuel at \$ 3.22 per gallon for 2012. This will minimize SWT's risk on this major expenditure.

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 2012 budget as approved by the SWT Commission maintains less than this policy as a result of the regional policy changes on the use and distribution of the regional allocated MVST.

SWT will utilize the following strategies to balance the 2012 budget:

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

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 Director of Administrative Services, 13500 Technology Drive, Eden Prairie, Minnesota 55344.

BASIC FINANCIAL STATEMENTS

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
December 31, 2011
(With Comparative Totals for December 31, 2010)

	December 31,	
	2011	2010
ASSETS:		
Current Assets:		
Cash and Investments	\$ 6,322,911	\$ 6,888,421
Accounts Receivable	566,989	518,807
Interest Receivable	2,340	5,433
Special Assessments Receivable	31,220	35,680
Intergovernmental Receivable	295,081	749,343
Inventory - Vehicle Parts	305,646	297,945
Land Held for Resale	48,833	48,833
Prepaid Items	132,003	134,017
Total Current Assets	7,705,023	8,678,479
Noncurrent Assets:		
Capital Assets:		
Land	3,804,820	3,780,703
Land Improvements	1,507,829	1,301,230
Buildings and Facilities	12,302,934	12,302,934
Transit Hub Facilities	1,334,210	1,326,075
Bus Equipment	126,034	126,034
Park and Ride Facilities	30,502,754	22,187,187
Equipment and Software	958,454	877,448
Vehicles	67,878	67,878
Furniture	24,455	24,455
Construction in Progress	3,117,685	6,203,002
Total Cost	53,747,053	48,196,946
Less Accumulated Depreciation	(9,508,341)	(8,244,105)
Total Noncurrent Assets	44,238,712	39,952,841
Total Assets	\$ 51,943,735	\$ 48,631,320
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts and Contracts Payable	\$ 1,090,453	\$ 669,438
Retainage Payable	30,000	117,694
Salaries and Benefits Payable	58,932	66,665
Unearned Revenue	6,000	256,250
Interest Payable	23,408	24,420
Long-Term Liabilities Due Within One Year	173,459	157,312
Total Current Liabilities	1,382,252	1,291,779
Noncurrent Liabilities:		
Lease Purchase Payable	1,979,303	2,053,583
Compensated Absences Payable	106,227	92,258
Less Amounts Due Within One Year	(173,459)	(157,312)
Total Noncurrent Liabilities	1,912,071	1,988,529
Total Liabilities	3,294,323	3,280,308
Net Assets:		
Invested in Capital Assets, Net of Related Debt	42,259,409	37,899,258
Unrestricted	6,390,003	7,451,754
Total Net Assets	48,649,412	45,351,012
Total Liabilities and Net Assets	\$ 51,943,735	\$ 48,631,320

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, 2011
(With Comparative Totals for the Year Ended December 31, 2010)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2011	2010
Governmental Activities:					Governmental Activities	Governmental Activities
General Government	\$ 915,019	\$ -	\$ -	\$ -	\$ (915,019)	\$ (942,499)
Buildings and Grounds	2,578,591	54,910	-	4,958,883	2,435,202	652,089
Operations and Vehicle Maintenance	5,695,536	2,456,452	-	19,028	(3,220,056)	(3,228,428)
Debt Service Interest and Agency Fees	95,792	-	-	-	(95,792)	(147,225)
Total Governmental Activities	<u>\$ 9,284,938</u>	<u>\$ 2,511,362</u>	<u>\$ -</u>	<u>\$ 4,977,911</u>	(1,795,665)	(3,666,063)
General Revenues:						
Unrestricted Intergovernmental Revenue					4,885,269	5,248,837
Other Local Revenue					142,506	45,923
Unrestricted Investment Earnings					66,291	123,298
Special Item - See Note 12					-	(4,103,019)
Total General Revenues and Special Item					<u>5,094,066</u>	<u>1,315,039</u>
Change in Net Assets					3,298,401	(2,351,024)
Net Assets - Beginning					<u>45,351,012</u>	<u>47,702,036</u>
Net Assets - Ending					<u>\$ 48,649,413</u>	<u>\$ 45,351,012</u>

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





**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2011
(With Comparative Totals for December 31, 2010)**

	General Fund	Capital Projects		
		Capital and Equipment	SWT Facilities Improvement	SWS Development Capital
ASSETS:				
Cash and Investments	\$ 1,880,019	\$ 1,110,384	\$ -	\$ 1,739,012
Accounts Receivable	566,989	-	-	-
Interest Receivable	266	1,189	-	817
Special Assessments Receivable	-	-	-	31,220
Intergovernmental Receivable	-	-	192,417	-
Due from Other Funds	4,750	-	-	-
Inventory	305,646	-	-	-
Land Held for Resale	-	-	-	48,833
Prepaid Items	129,487	2,516	-	-
	<u>\$ 2,887,157</u>	<u>\$ 1,114,089</u>	<u>\$ 192,417</u>	<u>\$ 1,819,882</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts and Contracts Payable	\$ 417,816	\$ 4,589	\$ 187,667	\$ -
Retainage Payable	-	-	-	-
Salaries and Benefits Payable	58,273	-	-	659
Unearned Revenue	-	-	-	86,053
Due to Other Funds	-	-	4,750	-
Total Liabilities	<u>476,089</u>	<u>4,589</u>	<u>192,417</u>	<u>86,712</u>
Fund Balances:				
Nonspendable	435,133	2,516	-	-
Committed	-	-	-	-
Assigned	-	1,106,984	-	1,733,170
Unassigned	1,975,935	-	-	-
Total Fund Balances	<u>2,411,068</u>	<u>1,109,500</u>	<u>-</u>	<u>1,733,170</u>
Total Liabilities and Fund Balances	<u>\$ 2,887,157</u>	<u>\$ 1,114,089</u>	<u>\$ 192,417</u>	<u>\$ 1,819,882</u>

<u>Capital Projects</u>			
<u>Chanhassen Transit Station</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	
		<u>2011</u>	<u>2010</u>
\$ 1,052,888	\$ 540,608	\$ 6,322,911	\$ 6,888,421
-	-	566,989	518,807
68	-	2,340	5,433
-	-	31,220	35,680
-	102,664	295,081	749,343
-	-	4,750	170,569
-	-	305,646	297,945
-	-	48,833	48,833
-	-	132,003	134,017
<u>\$ 1,052,956</u>	<u>\$ 643,272</u>	<u>\$ 7,709,773</u>	<u>\$ 8,849,048</u>
\$ 437,946	\$ 42,435	\$ 1,090,453	\$ 669,438
30,000	-	30,000	117,694
-	-	58,932	66,665
-	-	86,053	340,763
-	-	4,750	170,569
<u>467,946</u>	<u>42,435</u>	<u>1,270,188</u>	<u>1,365,129</u>
-	-	437,649	431,962
-	108,359	108,359	204,874
585,010	492,478	3,917,642	3,439,427
-	-	1,975,935	3,407,656
<u>585,010</u>	<u>600,837</u>	<u>6,439,585</u>	<u>7,483,919</u>
<u>\$ 1,052,956</u>	<u>\$ 643,272</u>	<u>\$ 7,709,773</u>	<u>\$ 8,849,048</u>



