



**SOUTH WEST TRANSIT**

**Eden Prairie, Minnesota**



# Comprehensive Annual Financial Report

*For the Fiscal Year Ended  
December 31, 2014*

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**Comprehensive Annual Financial Report  
For the Year Ended December 31, 2014**

**Mission Statement**

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

**Prepared by:**

**Department of Finance and Administration**



**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

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Eden Prairie, Minnesota**

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May 6, 2015

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, 2014 to the SouthWest Transit Commission, the citizens of this area and all interested in its financial condition. SWT is a public agency created by a joint powers agreement between the Cities of Eden Prairie, Chanhassen and Chaska for the purposes of providing transit services to the Cities of Eden Prairie, Chanhassen and Chaska and contracting to provide transit and planning services, as approved by the Commission, pursuant to *Minnesota Statutes* 473.384 and/or *Minnesota Statutes* 473.388 and 471.59. This report is published to fulfill the requirements of Minnesota state law that all general purpose local governments publish annually a complete set of financial statements in conformance with accounting principles generally accepted in the United States of America (GAAP), audited in accordance with accounting standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

SWT's financial statements were audited by KDV, Ltd., a firm of licensed and certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of SWT for the year ended December 31, 2014 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion that SWT's financial statements for the year ended December 31, 2014 are presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

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

## **PROFILE OF THE GOVERNMENT**

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

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

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

SWT provides fixed route transit services within the three communities and connects the communities to other metropolitan destinations, including downtown Minneapolis, the University of Minnesota, the Southdale area, as well as providing reverse commute services to businesses within the three communities. SWT services are provided by a fleet of sixty five (65) active vehicles. Driver services are provided by a private contractor. SWT does not have any component units.

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

## **ECONOMIC CONDITIONS AND OUTLOOK**

### **Operating Funds**

The General Fund accounts for all the operating activities of SWT. SWT's primary funding source is the Motor Vehicle Sales Tax (MVST). In 2006, a constitutional amendment was passed by the state legislature dedicating one hundred percent of all state motor vehicle sales tax revenue to state-wide transportation improvement with forty percent dedicated to public transportation. In 2014, SWT received \$ 6,088,626 from MVST in accordance with the statutory formula in Minnesota Statutes, Section 473.388.

The Metropolitan Council may also provide Suburban Transit Providers such as SWT with additional revenues known as Regionally Allocated MVST (RAMVST) above the amount required under Minnesota Statutes, Section 473.388. The RAMVST is distributed in accordance with the Metropolitan Council's model which is intended to preserve existing operations levels at SWT and to maintain an existing reserve in SWT General Fund. SWT received \$ 2,768,000 under the RAMVST formula in 2014. While SWT continues to pursue a fair share of the RAMVST funding, we are also committed to a proactive approach to operations that relies on effectiveness and sound management decisions.

SWT ridership totaled 1,107,850 in 2014 and generated \$ 2,658,560 in passenger fare revenue. Passenger fare rates are established by the Metropolitan Council. In 2014, passenger fare recovery of operating costs (vehicle maintenance and operations) was 37%, a recovery rate that exceeded the regional performance target. Subsidy represents the cost per ride less the passenger fares received. The SWT subsidy in 2014 was \$ 6.46 compared to \$ 5.60 in 2013.

Several major maintenance projects were completed in 2014 and are reported in General Fund expenditures. The maintenance projects totaled approximately \$ 1.5 million and included items such as:

- Wi-Fi, camera and radio replacements on buses,
- Replacement or upgrade of vehicle operation and maintenance facilities,
- Replacement and upgrade of vehicle maintenance, and
- Improvements in SWT overall technology.

As SWT moves forward into 2015 and beyond, commitment to quality, safety, customer service and to the development of our employees continues to be the primary focus.

### **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.

- SWT sold a facility referred to as the Chaska garage in 2014.
- SWT is planning a major expansion of its Eden Prairie garage facility in 2015. While the project is moving forward, SWT has not finalized the financing of the project. The financing options being considered include the use of capital funds, issuance of debt or some combination of both.

### **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 SWT Commission shall set the General Fund balance to represent 35-40% of the current year operating budget. SWT fund balance dropped below that threshold in 2014 with the major maintenance projects.



- The 2015 budget projects the General Fund balance will return to the Commission targeted fund balance once again.
- A debt service fund balance of \$ 57,843 as stated in the Balance Sheet is dedicated to retirement of the Refunding Certificates of Participation for the SouthWest Village construction.
- Intergovernmental revenue or local funds will be used to pay the debt service on the current outstanding value of \$ 1,030,000 for the above stated COP.
- The Commission issued \$ 1,000,000 in energy savings debt in 2013 that will be repaid from future energy savings. A separate debt service fund has been set up to account for the repayment of this debt.

SWT has also adopted the following Capital and Debt Policies:

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

## **Major Initiatives**

Major initiatives for SWT operations included:

- Ridership on SWT remains at a very high level. An improved economy, new service, a new station and the agency's marketing efforts were all responsible for the increase.
- Additional transit services have been added to other destinations including Best Buy Corporate Offices, Normandale Community College and Southdale Shopping Center.
- SWT can now operate its buses on the shoulders of Hwy 494 between Hwy 5 in Eden Prairie and Hwy 394 in Golden Valley. Up to this point bus use of shoulders was prohibited on 494.
- Wi-Fi service is available on all of SWT's buses. SWT is the first transit agency in the state and one of the first in the country to offer Wi-Fi on all buses. In addition, free Wi-Fi is available at all four of SWT's major Park & Ride locations.
- East Creek Station in Chaska opened in September 2013 and is now fully operational. This station is the third major Park & Ride SWT has built and opened along Hwy 212.

- SWT completed the creation of its Asset Management Plan in 2013 which was very useful in the major maintenance projects completed in 2014. This document focuses on ensuring that strategic objectives are achieved by establishing lifecycle management plans for all assets.
- SWT Energy Efficiency – A number of energy improvements were made to the facilities of SWT in 2013 and 2014, it is estimated to save the agency over \$ 1 million over the next 15 years.
- SWT worked through a Memo of Understanding with the Metropolitan Council which will provide guaranteed service and local control once the Light Rail (LRT) is operating in Eden Prairie.
- Four new expansion coach buses will aid in providing service to our growing ridership and four new cutaways will add local service options in 2015.
- SWT service was extended to the City of Carver beginning in January 2015.
- A Rider Reward program, starting in 2015, will provide additional ridership incentives.

### **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, 2013. This was the eighth 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 compilation of the statistical information and preparation of the CAFR. Mr. Mel Rozeboom should also be recognized for his contribution in compiling the capital asset, depreciation, investments and payroll information.

Respectfully submitted,



Len Simich  
Chief Executive Officer





Government Finance Officers Association

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

Presented to

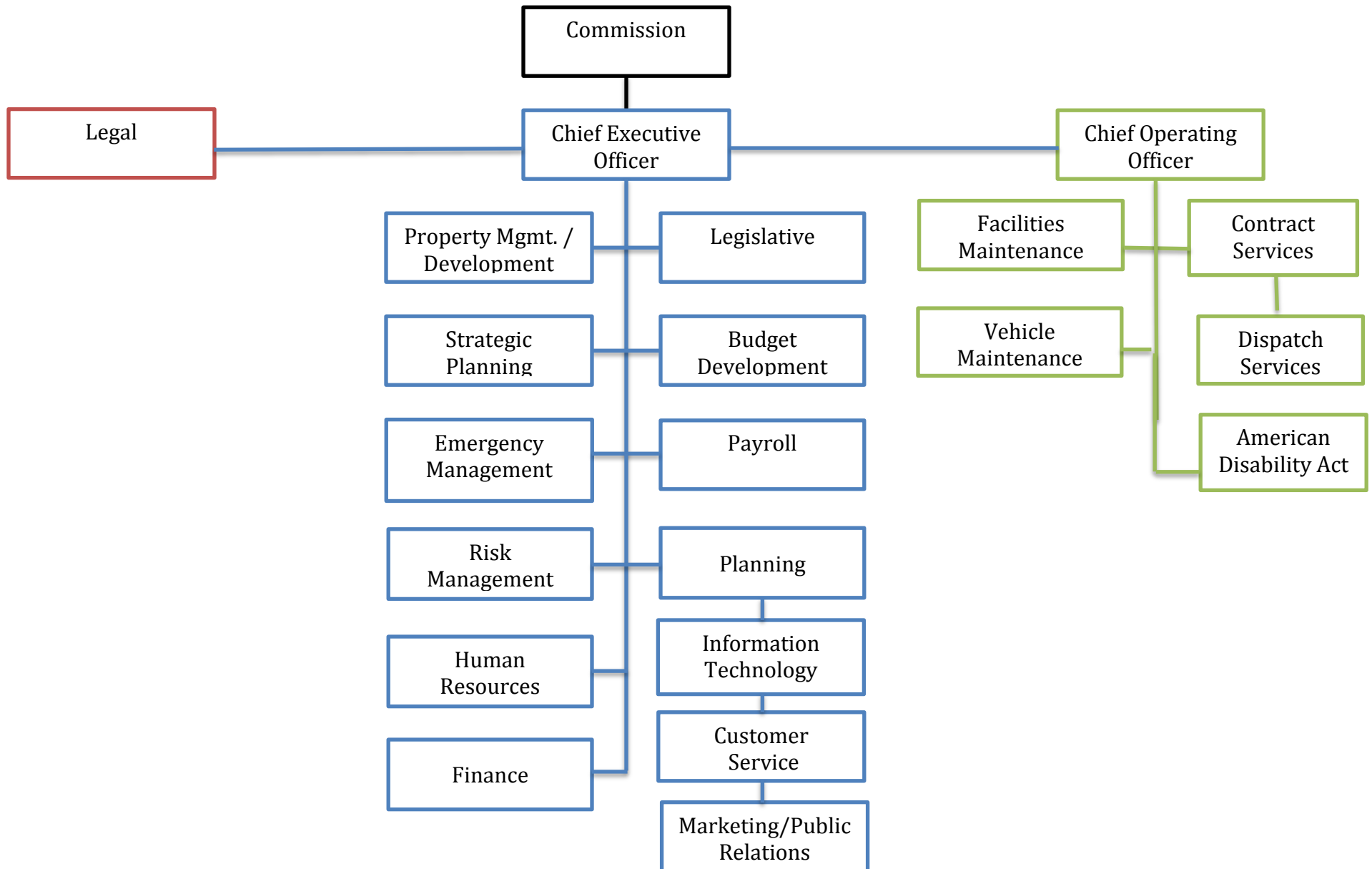
**Southwest Transit  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO

# SouthWest Transit Organization Chart



**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**BOARD OF COMMISSIONERS AND KEY PERSONNEL  
December 31, 2014**

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



## **FINANCIAL SECTION**





*Expert advice. When you need it.<sup>SM</sup>*

## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
SouthWest Transit  
Eden Prairie, Minnesota

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of SouthWest Transit ("SWT"), Eden Prairie, Minnesota, as of and for the year ended December 31, 2014, and the related Notes to the Financial Statements, which collectively comprise SWT's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SWT's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SWT's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of SouthWest Transit, Eden Prairie, Minnesota, as of December 31, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

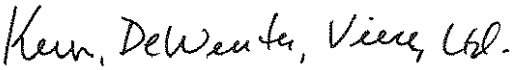
## **Report on Summarized Comparative Information**

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with SWT's basic financial statements for the year ended December 31, 2013, from which such partial information was derived.

