

MINNESOTA VALLEY TRANSIT AUTHORITY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended
December 31, 2020



Minnesota Valley Transit Authority

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December 31, 2020

Prepared By:
Finance Department

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MINNESOTA VALLEY TRANSIT AUTHORITY
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I. INTRODUCTORY SECTION

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April 29, 2021

Honorable Chair and Members of the Board
Minnesota Valley Transit Authority

We are pleased to submit the Minnesota Valley Transit Authority (the Authority) Comprehensive Annual Financial Report for the fiscal year ended December 31, 2020 to the Minnesota Valley Transit Authority Board of Commissioners, the citizens of this area and all interested in its financial condition. The Authority 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. general accepted accounting standards by a firm of licensed certified public accountants.

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

The Authority'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 the Authority for the fiscal year ended December 31, 2020 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 the Authority's financial statements for the fiscal year ended December 31, 2020 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 Authority 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 Authority’s separately issued Single Audit Report.

The Comprehensive Annual Financial Report is presented in three sections. The Introductory Section includes the transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, the Authority’s organizational chart, and a list of elected and appointed officials. The Financial Section includes Management’s Discussion and Analysis (MD&A), basic financial statements, required supplementary information, and individual fund statements and schedules, as well as the independent auditor’s report on the basic financial statements. The Statistical Section includes selected financial and demographic information generally presented in a multi-year basis.

PROFILE OF THE GOVERNMENT

The Authority was formed on January 1, 1991 by a joint power 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, the Authority 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 Authority 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 Authority’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 staff member can also serve as the alternate commissioner. The terms of each Board member are determined by the jurisdiction making the appointment.

In 2014, the Cities of Prior Lake and Shakopee approached the Authority to merge their transit services with that operated by the Authority. After much study and discussion, the Cities of Prior Lake and Shakopee entered into a consolidation agreement with the Authority. This agreement outlines the terms and conditions of the merger. At the same time, the Authority 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 the Authority to the Chief Executive Officer who is the official custodian of these records. The Secretary/Treasurer also serves as the Chair of the Management Committee.

The Chief Executive Officer is appointed by the Authority's Board of Commissioners to administer and supervise the day to day activities of the Authority 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 Authority's mission is to connect customer to desired destinations. To achieve its mission, the Authority has established three principle strategies:

- Delivery mobility
- Manage the Authority'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 the Authority: to be a trusted partner in transportation, serving as an innovative leader in moving people to destinations.

In keeping with its vision and mission, the Authority 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 the Authority's service area. From 2017 through 2020, the Authority also operated the Metro Red Line under contract to the Metropolitan Council, which ended December 5th, 2020. The Authority services are provided by a fleet of 165 vehicles. Operations and maintenance services are provided by one private contractor working out of two bus garages.

The Minnesota Valley Transit Authority 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 Authority. The Minnesota Valley Transit Authority Bond Board, since it provides financing for the Authority, has been included as an integral part of the Authority's financial statements. Additional information on the Minnesota Valley Transit Authority 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 the Authority's financial planning and control. In late 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 Director of Finance in the fall. The requests are compiled, reviewed and revised by the Director of Finance and Chief Executive Officer and presented to the Management Committee in November for its review and direction. Following the Management Committee meeting, the operating budget is revised based on the Committee's feedback. The proposed budget is then presented to the full Board for its approval. In spring of the following year, the budget assumptions are reviewed and adjustments are made before an amendment is adopted. The Capital Improvement Plan (CIP) which covers a five-year period follows the same timeframe as the Operating Budget with budget preparation occurring in the summer, preliminary approval of the CIP in September or October 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 the Authority staff and adopted by the Board.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The Authority 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 Twin Cities economy, of which the Authority cities and counties are a part, was in the midst of the longest running economic expansion on record, however this was halted in the spring of 2020 when a stay-at-home order and other COVID-19 mitigation efforts were put in place, and many businesses temporarily closed. As of December 2020, Minnesota has 184,200 fewer jobs than in February.

Economic Outlook (from Minnesota Management & Budget)

According to the Department of Employment and Economic Development's (DEED's), total employment in Minnesota dropped 2.9 percent in fiscal year 2020, and it is now forecast to decrease 4.0 percent in fiscal year 2021, resulting in a cumulative 6.8 percent decrease across the biennium. Prior to the current economic downturn, Minnesota had low unemployment and a high demand for labor, but job losses have changed that picture. The statewide job vacancy rate is 4.0 percent, or 4.0 job openings per 100 jobs. This the lowest posted since the second quarter of 2016, when there was a job vacancy rate of 3.6 percent. The effects of the pandemic are likely to include economic impacts that will affect individuals, communities and organizations like the Authority for some time to come.

Annual ridership in 2020 was down 67% overall, totaling just over 900,000 rides at year-end. Express service experienced the largest decrease with a -76% change, while local came in at 51% below 2019 and weekend 36% lower. Suburb to suburb express service (route 495) was the least impacted by the pandemic, with ridership only down 26% in 2020. Several service additions took place in 2020, including a route extension on Route 442, weekend service additions on Routes 497/499, expansion of MVTA Connect to Apple Valley/Rosemount, and expansion of MVTA Connect to weekends, all resulting in increased ridership. The Pandemic impacted express routes and ridership the most at the Authority as a majority of downtown Minneapolis/St. Paul employees remain working from home. In addition, several service suspensions took place in late May/early June as a result of civil unrest that followed the death of George Floyd, impacting ridership across the entire system.

MVTA Connect is the Authority's first and only on-demand bus service. The service launched in June 2019 and originally served the cities of Savage and Burnsville. In October 2020, the MVTA Connect was expanded into Apple Valley and Rosemount, creating a cohesive service area providing east-west connections between the four cities. In December 2020, weekend service was also added to enhance the customer experience, seven days a week.

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. The Authority has been receiving a portion of this Regionally Allocated MVST revenue. In 2020, the Authority received \$18,775,395 of MVST. The Authority will continue to pursue its share of Regionally Allocated MVST while resuming operations and maintaining transit services that meet the needs of our communities. 2021 will be a challenging year as the entire metropolitan region faces funding cuts and an increase in operational costs.

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. The Authority has developed and maintains a long-range Capital Improvement Plan (CIP) to plan for future needs and services and to support an application for the capital funds. Significant project activity in 2020 included the following:

- Completion of Apple Valley Transit Station Modernization Project
- CAD/AVL Project (CAD/AVL)
- Customer Facility Improvements including rehabilitation of the Burnsville Transit Station.
- Support Facility Improvements at Burnsville Bus Garage and Eagan Bus Garage.

LONG TERM FINANCIAL PLANNING

The Authority has implemented various financial/budget policies to guide the Board and staff when making financial decisions and to ensure the long-term stability of the authority 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.

The Authority 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 Authority implemented a six-year CIP in coordination with the Metropolitan Council and their Regional Capital Plan. Each year, this CIP is submitted to the Metropolitan Council for potential inclusion in their plan.

MAJOR INITIATIVES

Avail Integration

The Authority completed primary deployment of a new Computer Aided Dispatch and Automatic Vehicle Location CAD/AVL system powered by Avail Technologies. The CAD/AVL system now manages all aspects of the Authority daily transit operations, from dispatching, scheduling, yard, and incident management. The CAD system provides vital tools that allows proactive decision making, such as vehicle GPS locations tracking, schedule adherence, vehicle health monitoring, incident management, and business intelligence.

The in-vehicle AVL system integrates with 3rd Party peripherals (head signs, annunciators, passenger counters) to provide real-time data, safety and route announcements and vehicle passenger capacity statuses to both riders and Dispatch staff. These capabilities allow customer service agents and dispatch to quickly and accurately respond to ‘Where’s my bus?’ request. Dispatchers now have greater insight and control over transit vehicles and can rapidly reassign vehicles to routes based upon real-time performance criteria to reduce road calls.

COVID-19 Pandemic Safety & Security

During COVID-19, the Authority has taken strides to protect the health and safety of our customers and employees and customer messaging highlighted those efforts during 2020.

Customer Safety: Safety measures included but were not limited to addition of trips to ensure adequate social distancing on buses; reduction of bus capacity to comply with social distancing guidelines and allow for adequate spacing; installation of barriers and partitions were installed on buses to ensure health and safety of passengers and drivers; adopted procedures and guidelines as recommended by the CDC on enhanced cleaning, sanitizing, and disinfecting procedures; and following state mandated order of requiring all passengers and employees to wear face masks.

Employee Safety: The Authority Administration Department successfully implemented an employee work from home, partial return to work and return to work from home within a calendar year. Guidelines were frequently reviewed while balancing employee/customer safety and needs.

Apple Valley Transit Station (AVTS) Expansion Completion

A long-sought expansion and modernization of the Apple Valley Transit Station took place in 2019 along the busy and growing corridor along Cedar Avenue/Highway 77. Prior to the construction work, the transit station had the highest percentage of parking space use of the largest bus park and ride facilities in the metro area. The ramp expansion project began in June and was completed by March 2020. During construction, costumers were required to park in overflow and temporary lots near the parking ramp.

- In addition to the parking ramp expansion that includes 350 additional parking spaces at AVTS, the construction added a variety of other improvements, including:
- Adding a second elevator at the ramp.
- Energy-efficient LED lighting

- Accessibility improvements on existing levels at the main entrance.
- A modern façade on the AVTS ramp.
- Additional security cameras to improve public safety.

Minnesota Valley Transit Authority Connect

The Authority's on-demand, app-based service, MVTA Connect, expanded to Apple Valley and Rosemount in October of 2020. In December, weekend service was also added to meet increasing ridership demands across its service area. The service continues to run 6 a.m. to 7 p.m., seven days a week. Key destinations in 2020 included retail centers, Burnsville Transit Station, Apple Valley Transit Station, Burnsville/Apple Valley Walmart's, and various high-density residential areas. Daily ridership averaged around 20 rides per day at the start of the COVID-19 Pandemic, but quickly bounced back and ended the year approaching 50 rides per day.

Minnesota Valley Transit Authority Service Planning

The Authority responded to the COVID-19 Pandemic with substantial service changes in 2020, beginning in late March. Initial service reductions resulted in the Authority operating at 36% of typical weekly operations. By year-end, operations were running at 62% of pre-COVID levels. Due to the reduction of services, the Authority had additional resources available to pilot new services, including the following: expanded services to Mall of America and Twin Cities Outlets on Route 442, new Route 447 serving the County Road 42 corridor, and weekend service additions on Shakopee Local Routes 497/499.

AWARDS

Government Finance Officers Association Certificate of Achievement:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This was the seventh 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.