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

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

December 31, 2011

(With Comparative Totals for December 31, 2010)

	December 31,	
	2011	2010
Total Fund Balances - Governmental Funds	\$ 6,439,585	\$ 7,483,919
Amounts reported for governmental activities in the Statement of Net Assets 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	53,747,053	48,196,946
Less Accumulated Depreciation	(9,508,341)	(8,244,105)
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 Payable	(1,979,303)	(2,053,583)
Compensated Absences Payable	(106,227)	(92,258)
Deferred special assessments receivable are not available to pay for current expenditures and, therefore, are deferred in the funds.	31,220	35,680
Unrestricted SouthWest Village land held for resale	48,833	48,833
Governmental funds do not report a liability for accrued interest until due and payable.	(23,408)	(24,420)
Total Net Assets - Governmental Activities	\$ 48,649,412	\$ 45,351,012

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	General Fund	Capital Projects		
		Capital and Equipment	SWT Facilities Improvement	SWS Development Capital
REVENUES:				
Intergovernmental - Federal	\$ -	\$ -	\$ -	\$ -
Intergovernmental - State	4,810,990	-	273,592	-
Passenger Fares	2,456,452	-	-	-
Special Assessments	-	-	-	4,460
Investment Income	14,525	27,906	-	17,032
Other Local Revenue	107,557	-	-	54,910
Total Revenues	7,389,524	27,906	273,592	76,402
EXPENDITURES:				
Current:				
General Government	888,771	-	-	20,234
Buildings and Grounds	986,724	-	-	59,430
Operations and Vehicle Maintenance	5,615,668	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Agency Fees	-	-	-	-
Capital Outlay:				
General Government	-	11,887	-	-
Buildings and Grounds	26,911	76,084	273,592	-
Operations and Vehicle Maintenance	-	-	-	-
Total Expenditures	7,518,074	87,971	273,592	79,664
Excess of Revenues Over (Under) Expenditures	(128,550)	(60,065)	-	(3,262)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	1,300,000	-	-
Transfers Out	(1,300,000)	(1,650,000)	-	(150,000)
Total Other Financing Sources (Uses)	(1,300,000)	(350,000)	-	(150,000)
Net Change in Fund Balances	(1,428,550)	(410,065)	-	(153,262)
FUND BALANCES:				
Beginning of Year	3,839,618	1,519,565	-	1,886,432
End of Year	<u>\$ 2,411,068</u>	<u>\$ 1,109,500</u>	<u>\$ -</u>	<u>\$ 1,733,170</u>

<u>Capital Projects</u>		<u>Total Governmental Funds</u>	
<u>Chanhassen Transit Station</u>	<u>Nonmajor Governmental Funds</u>	<u>2011</u>	<u>2010</u>
\$ 3,691,904	\$ -	\$ 3,691,904	\$ 2,010,236
922,976	163,718	6,171,276	6,156,939
-	-	2,456,452	2,435,034
-	-	4,460	4,460
6,373	455	66,291	123,298
31,724	3,225	197,416	45,923
<u>4,652,977</u>	<u>167,398</u>	<u>12,587,799</u>	<u>10,775,890</u>
-	-	909,005	899,429
-	-	1,046,154	935,521
-	-	5,615,668	5,674,292
-	74,280	74,280	1,519,243
-	96,805	96,805	165,156
-	-	11,887	48,446
5,376,624	106,095	5,859,306	3,081,350
-	19,028	19,028	-
<u>5,376,624</u>	<u>296,208</u>	<u>13,632,133</u>	<u>12,323,437</u>
(723,647)	(128,810)	(1,044,334)	(1,547,547)
1,300,000	500,000	3,100,000	2,212,464
-	-	(3,100,000)	(2,212,464)
<u>1,300,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
576,353	371,190	(1,044,334)	(1,547,547)
<u>8,657</u>	<u>229,647</u>	<u>7,483,919</u>	<u>9,031,466</u>
<u>\$ 585,010</u>	<u>\$ 600,837</u>	<u>\$ 6,439,585</u>	<u>\$ 7,483,919</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, 2011
(With Comparative Totals for the Year Ended December 31, 2010)**

	December 31,	
	2011	2010
Net Change in Fund Balances - Governmental Funds	\$ (1,044,334)	\$ (1,547,547)
Amounts reported for governmental activities in the Statement of Activities are different because:		
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.	4,285,871	1,757,144
The net effect of transactions involving the loss on transfer of capital assets to another governmental agency. See Note 12.	-	(4,103,019)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(13,969)	9,684
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 Assets, this is reflected as a reduction of debt principal payable.		
Principal Repayment	74,281	1,519,243
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.	1,012	17,931
Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.		
Deferred Special Assessments	(4,460)	(4,460)
Change in Net Assets - Governmental Activities	\$ 3,298,401	\$ (2,351,024)

**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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
REVENUES:				
Intergovernmental - State	\$ 5,124,670	\$ 4,810,000	\$ 4,810,990	\$ 990
Passenger Fares	2,300,000	2,500,000	2,456,452	(43,548)
Investment Income	30,000	30,000	14,525	(15,475)
Other Local Revenue	-	-	107,557	107,557
Total Revenues	7,454,670	7,340,000	7,389,524	49,524
EXPENDITURES:				
Current:				
General Government	890,012	901,262	888,771	(12,491)
Buildings and Grounds	1,037,475	1,047,175	986,724	(60,451)
Operations and Vehicle Maintenance	6,100,554	6,056,904	5,615,668	(441,236)
Capital Outlay:				
General Government	1,000	-	-	-
Buildings and Grounds	-	18,000	26,911	8,911
Total Expenditures	8,029,041	8,023,341	7,518,074	(505,267)
Excess of Revenues Over (Under) Expenditures	(574,371)	(683,341)	(128,550)	554,791
OTHER FINANCING USES:				
Transfers Out	-	(1,300,000)	(1,300,000)	-
Net Change in Fund Balances	\$ (574,371)	\$ (1,983,341)	(1,428,550)	\$ 554,791
FUND BALANCES:				
Beginning of Year			3,839,618	
End of Year			\$ 2,411,068	



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

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 Assets 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. 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, 2011**

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.

