# Minnesota Valley Transit Authority (MVTA)

## Comprehensive Annual Financial Report
## For Fiscal Year Ended December 31, 2015


Minnesota Valley Transit Authority

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# MINNESOTA VALLEY TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2015

**Prepared By:**
Finance Department

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**MINNESOTA VALLEY TRANSIT AUTHORITY**
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# I. INTRODUCTORY SECTION

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100 East Highway 13 Burnsville, Minnesota 55337 www.mvta.com MVTA Office 952-882-7500 Fax 952-882-7600

June 8, 2016

Honorable Chair and Members of the Board
Minnesota Valley Transit Authority

We are pleased to submit the Minnesota Valley Transit Authority (MVTA) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2015 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, Prior Lake, Rosemount, Savage and Shakopee and the Counties of Dakota and Scott for the purposes of providing public transit services to the Cities of Apple Valley, Burnsville, Eagan, Prior Lake, Rosemount, Savage and Shakopee 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 the Minnesota state law requiring 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. generally accepted accounting standards by a firm of licensed certified public accountants.

This report was prepared by MVTA's 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 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 Redpath and Company, 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, 2015 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion that MVTA's financial statements for the fiscal year ended December 31, 2015 are presented in conformity 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 withdrew in 2001 and rejoined in 2014) 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 were the only ones classified as "Parties") to the agreement.

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 then consisted 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.

In 2014, the Cities of Prior Lake and Shakopee approached MVTA to merge their transit services with that operated by MVTA. After much study and discussion, the Cities of Prior Lake and Shakopee entered into a consolidation agreement with MVTA. This agreement outlines the terms and conditions of the merger. At the same time, the MVTA board approved an amendment to the JPA. The amendment was formally adopted by all parties and became effective on September 9, 2014. There are now nine "Parties" to the JPA: the seven cities and two counties previously mentioned.

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 MVTA to the Executive Director who is the official custodian of these records. The Secretary/Treasurer also serves as the Chair of the Management Committee.

The Executive Director is appointed by the MVTA's Board of Commissioners to administer and supervise the day to day activities of the 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: to be a trusted partner in transportation, serving as an innovative leader in moving people to destinations.

In keeping with its vision and mission, MVTA provides fixed route transit services within the seven cities 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 Blue Line (light rail), 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 164 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 Management 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 Management Committee in August for its review and direction. In September, the Finance Officer presents the proposed preliminary budget to the Management Committee and then the Board for its approval. In October and November, 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, Prior Lake, Rosemount, Savage and Shakopee. 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 3.1%. It is considerably lower than the national average of 5.3% in 2015. 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 5.5% in 2015, providing approximately 2.97 million rides. As economic recovery continues in the Twin Cities metropolitan area, ridership on MVTA service is expected to continue to grow. Planned service expansions in the Cities of Rosemount, and Shakopee including further service to downtown St. Paul, along with a new suburb to suburb demonstration project will continue to attract riders.

Minnesota's first Bus Rapid Transit (BRT) line, the METRO Red Line, which opened on June 22, 2013 along the Cedar Avenue Transitway, completed its second full year of operation. The line 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. The start-up of the BRT line has already lead to transit-oriented development, both residential and retail, near the transit stations and stops including the Twin Cities Premium Outlets and multi-housing development.

### Operating Funds

In the fall of 2006, a constitutional amendment passed dedicating all Motor Vehicle Sales Tax (MVST) revenue to transportation, with 40% percent 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 Regionally 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 Regionally 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 Regionally 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 21.7% in five years – 2,437,933 in 2010 to 2,965,964 by the end of 2015. Approximately 1/3 of this increase was due to the addition of Prior Lake/Shakopee service. MVTA continues to supplement our service offerings to attract new passengers.

MVTA will continue to pursue its share of Regionally Allocated MVST while continuing to operate and maintain transit services that meet the needs of our communities. 2016 will be a challenging year as the Prior Lake/Shakopee service continues to be integrated with MVTA's current offerings and MVTA looks to the future with upcoming service expansions including a demonstration project that aims at carrying passengers from suburb to suburb instead of just into the downtown areas.

**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 2015 included the following:

- Completed construction of the Apple Valley Layover facility,
- Began and completed Burnsville Transit Station improvements, including mill and overlay of surface parking areas, relocation of the kiss and ride area, and construction of additional walkways,
- Continued deployment 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).

**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 unassigned 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 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.

**MAJOR INITIATIVES**

Dakota County Regional Railroad Authority, working in conjunction with MVTA and the Metropolitan Council has begun the second phase of the Cedar Avenue Transitway. An Implementation Plan Update (IPU) was finalized in December of 2015. The IPU includes currently programmed projects to occur in 2015 – 2020 and identifies projects that will occur based on outcomes of technical evaluations between 2020 and 2040. Capital projects programmed in MVTA's service area for 2015 – 2020 include Cedar Grove Online Station Construction and Apple Valley Transit Station Improvements. The construction of the Cedar Grove Online Station began on April 28th, 2016. A station platform will be built in the median of Highway 77 and will be connected by enclosed highway to the existing Cedar Grove Transit Station. The design is expected to reduce Red Line round trip travel time by 10 minutes.

The Cities of Prior Lake and Shakopee became official members of the MVTA with transfer of operations occurring on January 1, 2015. Since then, the MVTA: has expanded route 490 service from Prior Lake to serve the University of Minnesota, added route 493 from Marschall Road Transit Station in Shakopee to Minneapolis, improved local service in Shakopee based on a study regarding transit needs in northern Scott County, and expanded State Fair Express Bus Service hours. MVTA will continue to review the overall service plan (express, local, and unmet needs) and consider service adjustments based on the guiding principles created to oversee the consolidation process.

The Suburban Transit Authority (STA), in which MVTA is a member, received $2 million from the Minnesota State Legislature to operate a unique suburb-to-suburb bus demonstration project. This project will be able to connect riders to different suburbs without making transfers downtown. MVTA is revising service plans to begin operations in August 2016.

**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, 2014. This was the fifth 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 2015, MVTA was given two awards related to the merger with the Cities of Prior Lake and Shakopee. The American Public Transportation Association awarded the MVTA a first place prize in the 2015 Annual AdWheel competition for its "*News That Travels*" newsletter in the "Print Material" category. The AdWheel Awards honors outstanding excellence in public transportation advertising, marketing and communications. MVTA created a special edition newsletter to promote the merger of the MVTA with the cities of Prior Lake and Shakopee. Additionally, the MVTA received the "Partnership in Planning" award at the 2015 Minnesota American Planning Association Conference. The award was presented for MVTA's efforts to merge the existing five cities with the two additional cities of Prior Lake and Shakopee.

**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 Management 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,

| | |
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| Luther Wynder | Lois Spear |
| Executive Director | Finance Officer |

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Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

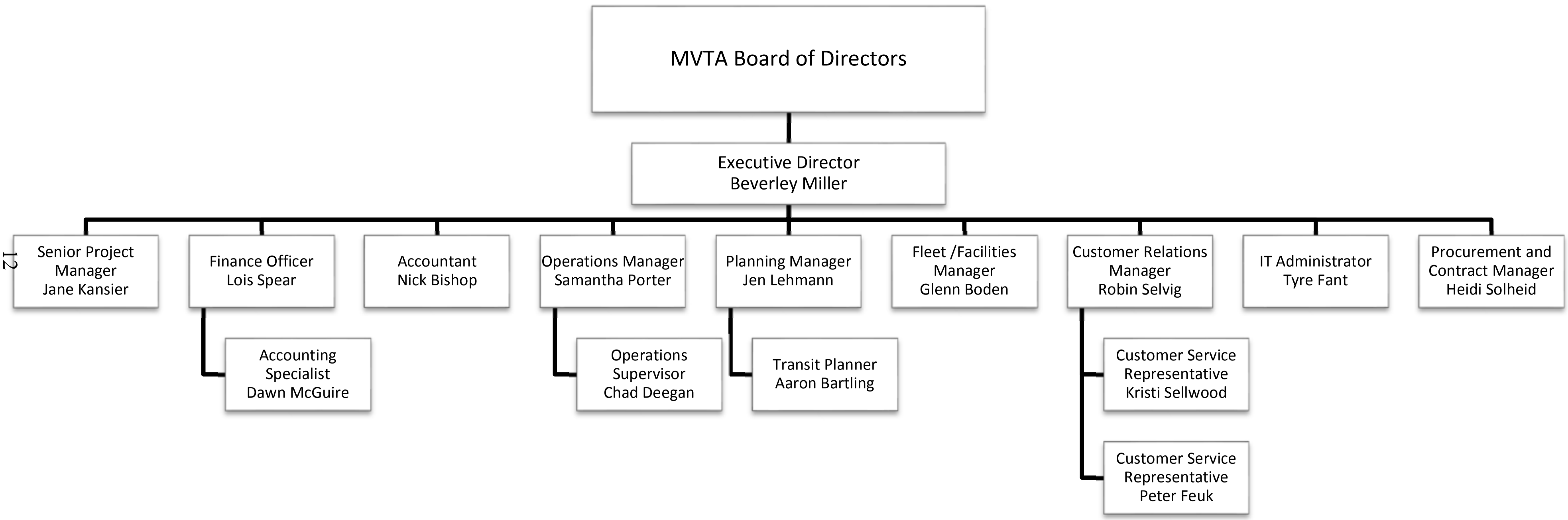
**Minnesota Valley Transit Authority**

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

# Minnesota Valley Transit Authority Organizational Chart
December 31, 2015



**MINNESOTA VALLEY TRANSIT AUTHORITY**
ELECTED AND APPOINTED OFFICIALS
December 31, 2015

| Elected Officials | Position | Community/County Represented | Term Expires |
|---|---|---|---|
| Clint Hooppaw | Chairperson | Apple Valley | * |
| Jon Ulrich | Vice Chairperson | Scott County | * |
| Jane Victorey | Secretary/ Treasurer | Savage | * |
| Gary Hansen | Board Member | Eagan | * |
| Chris Gerlach | Board Member | Apple Valley | * |
| William Droste | Board Member | Rosemount | * |
| Bill Coughlin | Board Member | Burnsville | * |
| Michael McGuire | Board Member | Prior Lake | * |
| Michael Luce | Board Member | Shakopee | * |

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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INDEPENDENT AUDITOR'S REPORT

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

***Report on the Financial Statements***

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, 2015, 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.

