RAMSEY COUNTY
Regional Railroad Authority

Annual Financial Report
Fiscal Year 2016

ANNUAL FINANCIAL REPORT

OF THE

RAMSEY COUNTY
REGIONAL RAILROAD AUTHORITY

A Component Unit of Ramsey County, Minnesota

Year Ended December 31, 2016

Prepared by:
Finance Department and Regional Railroad Authority
Ramsey County, Minnesota

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY

TABLE OF CONTENTS

Introductory Section

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
ORGANIZATION

December 31, 2016

Authority Members

Rafael Ortega	Chair
Victoria Reinhardt	Vice Chair
Blake Huffman	Secretary
Toni Carter	Treasurer
Jim McDonough	Member
Mary Jo McGuire	Member
Janice Rettman	Member

Tim Mayasich, Director-Regional Rail Authority

Support & Advisory Staff

John Choi	Ramsey County Attorney	County Attorney
Lee Mehrkens	Ramsey County Finance Department	Director, CFO
Jim Hall	Ramsey County Information Services	Director, CIO

RAMSEY COUNTY
Regional Railroad Authority

June 7, 2017

Ramsey County Regional Railroad Authority
Board of Commissioners
15 West Kellogg Boulevard
Saint Paul, MN 55102

Dear Honorable Chair and Members:

The Annual Financial Report of the Ramsey County Regional Railroad Authority is submitted for the fiscal year ended December 31, 2016. This report was prepared by the Ramsey County Finance Department and the Ramsey County Regional Railroad Authority. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Regional Railroad Authority.

We believe the data are accurate in all material aspects and set forth the financial position and results of operations of the Authority, as measured in the financial statements, and all disclosures necessary to enable maximum understanding of the financial affairs of the Regional Railroad Authority.

ORGANIZATION AND PURPOSE

The Ramsey County Regional Railroad Authority was organized by Resolution 87-230, April 20, 1987, by the Ramsey County Board of Commissioners pursuant to Minnesota Statutes 1986, Chapter 398, now Minn. Stat. Ch. 398A.03, as a "political subdivision and local government of the State of Minnesota to exercise thereunder part of the sovereign power of the state." The Regional Railroad Authority is dedicated to a long-range vision of transit services to meet changing needs for today and for succeeding generations. The Regional Railroad Authority is composed of the seven members of the Ramsey County Board of Commissioners with its registered office in St. Paul, County of Ramsey, Minnesota. Neither the State of Minnesota, nor the County of Ramsey, nor any other political subdivision is liable for obligations of the Regional Railroad Authority.

SIGNIFICANT EVENTS FOR 2016

- Leasing at Union Depot continued with the addition of Lowertown Bike Shop – a very popular locally owned shop. Hertz and The Java Express coffee shop also opened for business at Union Depot.

- Christos restaurant closed and Kaskaid Hospitality was the successful proposer to operate a new restaurant in the Head House and provide exclusive catering services. Kaskaid will open the second location of Union Bar & Grill and their Crave group will operate catering.

- The annual Train Day event was expanded to two days to celebrate the 90th anniversary of the completion of station construction. The event included expansion of vendors selling railroad-themed collectibles, clothing, videos, models and fine art. Amtrak brought their exhibit train and our event

Union Depot, Suite 200
214 4th St. East
Saint Paul, MN 55101
Phone: (651) 266-2760
www.co.ramsey.mn.us

attendance broke their record. Additional heavy rail equipment was on-site for viewing and touring. Two paid ticketed events were included and proved popular.

- The 90th anniversary of completion of station construction was celebrated with an award-winning year-long social media campaign that shared the history, art, community and transportation of Union Depot.

- Doggie Depot returned as an annual event offering in the two-week long Winter Carnival. A king and queen were crowned and the exceptionally popular event raised money for local animal rescue facilities.

- The popular holiday events were further enhanced with a bolder first weekend programming beginning with the holiday tree lighting and free holiday movies for all. Partner events including the European Christmas Market and the North Pole Express expanded scope and hours, drawing large crowds during the holiday season.