SWT Facilities Improvement Capital Projects Fund – This Fund is used to account for financial resources to be used to improve SWT facilities. Capital Project Funds are used to account for funds received through the Metropolitan Council (MC).

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.

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

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

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 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 for 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, 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.

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 used, it is SWT 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, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Assets or Equity

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.

The Minnesota Municipal Investment Pool is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares.

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 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, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Assets or Equity (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 2011, but not paid until 2012 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.

4. Inventory

- Vehicle parts inventory totaled \$ 305,646 at December 31, 2011 and is accounted for using the consumption method.
- Land for resale – \$ 48,833 SouthWest Village land being held for resale.

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, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Assets or Equity (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 U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and 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, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Assets or Equity (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 Assets.

9. Fund Equity

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 receivable that are not otherwise restricted, committed, assigned, or offset by deferred 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.
- **Unrestricted Fund Balances** – The total of nonspendable fund balance, committed fund balance, assigned fund balance and unassigned fund balance.
- **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, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Assets or Equity (Continued)

9. Fund Equity (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 the Director of Administration or his/her designee shall have the authority to assign fund balance.
- 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 Assets

Net assets represent the difference between assets and liabilities in the government-wide financial statements. Net assets invested in capital assets, net of related debt 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 assets are 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, 2011**

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between net changes in fund balances, total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that 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. The detail of this \$ 4,285,871 difference is as shown as follows:

Capital Outlay	\$ 5,550,107
Depreciation Expense	<u>(1,264,236)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 4,285,871</u>

NOTE 3 – 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 U.S. generally accepted accounting principles. *Minnesota Statutes* define 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 2011, the SWT Commission adopted annual budgets for the following Funds:

- General Fund
- Capital and Equipment Capital Projects Fund
- SWS Development Capital Projects Fund
- Chanhassen Transit Station Capital Projects Fund
- Debt Service Funds
- Chaska Garage Capital Projects Fund
- East Creek Station Capital Projects Fund

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

B. Appropriation Control

The original 2011 budget was adopted by the SWT Commission on December 8, 2010. A budget amendment was completed on September 22, 2011. The budget amendment included the approved fund transfers as noted on Note 5.B. on page 49 of this report.

The Commission was updated throughout the year on the General Fund activity. Expenditures were contained below budget and revenue performed slightly above budget as some improvement in the economic conditions increased fare revenue. This resulted in a General Fund budget to actual positive variance of \$ 554,791.

The General Fund balance decreased in 2011 as a result of lost revenue from the state, however somewhat offset by fare revenue. Operations continued a number cost saving measures and took additional actions throughout the year. The net decrease to the General Fund balance in 2011 was \$ 128,550, before a transfer out in the amount of \$ 1,300,000 as noted on Note 5.B. on page 49 of this report.

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

Capital Project Funds that were completely funded with grant proceeds in 2011 were alternatively controlled through the grant provisions.

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 5.B. on page 49 of this report.

For the year ended December 31, 2011, expenditures exceeded appropriations only in the SouthWest Village Debt Service Fund by \$ 5 and is considered immaterial to this report.

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Deposits

As of December 31, 2011, 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	\$ 202,226
Savings	1,150,903
Certificates of Deposit	<u>2,850,000</u>
 Total Deposits	 <u><u>\$ 4,203,129</u></u>

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

NOTE 4 – DEPOSITS AND INVESTMENTS

B. Investments

As of December 31, 2011, SWT had the following investments:

Investment Type	Fair Value	Investment Maturities			Ratings
		6 Months or Less	6 Months to 1 Year	1 Year to 3 Years	
4M - External Investment Pool	\$ 2,119,382	\$ 2,119,382	\$ -	\$ -	NR
Total	<u>\$ 2,119,382</u>	<u>\$ 2,119,382</u>	<u>\$ -</u>	<u>\$ -</u>	
	<u>Maturity</u>			<u>Maximum Investments</u>	
	6 Months or Less			100%	
	6 Months to 1 Year			0%	
	1 Year to 3 Years			0%	

NR – Not Rated

Custodial Credit Risk – Deposits: As of December 31, 2011, 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.

Custodial Credit Risk – Investments: As of December 31, 2011, all investments of SWT were insured, registered and held by SWT or its agent in SWT’s name.

Credit Rate Risk: As of December 31, 2011, SWT’s investment in the 4M Fund is regulated by *Minnesota Statutes* and the Board of Directors of the League of Minnesota Cities. The 4M Fund is an unrated 2.a.7 like pool and the fair value of the position in the pool is the same as the value of pool shares.

See Note 1.D.1. on page 40-41 for discussion on interest rate risk.

Concentration of Credit Risk: SWT complied with its policy by not investing more than 20% of SWT’s portfolio in a single financial institution unless SWT deposits in that institution are backed by U.S. guaranteed investments. The 4M Fund is allowed up to 50% of the cash and investment portfolio. SWT’s investment policy places no limit on any obligation issued or guaranteed by any agency of the United States.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

NOTE 4 – DEPOSITS AND INVESTMENTS

B. Investments (Continued)

The following is a summary of total deposits and investments:

Deposits (Note 4.A.)	\$ 4,203,129
Investments	2,119,382
Petty Cash	<u>400</u>
 Total Deposits and Investments	 <u><u>\$ 6,322,911</u></u>

Deposits and investments are presented in the December 31, 2011 basic financial statements as follows:

Statement of Net Assets:	
Cash and Investments	<u><u>\$ 6,322,911</u></u>

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

The composition of interfund balances as of December 31, 2011 follows:

	Due from Other Funds
	<u>General</u>
	<u>Fund</u>
Due to Other Funds:	
SWT Facilities Improvement	<u><u>\$ 4,750</u></u>

The above transactions were made to cover deficit cash balances.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

B. Interfund Transfers

The composition of interfund transfers as of December 31, 2011 follows:

	Transfer In			Total
	Capital & Equipment Capital Projects Fund	Chanhassen Station Capital Projects Fund	Nonmajor Governmental Funds	
Transfer Out:				
General Fund	\$ 1,300,000	\$ -	\$ -	\$ 1,300,000
Capital and Equipment - Capital Projects Fund	-	1,300,000	350,000	1,650,000
SWS Development - Capital Projects Fund	-	-	150,000	150,000
Total Transfers	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>	<u>\$ 500,000</u>	<u>\$ 3,100,000</u>

The \$ 1,300,000 transfer from the General Fund was for capital preservation and expansion. This action was approved by SWT Commission on April 21, 2011.