We have previously audited SWT's 2013 financial statements and our report, dated May 7, 2014, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2015 on our consideration of SWT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SWT's internal control over financial reporting and compliance.

  
KERN, DEWENTER, VIERE, LTD.  
St. Cloud, Minnesota  
May 6, 2015

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
December 31, 2014**

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, 2014. All amounts, unless otherwise indicated, are expressed in dollars.

**FINANCIAL HIGHLIGHTS**

- The assets of SWT exceeded its liabilities at the close of 2014 by \$ 55,886,615 (net position). Of this amount, \$ 12,221,765 (unrestricted net position) may be used to meet SWT's ongoing obligations to customers and creditors.
- SWT's total net position increased by \$ 206,666, or 0.4%.
- As of the close of the current year, SWT's governmental funds reported combined ending fund balances of \$ 8,165,749, an increase of \$ 987,244 in comparison with the prior year. \$ 2,893,152 of the General Fund is unassigned and available for spending at SWT's discretion.
- At the end of the current fiscal year, the General Fund had a fund balance of \$ 3,438,527. Of that amount, \$ 545,375 was in nonspendable form and the remaining \$ 2,893,152 was unassigned.
- SWT has a fund balance of \$ 59,814 available for debt retirement. Funds from General Fund were budgeted and were transferred to cover 2014 debt payments.
- SWT obtained \$ 1,000,000 lease purchase financing for energy savings projects and expects that future reductions of cost will provide the financing necessary to retire the debt.
- In May 2014, SWT approved the sale of a 95,000 square foot garage in Chaska for \$ 4,750,000. SWT received 10% down and is carrying a contract for deed totaling \$ 4,275,000. Monthly payments of \$ 27,335 including interest at 4.625% started July 2014 and will continue for 20 years.
- SWT ridership increased by 7.3% to 1,107,850; operations increased the overall subsidy per passenger from \$ 5.60 in 2013 to \$ 6.46 in 2014.

**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, 2014**

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

The Statement of Net Position presents information on all of SWT's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SWT is improving or deteriorating.

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

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

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

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

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

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

SWT maintained the following individual governmental funds during 2014: the General Fund, Energy Savings, SWT Buses, SWT Facilities Improvement, SWS Development and the Capital and Equipment Capital Projects Funds. In addition, SWT maintains two Debt Service Funds for SW Village Debt and Energy Savings Debt Service.

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
December 31, 2014**

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of an organization's financial position. In the case of SWT, assets exceeded liabilities by \$ 55,886,615 at the close of 2014.

21.9% of SWT's net position is unrestricted. This is the amount available to meet SWT's ongoing obligations to its riders and creditors.

The remaining 78.1% reflects SWT's investment in capital assets (e.g. land, buildings, vehicles, equipment) less accumulated depreciation and 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, 2014**

**Net Position**

	2014	2013
Current and Other Assets	\$ 13,803,788	\$ 8,453,404
Capital Assets, Net of Depreciation	45,589,896	50,704,276
 Total Assets	 \$ 59,393,684	 \$ 59,157,680
Current Liabilities	\$ 1,680,925	\$ 1,516,282
Long-Term Liabilities	1,826,144	1,961,449
 Total Liabilities	 \$ 3,507,069	 \$ 3,477,731
 NET POSITION:		
Net Investment in Capital Assets	\$ 43,664,850	\$ 48,752,629
Unrestricted	12,221,765	6,927,320
 Total Net Position	 \$ 55,886,615	 \$ 55,679,949

**Governmental Activities** – Governmental activities increased SWT's net position by \$ 206,666. The components of net position increased or decreased as follows:

- Net position invested in capital assets decreased by \$ 5,087,779 during the year. Depreciation expense in 2014 totaled \$ 1,702,300 which was offset in part by capital assets additions. SWT also sold the Chaska garage land and building during 2014 resulting in a significant decrease in capital assets.
- Unrestricted net position increased by \$ 5,294,445 primarily due to the sale of the Chaska garage (\$ 475,000 down payment and payments on the contract for deed) and General Fund operations operating revenues exceeding operating expenditures.

Please see pages 24-25 for further detailed information.

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
December 31, 2014**

**Changes in Net Position**

	Governmental Activities	
	2014	2013
Revenues:		
Program Revenues		
Charges for Services	\$ 2,844,839	\$ 3,441,354
Capital Grants and contributions	323,279	6,482,340
Total Program Revenues	3,168,118	9,923,694
General revenues:		
Unrestricted Intergovernmental revenue	8,917,732	5,979,464
Other Local Revenue	335,206	288,300
Gain on Sales of Assets	-	17,500
Unrestricted Investment earnings	37,439	31,680
Total revenues	12,458,495	16,240,638
Expenses:		
General Government	1,029,036	914,906
Building and Grounds	3,357,869	3,030,101
Operations and Vehicle Maintenance	7,809,487	6,448,144
Debt Service Interest and Agency Fees	55,437	214,235
Total expenses	12,251,829	10,607,386
Change in Net Position	206,666	5,633,252
NET POSITION:		
Beginning	55,679,949	50,046,697
Ending	\$ 55,886,615	\$ 55,679,949

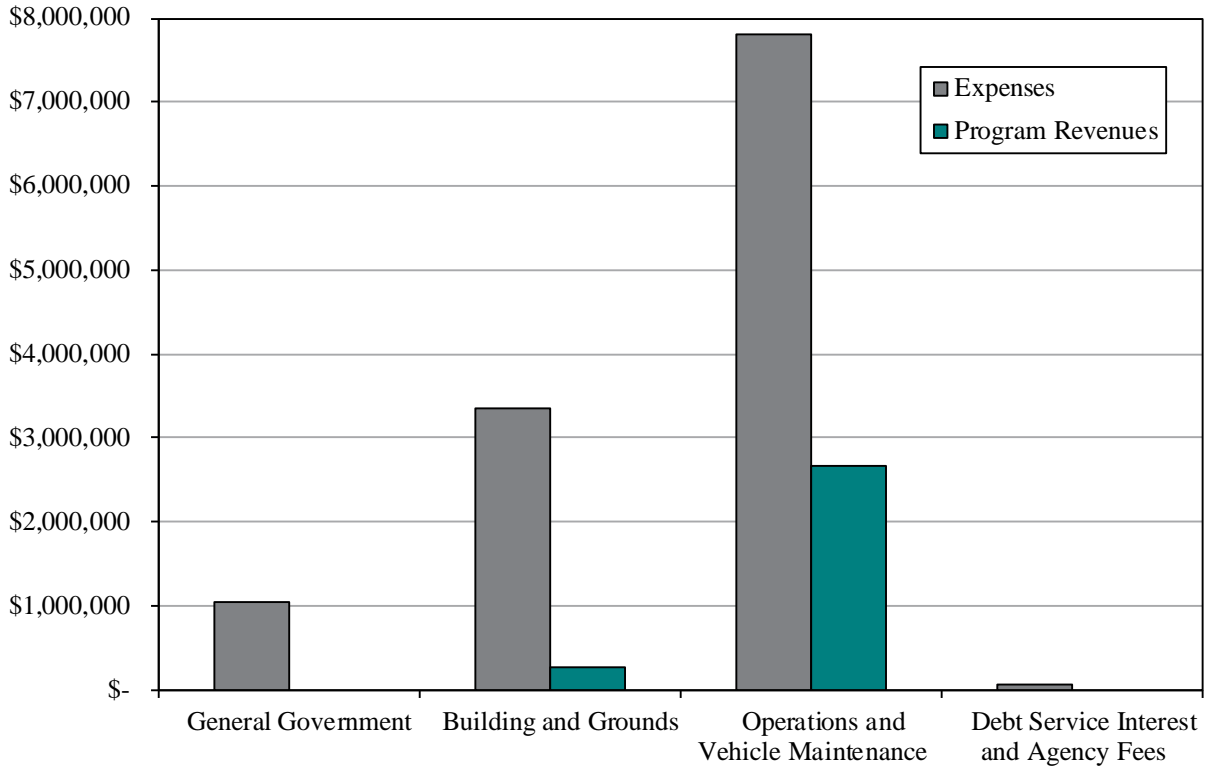
Governmental activities changes in net position – highlights of the change in net position are as follows:

- Capital grants and contributions from federal and state sources finance facilities and equipment purchases. In 2013, federal grants totaling \$ 4,742,482 and state grants totaling \$ 1,542,401 financed the completion of East Creek Station.
- Unrestricted intergovernmental revenue includes both MVST and RAMVST. MVST increased by \$ 713,365 and RAMVST increased by \$ 2,163,800 in 2014 to reflect the additional cost of operations and capital cost of operations. The 2014 funding levels for MVST and RAMVST provided through the Metropolitan Council will continue in 2015 as SWT plans to maintain service at the 2014 level.
- Debt service costs in 2013 included those associated with the refinancing of SW Village debt.

