Minnesota Valley Transit Authority (MVTA) Comprehensive Annual Financial Report For Fiscal Year Ended Dec. 31, 2013

MINNESOTA VALLEY TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2013

Prepared By:
Finance Department

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MINNESOTA VALLEY TRANSIT AUTHORITY
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I. INTRODUCTORY SECTION

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Minnesota Valley Transit Authority

June 18, 2014

Honorable Chair and Members of the Board
Minnesota Valley Transit Authority

We are pleased to respectfully submit the Minnesota Valley Transit Authority (MVTA) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013 to the Minnesota Valley Transit Authority Board of Commissioners, the citizens of this area and all interested in its financial condition. MVTA is a public agency created by a joint powers agreement between the Cities of Apple Valley, Burnsville, Eagan, Rosemount and Savage and the Counties of Dakota and Scott for the purposes of providing public transit services to the Cities of Apple Valley, Burnsville, Eagan, Rosemount and Savage and surrounding areas and made pursuant to the authority conferred upon the Cities by *Minnesota §* 473.388, 473.384 and 471.59. This report is published to fulfill the requirements of Minnesota state law that all general purpose local governments publish annually a complete set of financial statements in conformance with U.S. generally accepted accounting principles (GAAP), and are audited in accordance with U.S. general accepted accounting standards by a firm of licensed certified public accountants.

This report was prepared by the MVTA 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 MVTA. 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 MVTA as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain an understanding of MVTA's financial position have been included. Management of MVTA 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 MVTA's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh their benefit, MVTA'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.

MVTA's financial statements were audited by HLB Tautges Redpath, 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 MVTA for the fiscal year ended December 31, 2013 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on their audit, that there was a reasonable basis for rendering an unqualified opinion that MVTA's financial statements for the fiscal year ended December 31, 2013 are presented in conformity

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with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the MVTA was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and requirements involving the administration of federal awards. These reports are available in the MVTA's separately issued Single Audit Report.

GAAP require 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. MVTA'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 MVTA was formed on January 1, 1991 by a joint powers agreement (JPA) between the Cities of Apple Valley, Burnsville, Eagan, Prior Lake (who has since withdrawn) Rosemount and Savage to provide public transit services. From its forming in 1991 until 2012, MVTA was governed by an eight member board (nine members when Prior Lake was a participant) consisting of elected officials or their designee(s) and one member-at-large. Each of the cities appointed one member to the MVTA board, and one alternate board member (frequently a city staff person who also served on the Technical Work Group). The Apple Valley, Burnsville, and Eagan board members collectively appointed the member-at-large and an alternate. The remaining two seats were filled by a Scott County and a Dakota County Commissioner though the counties were not "Parties" (the cities that entered into the JPA) to the agreement. Another County Commissioner served as the alternate county representative while a county staff member served on the Technical Work Group.

In 2012, changes were made to the Joint Powers Agreement. Dakota County and Scott County became "Parties" to the agreement, the alternate member was eliminated and a separate Bond Board was formed to issue bonds or obligations on behalf of the "Parties". The MVTA's Board of Commissioners now consists of seven (7) voting commissioners. Each "Party" appoints one commissioner, one alternate commissioner and a staff member who serves on the Technical Work Group. The terms of each Board member are determined by the jurisdiction making the appointment.

Each year, the Board of Directors elects a Chair, Vice Chair, and Secretary/Treasurer in order to conduct its business and affairs. It is the responsibility of the Secretary/Treasurer to provide guidance and direction about the financial records of the Authority to the Executive Director who is the official custodian of these records. The Secretary/Treasurer also serves as the Chair of the Finance Committee.

The Executive Director is appointed by the Authority to administer and supervise the day to day activities of MVTA including, but not limited to, administration of the transit system, contracts for transportation services, marketing and promotion of such services, maintenance of transit vehicles, facilities and equipment, as well as recommendations for changes and additions to the transportation services provided.

The MVTA's mission is to provide mobility through an efficient, integrated network of equipment, facilities and service. To achieve its mission, MVTA has established three principle strategies:

- Delivery mobility
- Manage MVTA's resources
- Govern with an emphasis on transit services that build vibrant communities

These strategies and mission are combined into one over-arching vision for MVTA. This is to be a trusted partner in transportation, servicing as an innovative leader in moving people to destinations.

In keeping with its vision and mission, MVTA provides fixed route transit services within the five communities and connects people within these communities to other metropolitan destinations, including downtown Minneapolis and St. Paul, the University of Minnesota, the Mall of America, the Minnesota Zoo and the Hiawatha Light Rail line (Blue Line), as well as providing reverse commute services to businesses within MVTA's service area. MVTA also operates the Metro Red Line under contract to the Metropolitan Council. MVTA services are provided by a fleet of 128 vehicles. Operations and maintenance services are provided by one private contractor working out of two bus garages.

The MVTA Bond Board, a legally separate financing authority, was established in 2012 to issue bonds or obligations on behalf of the "Parties" and may use the proceeds to carry out the powers and duties of the MVTA. The MVTA Bond Board, since it provides financing for the MVTA, has been included as an integral part of the MVTA's financial statements. Additional information on the MVTA Bond Board can be found in Note 1.A. in the notes to the financial statements.

The annual operating budget serves as the basis for MVTA's financial planning and control. In early summer, the Finance Committee meets to approve assumptions regarding revenues, expenses and services to be used in budget preparation. Departments then submit their line item detailed budget requests to the Finance Officer in late summer. The requests are compiled, reviewed and revised by the Finance Officer and Executive Director and presented to the Finance Committee in August for its review and direction. In September, the Finance Officer presents the proposed preliminary budget to the Finance Committee and then Board for its approval. In the October – November timeframe, the budget assumptions are reviewed and adjustments are made before the final budget for the next fiscal year is adopted in December. The Capital Improvement Plan (CIP) which covers a 5 year period follows the same timeframe as the operating budget with budget preparation occurring in the summer, preliminary approval of the CIP in September and final adoption of the CIP taking place in December.

For the operating budget, actual amounts exceeding the line item budget are allowed if there is a corresponding revenue increase or if the total expenses for the department are within the department budgeted amount. Management cannot overspend the budget without approval of the governing body at the General Fund level. For the CIP or Capital Fund, management must obtain approval to exceed the project budget. If significant changes occur after the budget is adopted, budget adjustments are proposed by MVTA staff and adopted by the Board.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The MVTA service area is located in the southern Twin Cities, straddling both Dakota and Scott Counties and includes the cities of Apple Valley, Burnsville, Eagan, Rosemount and Savage. The Cities, as part of the Twin Cities economy, have been emerging from the recession at a more robust pace than other Midwestern cities. The unemployment rate continues to decline from a high of 7.1% in 2009 to its present level of 4.4%. It is considerably lower than the national average of 7.4% in 2013. In addition, the metropolitan area has a healthy and highly educated workforce that continues to attract employers. This activity reflects a strengthening economy with many of the cities doing the same as or better than the national average.

Annual ridership grew 5.1% in 2013, providing over 2.7 million rides. As economic recovery continues in the core cities of Minneapolis and St. Paul, ridership on MVTA service is expected to continue to grow. Increased gas prices and the implementation of Bus Rapid Transit (BRT) service will also contribute to ridership growth.

Minnesota's first Bus Rapid Transit (BRT) line, the METRO Red Line, opened on June 22 along the Cedar Avenue Transitway. It runs from Apple Valley, through Eagan, to the Mall of America in Bloomington, and then reverses direction. Weekdays trips are every 15 minutes until evening and then run every 30 minutes. On weekends, there is a trip every 30 minutes. MVTA, along with its partners Dakota County and the Metropolitan Council, have reconstructed roadways, built new station stops, expanded another station, and procured seven new buses. The start-up of the BRT line is expected to lead to transit-oriented development, both residential and retail, near the transit stations and stops.

Operating Funds

In the fall of 2006, a constitutional amendment passed dedicating all Motor Vehicle Sales Tax (MVST) revenue to transportation, with 40% dedicated to transit. This was an increase from 21.5% of MVST revenue dedicated to transit. The enabling legislation, passed in the following legislative session, required that 36% of the MVST revenue be assigned to the Twin Cities metropolitan area with the remaining 4% used for Greater Minnesota transit programs. The legislation also stated that the opt-out providers were guaranteed the same percentage they were receiving prior to the constitutional amendment or our portion of the 21.5%. This guarantee is known as "Base" MVST. The incremental increase in MVST revenue was phased-in over a five year period and is known as regionally "Allocated" MVST. The law did not outline how the Allocated MVST funds should be distributed by the Met Council within the metropolitan area. However, the Met Council created a procedure that distributes these additional MVST funds based on regional priorities. MVTA has been receiving a portion of this Allocated MVST revenue.

Since 2009, the MVTA has maintained service levels, but has also been required by the Metropolitan Council to draw down its fund balance to their thresholds. MVST revenues started their rebound in 2010 which continued on through 2011. However, 2011 brought with it a significant state budget deficit for the biennium, an unprecedented state government shut-down and changes in legislation impacting MVST funds. The legislation reduced the "Base" MVST funding amounts to the Suburban Transit Providers of which MVTA is one and required most providers to spend down their fund balance to supplement their revenues. Although MVTA's

“Base” MVST funding was reduced, MVTA received additional “Allocated” MVST funding from the Metropolitan Council in order to maintain our fund balance at 25% of expenditures based on their “Regional Transit Operating Revenue Allocation Procedure”. When the legislation that reduced the “Base” MVST expired on June 30, 2013, MVTA went back to receiving its statutorily authorized share of MVST.

Our ridership grew 11.3% from 2009 to 2,706,416 in 2013. Approximately ½ of this increase was due to the start-up of new services in 2013. MVTA continues to supplement our service offerings to attract new passengers.

MVTA will continue to pursue its share of Allocated MVST while continuing to operate and maintain transit services that meet the needs of our communities. 2014 will be an exciting year with the first full-year of the METRO Red Line operations and start-up of additional service to the City of Rosemount. The Eagan Bus Garage expansion is also being completed and will soon be operational.

Capital Funds

Historically, capital expenditures for facilities, such as park & ride lots, transit stations and bus garage facilities as well as bus purchases have been funded by state, local and federal grants. The majority of the capital funds are awarded on the basis of competitive proposals submitted by regional providers. MVTA has developed and maintains a long range Capital Improvement Plan (CIP) to plan for future needs and services and to support application for the capital funds.
Significant project activity in 2013 included the following:

- Began construction of the Eagan Bus Garage Expansion
- Put the finishing touches on a new transit station in the City of Rosemount,
- Continued development, procurement and installation of new on-board bus technologies including Automated Vehicle Locator system (AVL), Automated Passenger Counters (APC), Automated Visual and Voice Annunciator System (AVVAS) and Transit Signal Priority system (TSP).
- Received 6 new vehicles for expansion of express service along the 35W Corridor.

LONG TERM FINANCIAL PLANNING

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

- Strive to maintain the unreserved fund balance in the General Fund at four months of next year’s operating expenditures.
- A reserve/contingency line item in the operating budget equal to two percent of the budget.
- Restrict fund balance as needed to meet legal mandates.