***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, 2015, and the respective changes in financial position and the respective 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***

As described in Note 13 to the financial statements, Minnesota Valley Transit Authority adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* for the year ended December 31, 2015. Our opinion is not modified with respect to this matter.

***Report on Summarized Comparative Information***

We have previously audited the Minnesota Valley Transit Authority's 2014 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities and each major fund in our report dated June 22, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of net pension liability and the schedule of pension contributions on pages 21-33 and 66-67, 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 8, 2016, 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.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 8, 2016

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**MINNESOTA VALLEY TRANSIT AUTHORITY**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2015**

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, 2015. 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 2015 by $56,162,299 (net position). Of this amount, $44,168,256 (unrestricted net position) may be used to meet the government's ongoing obligations to customers and creditors.

- Net position of the government-wide financial statements was negatively impacted in the current year by $880,134 due to the required implementation of a new accounting standard. This is more fully described on pages 24 and 25.

- The MVTA's net position increased by $2,629,795.

- As of the close of the current fiscal year, the MVTA's governmental funds reported combined ending fund balances of $12,574,851, an increase of $3,499,825 in comparison with the prior year. The unassigned fund balance at the end of 2015 was $11,662,054.

- At the end of the current fiscal year, unrestricted (committed, assigned and unassigned) fund balance for the general fund was $11,662,054 or 47.9% of total general fund expenditures at 2015 levels.

- In 2015, MVTA's outstanding debt decreased by $325,000 from $5,620,000 to $5,295,000.

- MVTA received $18,021,624 in Motor Vehicle Sales Tax revenue in 2015. This consisted of $13,190,628 of MVST revenue passed through the Metropolitan Council according to MN Statutes and an additional $4,830,996 of MVST funding allocated by Metropolitan Council to MVTA.

- Route 478 from Rosemount to downtown Minneapolis was expanded with $87,516 of federal funding.

- Construction at Burnsville Transit Station was substantially completed that included mill and overlay of surface parking areas, relocation of the park and ride area, and construction of additional walkways. The project was completed with $1,037,701 of funding from local sources.

- On January 1, 2015, the transit operations of the Cities of Prior Lake and Shakopee were successfully consolidated with the MVTA. As part of the consolidation the MVTA upgraded 13 buses with automatic vehicle location technology, Wi-Fi, destination signage and security cameras; updated security cameras in Scott County transit facilities; and conducted a Northern Scott County Service Study. MVTA incurred approximately $700,000 in costs for upgrades and studies. MVTA also added service as part of the consolidation activities. Route 490 from Prior Lake was expanded to include service to the University of Minnesota. Route 493 was created to connect the Marschall Road Transit Station in Shakopee to downtown Minneapolis. Routes 490 & 493 received $106,667 in federal funding. The Cities of Prior Lake and Shakopee transferred their combined ending fund balances of $1,620,750 to the MVTA in the form of cash.

**Overview of the Financial Statements –** This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Minnesota Valley Transit Authority's basic financial statements is comprised of 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 discretely presented component units.

The government-wide financial statements can be found on pages 36-37 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 2015 – 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 38-41 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 43-63 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 $56,162,299 at the close of fiscal year 2015.

The largest portion of the Authority's net position (78.6%) 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 (1.2%) represents resources that are subject to external restrictions on how they may be used.

**Minnesota Valley Transit Authority's Net Position**
**Governmental Activities**

| | 2015 | 2014 |
|---|---|---|
| Current and Other Assets | $16,693,853 | $14,909,058 |
| Capital Assets, net of depreciation | 49,997,412 | 51,106,949 |
| Total Assets | 66,691,265 | 66,016,007 |
| Total deferred outflows of resources | 133,061 | - |
| Long-term Liabilities Outstanding | 6,033,131 | 5,411,548 |
| Other Liabilities | 4,543,372 | 6,217,053 |
| Total Liabilities | 10,576,503 | 11,628,601 |
| Total deferred inflows of resources | 85,524 | - |
| Net Position: | | |
| Net Investment in Capital Assets | 44,168,256 | 45,382,680 |
| Restricted for Debt Service | 674,449 | 690,959 |
| Unrestricted | 11,319,594 | 8,313,767 |
| Total Net Position | $56,162,299 | $54,387,406 |

The MVTA adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* for the year ended December 31, 2015. Essentially, the standard required the unfunded portion of defined benefit pension plans to be reported by all participating employers. Recording the net pension liability and the pension related deferred outflows and inflows of resources do not change the MVTA's future funding requirements or obligations under the plans, which are determined by Minnesota statutes.

Net position was negatively impacted by $880,134 at December 31, 2015 due to the implementation of this standard. Pension-related amounts included in the above schedule related to the standard are as follows:

| | |
|---|---|
| Deferred outflows of resources | $133,061 |
| Deferred inflows of resources | (85,524) |
| Noncurrent liabilities | (927,671) |
| Total | ($880,134) |

The remaining portion of the Authority's net position is unrestricted (20.2%). 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 $3,499,825. Revenues in 2015 were $29,312,652 or an increase of $313,201 from 2014. Expenses increased by $2,548,690 to bring the total 2015 expenses to $28,303,607. The net result is an increase in net position of $3,499,825. The key elements of this increase are as follows:

**Minnesota Valley Transit Authority's Activities**
**Government-wide**

| | 2015 | 2014 |
|---|---|---|
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | $5,708,172 | $ 5,370,044 |
| Operating Grants and Contributions | 3,203,076 | 4,043,023 |
| Capital Grants and Contributions | 2,341,870 | 3,557,949 |
| General Revenues: | | |
| Motor Vehicle Sales Tax | 18,021,624 | 15,996,531 |
| Revenues not Restricted to Specific Programs | 37,055 | 31,393 |
| Unrestricted Investment Earnings | 855 | 511 |
| Total Revenues | $29,312,652 | $28,999,451 |

| | 2015 | 2014 |
|---|---|---|
| Expenses: | | |
| Transit Operations | $21,662,463 | $ 19,545,729 |
| Facilities Management | 4,200,518 | 4,113,903 |
| Administration | 2,245,417 | 1,894,436 |
| Interest on Long-Term Debt | 195,209 | 200,849 |
| Total Expenses | $28,303,607 | $ 25,754,917 |
| Change in Net Position | 2,629,795 | 3,244,534 |
| Net Position – January 1, as previously stated | 54,387,406 | 50,615,402 |
| Prior period adjustment | (854,902) | 527,470 |
| Net Position – January 1, as restated | 53,532,504 | 51,142,872 |
| Net Position – December 31 | $56,162,299 | $ 54,387,406 |

Revenue changes

- Charges for Services increased $338,128 in 2015. Ridership increased 5.5% in 2015 because of the addition of riders from the Cities of Prior Lake and Shakopee. This increase in ridership translated directly into an increase in passenger revenue.
- Operating Grants and Contributions decreased $839,947. The MVTA receives operating grants to operate the Red Line and various other services. Approximately $700,000 of the decrease is due to using all available funds from a 35W grant in 2014. The remaining decrease is from receiving approximately $150,000 less in revenue to operate the Red Line service.
- Capital Grants and Contributions decreased $1,216,079. Revenue in this category can fluctuate from year to year based on level of project activity. The construction of the Eagan Bus Garage was completed in the prior year, causing a decrease in grant revenue of approximately $1.9 million. The Apple Valley Layover project received $875,000 less in funding in 2015. These decreases were offset by increases for other projects.
    - State grants for the design and construction of the customer facility improvements at Burnsville Transit Station ($1.1 million), and
    - Smaller State, County & Federal grants for a ticket vending machine, support facility improvements, customer facility improvements, bus equipment, phones and website improvements ($475,000).
- MVTA received $2,025,093 more in Motor Vehicle Sales Tax (MVST) revenue in 2015 compared to 2014 due to the Metropolitan Council decreasing the amount of “Allocated” MVST funding distributed to MVTA by $458,004 while receiving $2,483,097 more in statutorily distributed MVST from increased car sales.
- Revenues not Restricted to Specific Programs increased $5,662 primarily due to an increase in insurance dividends.
- Investment earnings remained steady.

Expense Changes

- Transit Operating costs, which comprised approximately 76.5% of the expenses, increased by $2,116,734; 10.8% over last year. This is a planned increase from operating additional routes in Prior Lake and Shakopee service areas.
- Facilities Management expenses increased in 2015 by $86,615. or 2.1%. There was approximately $140,000 increase from taking over the operations for three facilities in Shakopee: Marschall Road Transit Station (costs shared with Scott County), Eagle Creek Park & Ride and Southbridge Crossings Park & Ride. The increase for additional facilities was offset by a decrease in snowplowing expenses of approximately $70,000, due to a mild winter.

- MVTA’s 2015 Administrative expenses grew by $350,981 when compared to 2014. Full-time equivalents increased by 0.8. That along with normal salaries and benefits increases, changes to the sick leave accrual policy and the implementation of GASB 68 grew that expense category by $202,000. Other Increases are due to an increase of capital outlay for non-capitalized expenses and depreciation.
- MVTA’s interest on long-term debt decreased by $5,640 over 2014.

## 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, *unassigned 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 $12,574,851, an increase of $3,499,825 in comparison with the prior year. 93.4% of the ending fund balance, or $11,752,910, 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* ($130,938) 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, and *restricted* ($691,003) to pay for debt service.

Fund balance increased by $3,499,781 in the General Fund to $11,883,848, remained at $0 in the Capital Project Fund, and increased by $44 in the Debt Service to $691,003.