The \$ 1,300,000 transfer from the Capital and Equipment Fund was to provide a funding source for SWT Chanhassen Transit Station. This action was approved by SWT Commission on September 22, 2011.

The \$ 500,000 transfer was to provide a funding source for East Creek Station. This action was approved by the SWT Commission on September 22, 2011.

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 3,780,703	\$ 24,117	\$ -	\$ 3,804,820
Construction in Progress	6,203,002	5,424,318	(8,509,635)	3,117,685
Total Capital Assets not being Depreciated	<u>9,983,705</u>	<u>5,448,435</u>	<u>(8,509,635)</u>	<u>6,922,505</u>
Capital Assets being Depreciated:				
Buildings and Facilities	12,302,934	-	-	12,302,934
Bus Equipment	126,034	-	-	126,034
Equipment and Software	877,448	81,006	-	958,454
Furniture	24,455	-	-	24,455
Land Improvements	1,301,230	206,599	-	1,507,829
Park and Ride Facilities	22,187,187	8,315,567	-	30,502,754
Transit Hub Facilities	1,326,075	8,135	-	1,334,210
Vehicles	67,878	-	-	67,878
Total Capital Assets being Depreciated	<u>38,213,241</u>	<u>8,611,307</u>	<u>-</u>	<u>46,824,548</u>
Total Capital Assets, Cost	48,196,946	14,059,742	(8,509,635)	53,747,053
Less Accumulated Depreciation for:				
Buildings and Facilities	3,206,683	344,461	-	3,551,144
Bus Equipment	113,911	4,217	-	118,128
Equipment and Software	390,159	88,999	-	479,158
Furniture	12,899	2,538	-	15,437
Land Improvements	332,273	91,119	-	423,392
Park and Ride Facilities	3,306,609	664,614	-	3,971,223
Transit Hub Facilities	813,693	68,288	-	881,981
Vehicles	67,878	-	-	67,878
Total Accumulated Depreciation	<u>8,244,105</u>	<u>1,264,236</u>	<u>-</u>	<u>9,508,341</u>
Total Capital Assets being Depreciated, Net	<u>29,969,136</u>	<u>7,347,071</u>	<u>-</u>	<u>37,316,207</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,952,841</u>	<u>\$ 12,795,506</u>	<u>\$ (8,509,635)</u>	<u>\$ 44,238,712</u>

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities:		
Buildings and Grounds	\$ 1,209,129	
Operations and Vehicle Maintenance	50,322	
General Government	4,785	
Total Depreciation Expenses - Governmental Activities	\$ 1,264,236	

Capital asset activity by program/function for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Cost:				
Buildings and Grounds	\$ 47,642,078	\$ 14,047,082	\$ (8,509,635)	\$ 53,179,525
Operations and Vehicle Maintenance	510,008	-	-	510,008
General Government	44,860	12,660	-	57,520
Total Capital Assets, Cost	48,196,946	14,059,742	(8,509,635)	53,747,053
Less Accumulated Depreciation for:				
Buildings and Grounds	7,805,838	1,209,129	-	9,014,967
Operations and Vehicle Maintenance	410,090	50,322	-	460,412
General Government	28,177	4,785	-	32,962
Total Accumulated Depreciation	8,244,105	1,264,236	-	9,508,341
Governmental Activities, Capital Assets, Net	\$ 39,952,841	\$ 12,795,506	\$ (8,509,635)	\$ 44,238,712

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, 2011**

NOTE 7 – FUND BALANCES/NET ASSETS

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 Equity

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

	General Fund	Capital and Equipment	SWS Development Capital	Chanhassen Transit Station	Nonmajor Funds	Total
Nonspendable:						
Inventory	\$ 305,646	\$ -	\$ -	\$ -	\$ -	\$ 305,646
Prepaid Items	129,487	2,516	-	-	-	132,003
Total Nonspendable	<u>435,133</u>	<u>2,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,649</u>
Committed for:						
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 108,359	\$ 108,359
Assigned to:						
Capital & Equipment Purchases	\$ -	\$ 1,106,984	\$ -	\$ -	\$ -	\$ 1,106,984
Development Capital Expenditures	-	-	1,733,170	-	-	1,733,170
Chanhassen Transit Station Construction	-	-	-	585,010	-	585,010
Chaska Garage Capital Construction	-	-	-	-	25,766	25,766
East Creek Station Capital Construction	-	-	-	-	466,712	466,712
Total Assigned	<u>-</u>	<u>1,106,984</u>	<u>1,733,170</u>	<u>585,010</u>	<u>492,478</u>	<u>3,917,642</u>
Unassigned	<u>\$ 1,975,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,975,935</u>
Total Fund Balance	<u>\$ 2,411,068</u>	<u>\$ 1,109,500</u>	<u>\$ 1,733,170</u>	<u>\$ 585,010</u>	<u>\$ 492,478</u>	<u>\$ 6,439,585</u>

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 8 – LONG-TERM DEBT

A. Capital Leases

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.

The agreement requires fixed semiannual payments in the amount of \$ 85,543 each. Interest is at 4.76% through October 2028. Following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at December 31, 2011:

Capital lease currently outstanding are as follows:

Purpose	Interest Rate	Amount
SouthWest Village Parking Ramp	4.76%	\$ 1,979,303

The future minimum lease obligations and net present value of these minimum lease payments as of December 31, 2011 were as follows:

Year Ended December 31,	Governmental Activities
2012	\$ 171,085
2013	171,086
2014	171,085
2015	171,086
2016	171,085
2017-2021	855,427
2022-2026	855,428
2027-2028	342,171
Total Minimum Lease Payments	2,908,453
Less Interest	(929,150)
Present Value of Minimum Lease Payments	\$ 1,979,303

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

NOTE 8 – LONG-TERM DEBT

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011 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:					
Leases Payable:					
SouthWest Village Parking Ramp	\$ 2,053,583	\$ -	\$ 74,280	\$ 1,979,303	\$ 77,855
Compensated Absences	<u>92,258</u>	<u>124,602</u>	<u>110,633</u>	<u>106,227</u>	<u>95,604</u>
Governmental Activities Long-Term Liabilities	<u>\$ 2,145,841</u>	<u>\$ 124,602</u>	<u>\$ 184,913</u>	<u>\$ 2,085,530</u>	<u>\$ 173,459</u>

The General Fund typically liquidates the liability related to compensated absences. The Debt Service Funds typically liquidates the liability related to the lease.

NOTE 9 – 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, 2011, 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, 2011

NOTE 10 – 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, 2011**

NOTE 10 – 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 GERF. 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. GERF Coordinated Plan members were required to contribute 6.25% of their annual covered salary in 2011. In 2011, 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, 2011, 2010 and 2009 were \$ 105,165, \$ 101,266 and \$ 97,806, respectively. SWT’s contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 11 – 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 three 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, 2012.