MVTA has also adopted the following Capital Policies:

- The development of the Capital Improvement Plan (CIP) and budget will be coordinated with the operating budget to ensure that all operating costs associated with new capital projects are included in the proper operating budget.
- The impact on the operating budget from any new programs or activities should be offset by additional funding from current or newly created (such as the Counties Transit Improvement Board) resources whenever possible.
- The MVTA will implement a five-year CIP in coordination with the Metropolitan Council and their Regional Capital Plan. Each year, this CIP will be submitted to the Metropolitan Council for potential inclusion in their plan.

One of MVTA's major initiatives is to finance the expansion of its Eagan Bus Garage with an estimated cost of $10 million. MVTA has worked with its Finance Committee and financial advisor to develop a plan describing the sources of funding available and the various portions of the project each will finance. Regional Transit Capital, Counties Transit Improvement Board (CTIB) and Dakota County Regional Railroad Authority monies are providing $4.55 million. The remainder of the project has been financed through a revenue bond sold by the MVTA Bond Board and backed by Minnesota Valley Transit Authority's gross revenues.

MAJOR INITIATIVES

Implementation of the first phase of the Cedar Avenue Transitway is nearly complete and the next phase is ready to get underway. Dakota County Regional Railroad Authority, the lead agency, working in conjunction with MVTA and the Metropolitan Council, will begin the second phase by updating the 2010 Cedar Avenue Transitway Implementation Plan Update (IPU), amended in August 2011. The initial plan provided a general schedule for improvements based on the expected expansion of area development and service demand in the corridor. Changes have occurred affecting transit funding and operations and new data on population and land use is now available. This new data and constraints will be used to reassess the timing and extent of future service and facility expansion as shown in the current IPU.

MVTA will, in the next few years, be expanding service from both the southwest and southeast portions of our service area to downtown Minneapolis and from the Apple Valley/Eagan area to downtown St. Paul. To accommodate the vehicles needed for the growth in service, MVTA is in the process of constructing a 29,000 square foot expansion of our Eagan Bus Garage. Storage spaces to house 40 more vehicles and 3 additional maintenance bays are being added. Upon completion, the garage will be able to store 100 buses and have 11 maintenance bays. Construction started in 2013 and is scheduled to last 14 months. Financing for the bus garage expansion will be done through the sale of revenue bonds and grant funding.

Upon the initiative of the Cities of Prior Lake and Shakopee, discussions have begun to merge the Blue Express transit service provided by these cities with MVTA's operations. The Blue Express operates 5 weekday routes with an average daily ridership of 750 while MVTA operates on weekdays and weekends 25 routes with an average daily ridership of 10,000. Blue Express' annual operating expenditures are $2 million versus MVTA's operating expenditures of $20.6 million. On-going discussions have centered around member equity, service change processes, service guarantees and risk assumption.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to MVTA for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the third year that the government submitted and was granted 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.

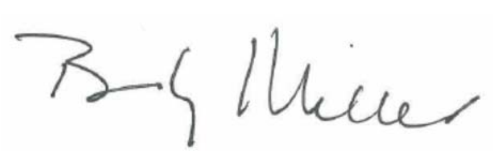
In 2013, the Minnesota Public Transit Association (MPTA) awarded its annual Management Innovation Award to the METRO Red Line project as an example of a creative partnership designed to address the needs of transit users. The launch of the METRO Red Line, the region’s first bus rapid transit (BRT) service, involved policy direction, planning, funding, and operational support from the Minnesota Valley Transit Authority (MVTA), the Metropolitan Council, and Dakota County. In its announcement of the Red Line award, MPTA noted the innovative collaboration, stating it provided “important groundwork for other BRT services in the region and the state of Minnesota that may be developed.”

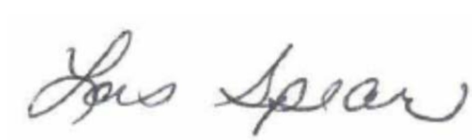
The Minnesota Valley Transit Authority received its first bond rating ever – a rating of A3 from Moody’s. This was an unusual transaction for the marketplace because it had revenues pledged from sales tax, passenger revenues, and pass-through federal funding and considered the tax base of the member cities. In addition, for the fifth year in a row, all MVTA buses passed the annual inspection by the Minnesota Department of Transportation (MnDOT) with zero deficiencies – a remarkable achievement.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the dedicated services of the finance staff. We would like to express our appreciation to all members of the staff who assisted and contributed to the preparation of this report. In addition, we need to give credit to the Finance Committee members and MVTA’s Board for their dedication and commitment to maintaining the financial integrity of the organization and guiding decision-making that protects MVTA’s financial position.

Respectfully submitted,





Beverley Miller
Executive Director

Lois Spear
Finance Officer

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

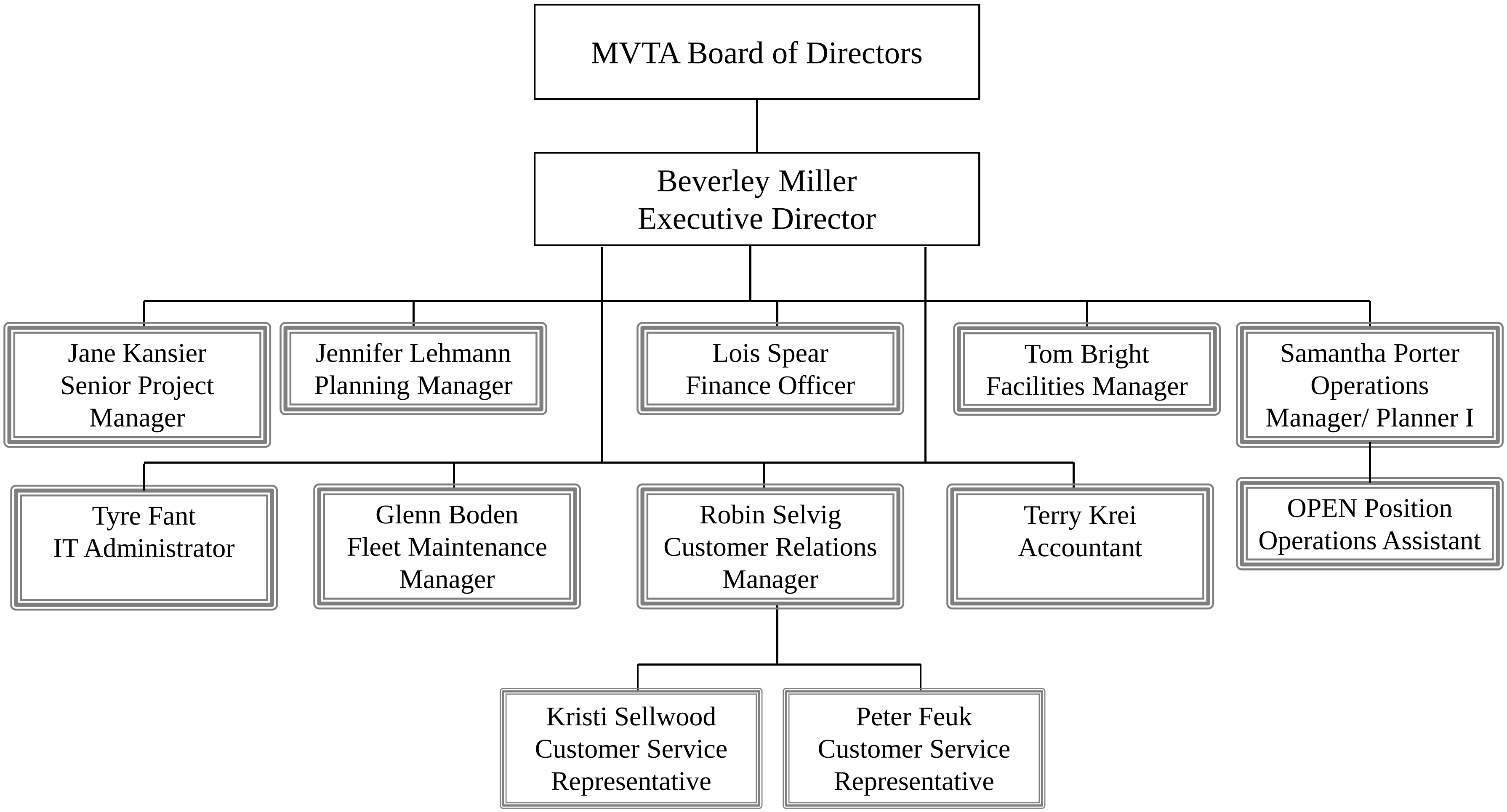
Minnesota Valley Transit Authority

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

MINNESOTA VALLEY TRANSIT AUTHORITY
ORGANIZATION CHART
December 31, 2013



MINNESOTA VALLEY TRANSIT AUTHORITY
ELECTED AND APPOINTED OFFICIALS
December 31, 2013

Elected Officials	Position	Community/County Represented	Term Expires
Gary Hansen	Chairperson	Eagan	*
Clint Hooppaw	Vice Chairperson	Apple Vally	*
Jane Victorey	Secretary/ Treasurer	Savage	*
Liz Workman	Board Member	Dakota County	*
William Droste	Board Member	Rosemount	*
Bill Coughlin	Board Member	Burnsville	*
Jon Ulrich	Board Member	Scott County	*

Administration

Beverley Miller, Executive Director
Lois Spear, Finance Officer

*The City and County Board Members serve at the pleasure of their respective jurisdictions. The bylaws state "the terms of the Office of Commissioners shall be determined by the party or the county making the appointment".

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II. FINANCIAL SECTION

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HLB TAUTGES REDPATH, LTD.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Minnesota Valley Transit Authority
Burnsville, Minnesota

We have audited the accompanying financial statements of the governmental activities and each major fund of Minnesota Valley Transit Authority as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Minnesota Valley Transit Authority'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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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.

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Opinions

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

Emphasis of Matter – Implementation of GASB 65

As described in Note 11 to the financial statements, in 2013, the Minnesota Valley Transit Authority adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 - 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Minnesota Valley Transit Authority's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2014, on our consideration of Minnesota Valley Transit Authority'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 Minnesota Valley Transit Authority's internal control over financial reporting and compliance.

HLB Tautges Redpath, Ltd.

HLB TAUTGES REDPATH, LTD.

June 18, 2014

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MINNESOTA VALLEY TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

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

FINANCIAL HIGHLIGHTS

- The assets of the Minnesota Valley Transit Authority (MVTA) exceeded its liabilities at the close of fiscal year 2013 by $50,615,402 (net position). Of this amount, $4,878,886 (unrestricted net position) may be used to meet the government's ongoing obligations to customers and creditors.

- The Authority's net position increased by $405,129.

- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of $6,524,031, an increase of $1,231,950 in comparison with the prior year. The unassigned fund balance at the end of 2013 was $5,657,212.

- At the end of the current fiscal year, unrestricted (committed, assigned and unassigned) fund balance for the general fund was $5,738,658 or 27.7% of total general fund expenditures at 2013 levels.

- In 2013, Minnesota Valley Transit Authority's outstanding debt increased by $5,900,000 due to the issuance of $5,900,000 in Gross Revenue Bonds. MVTA had no debt in 2012.

- MVTA received $14,362,363 in Motor Vehicle Sales Tax revenue in 2013. This consisted of $9,453,163 of MVST revenue passed through the Metropolitan Council according to MN Statutes and an additional $4,909,200 of MVST funding allocated by Metropolitan Council to MVTA.