- Revenues were $2,127,050 over expenditures in the General Fund. $248,019 was transferred out to the capital projects fund. Another $1,620,750 was transferred in as a special items from the Cities of Prior Lake and Shakopee resulting in a net increase in the fund balance of the General Fund of $3,499,781.
- Revenues were under expenditures by $248,019 in the Capital Projects Fund. The same amount was transferred to the Capital Project Fund from the General Fund, resulting in no change to the fund balance.
- Revenues were over expenditures in the Debt Service Fund by $44.

The combination of the above transactions resulted in an increase in the combined fund balance of $3,499,825.

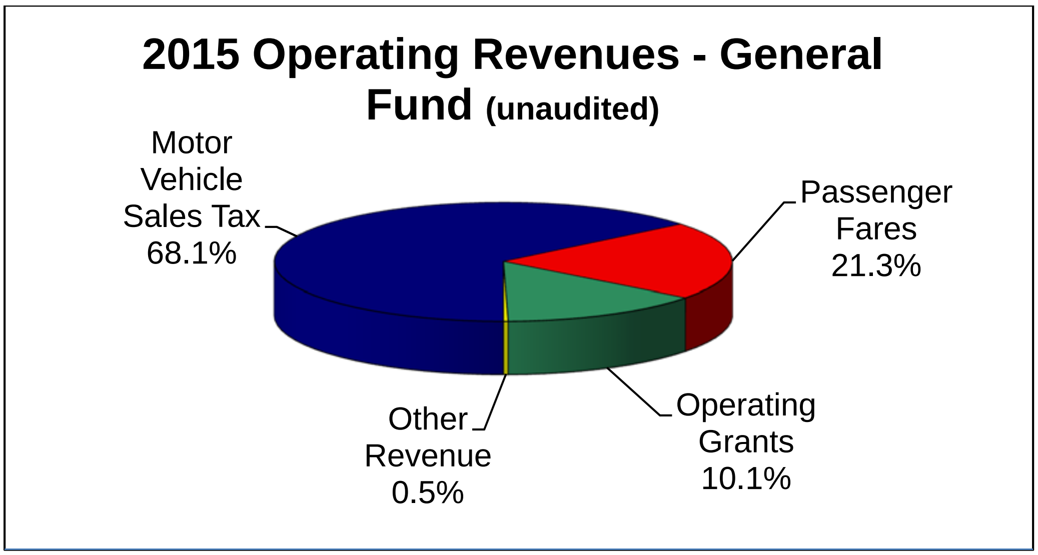
Revenue Changes from Budget

- 2015 General Fund Revenue was $833,161 less than the 2015 Final Budget. The main reasons for the decrease is that intergovernmental revenue was $248,654 lower than budgeted and passenger fare revenue was $610,159 lower than budgeted. The passenger fare revenue is lower than budget because planned expansion routes (Shakopee, Prior Lake & Rosemount) began service later than what was included in budget estimates, with some routes not beginning until 2016. Intergovernmental revenue is lower than budgeted because grant revenue was also not received for the routes above.

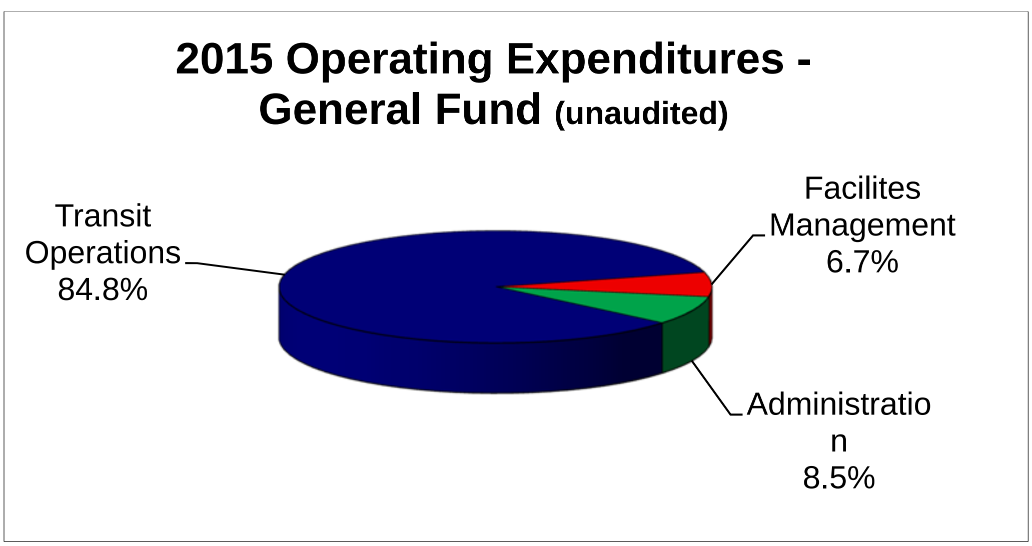
Expenditure Changes from Budget

- Actual expenditures in the General Fund were $3,050,955 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 7.5% or $1,661,268 mainly due to delay in the start-up of Shakopee, Prior Lake and Rosemount service ($860,035) and the price of fuel was less than budgeted ($791,955).
  - Facilities Management costs were 5.1% or $85,281 less than the Final Budget due to using less contracted maintenance services than planned.
  - Administrative expenses were under budget by 24.3% or $672,056 because of hiring delays ($168,846) and because the budgeted contingency of ($488,784) was not needed.
  - Capital Outlay of $145,000 was budgeted but only $39,550 was needed this year.
  - Principal and interest payments of $526,900 were budgeted in the Operating Fund. However, the expenses occurred in the Debt Service Fund that was created last year.

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 68.1% of the revenue and passenger fares made up another 21.3%. These two revenue groupings accounted for 89.4% of MVTA's revenue. Operating grants made up 10.1% of the revenue with the remainder coming from other revenues (chart follows).




The General Fund expenditures were $24,316,788 for the year. The majority of the costs were from providing transit services to the area's citizens. These accounted for 84.8% of the expenditures or $20,605,999. Administrative functions cost the agency $1,581,121 or 8.5% of the expenses. Facilities operation and maintenance activities accounted for the remaining 6.7%. The following chart depicts this information.



## GENERAL FUND BUDGETARY HIGHLIGHTS

There were no budget amendments in 2015. General Fund revenues were $833,161 under budget and General Fund expenditures were $3,050,955 under budget creating a $2,217,794 favorable variance to the 2015 Budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets –** The Minnesota Valley Transit Authority's investment in capital assets as of December 31, 2015 amounts to $49,997,412 (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 decrease in Minnesota Valley Transit Authority's investment in capital assets for the current fiscal year was 2.17%.

Major capital asset events during the current fiscal year included the following:

- Completed construction on the Apple Valley Layover Project ($1.6 million in 2014 and 2015),
- Began and completed Burnsville Transit Station improvements, including mill and overlay of surface parking areas, relocation of the park and ride area, and construction of additional walkways ($1.1 million),
- Continue work on the development and deployment of on-board bus technology ($0.6 million)**,**
- Various building and system improvements were started ($0.3 million)**.**

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

| | 2015 | 2014 | Incr./(Decr.) |
|---|---|---|---|
| Land | $10,223,553 | $10,133,082 | $90,471 |
| Land Improvements | 16,263,095 | 16,012,034 | (251,061) |
| Buildings and Improvements | 19,826,328 | 20,609,893 | (783,565) |
| Furniture and Equipment | 2,322,463 | 2,742,874 | (420,411) |
| Transit Vehicles | 230,637 | 173,833 | 56,804 |
| Construction in Progress | 1,131,336 | 1,435,233 | (303,897) |
| Total | $49,997,412 | $51,106,949 | ($1,109,537) |

Additional information on the MVTA's capital assets can be found in Note 3 on page 52 of this report.

Long-Term Debt – In 2013, the MVTA issued gross revenue bonds. $5,900,000 of bonds were issued to pay for the expansion of the Eagan Bus Garage. The bond contained an average coupon of 3.98% and was sold at a premium of $79,131. During the year, principal of $325,000 was paid leaving the MVTA with bonds outstanding of $5,295,000 at year-end. The MVTA's gross revenues, consisting primarily of motor vehicle sales taxes, passenger fares and pass-through 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 pages 53-54 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The MVTA's 2016 General Fund revenues are currently budgeted at $27,291,435 or $1,537,597 more than last year's actual revenues and $704,436 more than the 2015 budget.

Revenue is decreasing in two major categories: Passenger Fare revenue, and Operating Grant revenue. The budget for passenger fares was intentionally decreased by $386,154, to better estimate actual operating results. This category was significantly under budget in 2013, 2014 and 2015. Operating grant revenue is decreasing for two reasons, 35W CMAQ grant will be completed during the beginning of 2016 and revenue received related to debt service payments has been moved to the debt service fund. Operating grant revenue will decrease by $780,939.

The decreases in operating revenue are offset by an increase in motor vehicle sales tax, which is budgeted to increase by $1,868,786 in the 2016 budget. $4,000,000 of the increase is line items showing the additional motor vehicle sales tax needed to reach the MVTA's minimum fund balance policy of four month. This may be revised in 2016.
The MVTA's 2016 budgeted expenditures in the General Fund are $28,219,098. This is a 16.1% increase or $3,902,310 over the 2015 actuals of $24,316,788. The 2016 budget is 3.1% or $851,355 over the 2015 Final Budget. The increase in the budget is primarily due to the effects of inflation. The general fund received $1.6 million in transfers related from the Cities of Prior Lake and Shakopee. MVTA plans to use $452,322 of this fund balance for operations during 2016.

If the service and facilities plans are implemented as budgeted, MVTA's fund balance position will decrease by $237,663 by December 31, 2016.

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 2015, MVTA's unassigned fund balance was sufficient to cover 3.6 months of 2016 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.