- Holiday giving was expanded to incorporate both holiday event weekends and to include clothing in addition to food donations.

- Free community programming included the popular tours, CP Holiday Train and a continuation of yoga. A photo history of the station was turned into an exhibit for display from May – August.

- The Green Line continues to exceed ridership projections with Union Depot providing a strong intermodal connection for people seeking access to intercity bus and rail in addition to local riders seeking connections to concerts, sporting venues and special events.

- Work continues on regional corridor projects:

    - Riverview Corridor
      The Riverview Corridor Pre-Project Development study will be complete in late 2017 with the selection of a locally preferred alternative. The study team is analyzing transit modes and alternatives with the goals of improving mobility and equity, fostering economic development and providing greater regional and local connectivity. Open houses, community meetings, presentations, social media postings and pop-up meetings resulted in engagement of over 4,100 people. The technical and policy advisory committee meetings are open to the public and membership includes representatives from neighborhoods, district councils, the business community, and local, state and federal agencies.

    - Rush Line Corridor
      The Rush Line Corridor Pre-Project Development study team is analyzing transit modes and route alternatives to improve mobility and equity, foster economic development and provide greater regional and local connectivity in the corridor. The study will complete in 2017. Multiple engagement activities, including open houses, community meetings, presentations, social media postings, and pop-up meetings, resulted in participation by more than 5,000 community members. A locally preferred alternative will be the end product of the study.

- Gateway Corridor
  Gateway Corridor connects Union Depot to the Woodbury Theater Park and Ride in Woodbury. In 2016, work on the Draft Environmental Impact Statement (DEIS) transitioned into an Environmental Assessment (EA) as directed by the Federal Transit Administration. The EA is being led by the Washington County Regional Railroad Authority and completion is anticipated in 2017. Ramsey County Regional Railroad Authority is a cooperating agency on the study. In 2017, the project will transition to the Metro Transit and a project office will be created to oversee the engineering and design of this line. The corridor was designated the "Gold Line" to recognize its part of the larger system.

- Red Rock Corridor
  The Red Rock Corridor runs from Hastings to Union Depot and on to Minneapolis. A bus rapid transit implementation plan study was launched in 2015 and was completed in 2016 with a focus on improving existing bus service prior to implementing bus rapid transit in the corridor.

- Passenger Rail
  The Minnesota Department of Transportation Passenger Rail Office took the lead to complete an Environmental Analysis and a Service Development Plan. The Regional Railroad Authority is a significant financial, technical and policy partner in the study. Regional Railroad Authority employees serve on the committees for the study titled "Twin Cities-Milwaukee-Chicago Intercity Passenger Rail Service."

- East Metro Rail Capacity
  East Metro Rail Capacity project work continues to be led by the Regional Railroad Authority. Funding was committed by the state of Minnesota to begin environmental study and design for rail yard improvements between Union Depot and Dunn Yard (approximately I-494). A consultant team was hired by the Regional Railroad Authority to prepare recommendations and verify technical data in consultation with the impacted freight railroads and state and federal agencies prior to seeking funding to improve the capacity and fluidity of the freight and passenger rail system in the east metro.

- High Speed Rail
  The Minnesota High Speed Rail Commission is a joint powers board comprised of local elected officials that advocates for the development of high speed passenger rail service within the federally designated high-speed rail corridor that connects the Twin Cities to Milwaukee and Chicago. The Commission is also supportive of legislative initiatives and bonding measures to improve freight rail safety and increase capacity. Ramsey County Regional Railroad Authority is a member and serves as the fiscal agent for the Commission.

- During 2016, Regional Railroad Authority commissioners and staff members participated in the Counties Transit Improvement Board (CTIB), Transportation Advisory Board, Red Rock Corridor Commission, Gateway Corridor Commission, Rush Line Corridor Task Force, Riverview Corridor, Minnesota High-Speed Rail Commission, I-35W Corridor Coalition and Rethinking I-94 committees.

BUDGETARY CONTROL

Budgetary control is maintained at the project level by encumbrance of estimated purchase and contract amounts prior to the release of purchase orders and contract payments to vendors.