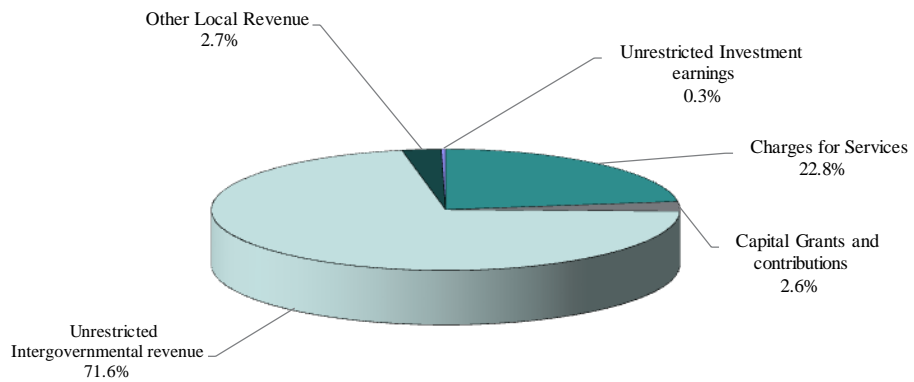
**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
December 31, 2014**

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Sources - Governmental Activities**





**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
December 31, 2014**

**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 \$ 8,165,749, an increase of \$ 987,244 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 51 of this report.

The increase in SWT's fund balance of \$ 987,244 during the current year is comprised of the following key factors:

- The General Fund revenues exceeded expenditures and transfers out by \$ 208,218.
- Revenue in the Capital and Equipment Capital Projects Fund exceeded expenditures by \$ 151,284.
- The payments received on the sale of the Chaska garage totaled \$ 662,276 in the SWS Development Capital Projects Fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The SWT Commission approved an amended budget in 2014 that reflected the use of significantly more revenues for major maintenance projects for both facilities and equipment than originally anticipated. The additional maintenance projects were financed from revenues that exceeded original projections and reduced operating costs. SWT did not extend some of its new services because of the bus fleet limitations.

The Intergovernmental revenue (MVST and RAMVST) exceeded the original adopted budget by \$ 365,106. In addition, the original adopted budget anticipated that revenues would exceed the expenditures by \$ 860,049. The additional revenue was expected to finance the expansion of new services. These exceeded services, however, were limited in part by the bus fleet that was available. The amended budget reallocated some of this money for the major maintenance projects.

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
December 31, 2014**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** – SWT's investment in capital assets as of December 31, 2014 amounted to \$ 45,589,896 (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)**

	2014	2013
Buildings and Facilities	\$ 8,627,741	\$ 8,112,462
Bus Equipment	229,910	5,074
Equipment and Software	539,779	436,576
Furniture	25,303	3,942
Land	2,270,717	3,804,820
Land Improvements	826,378	915,914
Park and Ride Facilities	32,390,599	32,804,559
Transit Hub Facilities	492,050	439,338
Vehicles	129,457	53,967
Construction in Progress	57,962	4,127,624
Total	\$ 45,589,896	\$ 50,704,276

SWT operates 65 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 49-50 of this report.

**Long-Term Debt** – SWT debt totals \$ 1,946,046 and is comprised of two issues. The SouthWest Village Parking Ramp (COP) totals \$ 1,030,000 with the final payment due October 1, 2025. The second issue is an Energy Savings loan debt totaling \$ 916,046 with the final payment due April 11, 2028. The terms of each are further explained in the notes to the financial statements.

Additional information on SWT's long-term debt can be found in Note 8 on pages 52-53 of this report.

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
December 31, 2014**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

SWT had approved its 2015 budget that includes an estimated \$ 5,982,000 from MVST and \$ 2,576,900 from regional allocated MVST. The 2015 expenditure budget continues additional service for its riders with new service to Best Buy, Target Corporation Offices, Normandale Community College and the Southdale Shopping area. The General Fund expenditure budget for 2015 is \$ 11,398,270; an increase of \$ 612,744 from the original approved budget for 2014. The increased expenditures are planned to be financed with additional MVST, regional allocated MVST and passenger fares. The balance of the 2015 additional revenues will be used to increase the fund balance reserve.

SWT ridership increased by 7.3% in 2014 and the trend is expected to continue in 2015. Ridership increases are expected with both the current routes and with the planned expansion of services in 2015. The 2015 budget increased passenger fares to \$ 2,857,800; up 9.2% over the 2014 amended budget.

SWT General Fund balance policy states the SWT Commission shall set the General Fund balance to represent 35%-40% of the current year operating budget. It is projected the 2015 fund balance will be increased to maintain the fund balance policy guidelines.

SWT will utilize the following strategies to balance the 2015 budget:

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

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

In April 2015, SWT's Commission approved the remodel of its Eden Prairie garage facility. The project is estimated to cost \$ 1.5 to \$ 2 million and is expected to be financed by the issuance of debt, use of SWT Commission funds on hand or a combination of both.

**REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

**SOUTHWEST TRANSIT**  
Eden Prairie, Minnesota

**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**December 31, 2014**  
**(With Comparative Totals for December 31, 2013)**

	December 31,	
	2014	2013
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash and Investments	\$ 8,129,352	\$ 6,540,851
Cash with Fiscal Agent	63,050	140,718
Accounts Receivable	718,509	629,969
Interest Receivable	18,207	1,543
Intergovernmental Receivable	120,077	617,363
Contract for Deed Receivable - Current Portion	136,208	-
Inventory - Vehicle Parts	416,772	404,396
Prepaid Items	128,603	118,564
Total Current Assets	9,730,778	8,453,404
<b>Noncurrent Assets:</b>		
Contract for Deed Receivable - Noncurrent Portion	4,073,010	-
<b>Capital Assets:</b>		
Land	2,270,717	3,804,820
Land Improvements	1,507,829	1,507,829
Buildings and Facilities	13,206,601	12,346,319
Transit Hub Facilities	1,599,991	1,474,837
Bus Equipment	332,979	103,920
Park and Ride Facilities	38,794,281	38,135,914
Equipment and Software	1,275,483	1,097,602
Vehicles	226,855	135,201
Furniture	48,340	24,455
Construction in Progress	57,962	4,127,624
Total Cost	59,321,038	62,758,521
Less Accumulated Depreciation	(13,731,142)	(12,054,245)
Total Capital Assets	45,589,896	50,704,276
Total Noncurrent Assets	49,662,906	50,704,276
Total Assets	\$ 59,393,684	\$ 59,157,680
<b>LIABILITIES AND NET POSITION:</b>		
<b>Current Liabilities:</b>		
Accounts and Contracts Payable	\$ 1,180,125	\$ 773,794
Retainage Payable	153,870	399,800
Salaries and Benefits Payable	94,826	78,347
Unearned Revenue	-	22,958
Interest Payable	13,241	7,781
Long-Term Liabilities Due Within One Year	238,863	233,602
Total Current Liabilities	1,680,925	1,516,282
<b>Noncurrent Liabilities:</b>		
Lease Purchase/Certificates of Participation Payable	1,946,046	2,092,365
Compensated Absences Payable	118,961	102,686
Less Amounts Due Within One Year	(238,863)	(233,602)
Total Noncurrent Liabilities	1,826,144	1,961,449
Total Liabilities	3,507,069	3,477,731
<b>Net Position:</b>		
Net Investment in Capital Assets	43,664,850	48,752,629
Unrestricted	12,221,765	6,927,320
Total Net Position	55,886,615	55,679,949
Total Liabilities and Net Position	\$ 59,393,684	\$ 59,157,680

**SOUTHWEST TRANSIT**  
Eden Prairie, Minnesota

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2014**  
**(With Comparative Totals for the Year Ended December 31, 2013)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2014	2013
Governmental Activities:					Governmental Activities	Governmental Activities
General Government	\$ 1,029,036	\$ -	\$ -	\$ -	\$ (1,029,036)	\$ (914,906)
Buildings and Grounds	3,357,869	186,279	-	267,938	(2,903,652)	4,005,709
Operations and Vehicle Maintenance	7,809,487	2,658,560	-	55,341	(5,095,586)	(3,560,260)
Debt Service Interest and Agency Fees	55,437	-	-	-	(55,437)	(214,235)
Total Governmental Activities	<u>\$ 12,251,829</u>	<u>\$ 2,844,839</u>	<u>\$ -</u>	<u>\$ 323,279</u>	(9,083,711)	(683,692)
General Revenues:						
Unrestricted Intergovernmental Revenue					8,917,732	5,979,464
Other Local Revenue					335,206	288,300
Unrestricted Investment Earnings					37,439	31,680
Gain on Sales of Assets					-	17,500
Total General Revenues					<u>9,290,377</u>	<u>6,316,944</u>
Change in Net Position					206,666	5,633,252
Net Position - Beginning					55,679,949	50,046,697
Net Position - Ending					<u>\$ 55,886,615</u>	<u>\$ 55,679,949</u>







**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2014  
(With Comparative Totals for December 31, 2013)**

	Capital Projects		
	General Fund	Capital and Equipment	SWS Development Capital
<b>ASSETS:</b>			
Cash and Investments	\$ 3,409,334	\$ 2,047,358	\$ 2,614,817
Cash with Fiscal Agent	-	-	-
Accounts Receivable	707,233	-	-
Interest Receivable	181	332	17,694
Intergovernmental Receivable	-	-	120,077
Contract for Deed Receivable	-	-	4,209,218
Due from Other Funds	9,305	-	-
Inventory	416,772	-	-
Prepaid Items	128,603	-	-
Total Assets	\$ 4,671,428	\$ 2,047,690	\$ 6,961,806
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts and Contracts Payable	\$ 1,138,075	\$ -	\$ -
Retainage Payable	-	-	153,870
Salaries and Benefits Payable	94,826	-	-
Unearned Revenue	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	1,232,901	-	153,870
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue - Contract for Deed	-	-	4,209,218
<b>Fund Balances:</b>			
Nonspendable	545,375	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	2,047,690	2,598,718
Unassigned	2,893,152	-	-
Total Fund Balances	3,438,527	2,047,690	2,598,718
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,671,428	\$ 2,047,690	\$ 6,961,806