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# BASIC FINANCIAL STATEMENTS

**MINNESOTA VALLEY TRANSIT AUTHORITY**
STATEMENT OF NET POSITION **Statement 1**
December 31, 2015

| | Governmental Activities |
|---|---|
| Assets: | 2015 |
| Current assets: | |
| Cash and investments | $4,344,393 |
| Restricted cash | 746,385 |
| Due from other governments | 11,472,137 |
| Prepaid items | 52,910 |
| Inventories | 78,028 |
| Total current assets | 16,693,853 |
| | |
| Noncurrent assets: | |
| Land | 10,223,553 |
| Construction in progress | 1,131,336 |
| Land improvements | 27,635,088 |
| Buildings and improvements | 31,570,366 |
| Transit vehicles | 1,021,402 |
| Furniture and equipment | 5,637,567 |
| Net capital assets | 77,219,312 |
| Less: accumulated depreciation | (27,221,900) |
| Total noncurrent assets | 49,997,412 |
| Total assets | 66,691,265 |
| | |
| Deferred outflows of resources: | |
| Related to pensions | 133,061 |
| | |
| Liabilities: | |
| Accounts payable | 3,464,557 |
| Contracts payable | 467,855 |
| Due to other governments | 94,084 |
| Salaries and benefits payable | 31,266 |
| Accrued interest payable | 16,554 |
| Unearned revenue | 61,240 |
| Compensated absences payable: | |
| Due within one year | 72,816 |
| Due in more than one year | 79,159 |
| Bonds payable: | |
| Due within one year | 335,000 |
| Due in more than one year | 5,026,301 |
| Net pension liability: | |
| Due in more than one year | 927,671 |
| Total liabilities | 10,576,503 |
| | |
| Deferred inflows of resources: | |
| Related to pensions | 85,524 |
| | |
| Net position: | |
| Net investment in capital assets | 44,168,256 |
| Restricted for debt service | 674,449 |
| Unrestricted | 11,319,594 |
| Total net position | $56,162,299 |

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

**MINNESOTA VALLEY TRANSIT AUTHORITY**
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015

**Statement 2**

| 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 Position: Governmental Activities 2015 |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Transit operations | $21,662,463 | $5,653,801 | $2,676,176 | $507,922 | ($12,824,564) |
| Facilities management | 4,200,518 | 54,371 | - | 1,763,981 | (2,382,166) |
| Administration | 2,245,417 | - | 325,000 | 69,967 | (1,850,450) |
| Interest on long-term debt | 195,209 | - | 201,900 | - | 6,691 |
| Total governmental activities | $28,303,607 | $5,708,172 | $3,203,076 | $2,341,870 | (17,050,489) |
| General revenues: | | | | | |
| Intergovernmental revenues not restricted to specific programs: | | | | | |
| Motor vehicle sales tax | | | | | 18,021,624 |
| Revenues not restricted to specific programs | | | | | 37,055 |
| Unrestricted investment earnings | | | | | 855 |
| Total general revenues | | | | | 18,059,534 |
| Special item - transfer of operations | | | | | 1,620,750 |
| Change in net position | | | | | 2,629,795 |
| Net position - January 1, as previously reported | | | | | 54,387,406 |
| Prior period adjustment | | | | | (854,902) |
| Net position - January 1, as restated | | | | | 53,532,504 |
| Net position - ending | | | | | $56,162,299 |

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

**MINNESOTA VALLEY TRANSIT AUTHORITY**
BALANCE SHEET **Statement 3**
GOVERNMENTAL FUNDS
December 31, 2015
With Comparative Totals For December 31, 2014

| | General Fund | Capital Projects | Debt Service | Total Governmental Funds 2015 | Total Governmental Funds 2014 |
|---|---|---|---|---|---|
| Assets | | | | | |
| Cash and investments | $4,344,393 | $ - | $ - | $4,344,393 | $4,131,555 |
| Restricted cash | - | - | 746,385 | 746,385 | 777,173 |
| Due from other funds | 3,733,769 | - | - | 3,733,769 | 1,254,833 |
| Due from other governmental units | 7,149,638 | 3,795,599 | 526,900 | 11,472,137 | 9,898,519 |
| Inventory | 78,028 | - | - | 78,028 | 70,195 |
| Prepaid items | 52,910 | - | - | 52,910 | 31,616 |
| Total assets | $15,358,738 | $3,795,599 | $1,273,285 | $20,427,622 | $16,163,891 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $3,349,540 | $115,017 | $ - | $3,464,557 | $4,054,404 |
| Contracts payable | - | 467,855 | - | 467,855 | 1,373,375 |
| Due to other funds | - | 3,151,487 | 582,282 | 3,733,769 | 1,254,833 |
| Due to other governments | 94,084 | - | - | 94,084 | 61,515 |
| Salaries and benefits payable | 31,266 | - | - | 31,266 | 24,428 |
| Unearned revenue | - | 61,240 | - | 61,240 | 320,310 |
| Total liabilities | 3,474,890 | 3,795,599 | 582,282 | 7,852,771 | 7,088,865 |
| Fund balance: | | | | | |
| Nonspendable | 130,938 | - | - | 130,938 | 101,811 |
| Restricted | - | - | 691,003 | 691,003 | 690,959 |
| Committed | 90,856 | - | - | 90,856 | 81,899 |
| Unassigned | 11,662,054 | - | - | 11,662,054 | 8,200,357 |
| Total fund balance | 11,883,848 | 0 | 691,003 | 12,574,851 | 9,075,026 |
| Total liabilities and fund balance | $15,358,738 | $3,795,599 | $1,273,285 | $20,427,622 | $16,163,891 |

| | |
|---|---|
| Fund balance reported above | $12,574,851 |
| 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. | 49,997,412 |
| Deferred outflows of resources - pension related are not current financial resources and, therefore, are not reported in the funds. | 133,061 |
| Long-term liabilities are not due and payable in the current period and therefore not reported in the funds: | |
| Accrued interest payable | (16,554) |
| Bonds payable | (5,295,000) |
| Unamortized bond premium | (66,301) |
| Compensated absences | (151,975) |
| Net pension liability | (927,671) |
| Deferred inflows of resources - pension related are associated with long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds. | (85,524) |
| Net position of governmental activities | $56,162,299 |

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

**MINNESOTA VALLEY TRANSIT AUTHORITY**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE **Statement 4**
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2015
With Comparative Totals For The Year Ended December 31, 2014

| | General Fund | Capital Projects | Debt Service | Total Governmental Funds 2015 | Total Governmental Funds 2014 |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Intergovernmental | $20,697,800 | $2,341,870 | $526,900 | $23,566,570 | $23,597,503 |
| Passenger fares | 5,653,801 | - | - | 5,653,801 | 5,315,555 |
| Investment income | 811 | - | 44 | 855 | 511 |
| Miscellaneous | 91,426 | - | - | 91,426 | 85,882 |
| Total revenues | 26,443,838 | 2,341,870 | 526,944 | 29,312,652 | 28,999,451 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Transit operations | 20,605,999 | - | - | 20,605,999 | 19,031,207 |
| Facilities management | 1,581,121 | - | - | 1,581,121 | 1,559,293 |
| Administration | 2,090,118 | - | - | 2,090,118 | 1,856,445 |
| Capital outlay: | | | | | |
| Transit operations | 17,053 | 747,821 | - | 764,874 | 1,024,067 |
| Facilities management | 12,660 | 1,778,600 | - | 1,791,260 | 2,917,418 |
| Administration | 9,837 | 63,468 | - | 73,305 | 101,296 |
| Debt Service: | | | | | |
| Principal | - | - | 325,000 | 325,000 | 280,000 |
| Interest | - | - | 201,900 | 201,900 | 206,200 |
| Total expenditures | 24,316,788 | 2,589,889 | 526,900 | 27,433,577 | 26,975,926 |
| Revenues over (under) expenditures | 2,127,050 | (248,019) | 44 | 1,879,075 | 2,023,525 |
| Other financing sources (uses): | | | | | |
| Transfers in | - | 248,019 | - | 248,019 | 62,158 |
| Transfers out | (248,019) | - | - | (248,019) | (62,158) |
| Total other financing sources (uses) | (248,019) | 248,019 | 0 | 0 | 0 |
| Special item - transfer of operations | 1,620,750 | - | - | 1,620,750 | - |
| Net change in fund balance | 3,499,781 | 0 | 44 | 3,499,825 | 2,023,525 |
| Fund balance - January 1, as previously stated | 8,384,067 | - | 690,959 | 9,075,026 | 6,524,031 |
| Prior period adjustment | - | - | - | - | 527,470 |
| Fund balance - January 1, as restated | 8,384,067 | - | 690,959 | 9,075,026 | 7,051,501 |
| Fund balance - December 31 | $11,883,848 | $0 | $691,003 | $12,574,851 | $9,075,026 |

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, 2015

**Statement 5**

| | | 2015 |
|---|---|---|
| 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) | | $3,499,825 |
| 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 | | 2,629,439 |
| Less capital outlay not capitalized | | (405,831) |
| Depreciation expense | | (3,311,015) |
| Loss on disposal | | (22,130) |
| 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: | | |
| Principal payments on long-term debt | | 325,000 |
| 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 | | 1,014 |
| Change in compensated absences payable | | (66,952) |
| Amortization of bond premium | | 5,677 |
| Governmental funds report pension contributions as expenditures, however, pension expense is reported in the Statement of Activities. This is the amount by which pension expense exeeded pension contributions: | | |
| Pension contribution | $85,500 | |
| Pension expense | (110,732) | (25,232) |
| Change in net position of governmental activities (statement 2) | | $2,629,795 |