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, 2011**

NOTE 11 – COMMITMENTS AND CONTINGENCIES

SWT has both active engineering and construction project consultant commitments and operating commitments as of December 31, 2011. At year-end, SWT's commitments with contractors were as follows:

<u>Engineering/Construction</u>	<u>Project</u>	<u>Amount</u>
Kimley-Horn & Associates, Inc.	Consultant - Chanhassen Transit Station	\$ 12,415
Walker Parking Consultants	Consultant - East Creek Station	412,989
LSA Design, Inc.	Consultant - East Creek Station	172,920
<u>Transit Operating Services</u>	<u>Estimated Commitment at December 31, 2011</u>	<u>Expiration Date</u>
First Transit Services	\$ 2.6 million	December 31, 2012

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 12 – SPECIAL ITEM

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 the capital asset records of SWT, causing a loss of \$ 4,103,019 in governmental activities as of December 31, 2010.

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2011, the City implemented GASB statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This action resulted in a reclassification of fund balances on the governmental fund statements to correspond with the new fund naming structure required by this Statement.

NOTE 14 – SUBSEQUENT EVENTS

SWT has evaluated subsequent events through June 6, 2012, the date which the financial statements were available to be issued.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2011
(With Comparative Totals for December 31, 2010)**

	Debt Service		
	SW Village Debt	Total	
		2011	2010
ASSETS:			
Cash and Investments	\$ 34,080	\$ 34,080	\$ -
Intergovernmental Receivable	74,279	74,279	275,307
Total Assets	\$ 108,359	\$ 108,359	\$ 275,307
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts and Contracts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	70,433
Total Liabilities	-	-	70,433
Fund Balances:			
Committed	108,359	108,359	204,874
Assigned	-	-	-
Total Fund Balances	108,359	108,359	204,874
Total Liabilities and Fund Balances	\$ 108,359	\$ 108,359	\$ 275,307

Capital Projects

East Creek Station	SWT Buses	Chaska Garage	Total		Total Nonmajor Governmental Funds	
			2011	2010	2011	2010
\$ 488,752	\$ -	\$ 17,776	\$ 506,528	\$ -	\$ 540,608	\$ -
-	19,028	9,357	28,385	130,236	102,664	405,543
<u>\$ 488,752</u>	<u>\$ 19,028</u>	<u>\$ 27,133</u>	<u>\$ 534,913</u>	<u>\$ 130,236</u>	<u>\$ 643,272</u>	<u>\$ 405,543</u>
\$ 22,040	\$ 19,028	\$ 1,367	\$ 42,435	\$ 78,680	\$ 42,435	\$ 78,680
-	-	-	-	26,783	-	97,216
<u>22,040</u>	<u>19,028</u>	<u>1,367</u>	<u>42,435</u>	<u>105,463</u>	<u>42,435</u>	<u>175,896</u>
-	-	-	-	-	108,359	204,874
466,712	-	25,766	492,478	24,773	492,478	24,773
<u>466,712</u>	<u>-</u>	<u>25,766</u>	<u>492,478</u>	<u>24,773</u>	<u>600,837</u>	<u>229,647</u>
<u>\$ 488,752</u>	<u>\$ 19,028</u>	<u>\$ 27,133</u>	<u>\$ 534,913</u>	<u>\$ 130,236</u>	<u>\$ 643,272</u>	<u>\$ 405,543</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, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

	Debt Service		
	SW Village	Total	
	Debt Service	2011	2010
REVENUES:			
Intergovernmental - Federal	\$ -	\$ -	\$ 127,140
Intergovernmental - State	74,279	74,279	307,091
Investment Income	291	291	4,135
Other Local Revenue	-	-	-
Total Revenues	<u>74,570</u>	<u>74,570</u>	<u>438,366</u>
EXPENDITURES:			
Debt Service:			
Principal Retirement	74,280	74,280	1,519,243
Interest and Agency Fees	96,805	96,805	165,156
Capital Outlay:			
Buildings and Grounds	-	-	-
Operations and Vehicle Maintenance	-	-	-
Total Expenditures	<u>171,085</u>	<u>171,085</u>	<u>1,684,399</u>
Excess of Revenues Over (Under) Expenditures	(96,515)	(96,515)	(1,246,033)
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	1,250,000
Transfers Out	-	-	(302,464)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>947,536</u>
Net Change in Fund Balances	(96,515)	(96,515)	(298,497)
FUND BALANCES:			
Beginning of Year	<u>204,874</u>	<u>204,874</u>	<u>503,371</u>
End of Year	<u>\$ 108,359</u>	<u>\$ 108,359</u>	<u>\$ 204,874</u>

Capital Projects

East Creek Station	SWT Buses	Chaska Garage	Total		Total Nonmajor Governmental Funds	
			2011	2010	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,140
-	19,028	70,411	89,439	130,236	163,718	437,327
73	-	91	164	293	455	4,428
-	-	3,225	3,225	16,880	3,225	16,880
<u>73</u>	<u>19,028</u>	<u>73,727</u>	<u>92,828</u>	<u>147,409</u>	<u>167,398</u>	<u>585,775</u>
-	-	-	-	-	74,280	1,519,243
-	-	-	-	-	96,805	165,156
33,361	-	72,734	106,095	238,872	106,095	238,872
-	19,028	-	19,028	-	19,028	-
<u>33,361</u>	<u>19,028</u>	<u>72,734</u>	<u>125,123</u>	<u>238,872</u>	<u>296,208</u>	<u>1,923,271</u>
(33,288)	-	993	(32,295)	(91,463)	(128,810)	(1,337,496)
500,000	-	-	500,000	-	500,000	1,250,000
-	-	-	-	-	-	(302,464)
<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>947,536</u>
466,712	-	993	467,705	(91,463)	371,190	(389,960)
-	-	24,773	24,773	116,236	229,647	619,607
<u>\$ 466,712</u>	<u>\$ -</u>	<u>\$ 25,766</u>	<u>\$ 492,478</u>	<u>\$ 24,773</u>	<u>\$ 600,837</u>	<u>\$ 229,647</u>