Coronavirus Aid, Relief, and Economic Security Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed and signed into law. This Act provides fast and direct economic assistance to a variety of industries affected by COVID-19, including the transit industry, providing \$25B in supplemental funding available for Federal Transit Administration (FTA) grantees to prevent, prepare for, and respond to COVID-19. The FTA appropriated \$226M to Minnesota's urban area transit system, which allocated approximately \$6.1M to the Authority. Funds are accessed through a subrecipient grant

agreement with Metropolitan Council (Council) and subsequent drawdowns. Activities eligible for CARES Act funding include: Planning, Capital (preventative maintenance, rolling stock, equipment, etc.), and operating. There was no limit on the amount of funds that may be used for operating expenses and funds are available until expended. Recipients were encouraged by the FTA to use the funds expeditiously.

Federal Transit Administration Bus & Bus Facilities Program Grant

The Burnsville Bus Garage modernization has been a high priority for the Authority for many years. The facility was originally constructed as a manufacturing plant in 1977 and has been in a significant state of deficiency in recent years. A 2018 study found that that the garage ranked last in terms of facility condition in the Twin Cities region.

The Authority had applied for federal assistance to repair the facility in 2018 and 2019 but was unsuccessful. In August 2020, the FTA announced that the Authority's application toward the Bus & Bus Facilities Grant was accepted and the Authority was awarded \$2.8 million to begin the first phase of a multi-phase plan to bring the facility to a State of Good Repair. The grant funding will be used to make required structural repairs, address safety issues, and accommodate fleet/service needs. Overall, the Authority estimates the cost at approximately \$8 million to fully upgrade the Burnsville Bus Garage.

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 the Authority's Board for their dedication and commitment to maintaining the financial integrity of the organization and guiding decision-making that protects the Authority's financial position.

Respectfully submitted,



Luther Wynder
Chief Executive Officer



Tania Wink
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Minnesota Valley Transit Authority

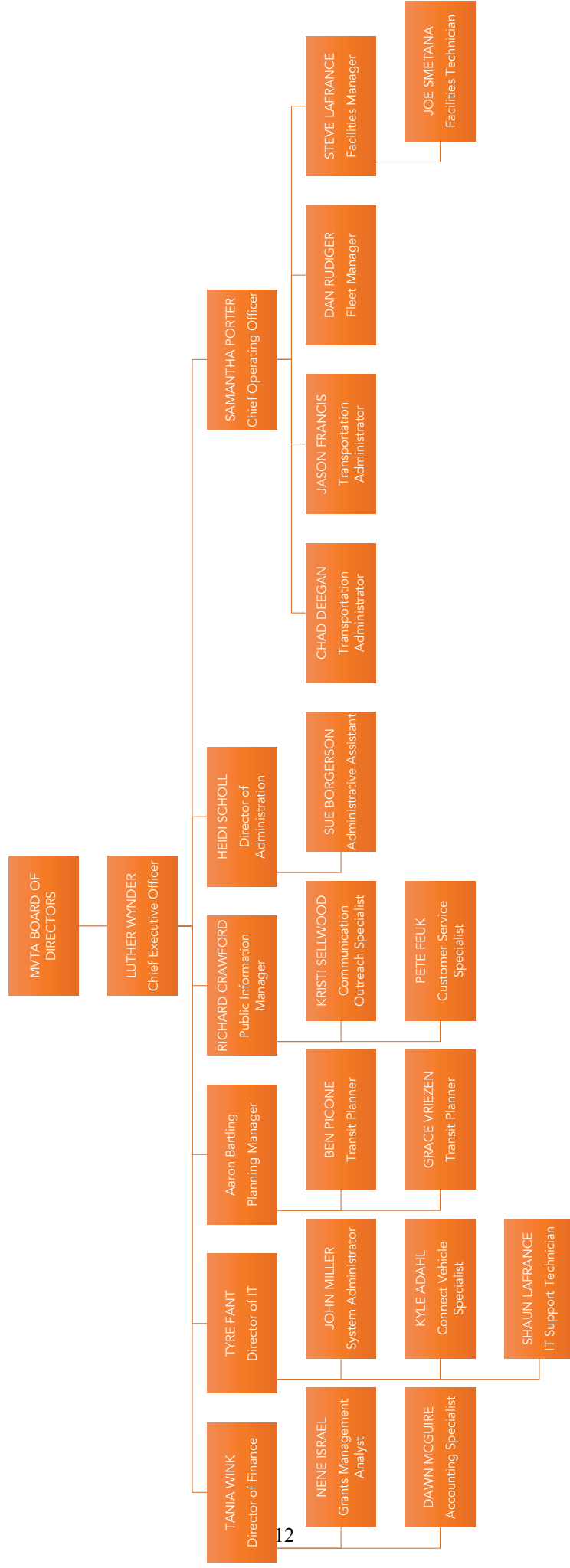
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

Executive Director/CEO

MINNESOTA VALLEY TRANSIT AUTHORITY
 Organization Chart



MINNESOTA VALLEY TRANSIT AUTHORITY

ELECTED AND APPOINTED OFFICIALS

December 31, 2020

<u>Elected Officials</u>	<u>Position</u>	<u>Community/County Represented</u>	<u>Term Expires</u>
Clint Hooppaw	Chairperson	Apple Valley	*
Kevin Burkart	Vice Chairperson	Prior Lake	*
Jon Ulrich	Secretary/Treasurer	Scott County	*
Gene Abbott	Board Member	Savage	*
Gary Hansen	Board Member	Eagan	*
Tammy Block	Board Member	Rosemount	*
Dan Kealey	Board Member	Burnsville	*
Chris Gerlach	Board Member	Dakota County	*
Jay Whiting	Board Member	Shakopee	*

Administration

Luther Wynder, Chief Executive Director

Tania Wink, Director of Finance

*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 Honorable Chair and Members of the Board
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 the Minnesota Valley Transit Authority (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the 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 the Authority, as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Authority's 2019 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 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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 schedule of proportionate share of net pension liability and the schedule of pension contributions on pages 21-31 and 64-68, 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 the Authority's basic financial statements. The introductory section, individual fund financial schedule, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2021, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 the Authority's internal control over financial reporting and compliance.



REDPATH AND COMPANY, LTD
St. Paul, Minnesota

April 29, 2021

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MINNESOTA VALLEY TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

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, 2020. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Minnesota Valley Transit Authority (the Authority) exceeded its liabilities and deferred inflows at the close of the fiscal year 2020 by \$63,353,404 (net position). Of this amount, \$16,091,434 (unrestricted net position) may be used to meet the government's ongoing obligations to customers and creditors.
- The Authority's net position increased by \$4,164,922.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$18,432,331 an increase of \$6,578,559 in comparison with the prior year. The unassigned fund balance at the end of 2020 was \$8,004,464.
- At the end of the current fiscal year, unrestricted (committed, assigned and unassigned) fund balance for the general fund was \$17,370,007 or 74.1% of total general fund expenditures at 2020 levels.
- In 2020, the Authority's outstanding bonded debt decreased by \$370,000 from \$3,910,000 to \$3,540,000.
- The Authority received \$18,775,395 in Motor Vehicle Sales Tax (MVST) revenue in 2020. This consisted of \$18,775,395 of MVST revenue passed through the Metropolitan Council according to MN Statutes.

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 34 – 35 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintained three individual governmental funds during 2020 – the General Fund, the Capital Projects Fund and the Debt Service Fund.

The Authority adopts an annual budget for its General Fund and its Debt Service Fund. Budgetary comparison statements have been provided for the General Fund and Debt Service Fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 36 – 39 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 – 61 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 \$63,353,404 at the close of fiscal year 2020.

The largest portion of the Authority’s net position (73.4%) 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 Authority’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 Authority’s net position (1.2%) represents resources that are subject to external restrictions on how they may be used. The remaining portion of the Authority’s net position is unrestricted (25.4%). This is the amount available to meet the Authority’s ongoing obligations to its riders and creditors.

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

	2020	2019
Current and Other Assets	\$21,393,625	\$17,964,056
Capital Assets, net of depreciation	50,116,669	52,899,194
Total Assets	71,510,294	70,863,250
 Total deferred outflows of resources	 271,537	 244,702
Long-term Liabilities Outstanding	4,909,696	5,079,787
Other Liabilities	3,455,987	6,573,798
Total Liabilities	8,365,683	11,653,585
 Total deferred inflows of resources	 62,744	 265,885
 Net Position:		
Net Investment in Capital Assets	46,497,057	47,001,307
Restricted for Debt Service	764,913	761,613
Unrestricted	16,091,434	11,425,562
Total Net Position	63,353,404	59,188,482

Governmental Activities – Governmental activities increased the Authority’s net position by \$4,164,922. Revenues in 2020 were \$33,128,871, or a decrease of \$6,148,808 from 2019. Expenses decreased by \$4,017,920 to bring the total 2020 expenses to \$28,963,949. The net result is an increase in net position of \$4,164,922. The key elements of this increase are as follows:

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

	2020	2019
Revenues:		
Program Revenues:		
Charges for Services	\$1,574,463	\$6,126,055
Operating Grants and Contributions	9,913,725	4,891,621
Capital Grants and Contributions	2,614,615	8,778,427
General Revenues:		
Motor Vehicle Sales Tax	18,775,395	18,920,458
Revenues not Restricted to Specific Programs	185,639	356,091
Unrestricted Investment Earnings	65,034	205,027
Total Revenues	\$33,128,871	\$39,277,679
	2020	2019
Expenses:		
Transit Operations	\$18,000,046	\$24,689,253
Facilities Management	6,584,638	4,496,819
Administration	4,228,257	3,632,427
Interest on Long-Term Debt	151,008	163,370
Total Expenses	28,963,949	32,981,869
Change in Net Position	4,164,922	6,295,810
Net Position – January 1	59,188,482	52,892,672
Net Position – December 31	\$63,353,404	\$59,188,482

Revenue Changes

- Charges for Services decreased \$4,551,592 in 2020. Ridership decreased in 2020, down 67.3% compared to 2019. This significant decrease was due to the impacts of COVID-19 on ridership.
- Operating Grants and Contributions increased \$5,022,104. The Authority receives grants to operate federally- and state-funded expansion service along with some contracted service. The funding consisted of \$6.1M which was awarded to the Authority by the Federal Transit Administration through a subrecipient grant agreement with Metropolitan Council.
- Capital Grants and Contributions decreased \$6,163,812. This decrease is primarily due to the completion of the Apple Valley Transit Station Expansion project.
- The Authority received \$145,063 less in Motor Vehicle Sales Tax (MVST) revenue in 2020 compared to 2019 due to the impacts of COVID-19 on the local economy.
- Revenues not Restricted to Specific Programs decreased \$170,452 primarily due to a decrease in Advertising Revenue of \$90,851, plus other miscellaneous increases totaling \$79,601.
- Investment earnings decreased \$139,993 due to the impact of COVID-19 on the Financial Market for the majority of the year.