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

**MINNESOTA VALLEY TRANSIT AUTHORITY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND **Statement 6**

For The Year Ended December 31, 2015

With Comparative Actual Amounts For The Year Ended December 31, 2014

| | Budgeted Amounts | | 2015 Actual Amounts | Variance with Final Budget - Positive (Negative) | 2014 Actual Amounts |
|---|---|---|---|---|---|
| | Original | Final | | | |
| Revenues: | | | | | |
| Intergovernmental | $20,946,454 | $20,946,454 | $20,697,800 | ($248,654) | $19,553,354 |
| Passenger fares | 6,263,960 | 6,263,960 | 5,653,801 | (610,159) | 5,315,555 |
| Investment income | 750 | 750 | 811 | 61 | 460 |
| Miscellaneous | 65,835 | 65,835 | 91,426 | 25,591 | 81,202 |
| Total revenues | 27,276,999 | 27,276,999 | 26,443,838 | (833,161) | 24,950,571 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Transit operations | 22,267,267 | 22,267,267 | 20,605,999 | (1,661,268) | 19,031,207 |
| Facilities management | 1,666,402 | 1,666,402 | 1,581,121 | (85,281) | 1,559,293 |
| Administration | 2,762,174 | 2,762,174 | 2,090,118 | (672,056) | 1,856,445 |
| Capital outlay | 145,000 | 145,000 | 39,550 | (105,450) | 14,831 |
| Debt service: | | | | | |
| Principal | 325,000 | 325,000 | - | (325,000) | - |
| Interest | 201,900 | 201,900 | - | (201,900) | - |
| Total expenditures | 27,367,743 | 27,367,743 | 24,316,788 | (3,050,955) | 22,461,776 |
| Revenues over (under) expenditures | (90,744) | (90,744) | 2,127,050 | 2,217,794 | 2,488,795 |
| Other financing sources (uses): | | | | | |
| Transfers in | 72,441 | 72,441 | - | (72,441) | 62,158 |
| Transfers out | - | - | (248,019) | (248,019) | - |
| Total other financing sources (uses) | 72,441 | 72,441 | (248,019) | (320,460) | 62,158 |
| Special item - transfer of operations | - | - | 1,620,750 | 1,620,750 | - |
| Net change in fund balance | ($18,303) | ($18,303) | 3,499,781 | $3,518,084 | 2,550,953 |
| Fund balance - beginning | | | 8,384,067 | | 5,833,114 |
| Fund balance - ending | | | $11,883,848 | | $8,384,067 |

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, Prior Lake, Rosemount, Savage, and Shakopee 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 nine 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 activities) 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. Budget amounts are amended only upon approval of the authority's Board of Commissioners. The legal level of budgetary control is at the fund level for the General Fund. 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 2015, but not paid until 2016 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. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

## H. INVENTORY

Fuel inventory totaled $67,811 and parts inventory totaled $10,217 at December 31, 2015, and both are accounted for using the purchases method. Inventory is valued based on weighted average prices for fuel and parts purchased during December 2015.

## 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 rate of 100% for the first 144 hours of sick leave and 50% for any additional balance, with no maximum. 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. COMPARATIVE TOTALS

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

### P. 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 one item that qualifies for reporting in this category. It is the pension related deferred outflows of resources reported in the government-wide Statement of Net Position.

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 one item that qualifies for reporting in this category. The government has pension related deferred inflows of resources reported in the government-wide Statement of Net Position.

## Note 2 DEPOSITS AND INVESTMENTS

### A. DEPOSITS

As of December 31, 2015, the Authority had $315 of petty cash on hand.

### B. INVESTMENTS

As of December 31, 2015, the Authority had the following investments and maturities:

| | | | Maturity | |
|---|---|---|---|---|
| Investment Type | Rating | Total | Less Than 1 Year | 1-2 Years |
| Mutual funds | AAAm | $746,385 | $746,385 | $ - |
| External investment pool - 4M Fund | N/R | 4,344,078 | 4,344,078 | - |
| Total investments | | $5,090,463 | $5,090,463 | $0 |

| | |
|---|---|
| Total investments | $5,090,463 |
| Petty cash | 315 |
| Total cash and investments | $5,090,778 |

N/R - not rated

Deposits and investments are presented in the December 31, 2015 basic financial statements as follows:

| | |
|---|---|
| Statement of net position: | |
| Cash and investments | $4,344,393 |
| Restricted cash | 746,385 |
| Total deposits and investments | $5,090,778 |

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, 2015, 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, 2015 was as follows:

| Primary Government | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $10,133,082 | $90,471 | $ - | $10,223,553 |
| Construction in progress | 1,435,233 | 2,589,888 | (2,893,785) | 1,131,336 |
| Total capital assets, not being depreciated | 11,568,315 | 2,680,359 | (2,893,785) | 11,354,889 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 26,414,748 | 1,261,688 | (41,348) | 27,635,088 |
| Buildings and improvements | 31,065,736 | 599,306 | (94,676) | 31,570,366 |
| Transit vehicles | 1,054,665 | 114,046 | (147,309) | 1,021,402 |
| Furniture and equipment | 5,175,573 | 461,994 | - | 5,637,567 |
| Total capital assets, being depreciated | 63,710,722 | 2,437,034 | (283,333) | 65,864,423 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 10,402,714 | 1,000,147 | (30,868) | 11,371,993 |
| Buildings and improvements | 10,455,843 | 1,371,875 | (83,680) | 11,744,038 |
| Transit vehicles | 880,832 | 56,588 | (146,655) | 790,765 |
| Furniture and equipment | 2,432,699 | 882,405 | - | 3,315,104 |
| Total accumulated depreciation | 24,172,088 | 3,311,015 | (261,203) | 27,221,900 |
| Total capital assets being depreciated - net | 39,538,634 | (873,981) | (22,130) | 38,642,523 |
| Governmental activities capital assets - net | $51,106,949 | $1,806,378 | ($2,915,915) | $49,997,412 |

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

| | |
|---|---|
| Governmental activities: | |
| Transit operations | $682,112 |
| Facilities management | 2,575,751 |
| Administration | 53,152 |
| Total depreciation expense - governmental activities | $3,311,015 |

The Authority has an agreement with the Metropolitan Council for use of Council vehicles. The gross value and net value of these assets is $62,005,915 and $27,058,666 respectively. The assets are not included in the Authority's capital assets as disclosed above.

During 2015, $366,280 of construction in progress 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, 2015, the long-term debt of the financial reporting entity consisted of the following:

| | Issue Date | Final Maturity Date | Authorized and Issued | Interest Rate | Outstanding 12/31/15 |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Gross Revenue Bonds, Series 2013 | 8/6/13 | 6/1/28 | $5,900,000 | 0.75% - 4.5% | $5,295,000 |
| Compensated absences payable | N/A | N/A | N/A | N/A | 151,975 |
| Total governmental activities | | | | | $5,446,975 |

| | Governmental Activities | |
|---|---|---|
| | Gross Revenue Bonds of 2013 | |
| | Principal | Interest |
| 2016 | $335,000 | $195,300 |
| 2017 | 340,000 | 186,850 |
| 2018 | 350,000 | 176,500 |
| 2019 | 360,000 | 165,850 |
| 2020 | 370,000 | 154,900 |
| 2021-2025 | 2,080,000 | 544,925 |
| 2026-2028 | 1,460,000 | 100,575 |
| | $5,295,000 | $1,524,900 |

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, 2015 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Gross Revenue Bonds, Series 2013 | $5,620,000 | $ - | ($325,000) | $5,295,000 | $335,000 |
| Compensated absences | 85,023 | 165,268 | (98,316) | 151,975 | 72,816 |
| Subtotal | 5,705,023 | 165,268 | (423,316) | 5,446,975 | $407,816 |
| Unamortized premium on bonds | 71,978 | - | (5,677) | 66,301 | |
| Total | $5,777,001 | $165,268 | ($428,993) | $5,513,276 | |

For the governmental activities, compensated absences are generally liquidated by the General Fund.

## 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 $6,819,900. For the current year, principal, interest paid and gross revenues transferred into the debt service fund totaled $325,000, $201,900 and $0, respectively.

## Note 5 DEFINED BENEFIT PENSION PLANS

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Pensions.* For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## B. PLAN DESCRIPTION

MVTA participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of MVTA are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan.

Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

## C. BENEFITS PROVIDED

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following 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.

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

## D. CONTRIBUTIONS

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. MVTA was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. MVTA's contributions to the GERF for the year ended December 31, 2015, were $85,500. MVTA's contributions were equal to the required contributions as set by state statute.

## E. PENSION COSTS

GERF Pension Costs

At December 31, 2015, MVTA reported a liability of $927,671 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MVTA's proportion of the net pension liability was based on MVTA's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, MVTA's proportion was .0179 % which was a decrease of .0011% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, MVTA recognized pension expense of $110,732 for its proportionate share of the GERF's pension expense.

At December 31, 2015, MVTA reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ - | $46,770 |
| Changes in actuarial assumptions | - | - |
| Difference between projected and actual investment earnings | 87,818 | - |
| Changes in proportion | - | 38,754 |
| Contributions paid to PERA subsequent to the measurement date | 45,243 | - |
| Total | $133,061 | $85,524 |

$45,243 reported as deferred outflows of resources related to pensions resulting from MVTA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Pension Expense Amount |
|---|---|
| 2016 | ($6,553) |
| 2017 | (6,553) |
| 2018 | (6,553) |
| 2019 | 21,953 |
| 2020 | - |
| Thereafter | - |

## F. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.75% per year |
| Active Member Payroll Growth | 3.50% per year |
| Investment Rate of Return | 7.90% |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1% effective every January 1st until 2034, and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014.

There are no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Stocks | 45% | 5.50% |
| International Stocks | 15% | 6.00% |
| Bonds | 18% | 1.45% |
| Alternative Assets | 20% | 6.40% |
| Cash | 2% | 0.50% |

## G. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## H. PENSION LIABILITY SENSITIVITY

The following presents the MVTA's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the MVTA's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

| | 1% Decrease in Discount Rate (6.9%) | Discount Rate (7.9%) | 1% Increase in Discount Rate (8.9%) |
|---|---|---|---|
| MVTA's proportionate share of the GERF net pension liability | $1,458,628 | $927,671 | $489,182 |

## I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

## Note 6 INTERFUND ACTIVITY

### A. DUE TO/FROM OTHER FUNDS

At December 31, 2015 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 | $3,733,769 | $ - |
| Capital Projects Fund | - | 3,151,487 |
| Debt Service | - | 582,282 |
| Total | $3,733,769 | $3,733,769 |

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

### B. TRANSFERS

Transfers during the year ended December 31, 2015 included a transfer to the Capital Projects Fund from the General Fund in the amount of $248,019. This transfer is performed to account for the Authority's local share for federal and state grants.