Purchase orders or contracts, which result in an overrun of line item balances, are not released until additional appropriations are made available. Encumbrances are recorded as assigned fund balance at December 31, 2016.

INDEPENDENT AUDIT

Minnesota State Law requires an audit by the State Auditor of the books of account, financial records and transactions. This requirement has been complied with, and the Auditor's opinion has been included in this report. The State Auditor will issue a management and compliance letter covering the review made as part of Ramsey County's system of internal control and compliance with applicable legal provisions of the Ramsey County Regional Railroad Authority. The management and compliance letter will not modify or affect, in any way, this report on the financial statements.

ACKNOWLEDGMENTS

We thank the Ramsey County Regional Railroad Authority board members for their interest and support in planning and conducting the financial activities of the Regional Railroad Authority in a responsible manner.

We also appreciate the assistance and cooperation of Ramsey County Human Resources, Attorney's Office, County Manager's Office, and the Finance Department throughout the year.

Sincerely,

Heather W. Worthington

Heather Worthington, Acting Director
Regional Railroad Authority

Lee M

Lee Mehrkens, Director, CFO
Ramsey County Finance Department

Financial Section

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

REBECCA OTTO
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Regional Railroad Authority Board
Ramsey County Regional Railroad Authority
Ramsey County, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Ramsey County Regional Railroad Authority, a component unit of Ramsey County, Minnesota, as of and for the year ended December 31, 2016, 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the Ramsey County Regional Railroad Authority as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ramsey County Regional Railroad Authority's basic financial statements. The introductory section and the supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2017, on our consideration of the Ramsey County Regional Railroad Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ramsey County Regional Railroad Authority's internal control over financial reporting and compliance.

REBECCA OTTO	GREG HIERLINGER, CPA
STATE AUDITOR	DEPUTY STATE AUDITOR

June 7, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The management of Ramsey County Regional Railroad Authority (RCRRA) offers readers of its financial statements, this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2016. Readers are encouraged to consider this information in conjunction with additional information that has been furnished in the letter of transmittal and notes to the financial statements which can be found on pages 3-7 and 21-29 respectively, of this report.

Financial Highlights

- The assets and deferred outflows of resources of the RCRRA exceeded its liabilities and deferred inflows of resources by $212,974,637 in 2016 (net position).

- The total net position increased by $7,279,022 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to RCRRA's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

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

The Statement of Net Position presents information on all of RCRRA's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them 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 RCRRA 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 taxes).

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.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support RCRRA's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 20 of this report.

Financial Analysis of Ramsey County Regional Railroad Authority

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 RCRRA, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $212,974,637 in 2016, increasing net position by 3.5% over 2015.

By far, the largest portion of the RCRRA's total assets is comprised of capital assets (89.4% in 2016 and 90.6% in 2015).

Net Position

	2016	2015
Current and Other Assets	$ 23,153,117	$ 20,700,909
Capital Assets	195,922,969	198,538,326
Total Assets	219,076,086	219,239,235
Deferred Outflows of Resources		
Deferred Pension Outflows	382,057	85,159
Total Deferred Outflow of Resources	382,057	85,159
Current Liabilities	5,402,266	9,531,518
Non-current Liabilities	969,374	4,028,424
Total Liabilities	6,371,640	13,559,942
Deferred Inflows of Resources		
Deferred Pension Inflows	111,866	68,837
Total Deferred Inflow of Resources	111,866	68,837
Net Position:		
Net Investment in Capital Assets	192,551,302	188,473,325
Restricted for Debt Service	418,212	-
Unrestricted	20,005,123	17,222,290
Total Net Position, as previously reported	$ 212,974,637	$ 205,695,615

Governmental Activities

Governmental activities increased the RCRRA's net position by $7,279,022. This increase is due to the increase in tax revenue and operating grants.