Expense Changes

- Transit Operating costs, which comprised approximately 62.1% of the expenses, decreased by \$6,689,207; 27.1% under last year. This decrease is due to reduced operations due to COVID-19 in 2020.
- Facilities Management expenses increased in 2020 by \$2,087,819 or 46.4%. This increase is due to annual facility improvements that were required of the Authority in order to maintain State of Good Repair.
- The Authority's 2020 Administrative expenses grew by \$595,830 when compared to 2019. Full-time equivalent positions increase by one position in 2020 and the Authority saw a significant increase in insurance (personnel and property) which explains the increase in Administrative expenses.
- Long-term debt decreased by \$12,362 over 2019.

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 close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$18,432,331, an increase of \$6,578,559 in comparison with the prior year. The unassigned fund balance at the end of 2020 was \$8,004,464, which is available for spending at the Authority's discretion. The remainder of the fund balance is *nonspendable* (\$598,562) 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 capital projects fund, *restricted* (\$777,359) to pay for debt service, *committed* (\$193,632) for insurance reserves as imposed by formal action by the board, and *assigned* (\$8,858,313) for use of fund balance for 2021 budgeted expenditures as designated by the board.

Fund balance increased by \$6,484,060 in the General Fund to \$17,556,429, increased from \$6,419 to \$98,543 in the Capital Projects Fund, and increased by \$2,375 in the Debt Service Fund to \$777,359.

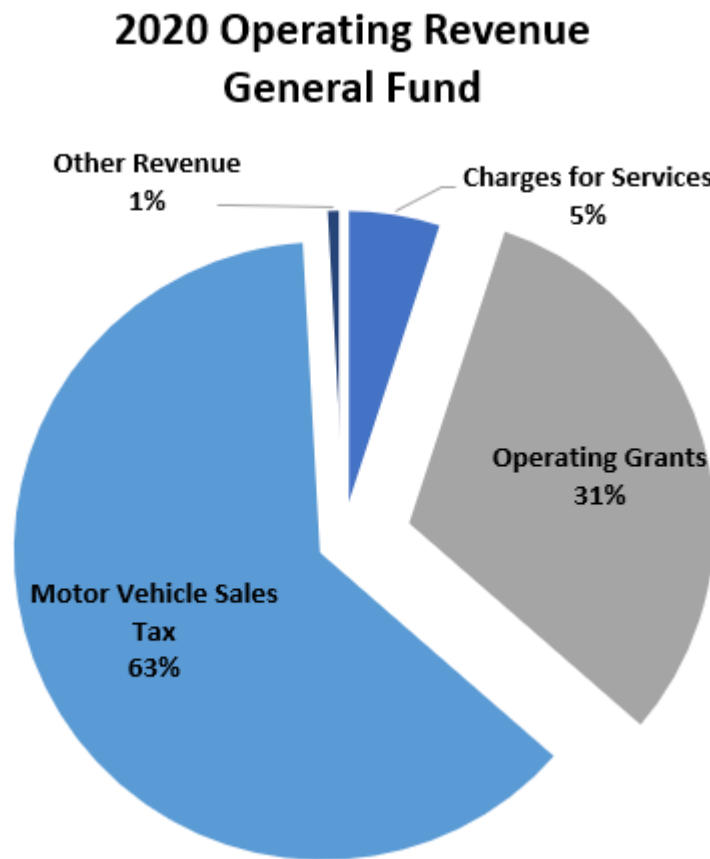
- Revenues were over expenditures by \$6,484,060 in the General Fund. This was primarily due to the CARES Act award of \$6.1M. The result was a net increase in the fund balance of the General Fund of \$6,484,060.
- Revenues were over expenditures by \$92,124 in the Capital Projects Fund, resulting in an increase to the fund balance by \$92,124.
- Revenues were over expenditures in the Debt Service Fund by \$2,375, resulting in an increase to the fund balance by \$2,375.

The combination of the above transactions resulted in an increase in the combined fund balance of \$6,578,559.

Revenue Changes from Budget

2020 General Fund Revenue was \$1,587,020 greater than the 2020 Final Budget. The increase is primarily due to CARES Act whereas the final award came in higher than estimated based on the appropriation set forth by the Metropolitan Council.

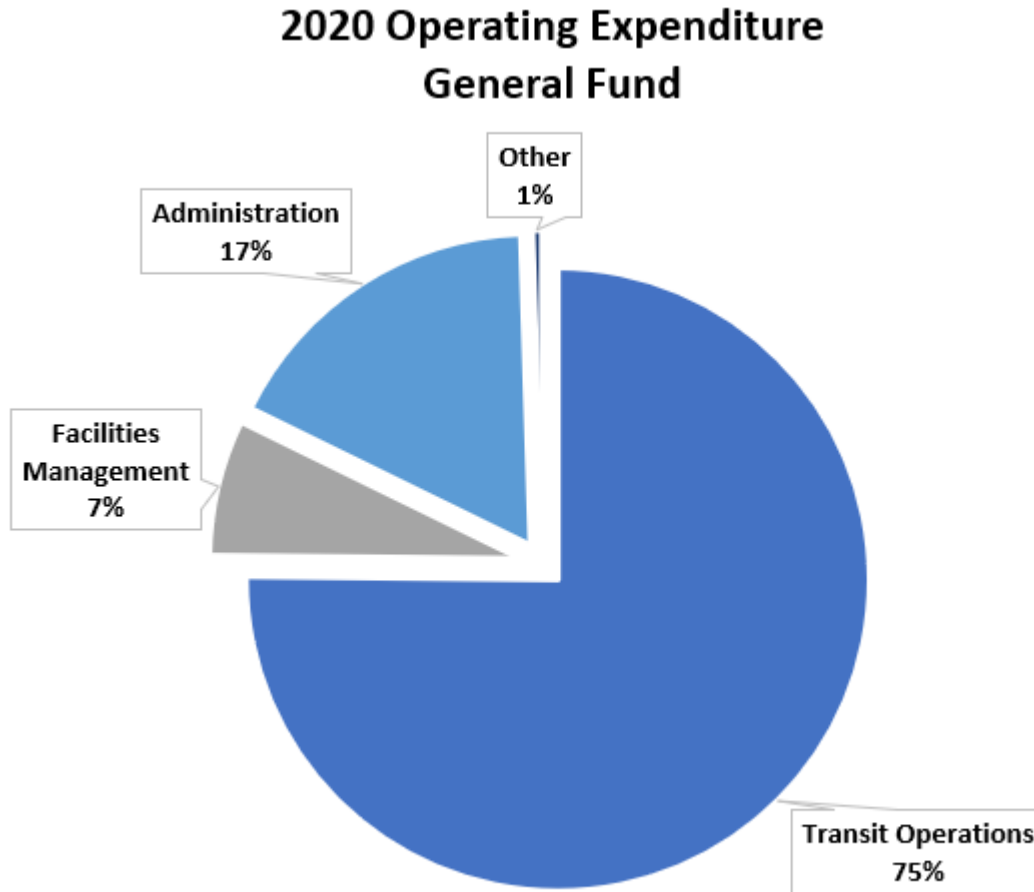
The Authority has four major categories of revenue: motor vehicle sales tax, charges for services (mainly passenger fares), operating grants, and other revenue. Motor vehicle sales taxes accounted for 63% of the revenue and operating grants made up 31%. These two revenue groupings accounted for 94% of the Authority's revenue. Charges for services made up 5% of the revenue with the remainder coming from other revenues (chart follows).



Expenditure Changes from Budget

Actual expenditures in the General Fund were \$5,790,973 less than the Final Budget. The decrease from the Final Budget is primarily due to reduced operations as a result and impacts of COVID-19 pandemic in 2020.

The General Fund expenditures were \$23,453,847 for the year. The majority of the costs were from providing transit services to the area’s citizens. These accounted for 75.2% of the expenditures or \$17,641,283. Administrative functions cost the agency \$4,050,634 or 17.3% of the expenses. Facilities operation and maintenance activities accounted for the 7.4% with capital outlay and debt service making up the remaining 0.2%. The following chart depicts this information.



GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was amended in 2020. In Intergovernmental Revenue, the budget was increased by \$2,754,058 primarily due to the update on the award from the CARES Act.

The 2020 General Fund revenues were \$1,587,020 under the final budget and 2020 General Fund expenditures were \$5,790,973 under budget creating a \$7,377,993 favorable variance to the 2020 Final Budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The Minnesota Valley Transit Authority’s investment in capital assets as of December 31, 2020 amounts to \$46,497,057 (net of accumulated depreciation and related debt). 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 1.1%.

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

- Completion of Apple Valley Transit Station Modernization Project
- CAD/AVL Project (CAD/AVL)
- Customer Facility Improvements including rehabilitation of the Burnsville Transit Station.
- Support Facility Improvements at Burnsville Bus Garage and Eagan Bus Garage.

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

	2020	2019	Incr./ (Decr.)
Land	\$10,296,809	\$10,296,809	\$0
Land Improvements	17,442,888	14,384,311	3,058,577
Buildings and Improvements	17,076,410	15,057,893	2,018,517
Furniture and Equipment	3,194,516	3,742,099	(547,583)
Transit Vehicles	160,598	143,758	16,840
Construction in Progress	1,945,448	9,274,324	(7,328,876)
Total	<u>\$50,116,669</u>	<u>\$52,899,194</u>	<u>(\$2,782,525)</u>

Additional information on the Authority’s capital assets can be found in Note 3 on pages 50-51 of this report.

Long-Term Debt – In 2013, the Authority 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 \$370,000 was paid leaving the Authority with bonds outstanding of \$3,540,000 at year-end. The Authority’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 51-53 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's 2021 General Fund revenues are currently budgeted at \$21,537,602 or \$8,400,305 less than last year's actual revenues and \$6,813,285 less than the 2020 final budget.

General Fund Revenue is decreasing in one major category: Intergovernmental Revenue; specifically, Other Intergovernmental Revenue. Revenues for this sub-category are currently budgeted at \$611,057. This is a decrease of \$1,616,091 from 2020, primarily due to the expiration of the Redline Service Agreement with Metropolitan Council.