## 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, 2015.

## Note 8 FUND BALANCE

### A. CLASSIFICATIONS

At December 31, 2015, a summary of the governmental fund balance classifications are as follows:

| | General Fund | Capital Projects | Debt Service | Total |
|---|---|---|---|---|
| Nonspendable: | | | | |
| Prepaid items | $52,910 | $ - | $ - | $52,910 |
| Inventory | 78,028 | - | - | 78,028 |
| Restricted: | | | | |
| Debt service | - | - | 691,003 | 691,003 |
| Committed to: | | | | |
| Insurance reserves | 90,856 | - | - | 90,856 |
| Unassigned | 11,662,054 | - | - | 11,662,054 |
| Total | $11,883,848 | $0 | $691,003 | $12,574,851 |

### 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 unassigned 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, 2015, unassigned fund balance was sufficient to cover 5.06 months of 2016 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, 2015. The amount of these commitments were as follows:

| Project | Vendor | Contract | Work-to-Date as of 12-31-15 | Remaining |
|---|---|---|---|---|
| DAS - Data Collection | Athey Creek Consultants | $ 58,000 | $ - | $ 58,000 |
| Website Re-design | Avallo | 125,775 | 117,115 | 8,660 |
| Bus Technology Procurement/Installation | RouteMatch | 2,035,383 | 1,767,200 | 268,184 |
| APC Firmware Installation and Supplies | Dilax Systems, Inc. | 109,313 | - | 109,313 |
| Job Classification and Compansation Study | Flaherty & Hood P.A. | 12,500 | - | 12,500 |
| Security | Floyd Total Security/SRSI | 1,690 | 813 | 877 |
| Facility Pest Control | Guardian Pest Solutions | 4,500 | 713 | 3,787 |
| Recruitment Firm | KL2 Connects LLC | 35,000 | 11,666 | 23,334 |
| BTS Improvements | LS Black | 1,016,735 | 1,006,568 | 10,167 |
| ETS Enhancement Project | Meisinger Construction Company, Inc. | 76,950 | 73,103 | 3,848 |
| HVAC Services & Routine/Preventative Maintenance | Metropolitan Mechanical Contracts | 33,000 | 9,439 | 23,562 |
| EBG Commissioning | Metropolitan Mechanical Contracts | 10,200 | - | 10,200 |
| Elevator Maintenance | Minnesota Elevator, Inc. | 22,500 | 19,924 | 2,576 |
| DAS - Technology to BOX Operations | MTS | 1,619,660 | - | 1,619,660 |
| DAS - Gen 1 to Gen 2 Upgrade | MTS | 971,274 | - | 971,274 |
| DAS - Service Agreement | MTS | 45,000 | - | 45,000 |
| Bus Diriver Training Simulator - Software Maintenance | Realtime Technologies, Inc. | 63,070 | - | 63,070 |
| Auditing Services | Redpath and Company | 123,408 | 65,630 | 57,778 |
| Operations and Maintenance Provider -1 | Schmitty and Sons | 80,842,778 | 16,845,177 | 63,997,601 |
| Facility Maintenance Services | Schmitty and Sons | 67,200 | 33,600 | 33,600 |
| Security- AVTS, BTS | Universal Protection Services | 105,000 | 25,745 | 79,255 |
| DAS - Resiliencey Project Evaluation | University of South Florida | 111,067 | - | 111,067 |
| Burnsville Transit Station Rehibilitation | URS | 89,920 | 72,912 | 17,008 |
| ETS - Security Camera System | VTI Security | 21,000 | - | 21,000 |
| AVL - Cubic Fare Collection System Integration Testing/APC Validation | SRF Consulting Group, Inc. | 111,185 | 98,536 | 12,649 |

1 - 5 year contract (2015-2019) with 1-2 year extension option, 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, 2015 was $54,371.

Future minimum lease payments to be received are as follows:

| | |
|---|---|
| 2016 | $44,096 |
| 2017 | 48,105 |
| 2018 | 48,105 |
| 2019 | 48,105 |
| 2020 | 48,105 |
| 2021-2025 | 264,578 |
| 2026-2030 | 287,026 |
| Total | $788,120 |

## Note 11 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

**Statement No. 72** *Fair Value Measurement and Application*. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015.

**Statement No. 73** *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

**Statement No. 74** *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

**Statement No. 75** *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

**Statement No. 76** *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015.

**Statement No. 77** *Tax Abatement Disclosures*. The provisions of this Statement are effective for reporting periods beginning after December 31, 2015.

**Statement No. 78** *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* The provisions of this Statement are effective for reporting periods beginning after December 15, 2015.

**Statement No. 79** *Certain External Investment Pools and Pool Participants.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing which are effective for reporting periods beginning after December 15, 2015.

**Statement No. 80** *Blending Requirements for Certain Component Units.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2016.

**Statement No. 81** *Irrevocable Split-Interest Agreements.* The provisions of this Statement are effective for reporting periods beginning after December 15, 2016.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 75 will have a material impact.

## Note 12 TRANSFER OF OPERATIONS

On January 1, 2015, the transit operations for the Cities of Prior Lake and Shakopee were transferred to the Minnesota Valley Transit Authority. Prior to the transfer, both Cities operated the services as part of their City operations. On January 1, 2015, the Cities transferred the ending fund balance of the respective funds to MVTA in the form of cash. No other liabilities and assets were transferred. The transfer of operations is recorded as a special item of $1,620,750 in the statement of revenues, expenses, and changes in fund balance, as well as the statement of activities.

The ending fund balance to be transferred to MVTA was determined using the audited financial statements for the Cities of Prior Lake and Shakopee as of December 31, 2015. There were no significant adjustments made to bring into conformity the individual accounting policies.

## Note 13 CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2015, the MVTA implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27.* GASB 68 addresses accounting and financial reporting for pension plans that are provided to employees of state and local governments. The standard requires the MVTA to record its share of the net pension liability of defined benefit plans, as well as any corresponding deferred inflows and outflows of resources. See Note 5 for further information.

The standard required retroactive implementation resulted in a restatement of net position as of December 31, 2014. Certain amounts necessary to fully restate 2014 financial information are not determinable, therefore, prior year comparative amounts have not been restated. Details of the prior period adjustment are as follows:

| | Governmental Activities |
|---|---|
| Net position - January 1, 2015, as previously reported | $54,387,406 |
| Prior period adjustment: | |
| Deferred outflows of resources - pension related | 37,623 |
| Net pension liability | (892,525) |
| Net position - January 1, 2015, as restated | $53,532,504 |

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# REQUIRED SUPPLEMENTARY INFORMATION

**MINNESOTA VALLEY TRANSIT AUTHORITY**
REQUIRED SUPPLEMENTARY INFORMATION **Statement 7**
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
GENERAL EMPLOYEES RETIREMENT FUND
For The Year Ended December 31, 2015

| Measurement Date | Fiscal Year Ending | Proportion (Percentage) of the Net Pension Liability | Proportionate Share (Amount) of the Net Pension Liability (a) | Covered-Employee Payroll (b) | Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll (a/b) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|---|
| June 30, 2015 | December 31, 2015 | 0.0179% | $927,671 | $1,066,295 | 87.0% | 78.2% |

* The schedule is provided prospectively beginning with the MVTA's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**MINNESOTA VALLEY TRANSIT AUTHORITY**
REQUIRED SUPPLEMENTARY INFORMATION **Statement 8**
SCHEDULE OF PENSION CONTRIBUTIONS* - GENERAL EMPLOYEES RETIREMENT FUND
For The Year Ended December 31, 2015

| Fiscal Year Ending | Statutorily Required Contribution (a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | Covered-Employee Payroll (c) | Contributions as a Percentage of Covered-Employee Payroll (b/c) |
|---|---|---|---|---|---|
| December 31, 2015 | $85,500 | $85,500 | $ - | $1,139,997 | 7.5% |

* The schedule is provided prospectively beginning with the MVTA's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

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## Note A PENSION INFORMATION

### PERA – General Employees Retirement Fund

There are no factors that affect trends in the amounts reported, such as change of benefit terms or assumptions. With only one year reported in the RSI, there is no additional information to include in the notes. Details can be obtained from the financial reports of PERA.

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# III. STATISTICAL SECTION (UNAUDITED)

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**MINNESOTA VALLEY TRANSIT AUTHORITY**
**Burnsville, Minnesota**

**STATISTICAL SECTION**
December 31, 2015
**(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 | | | |
|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 |
| Governmental activities: | | | | |
| Net investment in capital assets | $25,846,949 | $24,924,761 | $26,027,553 | $40,828,213 |
| Restricted | 34,724 | 55,250 | 68,060 | 125,190 |
| Unrestricted | 6,180,970 | 8,097,133 | 8,384,180 | 7,715,117 |
| Total governmental activites net position | $32,062,643 | $33,077,144 | $34,479,793 | $48,668,520 |

Source: Minnesota Valley Transit Authority financial records

Note: GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources. Net position for years prior to 2014 was not restated.