Nonmajor Governmental Funds	Total Governmental Funds	
	2014	2013
\$ 57,843	\$ 8,129,352	\$ 6,540,851
63,050	63,050	140,718
11,276	718,509	629,969
-	18,207	1,543
-	120,077	617,363
-	4,209,218	-
-	9,305	181,168
-	416,772	404,396
-	128,603	118,564
<u>\$ 132,169</u>	<u>\$ 13,813,093</u>	<u>\$ 8,634,572</u>

\$ 42,050	\$ 1,180,125	\$ 773,794
-	153,870	399,800
-	94,826	78,347
-	-	22,958
9,305	9,305	181,168
<u>51,355</u>	<u>1,438,126</u>	<u>1,456,067</u>

-	4,209,218	-
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-	545,375	522,960
21,000	21,000	140,718
59,814	59,814	2,687
-	4,646,408	3,804,791
-	2,893,152	2,707,349
<u>80,814</u>	<u>8,165,749</u>	<u>7,178,505</u>

<u>\$ 132,169</u>	<u>\$ 13,813,093</u>	<u>\$ 8,634,572</u>
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**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**RECONCILIATION OF THE BALANCE SHEET TO  
THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS  
December 31, 2014  
(With Comparative Totals for December 31, 2013)**

	December 31,	
	2014	2013
Total Fund Balances - Governmental Funds	\$ 8,165,749	\$ 7,178,505
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.		
Cost of Capital Assets	59,321,038	62,758,521
Less Accumulated Depreciation	(13,731,142)	(12,054,245)
Long-term liabilities, including leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Leases/Certificates of Participation Payable	(1,946,046)	(2,092,365)
Compensated Absences Payable	(118,961)	(102,686)
Contract for deed receivable will be collected in the future years, but not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.		
	4,209,218	-
Governmental funds do not report a liability for accrued interest until due and payable.		
	(13,241)	(7,781)
Total Net Position - Governmental Activities	\$ 55,886,615	\$ 55,679,949

**SOUTHWEST TRANSIT**  
Eden Prairie, Minnesota

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2014  
(With Comparative Totals for the Year Ended December 31, 2013)

		Capital Projects	
	General Fund	Capital and Equipment	SWS Development Capital
<b>REVENUES:</b>			
Intergovernmental - Federal	\$ -	\$ -	\$ 44,644
Intergovernmental - State	8,856,626	61,106	27,395
Passenger Fares	2,658,560	-	-
Special Assessments	-	-	-
Investment Income	12,095	13,527	11,684
Other Interest Income	-	-	121,494
Loan Repayment	-	-	65,782
Other Local Revenue	160,140	76,651	137,831
Total Revenues	11,687,421	151,284	408,830
<b>EXPENDITURES:</b>			
Current:			
General Government	1,062,048	-	-
Buildings and Grounds	1,417,543	-	193,497
Operations and Vehicle Maintenance	7,330,382	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Agency Fees	-	-	-
Capital Outlay:			
General Government	-	-	-
Buildings and Grounds	740,964	-	-
Operations and Vehicle Maintenance	781,947	-	-
Total Expenditures	11,332,884	-	193,497
Excess of Revenues Over (Under) Expenditures	354,537	151,284	215,333
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of Capital Lease	-	-	-
Proceeds from Certificate of Participation	-	-	-
Insurance Recoveries	-	-	-
Sale of Property	-	-	475,000
Transfers In	-	-	-
Transfers Out	(146,319)	-	-
Total Other Financing Sources (Uses)	(146,319)	-	475,000
Net Change in Fund Balances	208,218	151,284	690,333
<b>FUND BALANCES:</b>			
Beginning of Year	3,230,309	1,896,406	1,908,385
End of Year	\$ 3,438,527	\$ 2,047,690	\$ 2,598,718

Nonmajor Governmental Funds	Total Governmental Funds	
	2014	2013
\$ -	\$ 44,644	\$ 4,742,482
251,240	9,196,367	7,719,320
-	2,658,560	2,517,920
-	-	4,460
133	37,439	31,681
-	121,494	-
-	65,782	-
25,369	399,991	1,088,061
<u>276,742</u>	<u>12,524,277</u>	<u>16,103,924</u>
-	1,062,048	959,894
-	1,611,040	1,143,735
-	7,330,382	6,238,357
146,319	146,319	1,929,084
49,977	49,977	229,065
-	-	22,030
234,015	974,979	7,788,144
55,341	837,288	197,458
<u>485,652</u>	<u>12,012,033</u>	<u>18,507,767</u>
(208,910)	512,244	(2,403,843)
-	-	1,000,000
-	-	1,120,000
-	-	172,507
-	475,000	17,500
146,319	146,319	2,299,368
-	(146,319)	(2,299,368)
<u>146,319</u>	<u>475,000</u>	<u>2,310,007</u>
(62,591)	987,244	(93,836)
143,405	7,178,505	7,272,341
<u>\$ 80,814</u>	<u>\$ 8,165,749</u>	<u>\$ 7,178,505</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, 2014  
(With Comparative Totals for the Year Ended December 31, 2013)

	December 31,	
	2014	2013
Net Change in Fund Balances - Governmental Funds	\$ 987,244	\$ (93,836)
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital Outlay Expenditures	1,390,365	7,422,270
Depreciation Expense	(1,702,300)	(1,459,367)
The net effect of transactions involving the disposal of the Chaska garage.	(593,227)	-
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(16,275)	15,864
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This repayment is reflected as an expenditure in the governmental funds. In the Statement of Net Position, this is reflected as a reduction of debt principal payable.</p>		
Principal Repayment	146,319	1,929,084
New Debt Issued	-	(2,120,000)
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.	(5,460)	14,830
<p>Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
Unearned Revenue - Sale of SouthWest Village Land Held for Resale	-	(48,833)
Deferred Special Assessments	-	(26,760)
Change in Net Position - Governmental Activities	\$ 206,666	\$ 5,633,252

**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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental - State	\$ 8,491,520	\$ 8,728,000	\$ 8,856,626	\$ 128,626
Passenger Fares	2,556,000	2,616,000	2,658,560	42,560
Investment Income	2,000	3,500	12,095	8,595
Other Local Revenue	144,000	159,000	160,140	1,140
Total Revenues	11,193,520	11,506,500	11,687,421	180,921
<b>EXPENDITURES:</b>				
Current:				
General Government	1,028,200	1,126,280	1,062,048	(64,232)
Buildings and Grounds	1,414,741	1,411,523	1,417,543	6,020
Operations and Vehicle Maintenance	7,890,530	7,319,520	7,330,382	10,862
Capital Outlay:				
Buildings and Grounds	-	752,669	740,964	(11,705)
Operations and Vehicle Maintenance	-	811,789	781,947	(29,842)
Total Expenditures	10,333,471	11,421,781	11,332,884	(88,897)
Excess of Revenues Over Expenditures	860,049	84,719	354,537	269,818
<b>OTHER FINANCING USES:</b>				
Transfers Out	(452,056)	(146,319)	(146,319)	-
Net Change in Fund Balances	\$ 407,993	\$ (61,600)	208,218	\$ 269,818
<b>FUND BALANCES:</b>				
Beginning of Year			3,230,309	
End of Year			\$ 3,438,527	





**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

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

**A. Reporting Entity**

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

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

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**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.

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.

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

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

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

SWT receives a significant percentage of its revenue from MVST.

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

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

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

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 criteria set by the MC.

The Minnesota Legislature enacted provisions that provide supplemental General Fund funding for transit through 2009. In 2010, SWT received \$ 1,025,000 additional revenue through regional allocated MVST generated by the constitutional amendment. In 2011 and 2012, SWT did not receive any regional allocated MVST due to policy changes on the allocation within the region to respond to the regional transit deficit. In 2013, SWT received \$ 604,200 additional revenue through regional allocated MVST. In 2014, SWT received \$ 6,088,626 from MVST and \$ 2,768,000 in regional allocated MVST.

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

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

**SOUTHWEST TRANSIT**  
**Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

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

**D. Assets, Liabilities and Net Position or Fund Balance**

**1. Cash and Investments**

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

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

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

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

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

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

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

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

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

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

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

**1. Cash and Investments (Continued)**

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

**2. Receivables/Payables**

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

A contract for deed was executed in May 2014 as part of the financing of the sale of SWT property. The balance is due in monthly installments of \$ 27,335 together with interest at 4.25% over 20 years and is recorded in the SWS Development Capital Projects Fund.

Amounts included in accounts payable include expenses incurred in 2014, but not paid until 2015 for subcontracted transit services and other operating expenses.

**3. Prepaid Items**

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

**4. Inventory**

Vehicle parts inventory totaled \$ 416,772 at December 31, 2014 and is valued at cost using the first in, first out (FIFO) method and is accounted for using the consumption method.

**5. Capital Assets**

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

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

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

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

**5. Capital Assets (Continued)**

Asset Category	Threshold
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:

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

**6. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. SWT presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenue from one source: contract for deed receivable. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

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

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

**7. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**8. 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.

**9. Long-Term Obligations**

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

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

**10. Fund Balance**

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

- **Nonspendable Fund Balances** – Amounts that are not in a spendable form or are required to be maintained intact. Examples include prepaid items, inventory, land held for resale and long-term receivables that are not otherwise restricted, committed, assigned or offset by unearned revenue.
- **Restricted Fund Balances** – Amounts are subject to externally enforceable legal restrictions. Examples include fund balance related to unspent bond proceeds and debt service fund balances.



**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

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

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

**10. Fund Balance (Continued)**

- Committed Fund Balances – Amounts that are constrained by SWT Commission resolution for a specific purpose. Fund balance commitment resolutions must be completed before December 31 to be effective for that year and remain in effect until the commitment is changed or eliminated by Commission resolution.
- Assigned Fund Balances – Amounts a government intends to use for a specific purpose; intent can be expressed by the government body or by an official or body to which the governing body delegates the authority. This would include any remaining positive fund balance in all funds other than the General Fund. The SWT CEO or his/her designee shall have the authority to assign fund balance as defined by the SWT Commission approved Resolution 11-60 dated December 8, 2011.
- Unassigned Fund Balances – Residual amounts that are available for any purpose in the General Fund. Unassigned fund balance will occur only in the General Fund or in other funds when there is a negative fund balance that can't be eliminated by reducing restricted, committed or assigned fund balances.