- The new Cedar Avenue Bus Rapid Transit (Red Line) opened as scheduled in June 2013 providing service at 15 minute intervals between the Apple Valley Transit Station and Mall of America. This augments the express service running on the Cedar Avenue Transitway.

- Funding of $1,820,015 was received from the Federal Government, Counties Transit Improvement Board and the Metropolitan Council for operating the above referenced service.

- Two popular routes to Downtown Minneapolis and the University of Minnesota were expanded using federal and Met Council funds of $611,022.

- A contract for the construction of the Eagan Bus Garage expansion was awarded at a price of $6,615,600 in February and construction started soon afterward. The expansion is being funded by the 2013 issuance revenue bonds and grants from the Counties Transit Improvement Board, Dakota County Regional Railroad Authority and MVTA's own funds. When completed, the garage will house an additional 40 vehicles and include 3 additional maintenance bays.

Overview of the Financial Statements – This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Minnesota Valley Transit Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The *statement of net position* presents information on all of the Authority'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 the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal 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 fiscal periods (e.g. uncollected motor vehicle sales taxes and earned, but unused, vacation leave).

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

The government-wide financial statements can be found on pages 34-35 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. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority 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 fiscal year. Such information may be useful in evaluating a government'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 the government'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*.

The Authority maintained three individual governmental funds during 2013– the General Fund, the Capital Projects Fund and the Debt Service Fund.

The Authority adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 36-38 of this report.

Notes to the Financial Statements - The notes 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 41-55 of this report.

Government-wide Financial Analysis – As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $50,615,402 at the close of fiscal year 2013.

The largest portion of the Authority's net position (89.0%) reflects its investment in capital assets (e.g. land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The Authority 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 the MVTA'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, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the MVTA's net position (1.4%) represents resources that are subject to external restrictions on how they may be used.

Minnesota Valley Transit Authority's Net Position
Governmental Activities

	2013	2012
Current and Other Assets	$ 11,653,776	$ 9,142,242
Capital Assets, net of depreciation	50,168,654	44,950,989
Total Assets	$ 61,822,430	$ 54,093,231
Long-term Liabilities Outstanding	$ 5,748,898	$ 0
Other Liabilities	5,458,130	3,882,958
Total Liabilities	$ 11,207,028	$ 3,882,958
Net Position:		
Net Investment in Capital Assets	$ 45,045,599	$ 44,950,989
Restricted for Debt Service	690,917	0
Unrestricted	4,878,886	5,259,284
Total Net Position	$ 50,615,402	$ 50,210,273

The remaining portion of the Authority's net position is unrestricted (9.6%). This is the amount available to meet the Authority's ongoing obligations to its riders and creditors.

Governmental Activities – Governmental activities increased the Authority's net position by $405,129. Revenues in 2013 were $26,483,551 or a decrease of $147,546 from 2012. Expenses increased by $121,364 to bring the total 2013 expenses to $26,078,422. The net result is an increase in net position of $405,129. The key elements of this decrease are as follows:

Minnesota Valley Transit Authority's Activities
Government-wide

	2013	2012
Revenues:		
Program Revenues:		
Charges for Services	$ 5,232,852	$ 4,981,091
Operating Grants and Contributions	2,431,037	676,608
Capital Grants and Contributions	4,394,557	8,264,614
General Revenues:		
Motor Vehicle Sales Tax	$ 14,362,363	$ 12,674,238
Revenues not Restricted to Specific Programs	61,970	33,898
Unrestricted Investment Earnings	772	648
Total Revenues	$ 26,483,551	$ 26,631,097

	2013	2012
Expenses:		
Transit Operations	$ 20,455,244	$ 20,390,062
Facilities Management	3,761,195	3,911,843
Administration	1,780,013	1,655,153
Interest on Long-Term Debt	81,970	0
Total Expenses	$ 26,078,422	$ 25,957,058
Change in Net Position	405,129	674,039
Net Position – January 1	50,210,273	49,536,234
Net Position – December 31	$ 50,615,402	$ 50,210,273

Revenue changes

- Charges for Services increased $251,761 in 2013. Ridership increased 5.1% in 2013 due to the start-up of Red Line and the addition of 35W express services. This increase in ridership translated directly into an increase in passenger revenue.
- Operating Grants and Contributions increased $1,754,429. MVTA has been receiving funding from the Metropolitan Council since 2009 to operate some additional express services along the Cedar Avenue Transitway. For 2013, this funding increased by $124,182. In 2012, MVTA received a Congestion Mitigation/Air Quality (CMAQ) grant from FHWA for three years of expanded operating service along the 35W Transitway. The 2013 portion of this grant provided $611,022 of funding or an increase of $470,841. In addition, funding for the new Red Line (bus rapid transit) service is supported entirely through an operating grant that totaled $1,159,427.
- Capital Grants and Contributions decreased $3,870,057. Activity on the MVTA's routine facilities improvement projects remained fairly constant. However, a number of capital projects were completed in 2013 or project activity decreased as shown below:
    - Procurement of new buses and bus components decreased in 2013 from the prior year by $2,173,416.
    - Completion of the following facilities, Rosemount Transit Station, Apple Valley Transit Station Canopy and Platform Expansion, and 140th/147th Station Stops, resulted in a decrease in capital grant funding of $2,383,473.

  The above decreases were offset by an increase in grant reimbursement for the Eagan Bus Garage Expansion of $693,807.
- MVTA received $1,688,125 more in Motor Vehicle Sales Tax (MVST) revenue in 2013 compared to 2012 due to the Metropolitan Council increasing the amount of "Allocated" MVST funding distributed to MVTA by $967,200 and receiving $720,925 more in statutorily distributed MVST from increased car sales.
- Revenues not Restricted to Specific Programs increased $28,072 primarily due to a biodiesel fuel credit received in 2013.
- Investment earnings remained steady.

Expense Changes

- Transit Operating costs, which comprised approximately 78.4% of the expenses, increased by $65,182; only .3% over last year. Costs for the added services, described earlier, resulted in additional spending of about $2.17 million which was offset by decreases in spending on new buses of $2.1 million. Note: Buses are transferred to the Metropolitan Council after they are procured and then leased back from them at no cost.
- Facilities Management expenses decreased in 2013 by $150,648. Facility repairs including associated engineering fees decreased by $.59 million. Offsetting this was an increase in snowplowing and utilities of $.23 million and $.11 million, respectively due to a harsh winter, and an increase of $.1 million because of opening new facilities.
- MVTA's 2013 Administrative expenses grew by $124,860 when compared to 2012. The majority of the increase came from salaries and benefits and compensated absences expense ($.14 million). Full-time equivalents increased by .5 and effective January 1, 2013, the Board approved cashing out up to 144 hours of sick leave upon separation from service.
- Due to the sale of revenue bonds in August 2013, MVTA interest on long-term debt increased by $81,970.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of $6,524,031, an increase of $1,231,950 in comparison with the prior year. Approximately 88.0% of the ending fund balance, or $5,738,658, constitutes *unrestricted fund balance (committed, assigned and unassigned),* which is available for spending at the Authority's discretion. The remainder of the fund balance is *nonspendable* ($94,456) to indicate that it is not available for new spending because it has already been committed to pay for fuel inventory and prepaid expenditures in the general fund or *restricted* ($690,917) to pay for debt service.

The increase in the combined fund balance of $1,231,950 results from the following:

- Revenues were $1,395,688 over expenditures in the General Fund. This was offset by transfers to the Capital and Debt Service Funds of $854,655 resulting in a net increase in the fund balance of the General Fund of $541,033.

- Revenues were under expenditures by $6,076,680 which was offset by bond issuance and premium financing sources of $5,444,500 in the Capital Fund. To cover this deficit, $632,180 was transferred into the Capital Fund from the General Fund. The transfer was necessary due to the delay in receiving some grants which meant some expenditures couldn't be billed against grants. MVTA still anticipates receiving these grants, although as of this writing, they still were not received.
- Revenues were also under expenditures in the Debt Service Fund by $66,189. However, the bond issuance financing source of $534,631 that established a debt service reserve and the transfer of $222,475 into the fund for debt service payments resulted in increasing the Debt Service Fund balance to $690,917.

The combination of the above transactions resulted in an increase in the combined fund balance of $1,231,950.

<u>Revenue Changes from Budget</u>

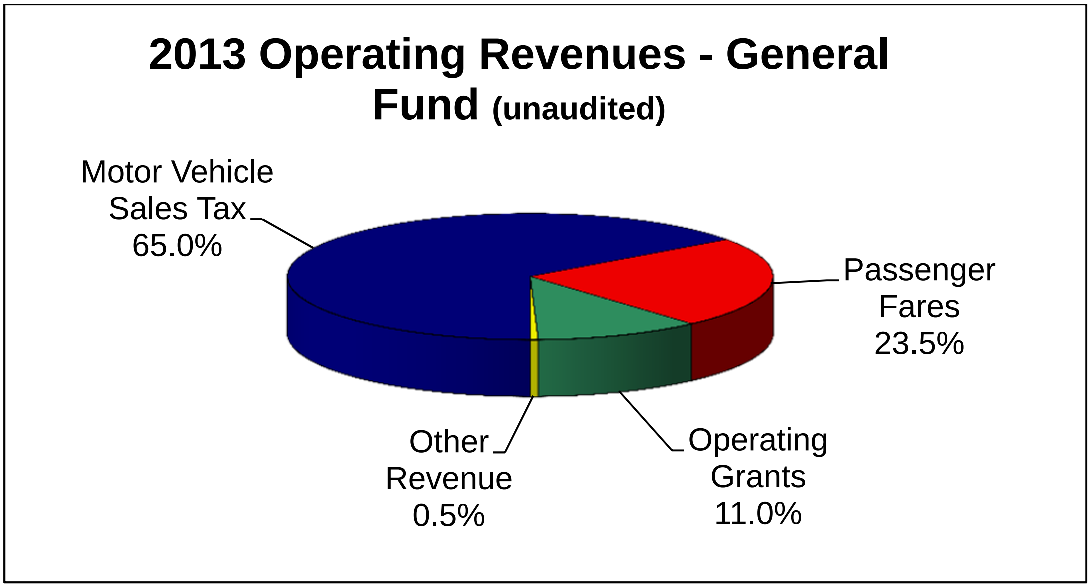
- 2013 Revenue was $668,878 less than the 2013 Final Budget. The main reasons for the under-run is that passenger fare revenue was $462,885 under budget and intergovernmental revenue was $252,491 lower than budgeted. The under-run in passenger fares was because ridership was lower than budgeted thereby reducing revenues. The reduction in intergovernmental revenue was due to expense reimbursement being lower than budgeted.