**Table 1**

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| $45,653,791 | $44,279,184 | $44,950,989 | $45,045,599 | $45,382,680 | $44,168,256 |
| - | - | - | 690,917 | 690,959 | 674,449 |
| 5,608,711 | 5,257,050 | 5,259,284 | 4,878,886 | 7,458,865 | 11,319,594 |
| $51,262,502 | $49,536,234 | $50,210,273 | $50,615,402 | $53,532,504 | $56,162,299 |

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 |
| Expenses: | | | | |
| Governmental activities: | | | | |
| Transit operations | $16,467,122 | $15,424,261 | $13,212,646 | $16,962,891 |
| Facilities management | 2,405,597 | 2,351,076 | 2,392,995 | 2,368,947 |
| Administration | 1,063,509 | 1,188,460 | 1,471,802 | 1,529,303 |
| Interest on long-term debt | - | - | - | - |
| Total expenses | $19,936,228 | $18,963,797 | $17,077,443 | $20,861,141 |
| Program revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| Passenger fares | $4,567,636 | $4,751,464 | $4,980,101 | $4,835,590 |
| Ground lease | 66,368 | 81,419 | 58,895 | 50,734 |
| Operating grants and contributions | 413,208 | 400,000 | 453,417 | 469,058 |
| Capital grants and contributions | 4,769,196 | 2,978,519 | 1,991,425 | 20,592,499 |
| Total program revenue | $9,816,408 | $8,211,402 | $7,483,838 | $25,947,881 |
| Net expense | ($10,119,820) | ($10,752,395) | ($9,593,605) | $5,086,740 |
| General revenue: | | | | |
| Property taxes | 1,005 | - | - | - |
| Motor vehicle sales tax | 8,492,543 | 8,655,276 | 9,443,437 | 8,592,596 |
| State appropriations | 794,058 | 1,937,876 | 1,358,270 | 463,876 |
| Revenues not restricted to specific programs | 635,218 | 940,305 | 25,695 | 27,118 |
| Unrestricted investment earnings | 272,950 | 233,439 | 168,852 | 18,397 |
| Total general revenue | 10,195,774 | 11,766,896 | 10,996,254 | 9,101,987 |
| Special item | - | - | - | - |
| Change in net position | $75,954 | $1,014,501 | $1,402,649 | $14,188,727 |

Source: Minnesota Valley Transit Authority financial records

Note: GASB 68 was implemented in 2015. Pension expenses for years prior to 2015 were not restated.

**Table 2**

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| $14,961,494 | $14,957,334 | $20,390,062 | $20,455,244 | $19,545,729 | $21,662,463 |
| 3,477,891 | 3,804,151 | 3,911,843 | 3,761,195 | 4,113,903 | 2,245,417 |
| 1,534,782 | 1,537,590 | 1,655,153 | 1,780,013 | 1,894,436 | 4,200,518 |
| 23,260 | - | - | 81,970 | 200,849 | 195,209 |
| $19,997,427 | $20,299,075 | $25,957,058 | $26,078,422 | $25,754,917 | $28,303,607 |
| $4,738,480 | $5,019,866 | $4,927,964 | $5,179,965 | $5,315,555 | $5,653,801 |
| 52,379 | 51,473 | 53,127 | 52,887 | 54,489 | 54,371 |
| 514,196 | 793,160 | 676,608 | 2,431,037 | 4,043,023 | 3,203,076 |
| 7,831,731 | 1,543,237 | 8,264,614 | 4,394,557 | 3,557,949 | 2,341,870 |
| $13,136,786 | $7,407,736 | $13,922,313 | $12,058,446 | $12,971,016 | $11,253,118 |
| ($6,860,641) | ($12,891,339) | ($12,034,745) | ($14,019,976) | ($12,783,901) | ($17,050,489) |
| - | - | - | - | - | - |
| 9,378,089 | 11,139,660 | 12,674,238 | 14,362,363 | 15,996,531 | 18,021,624 |
| - | - | - | - | - | - |
| 73,797 | 24,802 | 33,898 | 61,970 | 31,393 | 37,055 |
| 2,017 | 609 | 648 | 772 | 511 | 855 |
| 9,453,903 | 11,165,071 | 12,708,784 | 14,425,105 | 16,028,435 | 18,059,534 |
| - | - | - | - | - | 1,620,750 |
| $2,593,262 | ($1,726,268) | $674,039 | $405,129 | $3,244,534 | $2,629,795 |

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 |
| General Fund: | | | | |
| Reserved | $34,724 | $55,250 | $6,280,162 | $125,190 |
| Unreserved | 6,180,970 | 8,115,856 | 2,191,391 | 7,739,062 |
| Nonspendable | - | - | - | - |
| Committed | - | - | - | - |
| Unassigned | - | - | - | - |
| Total General Fund | $6,215,694 | $8,171,106 | $8,471,553 | $7,864,252 |
| 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 | $15,500,849 | $16,452,501 | $15,918,949 | $16,762,059 |
| Months of expenditures in Unreserved/Unassigned Fund Balance | 4.79 | 5.92 | 1.65 | 5.54 |

Source: Minnesota Valley Transit Authority financial records

Note: GASB 54 implemented in 2011 changing fund balance designations

**Table 3**

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| $37,241 | $ - | $ - | $ - | $ - | $ - |
| 5,598,373 | - | - | - | - | - |
| - | 41,340 | 50,108 | 94,456 | 101,811 | 130,938 |
| - | 67,075 | 80,841 | 81,446 | 81,899 | 90,856 |
| - | 5,172,037 | 5,161,133 | 5,657,212 | 8,200,357 | 11,662,054 |
| $5,635,614 | $5,280,452 | $5,292,082 | $5,833,114 | $8,384,067 | $11,883,848 |
| | | | | | |
| $ - | $ - | $ - | $ - | $ - | $ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| $0 | $0 | $0 | $0 | $0 | $0 |
| | | | | | |
| $ - | $ - | $ - | $690,917 | $690,959 | $691,003 |
| $0 | $0 | $0 | $690,917 | $690,959 | $691,003 |
| | | | | | |
| $18,572,716 | $19,499,432 | $22,196,963 | $24,338,380 | $26,831,121 | $27,665,782 |
| | | | | | |
| 3.62 | 3.18 | 2.79 | 2.79 | 3.67 | 5.06 |

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 |
| Revenues: | | | | |
| General property tax | $1,005 | $ - | $20,843 | $ - |
| Intergovernmental revenue | 15,049,756 | 14,891,742 | 13,242,170 | 29,998,610 |
| Passenger fares | 4,452,966 | 4,650,501 | 4,980,100 | 4,835,590 |
| Miscellaneous: | | | | |
| Investment income | 272,950 | 233,439 | 168,852 | 18,397 |
| Miscellaneous | 235,505 | 202,616 | 77,956 | 91,931 |
| Total revenues | 20,012,182 | 19,978,298 | 18,489,921 | 34,944,528 |
| Expenditures: | | | | |
| Current: | | | | |
| Transit operations | 12,040,297 | 12,328,812 | 13,021,496 | 12,698,070 |
| Facilities management | 944,394 | 831,364 | 886,379 | 951,232 |
| Administration | 1,210,265 | 1,181,793 | 1,442,103 | 1,472,106 |
| Total current | 14,194,956 | 14,341,969 | 15,349,978 | 15,121,408 |
| Debt service: | | | | |
| Principal | 400,000 | 400,000 | 400,000 | 400,000 |
| Interest and other charges | 74,644 | 61,434 | 44,948 | 27,192 |
| Issuance expense | - | - | - | - |
| Capital outlay | 4,612,987 | 3,240,371 | 2,394,548 | 20,003,229 |
| Total expenditures | 19,282,587 | 18,043,774 | 18,189,474 | 35,551,829 |
| Revenue over (under) expenditures | 729,595 | 1,934,524 | 300,447 | (607,301) |
| Other financing sources (uses): | | | | |
| Bond issuance | - | - | - | - |
| Bond premium | - | - | - | - |
| Transfers in | 195,972 | 175,831 | 441,564 | 483,929 |
| Transfers out | (195,972) | (175,831) | (441,564) | (483,929) |
| Total other financing sources (uses) | 0 | 0 | 0 | 0 |
| Special item | - | - | - | - |
| Net change in fund balance | 729,595 | 1,934,524 | 300,447 | (607,301) |
| Fund balance - January 1, as previously stated | 5,506,987 | 6,236,582 | 8,171,106 | 8,471,553 |
| Prior period adjustment | - | - | - | - |
| Fund balance - January 1, as restated | 5,506,987 | 6,236,582 | 8,171,106 | 8,471,553 |
| Fund balance - end of year | $6,236,582 | $8,171,106 | $8,471,553 | $7,864,252 |
| Debt service as a percent of noncapital expenditures | 3.2% | 3.1% | 2.8% | 2.7% |

Source: Minnesota Valley Transit Authority financial records

**Table 4**

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| $ - | $ - | $ - | $ - | $ - | $ - |
| 13,130,718 | 13,476,057 | 21,602,823 | 21,187,957 | 23,597,503 | 23,566,570 |
| 4,738,480 | 5,019,866 | 4,927,964 | 5,179,965 | 5,315,555 | 5,653,801 |
| 2,017 | 609 | 648 | 772 | 511 | 855 |
| 126,176 | 76,275 | 87,025 | 114,857 | 85,882 | 91,426 |
| 17,997,391 | 18,572,807 | 26,618,460 | 26,483,551 | 28,999,451 | 29,312,652 |
| 13,908,956 | 14,708,445 | 15,343,140 | 17,509,083 | 19,031,207 | 20,605,999 |
| 1,139,106 | 1,063,229 | 1,028,427 | 1,416,694 | 1,559,293 | 1,581,121 |
| 1,480,585 | 1,569,645 | 1,611,238 | 1,714,685 | 1,856,445 | 2,090,118 |
| 16,528,647 | 17,341,319 | 17,982,805 | 20,640,462 | 22,446,945 | 24,277,238 |
| 330,000 | - | - | - | 280,000 | 325,000 |
| 10,296 | - | - | 66,204 | 206,200 | 201,900 |
| - | - | - | 202,632 | - | - |
| 3,357,086 | 1,586,650 | 8,624,026 | 10,321,434 | 4,042,781 | 2,629,439 |
| 20,226,029 | 18,927,969 | 26,606,831 | 31,230,732 | 26,975,926 | 27,433,577 |
| (2,228,638) | (355,162) | 11,629 | (4,747,181) | 2,023,525 | 1,879,075 |
| - | - | - | 5,900,000 | - | - |
| - | - | - | 79,131 | - | - |
| 26,575 | 43,413 | 372,049 | 854,655 | 62,158 | 248,019 |
| (26,575) | (43,413) | (372,049) | (854,655) | (62,158) | (248,019) |
| 0 | 0 | 0 | 5,979,131 | 0 | 0 |
| - | - | - | - | - | 1,620,750 |
| (2,228,638) | (355,162) | 11,629 | 1,231,950 | 2,023,525 | 3,499,825 |
| 7,864,252 | 5,635,614 | 5,280,452 | 5,292,081 | 6,524,031 | 9,075,026 |
| - | - | - | - | 527,470 | - |
| 7,864,252 | 5,635,614 | 5,280,452 | 5,292,081 | 7,051,501 | 9,075,026 |
| $5,635,614 | $5,280,452 | $5,292,081 | $6,524,031 | $9,075,026 | $12,574,851 |
| 2.0% | 0.0% | 0.0% | 0.3% | 2.1% | 2.1% |