**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, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
REVENUES:				
Investment Income	\$ 15,000	\$ 15,000	\$ 27,906	\$ 12,906
EXPENDITURES:				
Capital Outlay:				
General Government	10,000	10,000	11,887	1,887
Buildings and Grounds	220,000	235,000	76,084	(158,916)
Total Expenditures	230,000	245,000	87,971	(157,029)
Excess of Revenues Over (Under) Expenditures	(215,000)	(230,000)	(60,065)	169,935
OTHER FINANCING SOURCES (USES):				
Transfers In	-	1,300,000	1,300,000	-
Transfers Out	-	(1,650,000)	(1,650,000)	-
Total Other Financing Sources (Uses)	-	(350,000)	(350,000)	-
Net Change in Fund Balances	\$ (215,000)	\$ (580,000)	(410,065)	\$ 169,935
FUND BALANCES:				
Beginning of Year			1,519,565	
End of Year			\$ 1,109,500	

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Special Assessments	\$ 4,460	\$ 4,460	\$ 4,460	\$ -
Investment Income	10,000	10,000	17,032	7,032
Other Local Revenue	-	52,880	54,910	2,030
Total Revenues	<u>14,460</u>	<u>67,340</u>	<u>76,402</u>	<u>9,062</u>
EXPENDITURES:				
Current:				
General Government	20,332	20,832	20,234	(598)
Buildings and Grounds	-	60,000	59,430	(570)
Total Expenditures	<u>20,332</u>	<u>80,832</u>	<u>79,664</u>	<u>(1,168)</u>
Excess of Revenues Over (Under) Expenditures	(5,872)	(13,492)	(3,262)	10,230
OTHER FINANCING USES:				
Transfers Out	-	(150,000)	(150,000)	-
Net Change in Fund Balances	<u>\$ (5,872)</u>	<u>\$ (163,492)</u>	(153,262)	<u>\$ 10,230</u>
FUND BALANCES:				
Beginning of Year			<u>1,886,432</u>	
End of Year			<u>\$ 1,733,170</u>	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
CHANHASSEN TRANSIT STATION CAPITAL PROJECTS FUND
For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental - Federal	\$ 3,987,258	\$ 3,691,904	\$ 3,691,904	\$ -
Intergovernmental - State	996,815	922,975	922,976	1
Investment Income	-	4,000	6,373	2,373
Other Local Revenue	-	-	31,724	31,724
Total Revenues	<u>4,984,073</u>	<u>4,618,879</u>	<u>4,652,977</u>	<u>34,098</u>
EXPENDITURES:				
Capital Outlay:				
Buildings and Grounds	<u>5,470,283</u>	<u>5,470,283</u>	<u>5,376,624</u>	<u>(93,659)</u>
Excess of Revenues Over (Under) Expenditures	(486,210)	(851,404)	(723,647)	127,757
OTHER FINANCING SOURCES:				
Transfers In	<u>-</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (486,210)</u>	<u>\$ 448,596</u>	576,353	<u>\$ 127,757</u>
FUND BALANCES:				
Beginning of Year			<u>8,657</u>	
End of Year			<u>\$ 585,010</u>	

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental - State	\$ -	\$ 73,406	\$ 74,279	\$ 873
Investment Income	-	-	291	291
Total Revenues	<u>-</u>	<u>73,406</u>	<u>74,570</u>	<u>1,164</u>
EXPENDITURES:				
Debt Service:				
Principal Retirement	74,280	74,280	74,280	-
Interest and Agency Fees	<u>96,800</u>	<u>96,800</u>	<u>96,805</u>	<u>5</u>
Total Expenditures	<u>171,080</u>	<u>171,080</u>	<u>171,085</u>	<u>5</u>
Net Change in Fund Balances	<u>\$ (171,080)</u>	<u>\$ (97,674)</u>	(96,515)	<u>\$ 1,159</u>
FUND BALANCES:				
Beginning of Year			<u>204,874</u>	
End of Year			<u>\$ 108,359</u>	

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
CHASKA GARAGE CAPITAL PROJECTS FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES:				
Intergovernmental - State	\$ 75,000	\$ 111,000	\$ 70,411	\$ (40,589)
Investment Income	-	43	91	48
Other Local Revenue	-	3,225	3,225	-
Total Revenues	75,000	114,268	73,727	(40,541)
EXPENDITURES:				
Capital Outlay:				
Buildings and Grounds	75,000	114,268	72,734	(41,534)
Net Change in Fund Balances	\$ -	\$ -	993	\$ 993
FUND BALANCES:				
Beginning of Year			24,773	
End of Year			\$ 25,766	

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 73</u>
EXPENDITURES:				
Capital Outlay:				
Buildings and Grounds	<u>-</u>	<u>500,000</u>	<u>33,361</u>	<u>(466,639)</u>
Excess of Revenues Over (Under) Expenditures	-	(500,000)	(33,288)	466,712
OTHER FINANCING SOURCES:				
Transfers In	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net Change in Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>466,712</u>	<u><u>\$ 466,712</u></u>
FUND BALANCES:				
Beginning of Year			<u>-</u>	
End of Year			<u><u>\$ 466,712</u></u>	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF CAPITAL PROJECTS -
BUDGET AND ACTUAL
(Unaudited)
Year Ended December 31, 2011**

Project	Status	Budget/Grant Award	Expenditures		Amount Remaining
			2011	Cumulative	
SWT Chanhassen Transit Station - CMAQ Federal	Complete	\$ 5,575,000	\$3,691,904	\$5,575,000	\$ -
SWT Chanhassen Transit Station - Local Match	Complete	1,393,750	922,976	1,393,750	-
SWT SW Station Soil Erosion Repair	Incomplete	100,000	55,828	75,553	24,447
SWT Chaska Garage Roof Repairs	Complete	200,000	70,411	158,519	41,481
SWT Customer Facility Repairs	Complete	50,000	27,596	50,000	-
SWT Midlife Bus Rehabilitations	Incomplete	350,000	19,028	19,028	330,972
SWT Eden Prairie Garage B Roof Repair	Complete	200,000	190,167	190,167	9,833
SWT Service Vehicle	Incomplete	55,000	-	-	55,000
SWT SW Village Debt Principal only	Complete	<u>74,280</u>	<u>74,280</u>	<u>74,280</u>	<u>-</u>
Total		<u>\$ 7,998,030</u>	<u>\$5,052,190</u>	<u>\$7,536,297</u>	<u>\$ 461,733</u>

STATISTICAL SECTION



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**STATISTICAL SECTION
December 31, 2011
(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 says 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 Assets by Component
- Changes in Net Assets
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity – These schedules contain information to help the reader assess the 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. SWT implemented GASB Statement No. 34 in calendar year 2004. SWT has chosen to provide information for that year forward. Ultimately, these schedules will contain information for the last 10 years.