<u>Expenditure Changes from Budget</u>

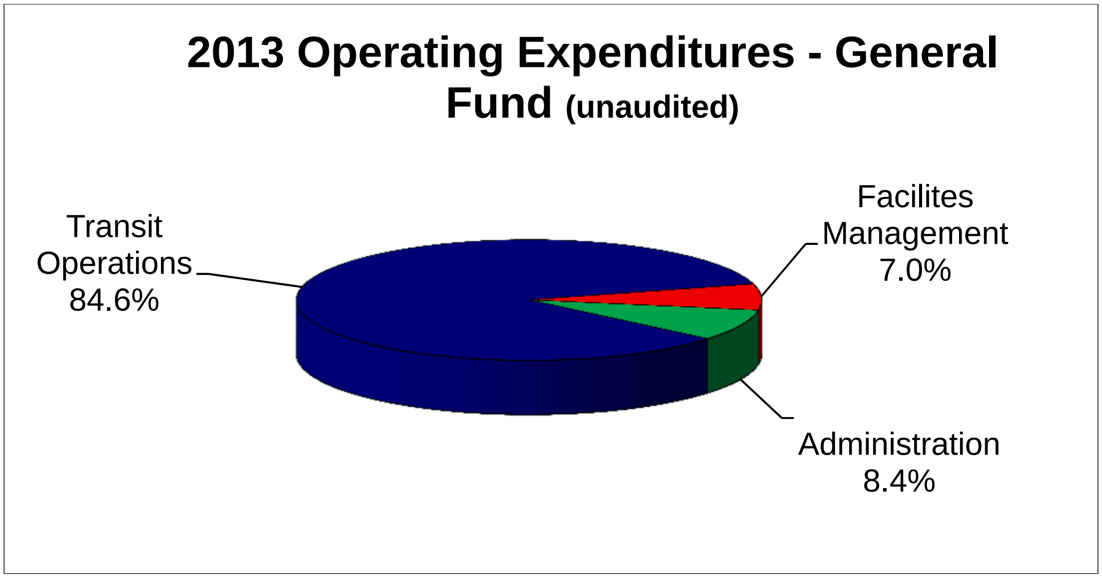
- Actual expenditures were $1,503,783 less than the Original and Final Budget. The reasons for the Final Budget deviations are detailed below:
  - Transit Operations costs were under the Final Budget by 3.5% or $643,302 due to delay in the start-up of Red Line and additional 35W express service ($.3 million), the price of fuel was less than budgeted ($.2 million) and bus maintenance costs were also less than budgeted ($.1 million).
  - Facilities Management costs were $152,595 over the Final Budget. The budget deviations were as follows:
    - Contracted Services were approximately $100,000 over budget mostly in snowplowing ($65,000) due to the harsh winter, and facility repairs that were more expensive than expected ($35,000).
    - A road special assessment for the Burnsville Bus Garage of $47,000 was not budgeted
    - Telecommunications were about $8,000 more than budgeted due to higher than expected monthly fiber costs for the Cedar Grove Transit Station.
  - Administrative expenses were under budget by $575,794 due to:
    - Not needing the budgeted contingency of $390,837,
    - Delays in hiring additional staff ($62,000),
    - Not spending as much on professional services such as legal, engineering and computer consulting ($69,000),
    - Under-running procurement of materials ($31,000)
    - Computer license fees were less than anticipated ($26,000)
  - Capital Outlay of $120,000 was budgeted but only $52,718 was needed this year.

- Principal and Interest payments of $370,000 were budgeted in the Operating Fund. However, due to delays in the financing of the Eagan Bus Garage expansion only interest of $66,204 was paid and that was expensed in the newly created Debt Service Fund.

This year, there were four categories of revenue: motor vehicle sales tax, passenger fares, operating grants, and other revenue. Motor vehicle sales taxes accounted for 65.0% of the revenue and passenger fares made up another 23.5%. These two revenue groupings accounted for 88.5% of MVTA's revenue. Operating grants made up 11.0% of the revenue with the remainder coming from other revenues (chart follows).



The general fund expenditures were $20,693,180 for the year. The majority of the costs were from providing transit services to the area's citizens. These accounted for 84.6% of the expenditures or $17.5 million. Administrative functions cost the agency $1.7 million or 8.4% of the expenses. Facilities operation and maintenance activities accounted for the remaining 7.0%. The following chart depicts this information.



GENERAL FUND BUDGETARY HIGHLIGHTS

There was one budget amendment in 2013. This amendment increased the "Allocated MVST" amount received from the Metropolitan Council by $958,000, and increased the statutorily defined MVST by $406,305 due to the State's increase in the MVST revenue forecast. This increased the total revenue by $1,364,305. The expenditure budget was also changed. Salaries and Benefits were increased by $44,398 in order to add .5 FTE to the existing budget. This was offset by an equal reduction in the budgeted reserve/contingency. This left the 2013 Expenditure budget unchanged at $22,196,963.

These changes resulted in the Change in Fund Balance going from a use of fund balance of $803,522 to a budgeted addition to the MVTA's fund balance of $560,783.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The Minnesota Valley Transit Authority's investment in capital assets as of December 31, 2013 amounts to $50,168,654 (net of accumulated depreciation). This investment in capital assets includes land, land improvements including parking decks and fencing, buildings and improvements, equipment and transit vehicles. The increase in Minnesota Valley Transit Authority's investment in capital assets for the current fiscal year was 11.6%.

Major capital asset events during the current fiscal year included the following:
- Construction began on the Eagan Bus Garage Expansion (original contract amount $6.6 million),
- Work continued on the development of on-board bus technology ($.4 million),
- Construction finished on the Rosemount Transit Station ($.3 million),
- Six vehicles were procured for use on the 35W corridor ($2.7 million)
- Various building and system improvements were completed ($.4).

Minnesota Valley Transit Authority's Capital Assets
(Net of Depreciation)

	2013	2012	Incr./(Decr.)
Land	$ 9,888,926	$ 9,301,922	587,004
Land Improvements	16,055,146	16,325,207	(270,061)
Buildings and Improvements	14,392,472	14,966,682	(574,210)
Furniture and Equipment	1,166,683	1,127,916	38,767
Transit Vehicles	88,023	242,761	(154,738)
Construction in Progress	8,577,405	2,986,501	5,590,904
Total	$ 50,168,654	$ 44,950,989	$ 5,217,665

Additional information on the Authority's capital assets can be found in note 3 on page 49 of this report.

Long-term Debt –The Minnesota Valley Transit Authority closed on $5,900,000 of gross revenue bonds on August 6, 2013 which were still outstanding at year-end. The bonds were issued to pay for the expansion of the Eagan Bus Garage, contained an average coupon of 3.98% and were sold at a premium of $79,131. MVTA's gross revenues, consisting primarily of motor vehicle sales taxes, passenger fares and pass-thru federal funds, were pledged to pay for the debt service. The bonds were rated A3 by Moody's Investors Service.

Additional information on the Authority's long-term debt can be found in note 4 on page 50 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

MVTA's 2014 General Fund revenues are currently budgeted at $24,436,743 or $2,347,875 more than last year's actual revenues. The revenue has increased in three major categories: Motor Vehicle Sales Tax (MVST) revenue, Passenger Fare Revenue, and Operating Grant revenue. The majority of the increase (63.9%) is in revenue from operating grants with another 21.6% of the increase coming from passenger fares. Additional MVST revenue makes up the remaining 14.5%.

Operating grant revenue is increasing by $1,532,597 of which an additional $976,205 is due to a full year of Red Line (BRT) service along the Cedar Transitway. An addition increase of $486,200 in operating grant revenue is a pass-through of federal money that will be used to pay for debt service on the Eagan Bus Garage expansion. The remaining $70,192 of operating grant revenue from the federal government will be received to fund a full year of service along 35W into downtown Minneapolis.

MVST revenue is expected to grow by $347,787 based on Met Council's procedure to distribute additional MVST funds in order to maintain our fund balance at 25% of expenditures based on their "Regional Transit Operating Revenue Allocation Procedure".

Passenger fare revenue is also budgeted to increase from 2013 actual revenues by $518,164 due a full year of operating routes that were added in 2013.

MVTA's 2014 budgeted expenditures in the General Fund are $24,338,380. This is a 17.6% increase over the 2013 actuals of $20,693,180 with the reserve/contingency line item budgeted at 2% of the budget or $.5 million. Service in 2014 is budgeted based on the service level in September 2013, the contracted provider rates and the planned transit service expansion. Operating services started midway through 2013 (Red Line and 35W additional service) adds another $.9 million of expenditures while the addition in 2014 of Rosemount express service increases expenditures by $.4 million. The provider rate increase of 2% adds $.4 million to the budget.

Historical cost trends for diesel fuel, electricity and natural gas along with usage were used to predict the 2014 budgeted amounts in these categories. The inflation rate was assumed to be 3.15% for all other items. Price increases in these categories added another $.6 million to 2014 over 2013. Also included in the 2014 budget is an increase in staffing of 1.5 FTE over 2013 actual headcount and compensation increases; all of which total $.2 million. The final factor resulting in the budgeted expenditure increase is the new debt service ($.5 million) caused by the issuance of revenue bonds in 2013.

If the service and facilities plans are implemented as budgeted, MVTA will improve its fund balance position by $.1 million by December 31, 2014.

A portion of Minnesota Valley Transit Authority's revenue is uncertain and unpredictable because of a number of factors. These factors include political volatility at the State, Metropolitan Council, and local levels, and fluctuations in vehicle sales. However, Motor Vehicle Sales Taxes are now dedicated to transportation needs and MVTA is statutorily funded at the same level as pre-Constitutional Amendment (July 1, 2007) except for temporary changes authorized by the Legislature for the 2012 and 2013 biennium. In addition, if MVTA's fund balance drops below three months of expenditures, based on the Metropolitan Council's "Regional Operating Revenue Allocation Procedures" adopted in 2010, the Metropolitan Council will provide additional MVST funding to bring the fund balance up to the three month level.

Of the Authority's unassigned fund balance, the Board has designated a minimum of 4 months of the agency's budgeted operating expenditures to meet both unexpected fluctuations in its revenues and to fund capital expenditures before reimbursement. The Metropolitan Council, however, through its "Regional Transit Operating Revenue Allocation" procedure has set the minimum fund balance level to be 3 months. At the end of 2013, MVTA's unassigned fund balance was sufficient to cover 2.8 months of 2014 budgeted operating expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer, 100 East Highway 13, Burnsville, MN 55337.

BASIC FINANCIAL STATEMENTS

MINNESOTA VALLEY TRANSIT AUTHORITY
STATEMENT OF NET POSITION **Statement 1**
December 31, 2013

	Governmental Activities
Assets:	
Current assets:	
Cash and investments	$3,621,695
Restricted cash	1,565,076
Due from other governments	6,369,258
Accounts receivable	3,291
Prepaid items	51,473
Inventories	42,983
Total current assets	11,653,776
Noncurrent assets:	
Land	9,888,926
Construction in progress	8,577,405
Land improvements	25,454,159
Buildings and improvements	23,585,923
Transit vehicles	895,421
Furniture and equipment	2,905,070
Net capital assets	71,306,904
Less: accumulated depreciation	(21,138,250)
Total noncurrent assets	50,168,654
Total assets	61,822,430
Liabilities:	
Accounts payable	3,347,905
Contracts payable	1,366,101
Due to other governments	350,778
Salaries and benefits payable	64,961
Accrued interest payable	17,554
Compensated absences payable:	
Due within one year	30,831
Due in more than one year	51,555
Bonds payable:	
Due within one year	280,000
Due in more than one year	5,697,343
Total liabilities	11,207,028
Net position:	
Net investment in capital assets	45,045,599
Restricted for debt service	690,917
Unrestricted	4,878,886
Total net position	$50,615,402

The accompanying notes are an integral part of these financial statements.