**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) |
| 2006 | $ - | $ - | $ - | $1,530,000 | $1,530,000 | 0.017% | 7 |
| 2007 | - | - | - | 1,130,000 | 1,130,000 | 0.012% | 5 |
| 2008 | - | - | - | 730,000 | 730,000 | 0.007% | 3 |
| 2009 | - | - | - | 330,000 | 330,000 | 0.003% | 1 |
| 2010 | - | - | - | - | - | * | * |
| 2011 | - | - | - | - | - | * | * |
| 2012 | - | - | - | - | - | * | * |
| 2013 | - | - | 5,900,000 | - | 5,900,000 | 0.054% | 26 |
| 2014 | - | - | 5,620,000 | - | 5,620,000 | 0.050% | 25 |
| 2015 | - | - | 5,295,000 | - | 5,295,000 | 0.060% | 23 [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) |
|---|---|---|---|---|---|
| 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 | 229,138 | 48,931 | 11,211,690 | 36,950 | 4.4 |
| 2014 | 230,424 | 50,479 | 11,631,573 | 36,787 | 3.8 |
| 2015 | * | * | * | 36,608 | 3.1 |

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 | 2015* Employees | Rank | Percentage of Total Cities Employment | 2006 Employees | Rank | Percentage of Total Cities Employment |
|---|---|---|---|---|---|---|
| Thomson Reuters | 7,500 | 1 | 5.0% | 6,800 | 1 | 6.1% |
| Shakopee Mdewakanton Sioux | 4,200 | 2 | 2.8% | - | - | - |
| Independent School District # 196 | 3,697 | 3 | 2.5% | 3,707 | 3 | 3.3% |
| Blue Cross and Blue Shield | 3,250 | 4 | 2.2% | 3,900 | 2 | 3.5% |
| U.S. Postal Service | 2,000 | 5 | 1.3% | 1,570 | 6 | 1.4% |
| Valley Fair | 1,672 | 6 | 1.1% | - | - | - |
| Ecolab | 1,500 | 7 | 1.0% | 800 | 9 | 0.7% |
| UTC Aerospace (Formerly BF Goodrich) | 1,400 | 8 | 0.9% | 800 | 10 | 0.7% |
| United Parcel Service | 1,400 | 9 | 0.9% | 1,400 | 7 | 1.3% |
| Burnsville Public Schools - ISD # 191 | 1,325 | 10 | 0.9% | 1,600 | 5 | 1.4% |
| Fairview Ridges Hospital | - | - | - | 1,700 | 4 | 1.5% |
| Coca-Cola Midwest Bottling | - | - | - | 900 | 8 | 0.8% |
| Total principal employees | 27,944 | | 18.6% | 23,177 | | 20.7% |
| Total employees in cities | 150,872 | | 100.0% | 110,775 | | 100.0% |

*Includes the addition of Prior Lake and Shakopee

Sources:
2015 CAFR for Dakota and Scott County, Cities of Apple Valley, Burnsville, Eagan, Prior Lake, Rosemount, Savage and Shakopee.
2014-2015 CAFR for Independent School District #196 and Burnsville Public Schools - ISD #191.
(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 | 2006 | 2007 | 2008 | 2009 |
| Transit operations | 4.0 | 4.2 | 5.3 | 6.0 |
| Facilities management | 1.0 | 1.0 | 1.0 | 1.0 |
| Administration | 3.0 | 3.1 | 4.0 | 4.0 |
| Total | 8.0 | 8.3 | 10.3 | 11.0 |

Source: Minnesota Valley Transit Authority personnel records

**Table 8**

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 6.0 | 6.5 | 6.0 | 5.9 | 5.9 | 6.5 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0.5 |
| 4.0 | 4.0 | 4.0 | 4.6 | 5.8 | 6.2 |
| 11.0 | 11.5 | 11.0 | 11.5 | 12.7 | 13.2 |

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 |
| System ridership: | | | | |
| Minneapolis express | 1,538,373 | 1,612,356 | 1,674,840 | 1,535,786 |
| St. Paul express | 163,791 | 166,936 | 190,215 | 182,386 |
| Red Line BRT | - | - | - | - |
| Local | 479,214 | 518,589 | 592,093 | 540,714 |
| Reverse commute | 44,679 | 45,864 | 48,327 | 44,911 |
| Weekend | 79,845 | 84,183 | 90,570 | 85,127 |
| State Fair | 31,316 | 42,104 | 42,838 | 42,088 |
| Total system ridership | 2,337,218 | 2,470,032 | 2,638,883 | 2,431,012 |
| Vehicle revenue hours: | | | | |
| Fixed route | 100,192 | 101,366 | 104,223 | 118,125 |
| Special events | ** | ** | ** | 1,088 |
| Vehicle revenue miles: | | | | |
| Fixed route | 2,126,789 | 2,147,863 | 2,216,734 | 2,276,781 |
| Special events | ** | ** | ** | 25,823 |

*2015 includes the addition of Prior Lake and Shakopee
** Special Events Hours and Miles were not available for 2006 - 2008
BRT = Bus Rapid Transit

Source:  Various governmental reports

**Table 9**

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015* |
| 1,518,411 | 1,563,162 | 1,549,198 | 1,585,161 | 1,577,581 | 1,723,273 |
| 189,350 | 193,969 | 179,435 | 186,095 | 200,851 | 192,425 |
| - | - | - | 130,733 | 265,514 | 265,410 |
| 552,850 | 633,963 | 646,467 | 610,617 | 550,153 | 564,261 |
| 49,920 | 49,236 | 55,055 | 58,647 | 61,856 | 57,538 |
| 84,317 | 94,979 | 96,256 | 92,328 | 98,990 | 95,291 |
| 43,085 | 52,874 | 48,952 | 42,835 | 57,320 | 67,766 |
| 2,437,933 | 2,588,183 | 2,575,363 | 2,706,416 | 2,812,265 | 2,965,964 |
| | | | | | |
| 121,541 | 121,286 | 120,829 | 136,014 | 148,942 | 165,945 |
| 1,128 | 982 | 1,055 | 1,059 | 1,050 | 1,480 |
| | | | | | |
| 2,420,433 | 2,455,288 | 2,451,467 | 2,800,574 | 3,059,011 | 3,446,765 |
| 27,081 | 24,653 | 26,173 | 26,002 | 27,312 | 31,194 |

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| Function/Program | 2006 | 2007 | 2008 | 2009 |
| Transit operations: | | | | |
| Transit revenue vehicles - # | 112 | 112 | 112 | 116 |
| Maximum # of rev. vehicles in operation | 86 | 90 | 91 | 96 |
| Facilites management: | | | | |
| Transit stations - # owned | 3 | 4 | 4 | 4 |
| Transit stations - # leased | - | - | - | - |
| Transit stations - # of parking spaces | 2,704 | 2,962 | 2,962 | 2,962 |
| Park & rides - # owned | 3 | 3 | 3 | 3 |
| Park & rides - # leased | 1 | 1 | 2 | 2 |
| Park & rides - # of parking spaces | 1,213 | 1,213 | 1,288 | 1,288 |
| Transit Station Stops - # leased | - | - | - | - |
| Bus garages - # | 2 | 2 | 2 | 2 |
| Bus garages - bus storage capacity | 100 | 100 | 100 | 100 |
| Bus garages - # of maintenance bays | 12 | 12 | 12 | 12 |
| Layover facility | - | - | - | - |

*2015 includes the addition of Prior Lake and Shakopee

**Table 10**

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015* |
| 118 | 118 | 124 | 128 | 128 | 150 |
| 99 | 99 | 99 | 105 | 106 | 127 |
| 4 | 4 | 5 | 5 | 5 | 5 |
| 1 | 1 | 1 | 1 | 1 | 2 |
| 3,226 | 3,226 | 3,348 | 3,348 | 3,348 | 3,790 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 2 | 2 | 1 | 1 | 1 | 3 |
| 1,288 | 1,288 | 1,213 | 1,213 | 1,213 | 2,289 |
| - | - | - | 2 | 2 | 2 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 100 | 100 | 100 | 100 | 150 | 150 |
| 12 | 12 | 12 | 12 | 15 | 15 |
| - | - | - | - | - | 1 |

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

**As of December 31, 2015**

**FAREBOX RECOVER PERCENTAGE**

| **Year** | **Percentage** |
|---|---|
| 2006…………………….. | 30.4% |
| 2007…………………….. | 31.4% |
| 2008…………………….. | 31.5% |
| 2009…………………….. | 31.1% |
| 2010…………………….. | 27.9% |
| 2011…………………….. | 28.9% |
| 2012…………………….. | 27.4% |
| 2013…………………….. | 25.0% |
| 2014…………………….. | 23.7% |
| 2015…………………….. | 23.3% |

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 and RedLine run Monday through Friday)**
**(440 began 6/13, 441 ended 6/13, 444, 445 and RedLine 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.