When both restricted and unrestricted resources are available for use, it is SWT policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is SWT policy to use resources in the following order: 1) Committed, 2) Assigned and 3) Unassigned.

SWT has adopted a fund balance policy for the General Fund and is summarized as follows:

- SWT will maintain an unassigned General Fund balance between 35-40% of budgeted operating expenditures; however, this need could fluctuate with each year's budget objectives. (For purposes of fund balance, the Metropolitan Council's regional operating reserves policy does not distinguish between the various components of fund balance).
- Annual proposed budgets shall include this benchmark policy. The Commission shall review the amounts in fund balance in conjunction with the annual budget approval, and make adjustments as necessary to meet expected cash-flow needs.
- In the event the unassigned General Fund balance will be calculated to be less than the minimum requirement at the completion of any fiscal year, SWT shall plan to adjust budget resources in the subsequent fiscal years to bring the fund balance into compliance with this policy and define the conditions that required a lower fund balance in their Comprehensive Annual Financial Report.

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

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

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

**10. Fund Balance (Continued)**

The unassigned General fund balance at December 31, 2014 is approximately 29% of the 2014 budgeted operating expenditures. (For purposes of this computation of the General Fund balance, operating expenditures do not include the capital costs). The actual unassigned fund balance remains nearly unchanged over the past three years while the level of services (operating budget) has increased over 19%.

In 2014, SWT completed several of the major facility upgrades and equipment replacements projects. The use of resources for these projects dropped unassigned fund balance below the stated policy. In 2015, the budgeted fund balance increase along with subsequent years operating budgets will bring the unassigned balance back to the 35% threshold.

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

**11. Net Position**

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

**12. 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.

**13. 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, 2014**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

In 2014, the SWT Commission adopted annual budgets for the following Funds:

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

**B. Appropriation Control**

The original 2014 budget was adopted by the SWT Commission on December 5, 2013. A final budget amendment was completed on December 17, 2014. The budget amendment included the approved fund transfers as noted on Note 4.B. on page 47-48 of this report.

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

The net increase to the General Fund balance in 2014 was \$ 354,537, before a transfer out in the amount of \$ 146,319 for debt service as noted on Note 4.B. on page 48 of this report.

Appropriation control is managed for all SWT annual adopted budgets.

The Capital and Equipment and SWS Development Capital Projects Funds are local financing sources managed through the budgetary controls of the SWT Commission.

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**C. Excess of Expenditures over Appropriations**

Expenditures exceeded appropriations in the following fund for the year ending December 31, 2014.

	Appropriations	Expenditures
SWS Development Capital Projects Fund	\$ 118,450	\$ 193,497

**NOTE 3 – DEPOSITS AND INVESTMENTS**

As of December 31, 2014, 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	\$ 99,233
Savings	5,492,769
Certificates of Deposit	2,600,000
Total Deposits	\$ 8,192,002

Custodial Credit Risk – Deposits: As of December 31, 2014, SWT’s certificates of deposit were not exposed to custodial credit risk because they were fully insured through the FDIC and collateralized with securities held in SWT’s name.

The following is a summary of total deposits and investments:

Deposits	\$ 8,192,002
Petty Cash	400
Total Deposits and Investments	\$ 8,192,402

Deposits and investments are presented in the December 31, 2014 basic financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 8,129,352
Cash with Fiscal Agent	63,050
Total	\$ 8,192,402

The cash with fiscal agent represents the balance of the money available to complete the SWT Energy savings performance project. The balance remaining, if any, at the completion of the project will be used to reduce the debt as further explained in Note 8.A. on page 52.

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 4 – INTERFUND BALANCES AND TRANSFERS**

**A. Interfund Balances**

The composition of interfund balances as of December 31, 2014 follows:

	Due from Other Funds
	General Fund
Due to Other Funds:	
Energy Savings Debt Service	\$ 9,305

The above transactions were made to cover deficit cash balances.

**B. Interfund Transfers**

The composition of interfund transfers as of December 31, 2014 follows:

	Transfer In Nonmajor Governmental Funds
Transfer Out:	
General Fund	\$ 146,319

The \$ 146,319 transfer was approved by the Commission to provide financing for the debt service expenditures in 2014.

**NOTE 5 – CONTRACT FOR DEED RECEIVABLE**

SWT sold land together with the approximate 95,000 square foot building and all fixtures or equipment used in connection with the operation of the building in May 2014 for \$ 4,750,000. SWT received \$ 475,000 as a down payment and will receive the remaining balance over a 20 year period. The monthly payment of \$ 27,335 beginning July 1, 2014 includes interest computed at 4.625% per annum. On the twentieth anniversary of the contract the entire unpaid balance of principal and accrued interest, if any, are due and payable in full.

The purchaser has the right to fully or partially prepay the contract without penalty at any time.

**SOUTHWEST TRANSIT  
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**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 3,804,820	\$ -	\$ (1,534,103)	\$ 2,270,717
Construction in Progress	4,127,624	177,680	(4,247,342)	57,962
Total Capital Assets not being Depreciated	<u>7,932,444</u>	<u>177,680</u>	<u>(5,781,445)</u>	<u>2,328,679</u>
Capital Assets being Depreciated:				
Buildings and Facilities	12,346,319	4,128,624	(3,268,342)	13,206,601
Bus Equipment	103,920	229,059	-	332,979
Equipment and Software	1,097,602	203,284	(25,403)	1,275,483
Furniture	24,455	23,885	-	48,340
Land Improvements	1,507,829	-	-	1,507,829
Park and Ride Facilities	38,135,914	658,367	-	38,794,281
Transit Hub Facilities	1,474,837	125,154	-	1,599,991
Vehicles	135,201	91,654	-	226,855
Total Capital Assets being Depreciated	<u>54,826,077</u>	<u>5,460,027</u>	<u>(3,293,745)</u>	<u>56,992,359</u>
Total Capital Assets, Cost	62,758,521	5,637,707	(9,075,190)	59,321,038
Less Accumulated Depreciation for:				
Buildings and Facilities	4,233,857	345,003	-	4,578,860
Bus Equipment	98,846	4,223	-	103,069
Equipment and Software	661,026	100,081	(25,403)	735,704
Furniture	20,513	2,524	-	23,037
Land Improvements	591,915	89,536	-	681,451
Park and Ride Facilities	5,331,355	1,072,327	-	6,403,682
Transit Hub Facilities	1,035,499	72,442	-	1,107,941
Vehicles	81,234	16,164	-	97,398
Total Accumulated Depreciation	<u>12,054,245</u>	<u>1,702,300</u>	<u>(25,403)</u>	<u>13,731,142</u>
Total Capital Assets being Depreciated, Net	<u>42,771,832</u>	<u>3,757,727</u>	<u>(3,268,342)</u>	<u>43,261,217</u>
Governmental Activities Capital Assets, Net	<u>\$ 50,704,276</u>	<u>\$ 3,935,407</u>	<u>\$ (9,049,787)</u>	<u>\$ 45,589,896</u>

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 6 – CAPITAL ASSETS**

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

Governmental Activities:

Buildings and Grounds	\$ 1,628,332
Operations and Vehicle Maintenance	64,978
General Government	<u>8,990</u>
Total Depreciation Expenses - Governmental Activities	<u><u>\$ 1,702,300</u></u>

Capital Asset Activity by program/function for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Cost:				
Buildings and Grounds	\$ 61,858,862	\$ 5,160,089	\$ (9,075,190)	\$ 57,943,761
Operations and Vehicle Maintenance	782,234	432,379	-	1,214,613
General Government	117,425	45,239	-	162,664
Total Capital Assets, Cost	62,758,521	5,637,707	(9,075,190)	59,321,038
Less Accumulated Depreciation for:				
Buildings and Grounds	11,480,920	1,628,332	(25,403)	13,083,849
Operations and Vehicle Maintenance	529,622	64,978	-	594,600
General Government	43,703	8,990	-	52,693
Total Accumulated Depreciation	12,054,245	1,702,300	(25,403)	13,731,142
Governmental Activities, Capital Assets, Net	<u>\$ 50,704,276</u>	<u>\$ 3,935,407</u>	<u>\$ (9,049,787)</u>	<u>\$ 45,589,896</u>

SWT's 65 transit service buses are owned by the MC and thus are not reflected in SWT's assets.

**SOUTHWEST TRANSIT  
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**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 7 – FUND BALANCES/NET POSITION**

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

**A. Fund Balance**

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

	General Fund	Capital and Equipment	SWS Development Capital	Nonmajor Funds	Total
Nonspendable:					
Inventory	\$ 416,772	\$ -	\$ -	\$ -	\$ 416,772
Prepaid Items	128,603	-	-	-	128,603
Total Nonspendable	<u>545,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>545,375</u>
Retricted for:					
Energy Savings Capital Lease	<u>-</u>	<u>-</u>	<u>-</u>	21,000	<u>21,000</u>
Committed for:					
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	59,814	<u>59,814</u>
Assigned to:					
Capital & Equipment Purchases	-	2,047,690	-	-	2,047,690
Development Capital Expenditures	<u>-</u>	<u>-</u>	2,598,718	<u>-</u>	<u>2,598,718</u>
Total Assigned	<u>-</u>	<u>2,047,690</u>	<u>2,598,718</u>	<u>-</u>	<u>4,646,408</u>
Unassigned	<u>2,893,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,893,152</u>
Total Fund Balance	<u>\$ 3,438,527</u>	<u>\$ 2,047,690</u>	<u>\$ 2,598,718</u>	<u>\$ 80,814</u>	<u>\$ 8,165,749</u>



**SOUTHWEST TRANSIT  
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**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 8 – LONG-TERM DEBT**

**A. Certificates of Participation and Lease/Purchase Debt**

In 2013, SWT refinanced the outstanding capital lease balance of \$ 1,819,847 related to the construction of the SouthWest Village parking ramp and passenger waiting station with \$ 1,120,000 Refunding Certificates of Participation (COP), Series 2013, together with \$ 826,824 from the SWS Development Capital Projects Fund. The annual principal payments increase from \$ 80,000 in 2015 to \$ 110,000 in 2025 together with interest from 1.15% to 4.00%.