The Authority's 2021 budgeted expenditures in the General Fund are \$30,395,916. This is a 29.6% increase or \$6,942,069 over the 2020 actuals of \$23,453,847. The increase in the budget from actuals is primarily due to two categories: Facilities Management and Capital Cost of Operating which allocates over \$3,000,000 in expenses towards the State of Good Repair at various facilities. The 2021 budget is 1.0% or \$322,010 under the 2020 final budget. The decrease in the budget is primarily due to the expiration of the Redline Service Agreement and the reduction in operational expenses as they relate to operating that service.

The 2021 Operating Budget results in a decrease of approximately \$8,858,314 in the Authority's fund balance and 3 months or 29.1% of next year's expenditures assuming 2021 results come in as budgeted.

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, fluctuations in vehicle sales, and the unprecedented decline in ridership as a result of the COVID-19 Pandemic. However, Motor Vehicle Sales Taxes are now dedicated to transportation needs and the Authority 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.

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 2020, the Authority's unassigned fund balance was sufficient to cover 3.28 months of 2021 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 Manager, 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, 2020

With Comparative Totals For December 31, 2019

	Governmental Activities	
	2020	2019
Assets:		
Current assets:		
Cash and investments	\$15,093,877	\$8,989,299
Restricted cash	771,382	763,554
Accrued interest	9,041	1,154
Due from other governments	4,912,443	8,055,155
Accounts receivable	6,205	22,780
Prepaid items	545,392	76,348
Inventories	55,285	55,766
Total current assets	<u>21,393,625</u>	<u>17,964,056</u>
Noncurrent assets:		
Land	10,296,809	10,296,809
Construction in progress	1,945,448	9,274,324
Land improvements	32,881,061	28,757,398
Buildings and improvements	35,356,873	32,047,127
Transit vehicles	1,226,425	1,148,809
Furniture and equipment	9,132,044	9,199,066
Net capital assets	90,838,660	90,723,533
Less: accumulated depreciation	(40,721,991)	(37,824,339)
Total noncurrent assets	<u>50,116,669</u>	<u>52,899,194</u>
Total assets	<u>71,510,294</u>	<u>70,863,250</u>
Deferred outflows of resources:		
Related to pensions	271,537	244,702
Liabilities:		
Accounts payable	2,778,315	4,108,961
Contracts payable	-	1,867,508
Due to other governments	22,796	19,326
Salaries and benefits payable	88,947	51,876
Accrued interest payable	12,446	13,371
Unearned revenue	71,236	62,613
Compensated absences payable:		
Due within one year	60,376	44,716
Due in more than one year	189,109	138,986
Bonds payable:		
Due within one year	385,000	370,000
Due in more than one year	3,194,601	3,584,941
Capital lease payable:		
Due within one year	36,871	35,427
Due in more than one year	3,140	40,011
Net pension liability:		
Due in more than one year	1,522,846	1,315,849
Total liabilities	<u>8,365,683</u>	<u>11,653,585</u>
Deferred inflows of resources:		
Related to pensions	62,744	265,885
Net position:		
Net investment in capital assets	46,497,057	47,001,307
Restricted for debt service	764,913	761,613
Unrestricted	16,091,434	11,425,562
Total net position	<u>\$63,353,404</u>	<u>\$59,188,482</u>

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

MINNESOTA VALLEY TRANSIT AUTHORITY

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2020

With Comparative Totals For The Year Ended December 31, 2019

Statement 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2020	2019
Governmental activities:						
Transit operations	\$18,000,046	\$1,512,737	\$9,384,751	\$714,026	(\$6,388,532)	(\$13,844,430)
Facilities management	6,584,638	61,726	370,000	1,900,589	(4,252,323)	4,069,509
Administration	4,228,257	-	4,074	-	(4,224,183)	(3,413,325)
Interest on long-term debt	151,008	-	154,900	-	3,892	2,480
Total governmental activities	<u>\$28,963,949</u>	<u>\$1,574,463</u>	<u>\$9,913,725</u>	<u>\$2,614,615</u>	<u>(14,861,146)</u>	<u>(13,185,766)</u>
General revenues:						
Intergovernmental revenues not restricted to specific programs:						
Motor vehicle sales tax					18,775,395	18,920,458
Revenues not restricted to specific programs:						
Advertising and concession revenues					155,799	246,650
Other					29,840	109,441
Unrestricted investment earnings:					65,034	205,027
Total general revenues					<u>19,026,068</u>	<u>19,481,576</u>
Change in net position					4,164,922	6,295,810
Net position - beginning					<u>59,188,482</u>	<u>52,892,672</u>
Net position - ending					<u>\$63,353,404</u>	<u>\$59,188,482</u>

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

MINNESOTA VALLEY TRANSIT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020
With Comparative Totals For December 31, 2019

Statement 3

	General Fund	Capital Projects	Debt Service	Total Governmental Funds	
				2020	2019
Assets					
Cash and investments	\$15,093,877	\$ -	\$ -	\$15,093,877	\$8,989,299
Restricted cash	-	-	771,382	771,382	763,554
Accrued interest	9,041	-	-	9,041	1,154
Due from other funds	1,318,727	-	-	1,318,727	1,284,589
Due from other governmental units	3,355,710	1,031,833	524,900	4,912,443	8,055,155
Accounts receivable	6,205	-	-	6,205	22,780
Inventory	55,285	-	-	55,285	55,766
Prepaid items	133,252	412,140	-	545,392	76,348
Total assets	<u>\$19,972,097</u>	<u>\$1,443,973</u>	<u>\$1,296,282</u>	<u>\$22,712,352</u>	<u>\$19,248,645</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$2,232,689	\$545,626	\$ -	\$2,778,315	\$4,108,961
Contracts payable	-	-	-	-	1,867,508
Due to other funds	-	799,804	518,923	1,318,727	1,284,589
Due to other governments	22,796	-	-	22,796	19,326
Salaries and benefits payable	88,947	-	-	88,947	51,876
Unearned revenue	71,236	-	-	71,236	62,613
Total liabilities	<u>2,415,668</u>	<u>1,345,430</u>	<u>518,923</u>	<u>4,280,021</u>	<u>7,394,873</u>
Fund balance:					
Nonspendable	186,422	412,140	-	598,562	132,114
Restricted	-	-	777,359	777,359	774,984
Committed	193,632	-	-	193,632	191,206
Assigned	8,858,314	-	-	8,858,314	1,420,035
Unassigned	8,318,061	(313,597)	-	8,004,464	9,335,433
Total fund balance	<u>17,556,429</u>	<u>98,543</u>	<u>777,359</u>	<u>18,432,331</u>	<u>11,853,772</u>
Total liabilities and fund balance	<u>\$19,972,097</u>	<u>\$1,443,973</u>	<u>\$1,296,282</u>	<u>\$22,712,352</u>	<u>\$19,248,645</u>
Fund balance reported above				\$18,432,331	\$11,853,772
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.				50,116,669	52,899,194
Deferred outflows of resources - pension related are not current financial resources and, therefore, are not reported in the funds.				271,537	244,702
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds:					
Accrued interest payable				(12,446)	(13,371)
Bonds payable				(3,540,000)	(3,910,000)
Unamortized bond premium				(39,601)	(44,941)
Capital lease payable				(40,011)	(75,438)
Compensated absences				(249,485)	(183,702)
Net pension liability				(1,522,846)	(1,315,849)
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.				(62,744)	(265,885)
Net position of governmental activities				<u>\$63,353,404</u>	<u>\$59,188,482</u>

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

MINNESOTA VALLEY TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

Statement 4

For The Year Ended December 31, 2020

With Comparative Totals For The Year Ended December 31, 2019

	General Fund	Capital Projects	Debt Service	Total Governmental Funds	
				2020	2019
Revenues:					
Intergovernmental	\$28,160,146	\$2,614,615	\$524,900	\$31,299,661	\$32,587,448
Passenger fares	1,512,737	-	-	1,512,737	6,035,953
Advertising income	110,799	-	-	110,799	201,650
Investment income	62,659	-	2,375	65,034	205,027
Miscellaneous	91,566	-	-	91,566	199,543
Total revenues	<u>29,937,907</u>	<u>2,614,615</u>	<u>527,275</u>	<u>33,079,797</u>	<u>39,229,621</u>
Expenditures:					
Current:					
Transit operations	17,641,283	-	-	17,641,283	24,249,746
Facilities management	1,662,457	-	-	1,662,457	1,733,508
Administration	4,050,634	-	-	4,050,634	3,332,203
Capital outlay:					
Transit operations	-	319,502	-	319,502	729,991
Facilities management	61,673	2,202,989	-	2,264,662	8,108,556
Administration	-	-	-	-	145,025
Debt Service:					
Principal	35,427	-	370,000	405,427	394,040
Interest	2,373	-	154,900	157,273	169,610
Total expenditures	<u>23,453,847</u>	<u>2,522,491</u>	<u>524,900</u>	<u>26,501,238</u>	<u>38,862,679</u>
Net change in fund balance	6,484,060	92,124	2,375	6,578,559	366,942
Fund balance - January 1	<u>11,072,369</u>	<u>6,419</u>	<u>774,984</u>	<u>11,853,772</u>	<u>11,486,830</u>
Fund balance - December 31	<u>\$17,556,429</u>	<u>\$98,543</u>	<u>\$777,359</u>	<u>\$18,432,331</u>	<u>\$11,853,772</u>

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, 2020
With Comparative Totals For The Year Ended December 31, 2019

Statement 5

	<u>2020</u>	<u>2019</u>
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)	\$6,578,559	\$366,942
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	2,584,164	8,983,572
Less capital outlay not capitalized	(589,533)	(270,386)
Less prior year capital outlay not capitalized	(1,763,700)	-
Depreciation expense	(2,980,474)	(3,057,765)
Loss on disposal	(32,982)	-
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	370,000	360,000
Principal payments on capital lease	35,427	34,040
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	925	900
Change in compensated absences payable	(65,783)	(12,284)
Amortization of bond premium	5,340	5,340
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 exceeded pension contributions:		
Pension contribution	142,816	129,511
Pension expense	(119,837)	(244,060)
Change in net position of governmental activities (statement 2)	<u>\$4,164,922</u>	<u>\$6,295,810</u>

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
For The Year Ended December 31, 2020
With Comparative Actual Amounts For The Year Ended December 31, 2019

Statement 6

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$23,835,290	\$26,589,348	\$28,160,146	\$1,570,798	\$23,283,171
Passenger fares	5,055,260	1,562,800	1,512,737	(50,063)	6,035,953
Advertising income	176,841	103,739	110,799	7,060	201,650
Investment income	130,000	60,000	62,659	2,659	192,231
Miscellaneous	100,500	35,000	91,566	56,566	199,543
Total revenues	29,297,891	28,350,887	29,937,907	1,587,020	29,912,548
Expenditures:					
Current:					
Transit operations	24,353,783	22,817,400	17,641,283	5,176,117	24,249,746
Facilities management	1,844,566	1,956,793	1,662,457	294,336	1,733,508
Administration	4,189,577	4,145,627	4,050,634	94,993	3,332,203
Capital outlay	330,000	325,000	61,673	263,327	211,564
Debt Service:					
Principal	-	-	35,427	(35,427)	34,040
Interest	-	-	2,373	(2,373)	3,760
Total expenditures	30,717,926	29,244,820	23,453,847	5,790,973	29,564,821
Revenues over (under) expenditures	<u>(\$1,420,035)</u>	<u>(\$893,933)</u>	<u>6,484,060</u>	<u>\$7,377,993</u>	<u>347,727</u>
Fund balance - beginning			<u>11,072,369</u>		<u>10,724,642</u>
Fund balance - ending			<u>\$17,556,429</u>		<u>\$11,072,369</u>

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 Authority Bond Board was established by an amendment to the joint powers agreement. The Authority 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. 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. During 2013, the Authority Bond Board issued the 2013 Gross Revenue Bonds in the amount of \$5,900,000.