MINNESOTA VALLEY TRANSIT AUTHORITY
STATEMENT OF ACTIVITIES **Statement 2**
For The Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets: Governmental Activities
Governmental activities:					
Transit operations	$20,455,244	$5,179,965	$2,431,037	$2,880,025	($9,964,217)
Facilities management	3,761,195	52,887	-	1,474,597	(2,233,711)
Administration	1,780,013	-	-	39,935	(1,740,078)
Interest on long-term debt	81,970	-	-	-	(81,970)
Total governmental activities	$26,078,422	$5,232,852	$2,431,037	$4,394,557	(14,019,976)
General revenues:					
Intergovernmental revenues not restricted to specific programs:					
Motor vehicle sales tax					14,362,363
Revenues not restricted to specific programs					61,970
Unrestricted investment earnings					772
Total general revenues					14,425,105
Change in net position					405,129
Net position - beginning					50,210,273
Net position - ending					$50,615,402

The accompanying notes are an integral part of these financial statements.

MINNESOTA VALLEY TRANSIT AUTHORITY
BALANCE SHEET **Statement 3**
GOVERNMENTAL FUNDS
December 31, 2013

	General Fund	Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and investments	$3,621,695	$ -	$ -	$3,621,695
Restricted cash	-	874,159	690,917	1,565,076
Accounts receivable - net	3,291	-	-	3,291
Due from other funds	461,240	-	-	461,240
Due from other governmental units	4,906,147	1,463,111	-	6,369,258
Inventory	42,983	-	-	42,983
Prepaid items	51,473	-	-	51,473
Total assets	$9,086,829	$2,337,270	$690,917	$12,115,016
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$2,838,917	$508,988	$ -	$3,347,905
Contracts payable	-	1,366,101	-	1,366,101
Due to other funds	-	461,240	-	461,240
Due to other governments	349,837	941	-	350,778
Salaries and benefits payable	64,961	-	-	64,961
Total liabilities	3,253,715	2,337,270	0	5,590,985
Fund balance:				
Nonspendable	94,456	-	-	94,456
Restricted	-	-	690,917	690,917
Committed	81,446	-	-	81,446
Unassigned	5,657,212	-	-	5,657,212
Total fund balance	5,833,114	0	690,917	6,524,031
Total liabilities and fund balance	$9,086,829	$2,337,270	$690,917	$12,115,016

Fund balance reported above	$6,524,031
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	50,168,654
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds:	
Accrued interest payable	(17,554)
Bonds payable	(5,900,000)
Unamortized bond premium	(77,343)
Compensated absences	(82,386)
Net position of governmental activities	$50,615,402

The accompanying notes are an integral part of these financial statements.

MINNESOTA VALLEY TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2013

Statement 4

	General Fund	Capital Projects	Debt Service	Total Governmental Funds
Revenues:				
Intergovernmental	$16,793,400	$4,394,557	$ -	$21,187,957
Passenger fares	5,179,965	-	-	5,179,965
Investment income	646	111	15	772
Miscellaneous	114,857	-	-	114,857
Total revenues	22,088,868	4,394,668	15	26,483,551
Expenditures:				
Current:				
Transit operations	17,509,083	-	-	17,509,083
Facilities management	1,416,694	-	-	1,416,694
Administration	1,714,685	-	-	1,714,685
Capital outlay:				
Transit operations	5,476	3,133,589	-	3,139,065
Facilities management	23,744	7,098,199	-	7,121,943
Administration	23,498	36,928	-	60,426
Debt Service:				
Interest	-	-	66,204	66,204
Issuance expense	-	202,632	-	202,632
Total expenditures	20,693,180	10,471,348	66,204	31,230,732
Revenues over (under) expenditures	1,395,688	(6,076,680)	(66,189)	(4,747,181)
Other financing sources (uses):				
Transfers in	-	632,180	222,475	854,655
Transfers out	(854,655)	-	-	(854,655)
Bond issuance	-	5,365,369	534,631	5,900,000
Bond premium	-	79,131	-	79,131
Total other financing sources (uses)	(854,655)	6,076,680	757,106	5,979,131
Net change in fund balance	541,033	0	690,917	1,231,950
Fund balance - January 1	5,292,081	-	-	5,292,081
Fund balance - December 31	$5,833,114	$0	$690,917	$6,524,031

The accompanying notes are an integral part of these financial statements.

MINNESOTA VALLEY TRANSIT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
For The Year Ended December 31, 2013

Statement 5

Amounts reported for governmental activities in the statement of activities (statement 2) are different because:

Net changes in fund balances - total governmental funds (statement 4)	$1,231,950
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:	
Capital outlay	10,321,434
Less capital outlay not capitalized	(2,932,858)
Capitalized current expenditures	222,980
Depreciation expense	(2,384,218)
Loss on disposal	(9,673)
The issuance of long-term debt (e.g. bonds) provides current financial resources for governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amounts of these differences are:	
Issuance of debt	(5,900,000)
Bond premium	(79,131)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Expenses reported in the statement of activities include the effect of the changes in these expense accruals as follows:	
Change in accrued interest payable	(17,554)
Change in compensated absences payable	(49,589)
Amortization of bond premium	1,788
Change in net position of governmental activities (statement 2)	$405,129

The accompanying notes are an integral part of these financial statements.

MINNESOTA VALLEY TRANSIT AUTHORITY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND **Statement 6**
For The Year Ended December 31, 2013

	Budgeted Amounts		2013 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$15,681,586	$17,045,891	$16,793,400	($252,491)
Passenger fares	5,642,850	5,642,850	5,179,965	(462,885)
Investment income	500	500	646	146
Miscellaneous	68,505	68,505	114,857	46,352
Total revenues	21,393,441	22,757,746	22,088,868	(668,878)
Expenditures:				
Current:				
Transit operations	18,152,385	18,152,385	17,509,083	(643,302)
Facilities management	1,264,099	1,264,099	1,416,694	152,595
Administration	2,290,479	2,290,479	1,714,685	(575,794)
Capital outlay	120,000	120,000	52,718	(67,282)
Debt service:				
Principal	220,000	220,000	-	(220,000)
Interest	150,000	150,000	-	(150,000)
Total expenditures	22,196,963	22,196,963	20,693,180	(1,503,783)
Revenues over (under) expenditures	(803,522)	560,783	1,395,688	834,905
Other financing sources (uses):				
Transfers out	-	-	(854,655)	(854,655)
Net change in fund balance	($803,522)	$560,783	541,033	($19,750)
Fund balance - beginning			5,292,081	
Fund balance - ending			$5,833,114	

The accompanying notes are an integral part of these financial statements.

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The Minnesota Valley Transit Authority (the Authority) is a transit agency, operated under a joint powers agreement by and among the Cities of Apple Valley, Burnsville, Eagan, Rosemount and Savage and the Counties of Dakota and Scott in the State of Minnesota. These Cities are located in the southern Twin Cities Metropolitan Area. The Authority was organized in January 1990 under the "opt-out" statute, Minnesota Statutes 473.388. The opt-out statute allowed cities on the edge of the Metropolitan Transit District to opt-out of the regional transit system and set up a separate system. The Authority is governed by a seven member Board of Commissioners comprised of one representative from each member City and one representative from each County. The component unit discussed below is included in the Authority's reporting entity because of the significance of its operational or financial relationships with the Authority.

Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and so data from these units are combined with data of the primary government.

In October 2012, the MVTA Bond Board was established by an amendment to the joint powers agreement. The MVTA Bond Board may issue bonds or obligations on behalf of the members, under any law by which any member may independently issue bonds or obligations, and may use the proceeds of the bonds or obligations to carry out the purposes of the law under which the bonds or obligations are issued. During 2013 the MVTA Bond Board issued the 2013 Gross Revenue Bonds in the amount of $5,900,000.The Bond Board is reported as a blended component unit because the Minnesota Valley Transit Authority appoints a voting majority of the Bond Board and its purpose is to issue bonds on behalf of the Minnesota Valley Transit Authority.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the Authority. The Authority 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Motor Vehicle Sales Taxes (MVST) and other items not included among program revenues are reported instead as *general revenues*. Internally dedicated revenues are reported as general revenues rather than programs.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. MVST, which replaced property taxes as a major source of revenue 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.

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, the Authority considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal 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, passenger fares, interest and grant funding associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental funds:

> The G*eneral Fund* is the Authority's only operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in the Capital Projects Fund or the Debt Service Fund.
>
> The *Capital Projects Fund* accounts for financial resources to be used to acquire transit vehicles, complete transit vehicle repairs that extend its useful life, acquire and construct transit facilities, install major facility improvements and acquire major transit related equipment. The Capital Projects Fund is used to account for funds received through the Metropolitan Council, Minnesota Department of Transportation (MnDOT) and other agencies along with funds transferred from the General Fund that pay for the above listed assets.
>
> The *Debt Service Fund* accounts for the debt service payments relating to the 2013 Gross Revenue Bonds.

In 2001, the Minnesota Legislature amended the transit funding statute. The amendment eliminated property taxes as a source of funding for transit systems and dedicated a portion of the MVST revenues for this purpose instead. These funds were appropriated to the Metropolitan Council. The Metropolitan Council is then mandated to provide the requested financial assistance to the opt-out transit systems.

On November 7, 2006, the citizens of Minnesota authorized changing the Minnesota Constitution to dedicate 100% of MVST revenues for transportation purposes. In 2007, the Minnesota State Legislature passed enabling legislation needed to implement this change. The legislation changed the existing deposit of MVST revenues in Minnesota Statutes 297B.09, subdivision 1 to provide a five year phase-in dedicating 60% of MVST revenue to the Highway User Tax Distribution Fund (HUTDF) for roadway purposes and 40% of MVST revenue to a transit assistance fund. The Transit Assistance Fund was split into two accounts, with 36% of MVST for metropolitan transit programs and 4% of MVST for Greater Minnesota Transit programs. The enabling legislation stated the Authority, along with the other opt-out providers, were guaranteed the same percentage of MVST they had been receiving prior to the Constitutional Amendment. The law does not outline how the supplemental MVST funds should be distributed by the Met Council within the metropolitan area. However, the Met Council has created a procedure that distributes these additional MVST funds based on regional priorities. The Council's Regional Operating Revenue Allocation Procedure establishes the process to distribute supplemental MVST revenue among regional transit providers and establishes minimum and maximum reserve (fund balance) levels. The procedure prioritizes the use of funds as follows: (1) preserve existing services, (2) ensure adequate fund balances among providers (25% for suburban transit providers), and (3) expand transit services based on regional priorities.

Capital funding contracts between the federal government, MnDOT, the Metropolitan Council and the Authority 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 the Authority's policy to use restricted resources first then unrestricted resources as they are needed.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the Authority. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. BUDGETARY INFORMATION

The Authority annually prepares an operating budget for the General Fund. The budget is prepared on a basis consistent with U.S. generally accepted accounting principles. State statutes define the source, method and allocation of a major portion of its fund. Budget amounts are amended only upon approval of the authority's Board of Commissioners. Budgeted amounts in the financial statements are as originally adopted or as amended. Budget expenditure appropriations lapse at year end.