In 2013, SWT approved lease purchase financing totaling \$ 1,000,000 to provide financing for an energy savings performance project. The annual principal payments increase from \$ 57,747 in 2015 to \$ 77,997 in 2027 together with interest at 2.55%.

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

Purpose	Date Issued	Final Maturity	Interest Rate	Amount
SouthWest Village Parking Ramp (COP)	12/1/2013	10/1/2025	1.15 - 4.00%	\$ 1,030,000
Energy Savings Lease Purchase	4/11/2013	4/11/2028	2.55%	916,046
Total				<u>\$ 1,946,046</u>

The future minimum lease obligations and net present value of these minimum lease payments as of December 31, 2014 were as follows:

Year Ended December 31,	(COP) SouthWest Village	(Lease/Purchase) Energy Savings	Total Governmental Activities
2015	\$ 112,180	\$ 80,478	\$ 192,658
2016	110,900	80,477	191,377
2017	114,500	80,477	194,977
2018	117,462	80,477	197,939
2019	115,212	80,477	195,689
2020-2024	572,288	402,387	974,675
2025-2028	113,300	281,672	394,972
Total Minimum Lease Payments	<u>1,255,842</u>	<u>1,086,445</u>	<u>2,342,287</u>
Less Interest	<u>(225,842)</u>	<u>(170,399)</u>	<u>(396,241)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,030,000</u>	<u>\$ 916,046</u>	<u>\$ 1,946,046</u>

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 8 – LONG-TERM DEBT**

**B. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Certificates of Participation and Lease/Purchase Debt:					
SouthWest Village Parking Ramp	\$ 1,120,000	\$ -	\$ 90,000	\$ 1,030,000	\$ 80,000
Energy Savings Lease Purchase	<u>972,365</u>	<u>-</u>	<u>56,319</u>	<u>916,046</u>	<u>57,747</u>
Total Certificates of Participation and Lease/Purchase Debt	2,092,365	-	146,319	1,946,046	137,747
Compensated Absences	<u>102,686</u>	<u>108,509</u>	<u>92,234</u>	<u>118,961</u>	<u>101,116</u>
Governmental Activities Long-Term Liabilities	<u>\$ 2,195,051</u>	<u>\$ 108,509</u>	<u>\$ 238,553</u>	<u>\$ 2,065,007</u>	<u>\$ 238,863</u>

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

**NOTE 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, 2014, 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, 2014**

**NOTE 10 – PENSION PLANS**

**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 five years of credited service. 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.

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 10 – PENSION PLANS**

**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](http://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 2014. In 2014, 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, 2014, 2013 and 2012 were \$ 98,986, \$ 91,671 and \$ 99,009, 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 four times. Payments to the transit provider are contingent upon the actual level of services rendered, using rates established in the contract’s agreement. The current contract will expire December 31, 2015.

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

SWT has active operating commitments as of December 31, 2014. At year-end, SWT’s commitments with contractors were as follows:

<u>Transit Operating Services</u>	<u>Estimated Commitment at December 31, 2014</u>	<u>Expiration Date</u>
First Transit, Inc.	\$ 4.0 million	December 31, 2015

First Transit Services’ 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. SWT has issued a request for proposal for services for the period from January 1, 2016 to December 31, 2019 with two options to renew for two additional four year terms.

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 12 – SUBSEQUENT EVENTS**

SWT is planning a major expansion of the Eden Prairie garage facility. On April 23, 2015, the Commission awarded the project to Ebert Construction in the amount of \$ 1,588,000. SWT will be using lease-purchase financing to help finance project.

**NOTE 13 – GASB STATEMENTS ISSUED BUT NOT YET IMPLEMENTED**

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

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning new pension liability. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**SOUTHWEST TRANSIT**  
**Eden Prairie, Minnesota**

**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2014**  
**(With Comparative Totals for December 31, 2013)**

	Debt Service			
	SW Village	Energy Savings	Total	
	Debt Service	Debt Service	2014	2013
<b>ASSETS:</b>				
Cash and Investments	\$ 57,843	\$ -	\$ 57,843	\$ 2,687
Cash with Fiscal Agent	-	-	-	-
Accounts Receivable	-	11,276	11,276	-
Intergovernmental Receivable	-	-	-	-
Total Assets	\$ 57,843	\$ 11,276	\$ 69,119	\$ 2,687
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	9,305	9,305	-
Total Liabilities	-	9,305	9,305	-
<b>Fund Balances:</b>				
Restricted	-	-	-	-
Committed	57,843	1,971	59,814	2,687
Total Fund Balances	57,843	1,971	59,814	2,687
Total Liabilities and Fund Balances	\$ 57,843	\$ 11,276	\$ 69,119	\$ 2,687

Capital Projects			Total Nonmajor Governmental Funds	
Energy Savings	Total		2014	2013
	2014	2013	2014	2013
\$ -	\$ -	\$ -	\$ 57,843	\$ 2,687
63,050	63,050	140,718	63,050	140,718
-	-	-	11,276	-
-	-	92,797	-	92,797
<u>\$ 63,050</u>	<u>\$ 63,050</u>	<u>\$ 233,515</u>	<u>\$ 132,169</u>	<u>\$ 236,202</u>
\$ 42,050	\$ 42,050	\$ 26,669	\$ 42,050	\$ 26,669
-	-	66,128	9,305	66,128
<u>42,050</u>	<u>42,050</u>	<u>92,797</u>	<u>51,355</u>	<u>92,797</u>
21,000	21,000	140,718	21,000	140,718
-	-	-	59,814	2,687
<u>21,000</u>	<u>21,000</u>	<u>140,718</u>	<u>80,814</u>	<u>143,405</u>
<u>\$ 63,050</u>	<u>\$ 63,050</u>	<u>\$ 233,515</u>	<u>\$ 132,169</u>	<u>\$ 236,202</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, 2014  
(With Comparative Totals for the Year Ended December 31, 2013)**

	Debt Service			
	SW Village Debt Service	Energy Savings Debt Service	Total	
			2014	2013
<b>REVENUES:</b>				
Intergovernmental - State	\$ 81,602	\$ -	\$ 81,602	\$ -
Investment Income	133	-	133	57
Other Local Revenue	-	25,369	25,369	-
Total Revenues	81,735	25,369	107,104	57
<b>EXPENDITURES:</b>				
Debt Service:				
Principal Retirement	90,000	56,319	146,319	1,929,084
Interest and Agency Fees	25,818	24,159	49,977	229,065
Capital Outlay:				
Buildings and Grounds	-	-	-	-
Operations and Vehicle Maintenance	-	-	-	-
Total Expenditures	115,818	80,478	196,296	2,158,149
Excess of Revenues Over (Under) Expenditures	(34,083)	(55,109)	(89,192)	(2,158,092)
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of Capital Lease	-	-	-	-
Proceeds from Certificate of Participation	-	-	-	1,120,000
Transfers In	90,000	56,319	146,319	1,026,500
Total Other Financing Sources (Uses)	90,000	56,319	146,319	2,146,500
Net Change in Fund Balances	55,917	1,210	57,127	(11,592)
<b>FUND BALANCES:</b>				
Beginning of Year	1,926	761	2,687	14,279
End of Year	\$ 57,843	\$ 1,971	\$ 59,814	\$ 2,687

Capital Projects

Energy Savings	SWT Facilities Improvement	SWT Buses	Total		Total Nonmajor Governmental Funds	
			2014	2013	2014	2013
\$ -	\$ 114,297	\$ 55,341	\$ 169,638	\$ 197,458	\$ 251,240	\$ 197,458
-	-	-	-	-	133	57
-	-	-	-	-	25,369	-
-	114,297	55,341	169,638	197,458	276,742	197,515
-	-	-	-	-	146,319	1,929,084
-	-	-	-	-	49,977	229,065
119,718	114,297	-	234,015	859,282	234,015	859,282
-	-	55,341	55,341	197,458	55,341	197,458
119,718	114,297	55,341	289,356	1,056,740	485,652	3,214,889
(119,718)	-	-	(119,718)	(859,282)	(208,910)	(3,017,374)
-	-	-	-	1,000,000	-	1,000,000
-	-	-	-	-	-	1,120,000
-	-	-	-	-	146,319	1,026,500
-	-	-	-	1,000,000	146,319	3,146,500
(119,718)	-	-	(119,718)	140,718	(62,591)	129,126
140,718	-	-	140,718	-	143,405	14,279
<u>\$ 21,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ 140,718</u>	<u>\$ 80,814</u>	<u>\$ 143,405</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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental - State	\$ -	\$ -	\$ 61,106	\$ 61,106
Investment Income	5,150	5,150	13,527	8,377
Other Local Revenue	-	-	76,651	76,651
Total Revenues	5,150	5,150	151,284	146,134
<b>EXPENDITURES:</b>				
Capital Outlay:				
General Government	10,300	-	-	-
Buildings and Grounds	315,200	-	-	-
Total Expenditures	325,500	-	-	-
Excess of Revenues Over (Under) Expenditures	(320,350)	5,150	151,284	146,134
<b>OTHER FINANCING SOURCES:</b>				
Transfers In	325,500	-	-	-
Net Change in Fund Balances	\$ 5,150	\$ 5,150	151,284	\$ 146,134
<b>FUND BALANCES:</b>				
Beginning of Year			1,896,406	
End of Year			\$ 2,047,690	