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. 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 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 *General 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

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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% minimum 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 and Debt Service 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 and Debt Service 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, except for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

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 2019, but not paid until 2020 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 \$41,518 and parts inventory totaled \$13,767 at December 31, 2020, and both are accounted for using the purchases method. The fuel inventory is valued based on weighted average prices for fuel during December 2020. The valuation for the parts inventory is based on the purchase price of the parts.

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) and having a useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

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 equipment	3-15
Vehicles	5-12
Land 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 the employee’s 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.

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 GAAP. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended December 31, 2019, 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. The Authority 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. The Authority 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.

Q. DEFINED BENEFIT PENSION PLANS

For purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and 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.

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

As of December 31, 2020, the Authority had \$165 of petty cash on hand.

B. INVESTMENTS

As of December 31, 2020, the Authority had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1	1-5	6-10
Mutual funds	AAAm	\$771,382	\$771,382	\$ -	\$ -
External investment pool - 4M Liquid Assets Fund	N/R	11,527,429	11,527,429	-	-
External investment pool - 4M Plus Fund	N/R	1,566,283	1,566,283	-	-
External investment pool - 4M Term Series	N/R	2,000,000	2,000,000	-	-
Total investments		15,865,094	\$15,865,094	\$0	\$0
Petty cash		165			
Total		<u>\$15,865,259</u>			

N/R - not rated

Deposits and investments are presented in the December 31, 2020 basic financial statements as follows:

Statement of net position:

Cash and investments	\$15,093,877
Restricted cash	<u>771,382</u>
Total	<u>\$15,865,259</u>

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 fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorize the Authority to invest in United States securities, state and local securities, commercial paper, time deposits, high-risk mortgage-backed securities, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trust and guaranteed investment contracts.

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets; Level 2 investments are valued using inputs that are based on

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

quoted market prices for similar assets or inputs that are observable, either directly or indirectly; Level 3 investments are valued using inputs that are unobservable. The Authority does not have investments subject to categorization.

The Authority’s external investment pool investments are with the 4M Fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M Fund is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares.

The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost.

The 4M Liquid Asset Fund has no redemption requirements. The 4M Plus Fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to a penalty equal to seven days interest on the amount withdrawn. The 4M Term Series are designed for each investment to be held for the full term of that series. If an investment made in a Term Series is withdrawn prior to the maturity date of that Series, seven days’ notice of redemption is required and a penalty will likely be assessed.

DEPOSIT/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 fair value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2020, 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 on the previous page. The Authority’s investment policy does not place further restrictions on investment options.

<u>Investment Type</u>	<u>Rating</u>	<u>Credit Organization</u>
Mutual funds	AAAm	Standard & Poor's

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.

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, 2020 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$10,296,809	\$ -	\$ -	\$10,296,809
Construction in progress	9,274,324	2,584,164	(9,913,040)	1,945,448
Total capital assets, not being depreciated	<u>19,571,133</u>	<u>2,584,164</u>	<u>(9,913,040)</u>	<u>12,242,257</u>
Capital assets, being depreciated:				
Land improvements	28,757,398	4,123,663	-	32,881,061
Buildings and improvements	32,047,127	3,309,746	-	35,356,873
Transit vehicles	1,148,809	77,616	-	1,226,425
Furniture and equipment	9,199,066	48,782	(115,804)	9,132,044
Total capital assets, being depreciated	<u>71,152,400</u>	<u>7,559,807</u>	<u>(115,804)</u>	<u>78,596,403</u>
Less accumulated depreciation for:				
Land improvements	14,373,087	1,065,086	-	15,438,173
Buildings and improvements	16,989,234	1,291,229	-	18,280,463
Transit vehicles	1,005,051	60,776	-	1,065,827
Furniture and equipment	5,456,967	563,383	(82,822)	5,937,528
Total accumulated depreciation	<u>37,824,339</u>	<u>2,980,474</u>	<u>(82,822)</u>	<u>40,721,991</u>
Total capital assets being depreciated - net	<u>33,328,061</u>	<u>4,579,333</u>	<u>(32,982)</u>	<u>37,874,412</u>
Governmental activities capital assets - net	<u>\$52,899,194</u>	<u>\$7,163,497</u>	<u>(\$9,946,022)</u>	<u>\$50,116,669</u>

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Depreciation expense was charged to functions/programs of the Authority as shown below.

Governmental activities:	
Transit operations	\$358,763
Facilities management	2,535,966
Administration	<u>85,745</u>
 Total depreciation expense - governmental activities	 <u><u>\$2,980,474</u></u>

The Authority has an agreement with the Metropolitan Council for use of Council vehicles. The gross value and net value of these assets is \$73,298,874 and \$34,931,232, respectively. The assets are not included in the Authority's capital assets as disclosed above.

During 2020, \$2,353,233 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 ACTIVITIES

As of December 31, 2020, the long-term debt of the financial reporting entity consisted of the following:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Outstanding 12/31/2020</u>
Governmental activities:					
Gross Revenue Bonds, Series 2013	8/6/13	6/1/28	\$5,900,000	0.75% - 4.5%	\$3,540,000
Capital Lease - Radio Equipment	2/14/17	2/1/22	171,042	4%	40,011
Compensated absences payable	N/A	N/A	N/A	N/A	249,485
Bond issuance premium	N/A	N/A	N/A	N/A	<u>39,601</u>
 Total governmental activities					 <u><u>\$3,869,097</u></u>

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

	<u>Governmental Activities</u>	
	<u>Gross Revenue</u>	
	<u>Bonds of 2013</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$385,000	\$141,650
2022	400,000	125,950
2023	415,000	109,650
2024	430,000	92,750
2025	450,000	74,925
2026-2028	1,460,000	100,575
	<u>\$3,540,000</u>	<u>\$645,500</u>

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, 2020 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Gross Revenue Bonds, Series 2013	\$3,910,000	\$ -	(\$370,000)	\$3,540,000	\$385,000
Capital Lease - Radio Equipment	75,438	-	(35,427)	40,011	36,871
Compensated Absences	183,702	215,362	(149,579)	249,485	60,376
Subtotal	<u>4,169,140</u>	<u>215,362</u>	<u>(555,006)</u>	<u>3,829,496</u>	<u>\$482,247</u>
Bond issuance premium	44,941	-	(5,340)	39,601	
Total	<u>\$4,214,081</u>	<u>\$215,362</u>	<u>(\$560,346)</u>	<u>\$3,869,097</u>	

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

CAPITAL LEASE PAYABLE

On February 14, 2017, the Authority entered into an agreement with Schmitty and Sons Transit, Inc. (Schmitty & Sons) relating to the acquisition and use of radio equipment installed on the Schmitty & Sons transit vehicles. The agreement qualifies as a capital lease as the Authority will retain ownership of these radios at the expiration of the lease term. The agreement contains buy-out options at the end of each fiscal year, however the Authority has no intent to buy-out the radio equipment prior to the end of the lease. The buy-out option amount as of December 31, 2020 was \$89,447.

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

The present value of future minimum lease payments as of December 31, 2020 is \$40,011. The net book value of assets under the capital lease at December 31, 2020 is as follows:

Radio system	\$171,042
Accumulated depreciation	<u>(131,031)</u>
Net book value	<u><u>\$40,011</u></u>

The lease is payable in monthly installments of \$3,150 beginning in February 2017 and matures January 2022. Depreciation in the amount of \$35,427 has been recorded as depreciation expense during 2020. Interest expense in the amount of \$2,373 has been recorded as interest expense during 2020. The following is a schedule of future minimum lease payments under the capital lease:

	Governmental Activities					
	Capital Lease - Radio Equipment					
	Principal	Interest	Payment	Balance	Present Value	Buy-out Amount
12/31/2021	\$36,871	\$929	\$37,800	\$3,150	\$3,140	\$0
12/31/2022	3,140	10	3,150	-	-	-
	<u>\$40,011</u>	<u>\$939</u>	<u>\$40,950</u>			

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 \$4,185,500. For the current year, principal and interest paid on the debt service fund totaled \$370,000 and \$154,900, respectively.

Note 5 DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION

The Authority participates in the following cost-sharing multiple-employer defined benefit pension plan 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.

All full-time and certain part-time employees of the Authority are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. 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. 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.

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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 members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first ten years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% of average salary for all years 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.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. CONTRIBUTIONS

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

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2020 and the Authority was required to contribute 7.5% for Coordinated Plan members. The Authority contributions to the GERF for the year ended December 31, 2020 were \$142,816. The Authority's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

At December 31, 2020, the Authority reported a liability of \$1,522,846 for its proportionate share of GERF's net pension liability. The Authority's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Authority totaled \$46,810. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The Authority's proportionate share was 0.0254% at the end of the measurement period and 0.0238% for the beginning of the period.

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

The Authority's proportionate share of the net pension liability	\$1,522,846
State of Minnesota's proportionate share of the net pension liability associated with the Authority	<u>46,810</u>
Total	<u>\$1,569,656</u>

For the year ended December 31, 2020, the Authority recognized pension expense of \$119,837 for its proportionate share of the GERF's pension expense. In addition, the Authority recognized an additional \$4,074 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

At December 31, 2020, the Authority reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$13,902	\$5,762
Changes in actuarial assumptions	-	56,982
Net collective difference between projected and actual investment earnings	19,654	-
Changes in proportion	165,903	-
Contributions paid to PERA	<u>72,078</u>	<u>-</u>
Total	<u>\$271,537</u>	<u>\$62,744</u>

The \$72,078 reported as deferred outflows of resources related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2021	\$6,887
2022	42,064
2023	50,971
2024	36,793
Thereafter	-

Pension liabilities are generally liquidated by the General Fund.