The Authority does not prepare a budget for the Capital Projects Fund. Instead, individual capital project budgets are prepared for existing and potential capital assets for a five-year period. Funding sources along with the timing of funding agreements (appropriations), revenue recognition and project expenditures are budgeted for each project.

E. CASH AND INVESTMENTS

DEPOSITS

The Authority's cash is considered to be cash on hand, deposits and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition.

The Authority has not formally adopted a deposit and investment policy to address the risks described on the following page but has limited itself to deposits and investments allowed under Minnesota Statutes. Minnesota Statutes requires all deposits with financial institutions be collateralized in an amount equal to 110% of deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments for the Authority are reported at fair value. The Minnesota Municipal Money Market Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The reported value of the pool is the same as the fair value of the pool shares.

F. RECEIVABLES AND PAYABLES

Receivables include amounts due from the State of Minnesota through the Metropolitan Council for state appropriations, MVST collected but not received, the Metropolitan Council for passenger fares and various capital grants and other local receivables. No allowance for doubtful accounts has been deemed necessary.

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

G. 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.

H. INVENTORY

Fuel inventory totaled $32,766 and parts inventory totaled $10,217 at December 31, 2013, and both are accounted for using the purchases method. Inventory is valued based on weighted average prices for fuel and parts purchased during December 2013.

I. CAPITAL ASSETS

Capital assets, which include property, facilities equipment, intangibles and transit vehicles, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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.

The property, plant and equipment of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30
Building improvements	10-20
Furniture and fixtures	3-15
Vehicles	5-12
Lease Improvements	10-35

J. COMPENSATED ABSENCES

Authority employees earn vacation time based on years of service with a maximum accrual at one-half times their annual vacation time. Upon termination, employees will receive compensation for unused vacation time. Sick leave is accumulated for all regular full-time employees at a rate of one day per calendar month with no maximum. Upon termination sick leave is converted into cash and deposited into employees HCSP account at a maximum of 150% of the employees' current-year sick leave balance, not to exceed 144 hours. Vacation and sick leave benefits are recorded as expenditures in governmental funds only when the obligations have matured and are reflected as a liability in governmental funds for employees that have retired but have yet to receive their entire compensated absence balance. Compensated absences are recorded as expenses in governmental activities when earned. The Authority treats its compensated absences on a first-in – first-out basis.

K. 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 fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

L. FUND BALANCE CLASSIFICATIONS

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable - consists of amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the Authority's Board. The committed amounts cannot be used for any other purpose unless the Authority's Board removes or changes the specified use by resolution.

Assigned- consists of amounts intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed:

- In governmental funds other than the General Fund, assigned fund balances represent the remaining fund balance that is not restricted or committed.
- In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Currently, no individual has been delegated this authority because no fund balance is assigned in the General Fund.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the Authority's 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 the Authority's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

M. NET POSITION

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

N. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

O. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. MVTA has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, 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. MVTA has no items that qualify for reporting in this category.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

As of December 31, 2013, the Authority had $315 of petty cash on hand.

B. INVESTMENTS

As of December 31, 2013, the Authority had the following investments and maturities:

Investment Type	Rating	Total	Maturity Less Than 1 Year	Maturity 1-2 Years
Mutual funds	AAAm	$1,565,076	$1,565,076	$ -
External investment pool - 4M Fund	N/R	3,621,380	3,621,380	-
Total investments		$5,186,456	$5,186,456	$0
Total investments				$5,186,456
Petty cash				315
Total cash and investments				$5,186,771

N/R - not rated

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

Cash and investments	$3,621,695
Restricted cash	1,565,076
Total deposits and investments	$5,186,771

In accordance with Minnesota Statutes, the Authority maintains deposits at those depository banks authorized by the Authority Board, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all Authority deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Securities in which the Authority may invest include governmental bonds, notes, bills, mortgages and other securities which are direct obligations or are guaranteed or insured issues of the U.S., its agencies, its instrumentalities or organizations created by an act of Congress. Safety of principal is the Authority's foremost investment objective. The Authority may also invest in general obligation (G.O.) or revenue bonds of the State of Minnesota or Minnesota Municipalities provided the G.O. bonds are rated AA or better for states and AAA or better for political subdivisions and revenue bonds are rated AAA or better for both. Time deposits are allowed, provided they are fully insured by the FDIC. Also allowed is commercial paper maturing in 270 days or less and rated within the top two categories without gradation by either Standard & Poor's (S&P) or Moody's.

INVESTMENT RISKS

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. State statutes require that insurance, surety bonds or collateral protect all Authority deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2013, the Authority did not have amounts on deposit.

Interest rate risk – Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

The Authority's exposure to interest rate risk is limited due to the shorter-term nature of the 4M Fund's holdings.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to those listed in Note 2B. The Authority's investment policy does not place further restrictions on investment options.

Investment Type	Rating	Credit Organization
Mutual funds	AAAm	Standard & Poor's

The 4M Fund is an external investment pool not registered with the SEC that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares.

Concentration of credit risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Authority places no limit on the amount the Authority may invest in any one issuer. The Authority does not have exposure to a single issuer that equals or exceeds 5% of the overall portfolio and therefore there is no concentration of credit risk.

Custodial credit risk – investments – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the Authority will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and mutual funds are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The Authority's financial management plan states the Authority's goal is to maximize yield while providing cash flow to meet expenditure needs.

Note 3 CAPITAL ASSETS

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

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$9,301,922	$587,004	$ -	$9,888,926
Construction in progress	2,986,501	10,414,133	(4,823,229)	8,577,405
Total capital assets, not being depreciated	12,288,423	11,001,137	(4,823,229)	18,466,331
Capital assets, being depreciated:				
Land improvements	24,764,524	689,635	-	25,454,159
Buildings and improvements	23,113,530	472,393	-	23,585,923
Transit vehicles	1,000,289	-	(104,868)	895,421
Furniture and equipment	2,689,156	271,620	(55,706)	2,905,070
Total capital assets, being depreciated	51,567,499	1,433,648	(160,574)	52,840,573
Less accumulated depreciation for:				
Land improvements	8,439,317	959,696	-	9,399,013
Buildings and improvements	8,146,848	1,046,603	-	9,193,451
Transit vehicles	757,528	154,286	(104,415)	807,399
Furniture and equipment	1,561,240	223,633	(46,486)	1,738,387
Total accumulated depreciation	18,904,933	2,384,218	(150,901)	21,138,250
Total capital assets being depreciated - net	32,662,566	(950,570)	(9,673)	31,702,323
Governmental activities capital assets - net	$44,950,989	$10,050,567	($4,832,902)	$50,168,654

Depreciation expense was charged to functions/programs of the Authority as shown on the following page.

Governmental activities:	
Transit operations	$206,660
Facilities management	2,151,869
Administration	25,689
Total depreciation expense - governmental activities	$2,384,218

The Authority has an agreement with the Metropolitan Council for use of Council vehicles. The gross value and net value of these assets is $43,713,199 and $13,913,080, respectively. The assets are not included in the Authority's capital assets as disclosed above.

During 2013, $2,733,910 of construction in progress was contributed to the Metropolitan Council and $134,630 was expensed.

Note 4 LONG-TERM DEBT

The Authority issues long-term debt to finance the construction of transit structures and buildings.

A. GOVERNMENTAL ACTIVITES

As of December 31, 2013, the long-term debt of the financial reporting entity consisted of the following:

	Issue Date	Final Maturity Date	Authorized and Issued	Interest Rate	Outstanding 12/31/13
Governmental activities:					
Gross Revenue Bonds, Series 2013	8/6/13	6/1/28	$5,900,000	0.75% - 4.5%	$5,900,000
Compensated absences payable	N/A	N/A	N/A	N/A	82,386
Total governmental activities					$5,982,386

	Governmental Activities General Obligation Bonds of 2003	
	Principal	Interest
2014	$280,000	$206,200
2015	325,000	201,900
2016	335,000	195,300
2017	340,000	186,850
2018	350,000	176,500
2019-2023	1,930,000	698,000
2024-2028	2,340,000	268,250
	$5,900,000	$1,933,000

On August 6, 2013, the Authority issued the $5,900,000 Gross Revenue Bonds with an average interest rate of 3.98% to finance a portion of the Eagan Bus Garage expansion project. The bond principal and interest payments are secured primarily by motor vehicle sales taxes, passenger fares, and pass-through federal funds.

CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Gross Revenue Bonds, Series 2013	$ -	$5,900,000	$ -	$5,900,000	$280,000
Compensated absences	32,797	49,589	-	82,386	30,831
Subtotal	32,797	5,949,589	0	5,982,386	$310,831
Unamortized premium on bonds	-	79,131	(1,788)	77,343	
Total	$32,797	$6,028,720	($1,788)	$6,059,729	

B. REVENUES PLEDGED

The 2013 Gross Revenue Bonds are limited obligations of the Authority payable from a portion of the Authority's gross revenue earned on the services provided. Total principal and interest remaining to be paid on the bonds is $7,833,000. For the current year, principal, interest paid and gross revenues transferred into the debt service fund totaled $0, $66,204 and $222,475, respectively.

Note 5 PENSION PLANS

A. PLAN DESCRIPTION

All full-time and certain part-time employees of the Authority are covered by a defined benefit plan 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 Statute*, Chapters 353 and 356.

GERF members (MVTA employees) belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. 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.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the internet at www.mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651)296-7460 or 1-800-652-9026.

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. The Authority 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 2013. The Authority was required to contribute 7.25% for Coordinated Plan GERF members. The Authority's contributions to the General Employees Retirement Fund for the years ending December 31, 2013, 2012 and 2011 were $67,111, $63,313 and $62,275, respectively. The Authority's contributions were equal to the contractually required contributions for each year as set by state statute.

Note 6 INTERFUND ACTIVITY

A. DUE TO/FROM OTHER FUNDS

At December 31, 2013 due to/from other funds for the Authority were as follows:

Fund Type and Fund	Due from Other Funds	Due to Other Funds
General Fund	$461,240	$ -
Capital Projects Fund	-	461,240
Total	$461,240	$461,240

Interfund receivables/payables are representative of lending/borrowing arrangements to cover temporary negative cash balances.

B. TRANSFERS

Transfers during the year ended December 31, 2013 included a transfer from the General Fund to the Capital Projects Fund in the amount of $632,180. This transfer is performed to account for the Authority's local share for federal and state grants. The Authority also made a transfer from the General Fund to the Debt Service Fund in the amount of $222,475. This transfer is performed to cover the annual debt service payments.

Note 7 CONTINGENCIES

FEDERAL AND STATE FUNDS

The Authority receives financial assistance from federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Authority at December 31, 2013.

Note 8 FUND BALANCE

A. CLASSIFICATIONS

At December 31, 2013, a summary of the governmental fund balance classifications are as follows:

	General Fund	Capital Projects	Debt Service	Total
Nonspendable:				
Prepaid items	$51,473	$ -	$ -	$51,473
Inventory	42,983	-	-	42,983
Restricted:				
Debt service	-	-	690,917	690,917
Committed to:				
Insurance reserves	81,446	-	-	81,446
Unassigned	5,657,212	-	-	5,657,212
Total	$5,833,114	$0	$690,917	$6,524,031

B. MINIMUM UNASSIGNED FUND BALANCE POLICY

The Authority has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund.