**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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental - Federal	\$ -	\$ -	\$ 44,644	\$ 44,644
Intergovernmental - State	-	-	27,395	27,395
Investment Income	8,240	8,240	11,684	3,444
Other Interest Income	-	88,000	121,494	33,494
Loan Repayment	-	-	65,782	65,782
Other Local Revenue	138,000	65,000	137,831	72,831
Total Revenues	<u>146,240</u>	<u>161,240</u>	<u>408,830</u>	<u>247,590</u>
<b>EXPENDITURES:</b>				
Current:				
Buildings and Grounds	<u>118,450</u>	<u>118,450</u>	<u>193,497</u>	<u>75,047</u>
Excess of Revenues Over Expenditures	27,790	42,790	215,333	172,543
<b>OTHER FINANCING SOURCES:</b>				
Sale of Property	<u>-</u>	<u>541,000</u>	<u>475,000</u>	<u>(66,000)</u>
Net Change in Fund Balances	<u>\$ 27,790</u>	<u>\$ 583,790</u>	690,333	<u>\$ 106,543</u>
<b>FUND BALANCES:</b>				
Beginning of Year			<u>1,908,385</u>	
End of Year			<u>\$2,598,718</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, 2014**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Over (Under)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental - State	\$ 85,529	\$ 85,529	\$ 81,602	\$ (3,927)
Investment Income	-	-	133	133
Total Revenues	<u>85,529</u>	<u>85,529</u>	<u>81,735</u>	<u>(3,794)</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal Retirement	85,529	85,529	90,000	4,471
Interest and Agency Fees	85,556	85,556	25,818	(59,738)
Total Expenditures	<u>171,085</u>	<u>171,085</u>	<u>115,818</u>	<u>(55,267)</u>
Excess of Revenues Over (Under) Expenditures	(85,556)	(85,556)	(34,083)	51,473
<b>OTHER FINANCING SOURCES:</b>				
Transfers In	<u>85,556</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 4,444</u>	55,917	<u>\$ 51,473</u>
<b>FUND BALANCES:</b>				
Beginning of Year			<u>1,926</u>	
End of Year			<u>\$ 57,843</u>	

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL -  
ENERGY SAVINGS DEBT SERVICE FUND  
For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental - State	\$ 56,319	\$ -	\$ -	\$ -
Other Local Revenue	41,000	41,000	25,369	(15,631)
Total Revenues	<u>97,319</u>	<u>41,000</u>	<u>25,369</u>	<u>(15,631)</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal Retirement	56,319	56,319	56,319	-
Interest and Agency Fees	24,159	24,159	24,159	-
Total Expenditures	<u>80,478</u>	<u>80,478</u>	<u>80,478</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	16,841	(39,478)	(55,109)	(15,631)
<b>OTHER FINANCING SOURCES:</b>				
Transfers In	41,000	56,319	56,319	-
Net Change in Fund Balances	<u>\$ 57,841</u>	<u>\$ 16,841</u>	1,210	<u>\$ (15,631)</u>
<b>FUND BALANCES:</b>				
Beginning of Year			<u>761</u>	
End of Year			<u>\$ 1,971</u>	

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**SCHEDULE OF CAPITAL PROJECTS -  
BUDGET AND ACTUAL  
(Unaudited)  
Year Ended December 31, 2014**

<u>Project</u>	<u>Status</u>	<u>Budget/Grant Award</u>	<u>Expenditures</u>		<u>Amount Remaining</u>
			<u>2014</u>	<u>Cumulative</u>	
SWT East Creek Station - CMAQ Federal	Complete	\$ 7,828,783	\$ 44,644	\$6,411,578	\$1,417,205
SWT East Creek Station - Local Match	Complete	1,957,196	8,682	1,957,196	-
SWT Midlife Bus Rehabilitations	Complete	175,000	55,341	175,000	-
SWT Equipment Non-Revenue Vehicles	Complete	115,000	114,297	114,297	703
SWT SW Village Debt Principal only	Complete	<u>81,602</u>	<u>81,602</u>	<u>81,602</u>	<u>-</u>
Total		<u>\$10,157,581</u>	<u>\$304,566</u>	<u>\$8,739,673</u>	<u>\$1,417,908</u>

**STATISTICAL SECTION**





**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**STATISTICAL SECTION  
December 31, 2014  
(Unaudited)**

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

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

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

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

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

- Ratios of Outstanding Debt by Type

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

- Demographic and Economic Statistics
- Principal Employers

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

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

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



**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**Table 1**

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES:										
Net Investment in Capital Assets	\$ 28,878,167	\$ 29,707,719	\$ 35,260,145	\$ 34,508,142	\$ 38,725,890	\$ 37,899,258	\$ 42,259,409	\$ 42,839,924	\$ 48,752,629	\$ 43,664,850
Restricted	1,948,672	1,951,754	411,802	272,373	-	-	-	-	-	-
Unrestricted	9,651,304	10,113,869	12,484,598	13,678,490	8,976,146	7,451,754	6,390,003	7,206,773	6,927,320	12,221,765
 Total Governmental Activities Net Position	 <u>\$ 40,478,143</u>	 <u>\$ 41,773,342</u>	 <u>\$ 48,156,545</u>	 <u>\$ 48,459,005</u>	 <u>\$ 47,702,036</u>	 <u>\$ 45,351,012</u>	 <u>\$ 48,649,412</u>	 <u>\$ 50,046,697</u>	 <u>\$ 55,679,949</u>	 <u>\$ 55,886,615</u>

Source: SouthWest Transit financial records

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

Table 2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>EXPENSES:</b>										
Governmental Activities:										
General Government	\$ 1,063,292	\$ 931,656	\$ 1,051,001	\$ 923,387	\$ 965,247	\$ 942,499	\$ 915,019	\$ 907,404	\$ 914,906	\$ 1,029,036
Buildings and Grounds	1,939,256	1,627,764	1,578,148	1,896,460	1,813,461	2,266,249	2,578,591	3,532,084	3,030,101	3,357,869
Operations and Vehicle Maintenance	6,249,803	9,920,687	10,524,049	7,914,744	7,214,505	5,663,462	5,695,536	6,338,270	6,448,144	7,809,487
Interest on Long-Term Debt	142,155	139,156	93,607	146,473	182,213	147,225	95,793	92,435	214,235	55,437
<b>Total Governmental Activities</b>	<b>\$ 9,394,506</b>	<b>\$ 12,619,263</b>	<b>\$ 13,246,805</b>	<b>\$ 10,881,064</b>	<b>\$ 10,175,426</b>	<b>\$ 9,019,435</b>	<b>\$ 9,284,939</b>	<b>\$ 10,870,193</b>	<b>\$ 10,607,386</b>	<b>\$ 12,251,829</b>
<b>PROGRAM REVENUES:</b>										
Governmental Activities:										
Charges for Services:										
Passenger Fares	\$ 1,642,456	\$ 1,943,300	\$ 2,225,885	\$ 2,608,964	\$ 2,478,158	\$ 2,435,034	\$ 2,456,452	\$ 2,528,315	\$ 2,517,920	\$ 2,658,560
Other	-	-	-	-	-	-	54,910	125,625	923,434	186,279
Operating Grants and Contributions	-	-	431,883	-	-	-	-	-	-	-
Capital Grants and Contributions	1,324,761	5,973,200	10,175,073	1,473,028	1,583,048	2,918,338	4,977,911	4,346,355	6,482,340	323,279
<b>Total Governmental Activities</b>	<b>\$ 2,967,217</b>	<b>\$ 7,916,500</b>	<b>\$ 12,832,841</b>	<b>\$ 4,081,992</b>	<b>\$ 4,061,206</b>	<b>\$ 5,353,372</b>	<b>\$ 7,489,273</b>	<b>\$ 7,000,295</b>	<b>\$ 9,923,694</b>	<b>\$ 3,168,118</b>
<b>NET EXPENSE:</b>										
Governmental Activities	<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>	<u>\$ (3,869,898)</u>	<u>\$ (683,692)</u>	<u>\$ (9,083,711)</u>
<b>GENERAL REVENUE AND OTHER CHANGES IN NET POSITION:</b>										
Governmental Activities:										
Property Taxes	\$ 2,186	\$ 468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Intergovernmental Revenue	5,826,942	5,325,774	6,163,065	6,243,951	5,164,815	5,248,837	4,885,269	5,042,264	5,979,464	8,917,732
Unrestricted Investment Earnings	276,062	508,434	577,021	419,026	180,141	123,298	66,291	31,661	31,680	37,439
Other Local Revenue	2,006	3,175	57,081	438,555	12,295	45,923	142,506	193,258	288,300	335,206
Gain on Sale of Assets	-	-	-	-	-	-	-	-	17,500	-
Special Item <sup>1</sup>	-	-	-	-	-	(4,103,019)	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 6,107,196</b>	<b>\$ 5,837,851</b>	<b>\$ 6,797,167</b>	<b>\$ 7,101,532</b>	<b>\$ 5,357,251</b>	<b>\$ 1,315,039</b>	<b>\$ 5,094,066</b>	<b>\$ 5,267,183</b>	<b>\$ 6,316,944</b>	<b>\$ 9,290,377</b>
<b>CHANGES IN NET POSITION:</b>										
Governmental Activities	<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>	<u>\$ 1,397,285</u>	<u>\$ 5,633,252</u>	<u>\$ 206,666</u>