	2016	2015
Revenues:		
Program Revenues:		
Fees, Fines, Charges and Other	$ 1,840,487	$ 1,884,257
Operating Grants and Contributions	655,727	271,736
Capital Grants and Contributions	-	13,040
General Revenues:		
Property Taxes	20,231,654	18,676,828
Grants and Contributions Not Restricted to Specific Programs	13,189	9,449
Investment Earnings	36,068	4,522
Total Revenues	22,777,125	20,859,832
Expenses:		
Transportation	15,498,103	13,179,066
Total Expenses	15,498,103	13,179,066
Increase in Net Position	7,279,022	7,680,766
Net Position – Beginning as Restated	205,695,615	198,014,849
Net Position – Ending	$ 212,974,637	$ 205,695,615

Capital Assets

	2016	2015
Land	$ 48,564,667	$ 48,564,667
Building	159,945,186	159,485,668
Improvements Other Than Building	13,950	-
Machinery and Equipment	405,805	246,936
Accumulated Depreciation	(13,006,639)	(9,758,945)
Capital Assets, Net	$ 195,922,969	$ 198,538,326

Additional information on the RCRRA's capital assets can be found in note 1) E.1) on page 21 of this report.

Long-Term Liabilities

The RCRRA has recorded a noncurrent liability of $3,500 for estimated unpaid claims, $918,033 for net pension liability, and $106,830 in compensated absences, of which $58,989 is due within one year.

Financial Analysis of the Government's Funds

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

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

As of the end of 2016, the RCRRA's governmental funds reported an ending fund balance of $20,882,225, an increase of $3,727,955 in comparison with the prior year. Information on the assigned fund balance can be found on note 1) E.5) on page 24.

Budget Variances - The actual revenues, on a budgetary basis, differ from the final budget because grant revenue is received on a cost reimbursement basis and receipts received in 2016 from projects budgeted in prior years are included.

The General Fund final expenditure budget decreased to $9,832,056 from an original expenditure budget of $11,911,233, a decrease of $2,079,177. This budget adjustment was related to expected rail related projects beginning to wind down or were contingent on events that did not occur.

The actual expenditures, on a budgetary basis, had very few differences from the final budget and those projects that had greater differences are waiting for development planning.

Economic Factors Rates and Next Year's Budget

The RCRRA approved a levy of $21,180,710 for 2017 that will be used for the work on rail corridors and studies of other corridors, Union Depot operations and debt service payments. There is an increase of $721,263 in approved levy between 2017 and 2016.

Request for Information

This financial report is designed to give a general overview of the RCRRA's finances. Requests for additional information or questions concerning any information provided in this report should be addressed to Ramsey County Finance Department, Room 270 Courthouse, 15 West Kellogg Boulevard, St. Paul, MN 55102.

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016

	2016
ASSETS	
Current Assets:	
Cash and Investments	$ 22,089,087
Petty Cash and Change	100
Taxes Receivable (Net)	87,051
Accounts Receivable (Net)	12,326
Due From Other Governments	964,553
Total Current Assets	23,153,117
Non-Current Assets:	
Capital Assets:	
Non Depreciable	
Land	48,564,667
Depreciable	
Building	159,945,186
Improvements other than Building	13,950
Machinery and Equipment	405,805
Less: Accumulated Depreciation	(13,006,639)
Total Non-Current Assets	195,922,969
Total Assets	219,076,086
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	382,057
Total Deferred Outflows of Resources	382,057
LIABILITIES	
Current Liabilities:	
Salaries Payable	32,079
Accounts Payable	768,394
Contracts Payable	1,007,063
Due to Ramsey County	138,267
Interest Payable, Current	25,759
Due to Other Governments	48
Loan Payable, Short-term	3,371,667
Vacation and Compensatory Time Payable	58,989
Total Current Liabilities	5,402,266
Non-Current Liabilities:	
Claims and Judgments Payable, Long-Term	3,500
Compensated Absences Payable	47,841
Net Pension Liability	918,033
Total Non-Current Liabilities	969,374
Total Liabilities	6,371,640
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Inflows	111,866
Total Deferred Inflows of Resources	111,866
NET POSITION	
Restricted for Debt Service	418,212
Unrestricted	20,005,123
Total Net Position	$ 212,974,637

The notes to the financial statements are an integral part of this statement.