The policy states the Authority will maintain an unreserved fund balance in the General Fund at a minimum of 4 months of operating expenditures. This will provide the Authority with funds to meet both unexpected fluctuations in its revenues and to fund capital expenditures before reimbursement. At December 31, 2013, unassigned fund balance was sufficient to cover 2.8 months of 2014 budgeted expenditures (excluding amounts budgeted for contingency). The Metropolitan Council, however, through its “Regional Transit Operating Revenue Allocation Procedure,” has set the minimum fund balance level to be 3 months of budgeted operating expenditures.

Note 9 COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Authority carries commercial insurance policies. The Authority retains risk for the deductible portions of the insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

B. COMMITMENTS

The Authority has contract commitments at December 31, 2013. The amount of these commitments were as follows:

Project	Vendor	Contract	Work-to-Date as of 12-31-13	Remaining
Lawn Care	Carefree Services, Inc.	$13,412	$3,815	$9,597
Lawn Care	Reliable Property Services, Inc.	24,476	7,960	16,516
Lawn Care	Outdoor Images, Inc.	74,632	23,102	51,530
Irrigation System Services	Wagner Sod Co. and Landscaping, Inc.	13,000	6,444	6,556
Sweeping	Carefree Services, Inc.	13,745	4,469	9,276
Security System Monitoring	SRSI	6,500	3,747	2,753
Security/Fire/Elevator System Monitoring	TransAlarm	16,000	10,359	5,641
Eagan Bus Garage Design	BWBR	992,305	889,018	103,287
Eagan Bus Garage Construction	Morcon Con	6,725,304	5,739,965	985,339
Eagan Bus Garage Construction Testing	Terracon	27,500	13,738	13,762
Bus Technology Procurement/Installation	RouteMatch	1,415,239	961,243	453,996
Operations and Maintenance Provider[1]	Schmitty and Sons Transit, Inc.	30,049,350	14,685,730	15,363,620

1 - Contract was extended for 2 years (2013/2014), contract may also be terminated with a 30 day written notice

C. LITIGATION

The Authority attorney has indicated that existing and pending lawsuits, claims and other actions in which the Authority is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the Authority's management, remotely recoverable by plaintiffs.

Note 10 OPERATING LEASES - LESSOR

The Authority receives revenue from an agreement for a land lease. The lease is for land that is owned by the Authority at the Eagan Transit Facility and is leased by a tenant who built a building on the land. The term of the lease is thirty years. The lease calls for monthly payments increasing 10% every five years. Total lease revenue for the year ended December 31, 2013 was $52,887.

Future minimum lease payments to be received are as follows:

2014	$43,732
2015	43,732
2016	44,096
2017	48,105
2018	48,105
2019-2023	254,957
2024-2028	276,443
2029-2030	116,414
Total	$875,584

Note 11 CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2013, the City implemented GASB Statements No. 61 and 65. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB No. 14 and No.34* modifies certain requirements for inclusion of component units in the financial reporting entity and also amends the criteria for reporting component units as if they were part of the primary government (i.e. blending). GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* resulted in a change in the accounting related to bond issuance costs. Prior to GASB 65, bond issuance costs were capitalized and amortized over the life of the bond. GASB 65 requires the expensing of issuance costs (excluding bond insurance) in the year of issuance.

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III. STATISTICAL SECTION (UNAUDITED)

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MINNESOTA VALLEY TRANSIT AUTHORITY
Burnsville, Minnesota

STATISTICAL SECTION
December 31, 2013
(Unaudited)

This part of MVTA's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about MVTA'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 MVTA'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 the MVTA's most significant local revenue source, Motor Vehicle Sales Taxes (MVST). 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. MVTA no longer receives any property tax.

Debt Capacity – These schedules present information to help the reader assess the affordability of MVTA's current level of outstanding debt and MVTA'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 MVTA'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 MVTA's financial report relates to the services the government provides and the activities it performs.

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

Sources: Unless otherwise noted, the information in these schedules is derived from the CAFR for the relevant year. MVTA implemented GASB Statement No. 34 in calendar year 2003. MVTA has chosen to provide information for that year forward. Ultimately, these schedules will contain information for the last 10 years unless otherwise available.

MINNESOTA VALLEY TRANSIT AUTHORITY
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	$21,608,828	$26,503,958	$25,846,949	$24,924,761
Restricted	28,934	920,893	34,724	55,250
Unrestricted	5,781,256	4,561,838	6,180,970	8,097,133
Total governmental activites net position	$27,419,018	$31,986,689	$32,062,643	$33,077,144

Source: Minnesota Valley Transit Authority financial records

Table 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
$26,027,553	$40,828,213	$45,653,791	$44,279,184	$44,950,989	$45,045,599
68,060	125,190	-	-	-	690,917
8,384,180	7,715,117	5,608,711	5,257,050	5,259,284	4,878,886
$34,479,793	$48,668,520	$51,262,502	$49,536,234	$50,210,273	$50,615,402

MINNESOTA VALLEY TRANSIT AUTHORITY
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Expenses:				
Governmental activities:				
Transit operations	$10,484,373	$13,000,000	$16,467,122	$15,424,261
Facilities management	1,654,152	1,746,573	2,405,597	2,351,076
Administration	1,105,733	974,181	1,063,509	1,188,460
Interest on long-term debt	-	-	-	-
Total expenses	$13,244,258	$15,720,754	$19,936,228	$18,963,797
Program revenues:				
Governmental activities:				
Charges for services:				
Passenger fares	$3,413,536	$3,916,617	[1] $4,567,636	$4,751,464
Ground lease	-	58,556	[3] 66,368	81,419
Operating grants and contributions	-	2,000	413,208	400,000
Capital grants and contributions	5,690,829	6,903,646	4,769,196	2,978,519
Total program revenue	$9,104,365	$10,880,819	$9,816,408	$8,211,402
Net expense	($4,139,893)	($4,839,935)	($10,119,820)	($10,752,395)
General revenue:				
Property taxes	486	3,755	1,005	-
Motor vehicle sales tax	9,333,045	8,834,857	8,492,543	8,655,276
State appropriations	-	396,450	794,058	1,937,876
Revenues not restricted to specific programs	165,720	20,064	[3] 635,218	940,305
Special item	(13,704,620) [2]	-	-	-
Unrestricted investment earnings	52,001	152,480	272,950	233,439
Total general revenue	(4,153,368) [2]	9,407,606	10,195,774	11,766,896
Change in net position	($8,293,261)	$4,567,671	$75,954	$1,014,501

[1] This amount includes passenger fares, and other revenue

[2] During 2004, the Authority transferred the title for transit vehciles that were funded through various grants to the Metropolitan Council (MC). The Authority then entered into a lease agreement with MC for these same vehicles at $1 per year. The effect of this transaction removed from the Authority's accounting records transit vehicles totaling $14,903,662 with accumulated depreciation of $1,199,042.

[3] Reclassed ground lease from revenues not restricted to specific programs to charges for services - ground lease

Source: Minnesota Valley Transit Authority financial records

Table 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
$13,212,646	$16,962,891	$14,961,494	$14,957,334	$20,390,062	$20,455,244
2,392,995	2,368,947	3,477,891	3,804,151	3,911,843	3,761,195
1,471,802	1,529,303	1,534,782	1,537,590	1,655,153	1,780,013
-	-	23,260	-	-	81,970
$17,077,443	$20,861,141	$19,997,427	$20,299,075	$25,957,058	$26,078,422
$4,980,101	$4,835,590	$4,738,480	$5,019,866	$4,927,964	$5,179,965
58,895	50,734	52,379	51,473	53,127	52,887
453,417	469,058	514,196	793,160	676,608	2,431,037
1,991,425	20,592,499	7,831,731	1,543,237	8,264,614	4,394,557
$7,483,838	$25,947,881	$13,136,786	$7,407,736	$13,922,313	$12,058,446
($9,593,605)	$5,086,740	($6,860,641)	($12,891,339)	($12,034,745)	($14,019,976)
-	-	-	-	-	-
9,443,437	8,592,596	9,378,089	11,139,660	12,674,238	14,362,363
1,358,270	463,876	-	-	-	-
25,695	27,118	73,797	24,802	33,898	61,970
-	-	-	-	-	-
168,852	18,397	2,017	609	648	772
10,996,254	9,101,987	9,453,903	11,165,071	12,708,784	14,425,105
$1,402,649	$14,188,727	$2,593,262	($1,726,268)	$674,039	$405,129

MINNESOTA VALLEY TRANSIT AUTHORITY
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
General Fund:				
Reserved	$28,934	$920,893	$34,724	$55,250
Unreserved	5,825,849	4,586,094	6,180,970	8,115,856
Nonspendable	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	$5,854,783	$5,506,987	$6,215,694	$8,171,106
Capital Projects Fund:				
Reserved	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-
Unassigned	-	-	-	-
Total Capital Projects Fund	$0	$0	$0	$0
Debt Service Fund:				
Restricted	$ -	$ -	$ -	$ -
Total Debt Service Fund	$0	$0	$0	$0
Subsequent years' budgeted expenditures	$14,308,954	$15,441,880	$15,500,849	$16,452,501
Months of expenditures in Unreserved/Unassigned Fund Balance	4.89	3.56	4.79	5.92

Source: Minnesota Valley Transit Authority financial records

Note: GASB 54 implemented in 2011 changing fund balance designations

Table 3

Fiscal Year					
2008	2009	2010	2011	2012	2013
$6,280,162	$125,190	$37,241	$ -	$ -	$ -
2,191,391	7,739,062	5,598,373	-	-	-
-	-	-	41,340	50,108	94,456
-	-	-	67,075	80,841	81,446
-	-	-	5,172,037	5,161,133	5,657,212
$8,471,553	$7,864,252	$5,635,614	$5,280,452	$5,292,082	$5,833,114
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
$0	$0	$0	$0	$0	$0
$ -	$ -	$ -	$ -	$ -	$690,917
$0	$0	$0	$0	$0	$690,917
$15,918,949	$16,762,059	$18,572,716	$19,499,432	$22,196,963	$24,338,380
1.65	5.54	3.62	3.18	2.79	2.79

MINNESOTA VALLEY TRANSIT AUTHORITY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
General property tax	$9,367	$3,755	$1,005	$ -
Intergovernmental revenue	15,023,874	16,136,952	15,049,756	14,891,742
Passenger fares	3,413,536	3,834,235	4,452,966	4,650,501
Miscellaneous:				
Investment income	52,001	152,480	272,950	233,439
Miscellaneous	165,720	161,002	235,505	202,616
Total revenues	18,664,498	20,288,424	20,012,182	19,978,298
Expenditures:				
Current:				
Transit operations	10,224,017	11,357,812	12,040,297	12,328,812
Facilities management	270,839	630,086	944,394	831,364
Administration	1,349,148	992,945	1,210,265	1,181,793
Total current	11,844,004	12,980,843	14,194,956	14,341,969
Debt service:				
Principal	225,000	235,000	400,000	400,000
Interest and other charges	92,466	83,457	74,644	61,434
Issuance expense	-	-	-	-
Capital outlay	5,247,792	7,336,920	4,612,987	3,240,371
Total expenditures	17,409,262	20,636,220	19,282,587	18,043,774
Revenue over (under) expenditures	1,255,236	(347,796)	729,595	1,934,524
Other financing sources (uses):				
Bond issuance	-	-	-	-
Bond premium	-	-	-	-
Transfers in	443,037	433,274	195,972	175,831
Transfers out	(443,037)	(433,274)	(195,972)	(175,831)
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	1,255,236	(347,796)	729,595	1,934,524
Fund balance - beginning of year	4,599,547	5,854,783	5,506,987	6,236,582
Fund balance - end of year	$5,854,783	$5,506,987	$6,236,582	$8,171,106
Debt service as a percent of noncapital expenditures	2.6%	2.4%	3.2%	3.1%