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for GERP was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- As recommended in the June 30, 2019 experience study, assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- The base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

best estimates of geometric 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 Equity	35.5%	5.10%
International Equity	17.5%	5.30%
Fixed Income	20.0%	0.75%
Alternative Asset (Private Markets)	25.0%	5.90%
Cash Equivalents	2.0%	0.00%
Total	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate set in Minnesota statutes. Based on that assumption, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. 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.

G. PENSION LIABILITY SENSITIVITY

The following presents the Authority'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 Authority'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 (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
The Authority's proportionate share of the			
GERF net pension liability	\$2,440,594	\$1,522,846	\$765,778

H. 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.

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 6 INTERFUND ACTIVITY

A. DUE TO/FROM OTHER FUNDS

At December 31, 2020 due to/from other funds for the Authority were as follows:

<u>Fund Type and Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$1,318,727	\$ -
Capital Projects Fund	-	799,804
Debt Service Fund	-	518,923
	<u> </u>	<u> </u>
Total	<u>\$1,318,727</u>	<u>\$1,318,727</u>

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

B. TRANSFERS

There were no transfers during the year ended December 31, 2020.

Note 7 FUND BALANCE

A. CLASSIFICATIONS

At December 31, 2020, a summary of the governmental fund balance classifications are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Nonspendable:				
Prepaid items	\$131,137	\$412,140	\$ -	\$543,277
Inventory	55,285	-	-	55,285
Restricted:				
Debt service	-	-	777,359	777,359
Committed to:				
Insurance reserves	193,632	-	-	193,632
Assigned for ensuring next year's budget	8,858,313	-	-	8,858,313
Unassigned	8,318,062	(313,597)	-	8,004,465
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$17,556,429</u>	<u>\$98,543</u>	<u>\$777,359</u>	<u>\$18,432,331</u>

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, 2020, unassigned fund balance was sufficient to cover 3.28 months of 2021 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 8 COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES

A. 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, 2020.

B. 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.

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

C. COMMITMENTS

The Authority has contract commitments at December 31, 2020. The amount of these commitments were as follows:

Project	Vendor	Contract	Work-to-Date as of 12-31-20	Remaining
Planning Software	GIRO, Inc. - Hastus	\$114,282	\$48,290	\$65,992
Palomino Hills Park and Ride Lease	Christus Victor Lutheran Church	12,398	5,144	7,255
Procurement & Contract Software	Ion Wave Technologies	47,249	18,900	28,349
Federal Government Relations	Messerli & Kramer	168,000	140,000	28,000
Auditing Services	Redpath and Company	349,755	274,000	75,755
Operations and Fleet Maintenance	Schmitt & Sons Transit, Inc.	140,000,000	120,000,000	20,000,000
Passenger Information System - Software Annual Fee	REACH Media Network (11 devices)	11,000	-	11,000
Website Development & Hosting	Avallo Web Development	3,000	300	2,700
GIS Software & Support	ESRI	3,418	570	2,848
Snow Removal	Best Lawn Guys	31,315	12,526	18,789
Snow Removal	Beniek Property Services Inc.	24,195	8,065	16,130
Snow Removal	Snowpros LLC	47,500	19,000	28,500
Snow Removal	Every Season Landscaping & Lawn Care	49,000	19,600	29,400
Cleaning Services	Universal Cleaning Services Inc.	20,800	10,400	10,400
Cleaning Services	Treasure Enterprise, Inc.	255,000	170,000	85,000
CAD/AVL System Implementation Consultant Services	IBI Group	269,700	243,700	26,000
CAD/AVL System	AVAIL Technologies LLC	2,735,104	2,117,945	617,159
AVTS Modernization - Consultant Services	TKDA	473,088	443,955	29,133
AVTS Modernization - Construction	AP Midwest, LLC	8,445,706	8,161,171	284,535
Systemwide Study	Foursquare ITP	199,555	-	199,555
BTS Office Modernization	Met-Con Companies	622,942	76,900	546,042
BBG Office Moderization	Dering Pering Group	775,997	241,018	534,979

D. LITIGATION

Management 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 9 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.

MINNESOTA VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Future minimum lease payments to be received are as follows:

2021	\$51,454
2022	53,062
2023	53,062
2024	53,062
2025	53,062
2026-2030	<u>293,448</u>
Total	<u>\$557,150</u>

Note 10 RECENTLY ISSUED ACCOUNTING STANDARDS

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

Statement No. 87 Leases. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89 Accounting for Interest Cost Incurred before the End of a Construction Period. The provisions of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91 Conduit Debt Obligations. The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92 Omnibus 2020. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 93 Replacement of Interbank Offered Rates. The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2020.

Statement No. 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96 Subscription-Based Information Technology Agreements. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 87 may have a material impact.

Note 11 SUBSEQUENT EVENTS AND UNCERTAINTIES

The COVID-19 pandemic continues to cause disruptions worldwide. Management has evaluated these conditions and believes that it is not possible to reasonably estimate the financial impact of COVID-19 on the Authority's future operations.

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REQUIRED SUPPLEMENTARY INFORMATION

MINNESOTA VALLEY TRANSIT AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
 GENERAL EMPLOYEES RETIREMENT FUND
 For The Last Ten Years

Statement 7

Measurement Date June 30	Fiscal Year Ending December 31	Proportionate Share (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the Authority (b)	Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the Authority (a+b)	Covered Payroll (c)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0179%	\$927,671	\$ -	\$927,671	\$1,066,295	87.0%	78.2%
2016	2016	0.0209%	1,696,976	22,191	1,719,167	1,258,954	136.6%	68.9%
2017	2017	0.0207%	1,321,474	16,611	1,338,085	1,333,078	100.4%	75.9%
2018	2018	0.0226%	1,253,755	41,053	1,294,808	1,517,552	85.3%	79.5%
2019	2019	0.0238%	1,315,849	40,832	1,356,681	1,681,147	80.7%	80.2%
2020	2020	0.0254%	1,522,846	46,810	1,569,656	1,808,093	86.8%	79.1%

* The schedule is provided prospectively beginning with the Authority'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
SCHEDULE OF PENSION CONTRIBUTIONS* - GENERAL EMPLOYEES RETIREMENT FUND
For The Last Ten Years

Statement 8

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$85,500	\$85,500	\$ -	\$1,139,997	7.5%
December 31, 2016	99,633	99,633	-	1,328,431	7.5%
December 31, 2017	104,929	104,929	-	1,399,053	7.5%
December 31, 2018	119,861	119,861	-	1,598,136	7.5%
December 31, 2019	129,511	129,511	-	1,726,794	7.5%
December 31, 2020	142,816	142,816	-	1,904,195	7.5%

* The schedule is provided prospectively beginning with the Authority'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.

See accompanying notes to the required supplementary information.

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Note A PENSION INFORMATION

PERA – General Employees Retirement Fund

2020 Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- As recommended in the June 30, 2019 experience study, assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- The base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2020 Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

2019 Changes in the Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

2017 Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

MINNESOTA VALLEY TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2020

2016 Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

SUPPLEMENTARY INFORMATION

MINNESOTA VALLEY TRANSIT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
For The Year Ended December 31, 2020
With Comparative Actual Amounts For The Year Ended December 31, 2019

Statement 9

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$524,900	\$524,900	\$524,900	\$ -	\$525,850
Investment income	-	-	2,375	2,375	12,796
Total revenues	<u>524,900</u>	<u>524,900</u>	<u>527,275</u>	<u>2,375</u>	<u>538,646</u>
Expenditures:					
Debt Service:					
Principal	370,000	370,000	370,000	-	360,000
Interest	154,900	154,900	154,900	-	165,850
Total expenditures	<u>524,900</u>	<u>524,900</u>	<u>524,900</u>	<u>0</u>	<u>525,850</u>
Revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>2,375</u>	<u>2,375</u>	<u>12,796</u>
Other financing sources (uses):					
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	2,375	<u>\$2,375</u>	12,796
Fund balance - beginning			<u>774,984</u>		<u>762,188</u>
Fund balance - ending			<u>\$777,359</u>		<u>\$774,984</u>

III. STATISTICAL SECTION (UNAUDITED)

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MINNESOTA VALLEY TRANSIT AUTHORITY
Burnsville, Minnesota

STATISTICAL SECTION
12/31/2020
(Unaudited)

This part of Minnesota Valley Transit Authority's (the Authority) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Authority'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 the Authority'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 Authority'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. The Authority no longer receives any property tax.

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

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

MINNESOTA VALLEY TRANSIT AUTHORITY

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Unaudited)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$44,279,184	\$44,950,989	\$45,045,599	\$45,382,680
Restricted	-	-	690,917	690,959
Unrestricted	5,257,050	5,259,284	4,878,886	7,458,865
Total governmental activities net position	<u>\$49,536,234</u>	<u>\$50,210,273</u>	<u>\$50,615,402</u>	<u>\$53,532,504</u>

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					
2015	2016	2017	2018	2019	2020
\$44,168,256	\$44,521,482	\$42,721,137	\$42,806,701	\$47,001,307	\$46,497,057
674,449	732,687	738,517	747,917	761,613	764,913
11,319,594	12,899,411	9,558,635	9,338,054	11,425,562	16,091,434
<u>\$56,162,299</u>	<u>\$58,153,580</u>	<u>\$53,018,289</u>	<u>\$52,892,672</u>	<u>\$59,188,482</u>	<u>\$63,353,404</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses:				
Governmental activities:				
Transit operations	\$14,957,334	\$20,390,062	\$20,455,244	\$19,545,729
Facilities management	3,804,151	3,911,843	3,761,195	4,113,903
Administration	1,537,590	1,655,153	1,780,013	1,894,436
Interest on long-term debt	-	-	81,970	200,849
Total expenses	<u>\$20,299,075</u>	<u>\$25,957,058</u>	<u>\$26,078,422</u>	<u>\$25,754,917</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Passenger fares	\$5,019,866	\$4,927,964	\$5,179,965	\$5,315,555
Ground lease	51,473	53,127	52,887	54,489
Operating grants and contributions	793,160	676,608	2,431,037	4,043,023
Capital grants and contributions	1,543,237	8,264,614	4,394,557	3,557,949
Total program revenue	<u>\$7,407,736</u>	<u>\$13,922,313</u>	<u>\$12,058,446</u>	<u>\$12,971,016</u>
Net expense	<u>(\$12,891,339)</u>	<u>(\$12,034,745)</u>	<u>(\$14,019,976)</u>	<u>(\$12,783,901)</u>
General revenue:				
Motor vehicle sales tax	11,139,660	12,674,238	14,362,363	15,996,531
Revenues not restricted to specific programs	24,802	33,898	61,970	31,393
Unrestricted investment earnings	609	648	772	511
Total general revenue	<u>11,165,071</u>	<u>12,708,784</u>	<u>14,425,105</u>	<u>16,028,435</u>
Special item	-	-	-	-
Change in net position	<u>(\$1,726,268)</u>	<u>\$674,039</u>	<u>\$405,129</u>	<u>\$3,244,534</u>