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 1

**NET ASSETS BY COMPONENT
Last 10 Fiscal Years
(Unaudited)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES:										
Invested in Capital Assets,										
Net of Related Debt	\$ 36,569,443	\$ 37,303,306	\$ 29,940,973	\$ 28,878,167	\$ 29,707,719	\$ 35,260,145	\$ 34,508,142	\$ 38,725,890	\$ 37,899,258	\$ 42,259,409
Restricted	8,557,876	9,667,253	1,889,308	1,948,672	1,951,754	411,802	272,373	-	-	-
Unrestricted	1,366,877	1,054,291	8,844,412	9,651,304	10,113,869	12,484,598	13,678,490	8,976,146	7,451,754	6,390,003
 Total Governmental Activities										
Net Assets	<u>\$ 46,494,196</u>	<u>\$ 48,024,850</u>	<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>

Source: SouthWest Transit financial records

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 2

**CHANGES IN NET ASSETS
Last Eight Fiscal Years
(Unaudited)**

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES:								
Governmental Activities:								
General Government	\$ 916,059	\$ 1,063,292	\$ 931,656	\$ 1,051,001	\$ 923,387	\$ 965,247	\$ 942,499	\$ 915,019
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
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
Interest on Long-Term Debt	154,363	142,155	139,156	93,607	146,473	182,213	147,225	95,793
Total Governmental Activities	<u>\$ 7,457,962</u>	<u>\$ 9,394,506</u>	<u>\$ 12,619,263</u>	<u>\$ 13,246,805</u>	<u>\$ 10,881,064</u>	<u>\$ 10,175,426</u>	<u>\$ 9,019,435</u>	<u>\$ 9,284,939</u>
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	\$ 2,511,362
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
Total Governmental Activities	<u>\$ 4,875,026</u>	<u>\$ 2,967,217</u>	<u>\$ 7,916,500</u>	<u>\$ 12,832,841</u>	<u>\$ 4,081,992</u>	<u>\$ 4,061,206</u>	<u>\$ 5,353,372</u>	<u>\$ 7,489,273</u>
NET EXPENSE:								
Governmental Activities	<u>\$ (2,582,936)</u>	<u>\$ (6,427,289)</u>	<u>\$ (4,702,763)</u>	<u>\$ (413,964)</u>	<u>\$ (6,799,072)</u>	<u>\$ (6,114,220)</u>	<u>\$ (3,666,063)</u>	<u>\$ (1,795,666)</u>
GENERAL REVENUE AND OTHER								
CHANGES IN NET ASSETS:								
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
Unrestricted Investment Earnings	131,279	276,062	508,434	577,021	419,026	180,141	123,298	66,291
Other Local Revenue	66,900	2,006	3,175	57,081	438,555	12,295	45,923	142,506
Special Item - See Note 12	-	-	-	-	-	-	(4,103,019)	-
Total Governmental Activities	<u>\$ 5,528,364</u>	<u>\$ 6,107,196</u>	<u>\$ 5,837,851</u>	<u>\$ 6,797,167</u>	<u>\$ 7,101,532</u>	<u>\$ 5,357,251</u>	<u>\$ 1,315,039</u>	<u>\$ 5,094,066</u>
CHANGES IN NET ASSETS:								
Governmental Activities	<u>\$ 2,945,428</u>	<u>\$ (320,093)</u>	<u>\$ 1,135,088</u>	<u>\$ 6,383,203</u>	<u>\$ 302,460</u>	<u>\$ (756,969)</u>	<u>\$ (2,351,024)</u>	<u>\$ 3,298,400</u>

* Changes in net assets are not available for years prior to 2004

Source: SouthWest Transit financial records

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 3

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL FUND:										
Reserved	\$ 4,975,742	\$ 7,218,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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
Unassigned	-	-	-	-	-	-	-	-	-	1,975,935
Total General Fund	<u>\$ 4,975,742</u>	<u>\$ 7,218,137</u>	<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>
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved	\$ 3,081,187	\$ 2,337,728	\$ 1,957,875	\$ 2,011,397	\$ 1,951,754	\$ -	\$ -	\$ 5,075	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	1,638,954	1,165,679	1,028,437	393,160	168,283	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	396,710	326,573	503,371	204,874	-
Capital Projects Funds	228,870	-	-	2,951,724	3,023,230	4,795,274	5,493,384	3,678,010	3,439,427	-
Nonspendable	-	-	-	-	-	-	-	-	-	2,516
Committed	-	-	-	-	-	-	-	-	-	108,359
Assigned	-	-	-	-	-	-	-	-	-	3,917,642
Total All Other Governmental Funds	<u>\$ 4,949,011</u>	<u>\$ 3,503,407</u>	<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>

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			
	2002	2003	2004	2005
REVENUES:				
Intergovernmental - Federal	\$ 7,553,616	\$ 789,525	\$ 2,910,472	\$ 320,135
Intergovernmental - State	7,766,730	9,243,872	5,877,009	6,831,568
Property Tax	17,467	4,563	3,134	2,186
Passenger Fares	1,252,070	1,100,693	1,414,596	1,642,456
Investment Earnings	79,379	176,083	131,279	276,062
Special Assessments	-	-	4,460	4,460
Miscellaneous	917,465	6,351	-	2,006
Total Revenues	<u>17,586,727</u>	<u>11,321,087</u>	<u>10,340,950</u>	<u>9,078,873</u>
EXPENDITURES:				
General Government	978,975	746,957	902,418	1,033,423
Buildings and Grounds	385,155	527,126	547,316	704,014
Operations and Vehicle Maintenance	3,502,394	3,571,060	4,137,303	4,738,093
Capital Outlay	14,462,637	4,798,597	4,287,785	1,319,977
Debt Service:				
Principal	142,069	680,781	240,606	252,171
Interest and Agency Fees	39,619	199,775	159,611	147,998
Total Expenditures	<u>19,510,849</u>	<u>10,524,296</u>	<u>10,275,039</u>	<u>8,195,676</u>
Excess of Revenues Over (Under) Expenditures	(1,924,122)	796,791	65,911	883,197
OTHER FINANCING SOURCES (USES):				
Transfers In	3,401,841	634,710	694,263	3,694,263
Transfers Out	(3,401,841)	(634,710)	(694,263)	(3,694,263)
Issuance of Capital Lease	3,500,000	-	-	-
Sale of Property	3,900,000	-	-	-
Total Other Financing Sources (Uses)	<u>7,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 5,475,878</u>	<u>\$ 796,791</u>	<u>\$ 65,911</u>	<u>\$ 883,197</u>
Debt Service as a Percent of Noncapital Expenditures	3.6%	15.4%	6.7%	5.8%