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016
Expenses:	
Transportation:	
Materials and Services	$ 12,135,911
Depreciation	3,260,070
Interest	102,122
Total Program Expenses	15,498,103
Program Revenues:	
Fees, Fines, Charges and Other	1,840,487
Operating Grants and Contributions	655,727
Capital Grants and Contributions	-
	2,496,214
Net Program Expenses (Revenues)	13,001,889
General Revenues:	
Property Taxes	20,231,654
Grants and Contributions Not Restricted to Specific Programs	13,189
Investment Earnings	36,068
Total General Revenues	20,280,911
Increase in Net Position	7,279,022
Net Position - Beginning	205,695,615
Net Position - Ending	$ 212,974,637

The notes to the financial statements are an integral part of this statement.

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
BALANCE SHEET
DECEMBER 31, 2016

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Assets:				
Cash and Short Term Investments	$ 13,014,755	$ 418,212	$ 8,656,120	$ 22,089,087
Petty Cash and Change	100	-	-	100
Receivables:				
Taxes	291,645	-	-	291,645
Accounts	54,634	-	-	54,634
Due From Other Governments	283,613	-	680,940	964,553
TOTAL ASSETS	13,644,747	418,212	9,337,060	23,400,019
LIABILITIES				
Liabilities:				
Salaries Payable	32,079	-	-	32,079
Accounts Payable	768,394	-	-	768,394
Contracts Payable	472,226	-	534,837	1,007,063
Due to Ramsey County	41,373	-	-	41,373
Due to Other Governments	48	-	-	48
Total Liabilities	1,314,120	-	534,837	1,848,957
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	377,709	-	291,128	668,837
Total Deferred Inflows	377,709	-	291,128	668,837
FUND BALANCE				
Nonspendable	100	-	-	100
Petty Cash	-	-	-	-
Restricted	-	418,212	-	418,212
Assigned	5,387,678	-	8,511,095	13,898,773
Assigned for Subsequent Years' Expenditures:	-	-	-	
Unassigned	6,565,140	-	-	6,565,140
Total Fund Balance	11,952,918	418,212	8,511,095	20,882,225
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 13,644,747	$ 418,212	$ 9,337,060	

Amounts reported for governmental activities in the statement of net assets are different because:

Non-current assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	195,922,969
Deferred outflows resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.	382,057
Some receivables, net of uncollectibles, that are not currently available are reported as deferred inflows of resources in the fund financial statements.	421,935
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds	(4,522,683)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in governmental funds.	(111,866)
Total Net Position in Statement of Net Position	$ 212,974,637

The notes to the financial statements are an integral part of this statement.

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Taxes:				
General Property Taxes	$ 10,447,358	$ 6,846,616	$ 2,985,774	$ 20,279,748
Intergovernmental:				
Grants:				
Federal	666,942	-	389,812	1,056,754
State	9,642	-	-	9,642
Local	29,511	-	-	29,511
Investment Income	36,068	-	-	36,068
Rental Income	1,742,887	-	-	1,742,887
Miscellaneous	91,605	-	-	91,605
Total Revenues	13,024,013	6,846,616	3,375,586	23,246,215
Expenditures:				
Current				
Transportation				
Administration				
Personal Services	634,214	-	-	634,214
Services and Charges	896,502	-	-	896,502
Supplies	3,590	-	-	3,590
Total Administration	1,534,306	-	-	1,534,306
Red Rock Corridor				
Services and Charges	25,953	-	-	25,953
Union Depot				
Services and Charges	6,233,387	-	1,264,041	7,497,428
Supplies	119,398	-	-	119,398
Capital Outlay	741,924	-	597,494	1,339,418
Northeast Corridor Operations				
Services and Charges	1,476	-	-	1,476
Riverview Corridor Pre Project Development Study				
Services and Charges	1,036,022	-	-	1,036,022
Riverview Corridor				
Services and Charges	78,863	-	-	78,863
Rush Line Corridor				
Services and Charges	111,448	-	-	111,448
Rush Line Corridor Pre Project Development				
Services and Charges	814,594	-	-	814,594
Gateway Corridor (formerly I-94)				
Services and Charges	62,142	-	-	62,142
Robert Street Corridor				
Services and Charges	80	-	-	80
Passenger Rail				
Services and Charges	50,516	-	-	50,516
Debt Service:				
Principal	-	6,693,334	-	6,693,334
Interest	-	153,282	-	153,282
Total Expenditures	10,810,109	6,846,616	1,861,535	19,518,260
Net Change in Fund Balance	2,213,904	-	1,514,051	3,727,955
Fund Balance at Beginning of Year	9,739,014	418,212	6,997,044	17,154,270
Fund Balance at End of Year	$ 11,952,918	$ 418,212	$ 8,511,095	$ 20,882,225