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					
2015	2016	2017	2018	2019	2020
\$21,662,463	\$22,683,944	\$23,993,885	\$25,509,187	\$24,689,253	\$18,000,046
2,245,417	4,337,808	4,460,739	4,399,941	4,496,819	6,584,638
4,200,518	2,765,475	2,977,661	3,352,218	3,632,427	4,228,257
195,209	189,402	186,454	175,377	163,370	151,008
<u>\$28,303,607</u>	<u>\$29,976,629</u>	<u>\$31,618,739</u>	<u>\$33,436,723</u>	<u>\$32,981,869</u>	<u>\$28,963,949</u>
\$5,653,801	\$5,565,307	\$5,798,513	\$6,217,639	\$6,035,953	\$1,512,737
54,371	55,282	61,787	77,068	90,102	61,726
3,203,076	4,573,433	5,073,960	6,696,635	4,891,621	9,913,725
2,341,870	2,563,056	676,361	1,728,035	8,778,427	2,614,615
<u>\$11,253,118</u>	<u>\$12,757,078</u>	<u>\$11,610,621</u>	<u>\$14,719,377</u>	<u>\$19,796,103</u>	<u>\$14,102,803</u>
<u>(\$17,050,489)</u>	<u>(\$17,219,551)</u>	<u>(\$20,008,118)</u>	<u>(\$18,717,346)</u>	<u>(\$13,185,766)</u>	<u>(\$14,861,146)</u>
18,021,624	19,131,811	14,774,709	18,242,465	18,920,458	18,775,395
37,055	66,701	29,520	234,957	356,091	185,639
855	12,320	68,598	114,307	205,027	65,034
<u>18,059,534</u>	<u>19,210,832</u>	<u>14,872,827</u>	<u>18,591,729</u>	<u>19,481,576</u>	<u>19,026,068</u>
<u>1,620,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$2,629,795</u>	<u>\$1,991,281</u>	<u>(\$5,135,291)</u>	<u>(\$125,617)</u>	<u>\$6,295,810</u>	<u>\$4,164,922</u>

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

	Fiscal Year			
	2011	2012	2013	2014
General Fund:				
Nonspendable	\$41,340	\$50,108	\$94,456	\$101,811
Committed	67,075	80,841	81,446	81,899
Assigned	-	-	-	-
Unassigned	5,172,037	5,161,133	5,657,212	8,200,357
Total General Fund	\$5,280,452	\$5,292,082	\$5,833,114	\$8,384,067
Capital Projects Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Capital Projects Fund	\$0	\$0	\$0	\$0
Debt Service Fund:				
Restricted	\$ -	\$ -	\$690,917	\$690,959
Total Debt Service Fund	\$0	\$0	\$690,917	\$690,959
Subsequent years' budgeted expenditures	\$19,499,432	\$22,196,963	\$24,338,380	\$26,831,121
Months of expenditures in				
Unreserved/Unassigned Fund Balance	3.18	2.79	2.79	3.67

Source: Minnesota Valley Transit Authority financial records

Note: GASB 54 implemented in 2011 changing fund balance designations

Table 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$130,938	\$112,042	\$119,129	\$136,630	\$132,114	\$186,422
1,711,606	667,047	349,628	212,936	184,787	193,632
-	-	933,690	-	1,420,035	8,858,313
10,041,304	13,301,527	8,984,335	10,375,076	9,335,433	8,318,062
<u>\$11,883,848</u>	<u>\$14,080,616</u>	<u>\$10,386,782</u>	<u>\$10,724,642</u>	<u>\$11,072,369</u>	<u>\$17,556,429</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$412,140
-	-	-	-	6,419	-
-	-	-	-	-	(313,597)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,419</u>	<u>\$98,543</u>
\$691,003	\$748,683	\$753,663	\$762,188	\$774,984	\$777,359
<u>\$691,003</u>	<u>\$748,683</u>	<u>\$753,663</u>	<u>\$762,188</u>	<u>\$774,984</u>	<u>\$777,359</u>
\$27,665,782	\$29,537,255	\$31,108,068	\$31,800,197	\$30,557,926	\$30,395,916
4.36	5.40	3.47	3.92	3.67	3.28

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues:				
Intergovernmental revenue	\$13,476,057	\$21,602,823	\$21,187,957	\$23,597,503
Passenger fares	5,019,866	4,927,964	5,179,965	5,315,555
Miscellaneous:				
Advertising income	-	-	-	-
Investment income	609	648	772	511
Miscellaneous	76,275	87,025	114,857	85,882
Total revenues	<u>18,572,807</u>	<u>26,618,460</u>	<u>26,483,551</u>	<u>28,999,451</u>
Expenditures:				
Current:				
Transit operations	14,708,445	15,343,140	17,509,083	19,031,207
Facilities management	1,063,229	1,028,427	1,416,694	1,559,293
Administration	1,569,645	1,611,238	1,714,685	1,856,445
Total current	<u>17,341,319</u>	<u>17,982,805</u>	<u>20,640,462</u>	<u>22,446,945</u>
Debt service:				
Principal	-	-	-	280,000
Interest and other charges	-	-	66,204	206,200
Issuance expense	-	-	202,632	-
Capital outlay	1,586,650	8,624,026	10,321,434	4,042,781
Total expenditures	<u>18,927,969</u>	<u>26,606,831</u>	<u>31,230,732</u>	<u>26,975,926</u>
Revenue over (under) expenditures	<u>(355,162)</u>	<u>11,629</u>	<u>(4,747,181)</u>	<u>2,023,525</u>
Other financing sources (uses):				
Bond issuance	-	-	5,900,000	-
Bond premium	-	-	79,131	-
Transfers in	43,413	372,049	854,655	62,158
Transfers out	(43,413)	(372,049)	(854,655)	(62,158)
Issuance of capital lease	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>5,979,131</u>	<u>0</u>
Special item	-	-	-	-
Net change in fund balance	(355,162)	11,629	1,231,950	2,023,525
Fund balance - January 1, as previously stated	5,635,614	5,280,452	5,292,081	6,524,031
Prior period adjustment	-	-	-	527,470
Fund balance - January 1, as restated	<u>5,635,614</u>	<u>5,280,452</u>	<u>5,292,081</u>	<u>7,051,501</u>
Fund balance - end of year	<u>\$5,280,452</u>	<u>\$5,292,081</u>	<u>\$6,524,031</u>	<u>\$9,075,026</u>
Debt service as a percent of noncapital expenditures	0.0%	0.0%	0.3%	2.1%

Source: Minnesota Valley Transit Authority financial records

Table 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$23,566,570	\$26,261,683	\$20,524,550	\$26,657,562	\$32,587,448	\$31,299,661
5,653,801	5,565,307	5,798,513	6,217,639	6,035,953	1,512,737
-	-	-	184,179	201,650	110,799
855	12,320	68,598	114,307	205,027	65,034
91,426	121,983	91,307	127,846	199,543	91,566
<u>29,312,652</u>	<u>31,961,293</u>	<u>26,482,968</u>	<u>33,301,533</u>	<u>39,229,621</u>	<u>33,079,797</u>
20,605,999	21,904,307	23,485,315	25,210,183	24,249,746	17,641,283
1,581,121	1,719,538	1,731,290	1,773,685	1,733,508	1,662,457
2,090,118	2,529,010	2,728,528	3,137,500	3,332,203	4,050,634
<u>24,277,238</u>	<u>26,152,855</u>	<u>27,945,133</u>	<u>30,121,368</u>	<u>29,315,457</u>	<u>23,354,374</u>
325,000	335,000	368,856	382,708	394,040	405,427
201,900	195,300	192,644	181,592	169,610	157,273
-	-	-	-	-	-
2,629,439	3,023,690	1,836,231	2,269,480	8,983,572	2,584,164
<u>27,433,577</u>	<u>29,706,845</u>	<u>30,342,864</u>	<u>32,955,148</u>	<u>38,862,679</u>	<u>26,501,238</u>
<u>1,879,075</u>	<u>2,254,448</u>	<u>(3,859,896)</u>	<u>346,385</u>	<u>366,942</u>	<u>6,578,559</u>
-	-	-	-	-	-
-	-	-	-	-	-
248,019	270,336	248,369	435,915	-	-
(248,019)	(270,336)	(248,369)	(435,915)	-	-
-	-	171,042	-	-	-
<u>0</u>	<u>0</u>	<u>171,042</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,620,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,499,825	2,254,448	(3,688,854)	346,385	366,942	6,578,559
9,075,026	12,574,851	14,829,299	11,140,445	11,486,830	11,853,772
-	-	-	-	-	-
<u>9,075,026</u>	<u>12,574,851</u>	<u>14,829,299</u>	<u>11,140,445</u>	<u>11,486,830</u>	<u>11,853,772</u>
<u>\$12,574,851</u>	<u>\$14,829,299</u>	<u>\$11,140,445</u>	<u>\$11,486,830</u>	<u>\$11,853,772</u>	<u>\$18,432,331</u>
2.1%	2.0%	1.9%	1.8%	1.9%	2.3%

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MINNESOTA VALLEY TRANSIT AUTHORITY
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last 10 Fiscal Years
 (Unaudited)

Table 5

Fiscal Year	Governmental Activities				Total Primary Government	Debt as Percentage of Personal Income (1)(3)	Total Primary Government Debt Per Capita (2)(3)
	General Obligation Bonds	Special Assessment Bonds	Gross Revenue Bonds	Capital Leases			
2011	-	-	-	-	-	*	*
2012	-	-	-	-	-	*	*
2013	-	-	5,977,343	-	5,977,343	0.053%	26
2014	-	-	5,691,978	-	5,691,978	0.047%	25
2015	-	-	5,361,301	-	5,361,301	0.033%	18
2016	-	-	5,020,961	-	5,020,961	0.030%	17
2017	-	-	4,675,621	142,186	4,817,807	0.027%	16
2018	-	-	4,320,281	109,478	4,429,759	0.024%	14
2019	-	-	3,954,941	75,438	4,030,379	0.021%	13
2020	-	-	3,579,601	40,011	3,619,612	0.018%	11

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
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2020
(Unaudited)

Table 6

Governmental Unit	2020		
	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct			
Minnesota Valley Transit Authority	\$4,030,379	0.021%	\$838
Overlapping			
Counties			
Scott County	118,736,304	100.00%	118,736,304
Dakota County	-	100.00%	-
Cities			
City of Apple Valley	24,055,000	100.00%	24,055,000
City of Burnsville	61,103,000	100.00%	61,103,000
City of Eagan	45,220,000	100.00%	45,220,000
City of Rosemount	9,805,000	100.00%	9,805,000
Elko New Market	12,734,000	100.00%	12,734,000
Prior Lake	33,020,000	100.00%	33,020,000
Savage	47,945,000	100.00%	47,945,000
Shakopee	34,660,000	100.00%	34,660,000
School Districts:			
ISD No. 191-Burnsville-Eagan-Savage	138,355,000	25.34%	35,059,157
ISD No. 196-Rosemount-Apple Valley-Eagan	134,115,000	100.00%	134,115,000
ISD No. 719-Prior Lake-Savage	190,764,049	100.00%	190,764,049
ISD No. 720-Shakopee-Prior Lake	155,315,000	100.00%	155,315,000
Special Taxing Districts			
Metropolitan Council	\$1,555,384,035	4.78%	\$74,347,357
Subtotal, overlapping debt			<u>\$976,878,867</u>
Total underlying and overlapping debt			<u><u>\$976,879,705</u></u>

(a) Only those taxing units with debt outstanding are shown here.