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

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

Source: SouthWest Transit financial records

**SOUTHWEST TRANSIT**  
Eden Prairie, Minnesota

**Table 3**

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>GENERAL FUND:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 130,828	\$ 134,017	\$ -	\$ -	\$ -	\$ -
Unreserved	6,314,371	6,947,250	7,722,335	8,226,388	4,714,182	3,705,601	-	-	-	-
Nonspendable	-	-	-	-	-	-	435,133	477,717	522,960	545,375
Unassigned	-	-	-	-	-	-	1,975,935	2,812,949	2,707,349	2,893,152
<b>Total General Fund</b>	<u>\$ 6,314,371</u>	<u>\$ 6,947,250</u>	<u>\$ 7,722,335</u>	<u>\$ 8,226,388</u>	<u>\$ 4,845,010</u>	<u>\$ 3,839,618</u>	<u>\$ 2,411,068</u>	<u>\$ 3,290,666</u>	<u>\$ 3,230,309</u>	<u>\$ 3,438,527</u>
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>										
Reserved	\$ 2,011,397	\$ 1,951,754	\$ -	\$ -	\$ 5,075	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	393,160	168,283	-	-	-	-	-	-	-	-
Debt Service Funds	-	-	396,710	326,573	503,371	204,874	-	-	-	-
Capital Projects Funds	2,951,724	3,023,230	4,795,274	5,493,384	3,678,010	3,439,427	-	-	-	-
Nonspendable	-	-	-	-	-	-	2,516	-	-	-
Restricted	-	-	-	-	-	-	-	-	140,718	21,000
Committed	-	-	-	-	-	-	108,359	14,279	2,687	59,814
Assigned	-	-	-	-	-	-	3,917,642	3,967,396	3,804,791	4,646,408
<b>Total All Other Governmental Funds</b>	<u>\$ 5,356,281</u>	<u>\$ 5,143,267</u>	<u>\$ 5,191,984</u>	<u>\$ 5,819,957</u>	<u>\$ 4,186,456</u>	<u>\$ 3,644,301</u>	<u>\$ 4,028,517</u>	<u>\$ 3,981,675</u>	<u>\$ 3,948,196</u>	<u>\$ 4,727,222</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		
	2005	2006	2007
<b>REVENUES:</b>			
Intergovernmental - Federal	\$ 320,135	\$ 511,154	\$ 4,298,741
Intergovernmental - State	6,831,568	10,787,820	12,471,280
Property Tax	2,186	468	-
Passenger Fares	1,642,456	1,943,300	2,225,885
Investment Income	276,062	508,434	577,021
Special Assessments	4,460	4,460	4,460
Other Interest Income	-	-	-
Loan Repayment	-	-	-
Other Local Revenue	2,006	3,175	8,248
Total Revenues	<u>9,078,873</u>	<u>13,758,811</u>	<u>19,585,635</u>
<b>EXPENDITURES:</b>			
General Government	1,033,423	918,562	1,039,377
Buildings and Grounds	704,014	789,319	1,247,072
Operations and Vehicle Maintenance	4,738,093	5,384,905	6,062,575
Capital Outlay	1,319,977	5,403,227	9,812,821
Debt Service:			
Principal	252,171	801,163	540,122
Interest and Agency Fees	147,998	201,881	59,866
Total Expenditures	<u>8,195,676</u>	<u>13,499,057</u>	<u>18,761,833</u>
Excess of Revenues Over (Under) Expenditures	883,197	259,754	823,802
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	3,694,263	-	1,600,000
Transfers Out	(3,694,263)	-	(1,600,000)
Sale of Property	-	-	-
Insurance Recoveries	-	-	-
Issuance of Capital Lease	-	-	-
Proceeds from Certificate of Participation	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 883,197</u>	<u>\$ 259,754</u>	<u>\$ 823,802</u>
Debt Service as a Percent of Noncapital Expenditures	5.8%	12.4%	5.0%

Source: SouthWest Transit financial records

**Table 4**  
**(Continued)**

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 782,649	\$ 277,413	\$ 2,010,236	\$ 3,691,904	\$ 1,624,452	\$ 4,742,482	\$ 44,644
6,934,330	6,470,450	6,156,939	6,171,276	7,764,167	7,719,320	9,196,367
-	-	-	-	-	-	-
2,608,964	2,478,158	2,435,034	2,456,452	2,528,315	2,517,920	2,658,560
419,026	180,141	123,298	66,291	31,661	31,681	37,439
4,460	4,460	4,460	4,460	4,460	4,460	-
-	-	-	-	-	-	121,494
-	-	-	-	-	-	65,782
438,555	12,295	45,923	197,416	318,883	1,088,061	399,991
<u>11,187,984</u>	<u>9,422,917</u>	<u>10,775,890</u>	<u>12,587,799</u>	<u>12,271,938</u>	<u>16,103,924</u>	<u>12,524,277</u>
917,899	932,506	899,429	909,005	845,869	959,894	1,062,048
1,096,339	913,956	935,521	1,046,154	1,142,476	1,143,735	1,611,040
6,713,839	5,888,367	5,674,292	5,615,668	5,836,559	6,238,357	7,330,382
4,060,393	5,673,400	3,129,796	5,890,221	3,443,192	8,007,632	1,812,267
690,307	786,672	1,519,243	74,280	77,855	1,929,084	146,319
77,181	242,895	165,156	96,805	93,231	229,065	49,977
<u>13,555,958</u>	<u>14,437,796</u>	<u>12,323,437</u>	<u>13,632,133</u>	<u>11,439,182</u>	<u>18,507,767</u>	<u>12,012,033</u>
(2,367,974)	(5,014,879)	(1,547,547)	(1,044,334)	832,756	(2,403,843)	512,244
246,206	4,976,218	2,212,464	3,100,000	1,112,454	2,299,368	146,319
(246,206)	(4,976,218)	(2,212,464)	(3,100,000)	(1,112,454)	(2,299,368)	(146,319)
-	-	-	-	-	17,500	475,000
-	-	-	-	-	172,507	-
3,500,000	-	-	-	-	1,000,000	-
-	-	-	-	-	1,120,000	-
<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,310,007</u>	<u>475,000</u>
<u>\$ 1,132,026</u>	<u>\$ (5,014,879)</u>	<u>\$ (1,547,547)</u>	<u>\$ (1,044,334)</u>	<u>\$ 832,756</u>	<u>\$ (93,836)</u>	<u>\$ 987,244</u>
7.8%	11.2%	18.0%	2.1%	2.0%	19.5%	1.8%



**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 <sup>(2)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Special Assessment Bonds	Capital Leases			
2005	\$ -	\$ -	\$ 2,891,090	\$ 2,891,090	0.58%	\$ 26
2006	-	-	2,089,928	2,089,928	0.42%	19
2007	-	-	1,549,806	1,549,806	*	14
2008	-	-	4,359,498	4,359,498	*	39
2009	-	-	3,572,826	3,572,826	*	33
2010	-	-	2,053,583	2,053,583	*	18
2011	-	-	1,979,303	1,979,303	*	18
2012	-	-	1,901,449	1,901,449	*	17
2013	-	-	2,092,365	2,092,365	*	19
2014	-	-	1,946,046	1,946,046	*	18

\* Data is not available

<sup>(1)</sup> See Demographic and Economic Statistics Population

<sup>(2)</sup> 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
2005	109,540	*	*	17,261	3.4%
2006	111,202	*	*	18,323	3.2%
2007	112,794	*	*	17,301	4.1%
2008	110,466	*	*	17,185	5.3%
2009	109,248	*	*	16,566	7.5%
2010	112,061	*	*	17,580	6.1%
2011	107,832	*	*	17,626	6.8%
2012	108,637	*	*	18,585	4.2%
2013	110,169	*	*	15,354	4.5%
2014	110,169	*	*	15,354	4.5%

\* 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	2014		Percentage of Total City Employment
	Employees	Rank	
Optum	4,000	1	6.5%
Rosemount-Emerson	1,667	2	2.7%
CH Robinson	1,517	3	2.5%
Eden Prairie School District No. 272	1,500	4	2.4%
Starkey	1,440	5	2.3%
Chaska School District No. 112	1,100	6	1.8%
Instant Web Companies	1,043	7	1.7%
Cigna	950	8	1.5%
Lifetime Fitness	899	9	1.4%
FSI International	850	10	1.4%
Total Principal Employees	14,966		24.2%
Total Employees	61,769		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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Administration	3	4	6	5	5	5	5	5	4	4
Marketing	1	1	-	-	-	-	-	-	-	-
Customer Service	2	3	2	2	2	2	2	2	1	1
Operations and Vehicle										
Maintenance:										
Operations	4	4	3	6	6	5	5	5	4	4
Vehicle Maintenance	8	10	11	11	11	10	10	10	9	10
First Transit Service	60	60	69	66	59	44	44	56	64	77
Buildings and Grounds:										
Facilities	2	3	3	4	2	2	2	2	3	3
Total	<u>81</u>	<u>84</u>	<u>94</u>	<u>94</u>	<u>85</u>	<u>68</u>	<u>68</u>	<u>80</u>	<u>85</u>	<u>99</u>

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

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**Table 9**

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>SYSTEM RIDERSHIP:</b>										
Fixed Route	799,429	844,141	944,295	1,070,327	950,615	931,162	961,862	927,117	961,717	1,023,322
Special Events	42,864	56,086	68,243	76,502	61,359	71,220	68,156	71,862	71,172	84,528
<b>VEHICLE HOURS:</b>										
Fixed Route	47,083	46,606	46,311	46,545	33,028	29,995	35,364	35,952	38,597	48,593
Special Events	817	1,421	1,636	1,294	1,298	2,016	1,199	1,136	1,222	1,363
<b>VEHICLE MILES:</b>										
Fixed Route	909,662	985,251	1,013,149	1,104,246	808,779	753,235	778,742	802,656	863,726	1,163,101
Special Events	31,705	50,522	47,316	30,470	34,085	48,065	49,740	49,895	50,750	56,915

*Source: SouthWest Transit ridership data*

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**Table 10**

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

FUNCTION/PROGRAM:	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Facilities:										
Transit Park and Rides (Spaces):										
SWT Capital Assets	976	976	976	1,226	1,739	1,739	2,159	2,159	2,859	2,859
SWT Noncapital Assets	285	285	285	285	285	285	285	285	285	285
Construction in Progress	-	-	763	513	420	420	-	700	-	-
Transit Passenger Stations:										
SWT Capital Assets	1	1	1	1	2	2	3	3	4	4
Construction in Progress	-	-	1	1	1	1	-	1	-	-
Transit Buses:										
SWT Capital Assets	34	33	33	33	33	-	-	-	-	-
SWT Noncapital Assets	18	31	40	41	41	60	60	60	61	65

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

Source: SouthWest Transit facilities records

**SOUTHWEST TRANSIT  
Eden Prairie, Minnesota**

**Table 11**

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

**As of December 31, 2014**

**FAREBOX RECOVERY PERCENTAGE**

<b>Year</b>	<b>Percentage</b>
2005.....	25.76%
2006.....	27.46%
2007.....	28.02%
2008.....	30.66%
2009.....	32.61%
2010.....	32.54%
2011.....	32.79%
2012.....	32.48%
2013.....	30.28%
2014.....	27.10%

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 690E (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, 2014  
(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	110,169
Type of Tax Support	Motor Vehicle Sales Tax
Sales Tax Rate	7.28%
Number of Routes	25
Number of Transfer Stations	4
Number of Park & Ride Lots	5
Number of Bus Stops	230
Number of Buses in Peak Service	63
Average Speed in Miles Per Hour	21
Employees:	
Full-Time	22
Part-Time and Seasonal	35