Source: Minnesota Valley Transit Authority financial records

Table 4

Fiscal Year					
2008	2009	2010	2011	2012	2013
$20,843	$ -	$ -	$ -	$ -	$ -
13,242,170	29,998,610	13,130,718	13,476,057	21,602,823	21,187,957
4,980,100	4,835,590	4,738,480	5,019,866	4,927,964	5,179,965
168,852	18,397	2,017	609	648	772
77,956	91,931	126,176	76,275	87,025	114,857
18,489,921	34,944,528	17,997,391	18,572,807	26,618,460	26,483,551
13,021,496	12,698,070	13,908,956	14,708,445	15,343,140	17,509,083
886,379	951,232	1,139,106	1,063,229	1,028,427	1,416,694
1,442,103	1,472,106	1,480,585	1,569,645	1,611,238	1,714,685
15,349,978	15,121,408	16,528,647	17,341,319	17,982,805	20,640,462
400,000	400,000	330,000	-	-	-
44,948	27,192	10,296	-	-	66,204
-	-	-	-	-	202,632
2,394,548	20,003,229	3,357,086	1,586,650	8,624,026	10,321,434
18,189,474	35,551,829	20,226,029	18,927,969	26,606,831	31,230,732
300,447	(607,301)	(2,228,638)	(355,162)	11,629	(4,747,181)
-	-	-	-	-	5,900,000
-	-	-	-	-	79,131
441,564	483,929	26,575	43,413	372,049	854,655
(441,564)	(483,929)	(26,575)	(43,413)	(372,049)	(854,655)
0	0	0	0	0	5,979,131
300,447	(607,301)	(2,228,638)	(355,162)	11,629	1,231,950
8,171,106	8,471,553	7,864,252	5,635,614	5,280,452	5,292,081
$8,471,553	$7,864,252	$5,635,614	$5,280,452	$5,292,081	$6,524,031
2.8%	2.7%	2.0%	0.0%	0.0%	0.3%

MINNESOTA VALLEY TRANSIT AUTHORITY
RATIOS OF OUTSTANDING DEBT BY TYPE **Table 5**
Last Ten Fiscal Years
(Unaudited)

	Governmental Activities						
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Gross Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita Personal Income (2)
2004	$ -	$ -	$ -	$2,165,000	$2,165,000	0.026%	$57
2005	-	-	-	1,930,000	1,930,000	0.022%	49
2006	-	-	-	1,530,000	1,530,000	0.017%	38
2007	-	-	-	1,130,000	1,130,000	0.012%	26
2008	-	-	-	730,000	730,000	0.007%	17
2009	-	-	-	330,000	330,000	0.003%	8
2010	-	-	-	-	-	*	*
2011	-	-	-	-	-	*	*
2012	-	-	-	-	-	*	*
2013	-	-	5,900,000	-	5,900,000	0.054%	122 (3)

Source: Minnesota Valley Transit Authority financial records

(1) See Demographic and Economic Statistics Personal Income
(2) See Demographic and Economic Statistics Per Capita Personal Income
(3) Calculations completed using prior year demographic data
* Not applicable

MINNESOTA VALLEY TRANSIT AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS **Table 6**
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population(1)	Per Capita Personal Income (2)	Personal Income (thousands of dollars) (3)	K-12 Enrollment (4)	Unemployment Rate (5)
2004	217,822	$38,236	$8,328,533	39,255	3.7
2005	221,039	39,631	8,759,997	38,960	3.4
2006	221,660	40,984	9,084,403	38,617	3.2
2007	224,165	43,120	9,665,883	38,369	3.7
2008	224,716	44,341	9,964,132	37,974	4.5
2009	224,207	42,434	9,514,000	37,679	7.1
2010	222,381	43,868	9,755,410	37,415	6.6
2011	224,207	45,430	10,185,612	37,446	5.7
2012	225,864	48,539	10,963,100	37,209	5.0
2013	*	*	*	36,950	4.4

Data sources:
(1) Population: Metropolitan Council Population Estimates.
(2) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce.
(3) These figures are derived by multiplying the population figure times the average of Dakota and Scott County's per capita income figures from the Bureau of Economic Analysis.
(4) School enrollment is in ISD# 191 (Burnsville-Savage) and ISD# 196 (Rosemount-Eagan-Apple Valley). Data is compiled by the MN Department of Education.
(5) Minnesota Department of Economic Development.

* Information is not available

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MINNESOTA VALLEY TRANSIT AUTHORITY
PRINCIPAL EMPLOYERS **Table 7**
Current Year and Nine Years Ago

Employer	2013 Employees	Rank	Percentage of Total Cities Employment	2004 Employees	Rank	Percentage of Total Cities Employment
Thomson Reuters	7,700	1	6.6%	7,000	1	6.5%
Blue Cross and Blue Shield	3,250	2	2.8%	3,000	2	2.9%
U.S. Postal Service	2,000	3	1.7%	680	-	0.7%
Burnsville Public Schools - ISD # 191	1,600	4	1.4%	1,500	5	1.5%
Ecolab	1,500	5	1.3%	-	-	0.0%
Independent School District # 196	1,418	6	1.2%	1,913	3	1.9%
United Parcel Service	1,400	7	1.2%	1,435	6	1.4%
Fairview Ridges Hospital	1,400	8	1.2%	1,400	7	1.4%
Flint Hills Resources Refinery	1,200	9	1.0%	-	-	0.0%
Goodrich Sensors and Integrated Systems	950	10	0.8%	800	10	0.8%
Lookheed-Martin Tactical Defense Systems	-	-	0.0%	1,750	4	1.7%
Northwest Airlines	-	-	0.0%	1,100	8	1.0%
Cray Research	-	-	0.0%	900	9	-
Total principal employees	22,418		19.2%	21,478		19.8%
Total employees in cities	116,838		100.0%	108,585		100.0%

Sources:
2013 CAFR for Dakota County and Cities of Apple Valley Burnsville, Eagan, Rosemount and Savage
(State of Minnesota Department of Employment and Economic Development)
Met Council (Minnesota Community Profile)

MINNESOTA VALLEY TRANSIT AUTHORITY
FULL-TIME EQUIVALENT MVTA EMPLOYEES BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
Function	2004	2005	2006	2007
Transit operations	4.0	4.0	4.0	4.2
Facilities management	1.0	1.0	1.0	1.0
Administration	3.0	3.0	3.0	3.1
Total	8.0	8.0	8.0	8.3

Source: Minnesota Valley Transit Authority personnel records

Table 8

Fiscal Year					
2008	2009	2010	2011	2012	2013
5.3	6.0	6.0	6.5	6.0	5.9
1.0	1.0	1.0	1.0	1.0	1.0
4.0	4.0	4.0	4.0	4.0	4.6
10.3	11.0	11.0	11.5	11.0	11.5

MINNESOTA VALLEY TRANSIT AUTHORITY
OPERATING STATISTICS
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
System ridership:				
Minneapolis express	1,421,268	1,440,539	1,538,373	1,612,356
St. Paul express	138,683	154,502	163,791	166,936
Red Line BRT	-	-	-	-
Local	313,464	406,340	479,214	518,589
Reverse commute	30,191	33,391	44,679	45,864
Weekend	47,423	62,495	79,845	84,183
State Fair	18,806	34,378	31,316	42,104
Total system ridership	1,969,835	2,131,645	2,337,218	2,470,032
Vehicle revenue hours:				
Fixed route	89,060	93,795	100,192	101,366
Special events	**	**	**	**
Vehicle revenue miles:				
Fixed route	1,935,998	2,022,095	2,126,789	2,147,863
Special events	**	**	**	**

** Special Events Hours and Miles were not available for 2004 - 2008

Source: Various governmental reports

Table 9

Fiscal Year					
2008	2009	2010	2011	2012	2013
1,674,840	1,535,786	1,518,411	1,563,162	1,549,198	1,585,161
190,215	182,386	189,350	193,969	179,435	186,095
-	-	-	-	-	130,733
592,093	540,714	552,850	633,963	646,467	610,617
48,327	44,911	49,920	49,236	55,055	58,647
90,570	85,127	84,317	94,979	96,256	92,328
42,838	42,088	43,085	52,874	48,952	42,835
2,638,883	2,431,012	2,437,933	2,588,183	2,575,363	2,706,416
104,223	118,125	121,541	121,286	120,829	136,014
**	1,088	1,128	982	1,055	1,059
2,216,734	2,276,781	2,420,433	2,455,288	2,451,467	2,800,574
**	25,823	27,081	24,653	26,173	26,002

MINNESOTA VALLEY TRANSIT AUTHORITY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year 2004	2005	2006	2007
Transit operations:				
Transit revenue vehicles - #	108	108	112	112
Maximum # of rev. vehicles in operation	84	83	86	90
Facilites management:				
Transit stations - #	3	3	3	4
Transit stations - # of parking spaces	2,704	2,704	2,704	2,962
Park & rides - # owned	3	3	3	3
Park & rides - # leased	2	2	1	1
Park & rides - # of parking spaces	1,248	1,248	1,213	1,213
Bus garages - #	1	2	2	2
Bus garages - bus storage capacity	40	100	100	100
Bus garages - # of maintenance bays	4	12	12	12

Source: Various MVTA departments

Table 10

Fiscal Year					
2008	2009	2010	2011	2012	2013
112	116	118	118	124	128
91	96	99	99	99	105
4	4	5	5	6	6
2,962	2,962	3,226	3,226	3,348	3,348
3	3	3	3	3	3
2	2	2	2	1	1
1,288	1,288	1,288	1,288	1,213	1,213
2	2	2	2	2	2
100	100	100	100	100	100
12	12	12	12	12	12

MINNESOTA VALLEY TRANSIT AUTHORITY
OPERATING STATISTICS **Table 11**
FAREBOX RECOVERY PERCENTAGE AND FARE STRUCTURE
Last Ten Fiscal Years
(Unaudited)

As of December 31, 2013

FAREBOX RECOVER PERCENTAGE

Year	Percentage
2004……………………..	28.1%
2005……………………..	28.8%
2006……………………..	30.4%
2007……………………..	31.4%
2008……………………..	31.5%
2009……………………..	31.1%
2010……………………..	27.9%
2011……………………..	28.9%
2012……………………..	27.4%
2013……………………..	25.0%

Definition: passenger fare revenue divided by general fund expenditures

FARE STRUCTURES
Express Routes (460-484 run Monday through Friday)

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

* When accompanied by paying adult (limit 3)

Local Routes (420-446, 489 run Monday through Friday), (441, 444, 445 run weekends)

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

* When accompanied by paying adult (limit 3)

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

Note: There have been no fare increases since 2008. Minnesota Valley Transit Authority does not have the ability to set fares. Fares are set for the region by Metropolitan Council.