(b) Scott County data excludes general obligation debt supported by revenues and general obligation tax and aid anticipation certificates of indebtedness, but includes debt supported by tax increments.

(c) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

Source: Dakota County, Scott County and Metropolitan Council

MINNESOTA VALLEY TRANSIT AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last 10 Fiscal Years
 (Unaudited)

Table 7

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (thousands of dollars) (3)</u>	<u>K-12 Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2011	224,207	47,617	10,675,953	37,446	5.8
2012	225,864	49,242	11,121,995	37,209	5.0
2013	229,135	49,636	11,373,230	36,950	4.4
2014	230,424	52,249	12,039,424	36,787	3.5
2015	297,947	54,116	16,123,700	36,608	3.1
2016	301,417	55,572	16,750,346	37,382	3.2
2017	305,020	57,821	17,636,561	45,996	2.9
2018	307,823	60,621	18,660,538	46,087	2.5
2019	312,396	62,039	19,380,735	46,070	2.8
2020	317,082	63,962	20,281,195	46,284	5.9

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) Met Council (Minnesota Community Profile)

Prior Lake and Shakopee was added to service area in 2015.

** Information is not available*

MINNESOTA VALLEY TRANSIT AUTHORITY
 PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago
 (Unaudited)

Employer	2019*		
	Employees	Rank	Percentage of Total Cities Employment
Thomson West	7,000	1	4.4%
ISD 196	4,500	2	2.8%
Shakopee Mdewakanton Sioux (Mystic Lake)	4,200	3	2.6%
Blue Cross-Blue Shield	3,816	4	2.4%
Burnsville Center	3,000	5	1.9%
Amazon	2,500	6	1.6%
Dakota County	2,052	7	1.3%
C H S Incorp	2,000	8	1.3%
US Postal Service	2,000	9	1.3%
Segate	1,800	10	1.1%
Total principal employees	32,868		20.6%
Total employees in cities	159,503		100.0%

*Includes the addition of Prior Lake and Shakopee

Sources:

2019 Annual Reports for Dakota and Scott County, as 2020 Annual Reports are not yet available.

Table 8

Employer	2010		
	Employees	Rank	Percentage of Total Cities Employment
Thomson West	7,500	1	6.9%
ISD 196	4,300	2	3.9%
Shakopee Mdewakanton Sioux (Mystic Lake)	4,177	3	3.8%
Blue Cross-Blue Shield	3,500	4	3.2%
Dakota County	1,806	5	1.7%
Valley Fair	1,675	6	1.5%
ISD 191	1,600	7	1.5%
ISD 194	1,596	8	1.5%
Segate	1,200	9	1.1%
ISD 719	1,000	10	0.9%
	28,354		26.0%
	109,049		100.0%

MINNESOTA VALLEY TRANSIT AUTHORITY
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last 10 Fiscal Years
(Unaudited)

FUNCTION	Fiscal Year			
	2011	2012	2013	2014
Transit Operations	6.5	6.0	5.9	5.9
Facilities Management	1.0	1.0	1.0	1.0
Administration	4.0	4.0	4.6	5.8
Total	11.5	11.0	11.5	12.7

Source: Minnesota Valley Transit Authority personnel records

Table 9

Fiscal Year					
2015	2016	2017	2018	2019	2020
6.5	7.9	8.2	7.6	7.6	7.6
0.5	0.5	1.6	2.5	2.5	3.5
6.2	7.1	6.8	10.1	10.1	10.0
13.2	15.5	16.6	20.2	20.2	21.1

MINNESOTA VALLEY TRANSIT AUTHORITY
OPERATING STATISTICS
Last 10 Fiscal Years
(Unaudited)

SYSTEM RIDERSHIP:	Fiscal Year		
	2011	2012	2013
Minneapolis Express	1,563,162	1,549,198	1,592,370
St. Paul Express	193,969	179,435	185,775
Suburb to Suburb Express	-	-	-
Red Line BRT	-	-	130,733
Local	633,963	646,467	597,728
Reverse Commute	49,236	55,055	64,564
Weekend	94,979	96,256	92,299
State Fair/Special Events	52,874	48,952	42,947
Viking Shuttle			
Connect Services			
Special Services			
	2,588,183	2,575,363	2,706,416
VEHICLE REVENUE HOURS:			
Fixed Route	121,286	120,829	136,014
Special Events	982	1,055	1,059
VEHICLE REVENUE MILES:			
Fixed Route	2,455,288	2,451,467	2,800,574
Special Events	24,653	26,173	26,002

*includes the addition of Prior Lake and Shakopee

** Special Events Hours and Miles were not available for 2007 - 2008

BRT = Bus Rapid Transit

For 2020: There was low Ridership as a results of COVID-19 Pandemic. There were no Special events and state fair due to COVID-19 Pandemic

Source: Planning Department-Minnesota Valley Transit Authority

Table 10

Fiscal Year						
2014	2015*	2016*	2017*	2018*	2019*	2020*
1,577,581	1,723,273	1,681,239	1,645,271	1,605,319	1,576,529	373,443
200,851	192,425	195,125	192,171	189,128	185,011	44,009
-	-	13,239	64,163	78,774	81,151	60,035
265,514	265,410	266,811	270,400	254,125	238,833	117,414
550,153	564,261	527,954	509,091	494,290	451,710	222,543
61,856	57,538	52,149	52,850	54,908	47,444	14,845
98,990	95,291	88,152	102,969	109,758	104,296	67,228
57,320	67,766	77,729	87,449	86,082	97,291	-
				1,076	718	-
					3,505	9,295
				456		2,112
2,812,265	2,965,964	2,902,398	2,924,364	2,873,916	2,786,488	910,924
148,942	165,945	182,903	173,386	180,721	170,273	103,086
1,050	1,480	1,112	1,164	1,164	1,164	-
3,059,011	3,446,765	3,829,560	3,561,802	3,652,965	3,555,521	2,086,426
27,312	31,194	32,219	33,891	33,891	32,820	-

MINNESOTA VALLEY TRANSIT AUTHORITY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last 10 Fiscal Years
(Unaudited)

FUNCTION/PROGRAM	Fiscal Year		
	2011	2012	2013
Transit Operations			
Transit Revenue Vehicles - #	118	124	128
Maximum # of Rev. Vehicles in Operation	99	99	105
Facilities Management			
Transit Stations - # owned	4	5	5
Transit Stations - # leased	1	1	1
Transit Stations - # of parking spaces	3,246	3,348	3,348
Park & Rides - # owned	3	3	3
Park & Rides - # leased	3	2	2
Park & Rides - # of parking spaces	1,478	1,403	1,403
Transit Station Stops - # leased			2
Bus Garages - #	2	2	2
Bus Garages - bus storage capacity	100	100	100
Bus Garages - # of maintenance bays	12	12	12
Layover Facility			

*includes the addition of Prior Lake and Shakopee

Source: Various Minnesota Valley Transit Authority departments

Table 11

							Fiscal Year	
2014	2015*	2016*	2017*	2018*	2019*	2020*		
128	150	164	165	165	165	162		
106	127	139	133	134	136	136		
5	5	5	5	5	5	5		
1	2	2	3	3	3	1		
3,348	3,790	3,790	3,790	3,790	3,790	4,016		
3	3	3	3	3	3	3		
2	4	4	4	4	4	4		
1,403	2,479	2,479	2,479	2,479	2,479	2,479		
2	2	2	2	2	2	0		
2	2	2	2	2	2	2		
150	150	150	150	150	150	150		
15	15	15	15	15	15	15		
	1	1	1	1	1	1		

MINNESOTA VALLEY TRANSIT AUTHORITY
OPERATING STATISTICS
FAREBOX RECOVERY PERCENTAGE AND FARE STRUCTURE
Last 10 Fiscal Years
(Unaudited)

Table 12

As of December 31, 2020

FAREBOX RECOVER PERCENTAGE

Year	Percentage
2011	28.9%
2012	27.4%
2013	25.0%
2014	23.7%
2015	23.3%
2016	21.0%
2017	19.9%
2018	18.6%
2019	18.9%
2020	5.7%

Definition: passenger fare revenue divided by general fund expenditures

FARE STRUCTURES

Express Routes (460-484, 490-493 and 495 run Monday through Friday)
(495 runs weekends)

Cash Fares	Peak Hours	Nonpeak Hours
Adults (13-64)	\$ 3.25	\$ 2.50
Seniors (65+), Youth (6-12)	\$ 3.25	\$ 1.00
Children (5 and Under)	Free*	Free*
Persons with Disabilities	\$ 1.00	\$ 1.00

* When Accompanied by paying adult (limit 3)

Local Routes (420-446, 489, 497, 499 and Red Line run Monday through Friday)
(440, 444, 445 and Red Line run weekends)

Cash Fares	Peak Hours	Nonpeak Hours
Adults (13-64)	\$ 2.50	\$ 2.00
Seniors (65+), Youth (6-12)	\$ 2.50	\$ 1.00
Children (5 and Under)	Free*	Free*
Persons with Disabilities	\$ 1.00	\$ 1.00

* 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: Minnesota Valley Transit Authority does not have the ability to set fares. Fares are set for the region by the Metropolitan Council.