Source: SouthWest Transit financial records

**Table 4
(Continued)**

2006	2007	2008	2009	2010	2011
\$ 511,154	\$ 4,298,741	\$ 782,649	\$ 277,413	\$ 2,010,236	\$ 3,691,904
10,787,820	12,471,280	6,934,330	6,470,450	6,156,939	6,171,276
468	-	-	-	-	-
1,943,300	2,225,885	2,608,964	2,478,158	2,435,034	2,456,452
508,434	577,021	419,026	180,141	123,298	66,291
4,460	4,460	4,460	4,460	4,460	4,460
3,175	8,248	438,555	12,295	45,923	197,416
<u>13,758,811</u>	<u>19,585,635</u>	<u>11,187,984</u>	<u>9,422,917</u>	<u>10,775,890</u>	<u>12,587,799</u>
918,562	1,039,377	917,899	932,506	899,429	909,005
789,319	1,247,072	1,096,339	913,956	935,521	1,046,154
5,384,905	6,062,575	6,713,839	5,888,367	5,674,292	5,615,668
5,403,227	9,812,821	4,060,393	5,673,400	3,129,796	5,890,221
801,163	540,122	690,307	786,672	1,519,243	74,280
201,881	59,866	77,181	242,895	165,156	96,805
<u>13,499,057</u>	<u>18,761,833</u>	<u>13,555,958</u>	<u>14,437,796</u>	<u>12,323,437</u>	<u>13,632,133</u>
259,754	823,802	(2,367,974)	(5,014,879)	(1,547,547)	(1,044,334)
-	1,600,000	246,206	4,976,218	2,212,464	3,100,000
-	(1,600,000)	(246,206)	(4,976,218)	(2,212,464)	(3,100,000)
-	-	3,500,000	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 259,754</u>	<u>\$ 823,802</u>	<u>\$ 1,132,026</u>	<u>\$ (5,014,879)</u>	<u>\$ (1,547,547)</u>	<u>\$ (1,044,334)</u>
12.4%	5.0%	7.8%	11.2%	18.0%	2.1%

**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			
2002	\$ -	\$ -	\$ 4,067,687	\$ 4,067,687	1.05%	\$ 41
2003	-	-	3,383,867	3,383,867	0.82%	33
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

* 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
2002	100,130	*	*	17,420	3.7%
2003	103,617	*	*	17,547	3.9%
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%

* 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	2011		Percentage of Total City Employment
	Employees	Rank	
Eden Prairie School District No. 272	2,000	1	3.4%
Super Valu Stores	1,500	2	2.6%
Emerson Process/Rosemount, Inc.	1,475	3	2.5%
CH Robinson	1,348	4	2.3%
School District No. 112	1,100	5	1.9%
Ingenix	1,000	6	1.7%
Deli Express	855	7	1.5%
FSI International	850	8	1.5%
Instant Web Companies	847	9	1.4%
Lifetime Fitness	815	10	1.4%
Total Principal Employees	11,790		20.1%
Total Employees	58,593		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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government:										
Administration	4	3	3	3	4	6	5	5	5	5
Marketing	2	2	1	1	1	-	-	-	-	-
Customer Service	2	3	3	2	3	2	2	2	2	2
Operations and Vehicle Maintenance:										
Operations	6	3	4	4	4	3	6	6	5	5
Vehicle Maintenance	9	9	9	8	10	11	11	11	10	10
First Transit Service	49	47	53	60	60	69	66	59	44	44
Buildings and Grounds:										
Facilities	1	2	2	2	3	3	4	2	2	2
Total	<u>73</u>	<u>68</u>	<u>74</u>	<u>81</u>	<u>84</u>	<u>94</u>	<u>94</u>	<u>85</u>	<u>68</u>	<u>68</u>

* Does not include Part-Time or Seasonal

Source: Government Budget Office

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 9

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
SYSTEM RIDERSHIP:										
Fixed Route	505,735	567,574	684,978	799,429	844,141	944,295	1,070,327	950,615	931,162	961,862
Demand Response	27,283	-	-	-	-	-	-	-	-	-
Vanpool	1,089	-	-	-	-	-	-	-	-	-
Special Events	39,788	36,059	41,329	42,864	56,086	68,243	76,502	61,359	71,220	68,156
VEHICLE HOURS:										
Fixed Route	28,960	37,501	39,105	47,083	46,606	46,311	46,545	33,028	29,995	35,364
Demand Response	8,780	-	-	-	-	-	-	-	-	-
Vanpool	188	-	-	-	-	-	-	-	-	-
Special Events	1,914	2,056	597	817	1,421	1,636	1,294	1,298	2,016	1,199
VEHICLE MILES:										
Fixed Route	628,103	755,221	786,738	909,662	985,251	1,013,149	1,104,246	808,779	753,235	778,742
Demand Response	129,300	-	-	-	-	-	-	-	-	-
Vanpool	8,084	-	-	-	-	-	-	-	-	-
Special Events	34,690	35,318	33,807	31,705	50,522	47,316	30,470	34,085	48,065	49,740

Sources: Various government departments

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 10

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

FUNCTION/PROGRAM:	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Facilities:								
Transit Park and Rides (Spaces):								
SWT Capital Assets	740	976	976	976	1,226	1,739	1,739	2,159
SWT Noncapital Assets	285	285	285	285	285	285	285	285
Construction in Progress	-	-	-	763	513	420	420	-
Transit Passenger Stations:								
SWT Capital Assets	1	1	1	1	1	2	2	3
Construction in Progress	-	-	-	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

Note: Capital assets by function are not available for years prior to 2004. No capital asset indicators are available for general government function. Total capital assets are shown regardless of ownership to identify the entire operations.

Sources: Various Commission departments

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 11

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

As of December 31, 2011

FAREBOX RECOVERY PERCENTAGE

Year	Percentage
2002.....	31.29%
2003.....	32.11%
2004.....	27.73%
2005.....	25.76%
2006.....	27.46%
2007.....	28.02%
2008.....	30.66%
2009.....	32.61%
2010.....	32.54%
2011.....	32.79%

Definition: Service revenues divided by operating expenditures.

FARE STRUCTURES

Fixed Route 680-699 (Monday through Friday):

<u>Cash Fares</u>	<u>Peak Hours</u>	<u>Nonpeak Hours</u>
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 603 (Monday through Friday):

<u>Cash Fares</u>	<u>Peak Hours</u>	<u>Nonpeak Hours</u>
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, 2011
(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	107,832
Type of Tax Support	Motor Vehicle Sales Tax
Sales Tax Rate	7.28%
Number of Routes	20
Number of Transfer Stations	3
Number of Park & Ride Lots	5
Number of Bus Stops	207
Number of Buses in Peak Service	37
Average Speed in Miles Per Hour	21
Employees:	
Full-Time	24
Part-Time and Seasonal	35