The notes to the financial statements are an integral part of this statement.

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016
Net change in fund balance - Exhibit D	$ 3,727,955
Amounts reported in the Statement of Activities (Exhibit B) are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(2,615,357)
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.	6,639,062
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(472,638)
Change in Net Position in Statement of Activities	$ 7,279,022

The notes to the financial statements are an integral part of this statement.

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2016

	Agency Fund
ASSETS	
Cash and Cash Equivalents	$ 104,848
Total Assets	$ 104,848
LIABILITIES	
Custodial Payable	$ 104,848
Total Liabilities	$ 104,848

The notes to the financial statements are an integral part of this statement.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Ramsey County Regional Railroad Authority (Authority) conform to accounting principles generally accepted in the United States of America for governmental units. Following is a summary of the more significant policies:

A. FINANCIAL REPORTING ENTITY

In conformity with the principles set forth in Governmental Accounting Standards Board pronouncements, the Authority is considered a component unit of Ramsey County. The Ramsey County Regional Railroad Authority was organized by Resolution 87-230, April 20, 1987, by the Board of Ramsey County Commissioners pursuant to Minn. Stat. Ch. 398A.03, as a "political subdivision and local government unit of Minnesota to exercise thereunder part of the sovereign power of the state." The Authority is dedicated to a long range vision of transit services to meet changing needs for today and for succeeding generations. The Authority is composed of the seven members of the Ramsey County Board of Commissioners with its registered office in St. Paul, County of Ramsey, Minnesota. A joint powers agreement was signed between Ramsey County and the Authority to provide administrative services to the Authority on September 14, 1987.

The Authority participates in several joint ventures described in Note 7.

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 nonfiduciary activities of the Authority. Eliminations have been made to minimize the double counting of internal activities. In the Statement of Net Position, the Authority's; net position is reported in three parts: (1) net investment in capital assets, (2) restricted, and (3) unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Program revenues include: (1) Fees, fines, charges and other; and (2) Operating grants and contributions; and (3) Capital grants and contributions. Direct expenses are those that are clearly identifiable with a specific function or activity. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

C. BASIS OF PRESENTATION – FUND ACCOUNTING

The accounts of the Authority are organized on the basis of Funds. The General Fund is accounted for with a set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources fund balance, revenues, and expenditures. It is used to account for operations of the Authority. The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the Authority and is considered a major fund. The Capital Projects Fund is used to account for the capital projects of the Rail Authority and is also a major fund. The agency fund is used to account for the fiscal agent activity of the Minnesota High Speed Rail Commission.

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.

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

The Statement of Net Position and the Statement of Activities 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.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, claims and judgments and principal and interest on long-term debt are recognized as expenditures to the extent they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and investment income 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.

E. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE / EQUITY ACCOUNTS

1) Assets

Deposits and Investments:
The Authority invests funds in Ramsey County's investment pool. The fair value of the investment is the fair value per share of the underlying portfolio. The Authority invests in this pool for the purpose of joint investment with the County in order to enhance investment earnings. There are no redemption limitations. Earnings from these investments are allocated monthly to the Authority based on average daily balances during the month.
Minn. Stat. §118A.03 and §118A.04 authorize Ramsey County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the County Board. Minnesota Statutes require that all County deposits be covered by insurance, surety bond, or collateral. The County invests available cash in various securities in accordance with requirements set forth in Minnesota Statutes. All investments are stated at fair value.

Taxes Receivable:
Property taxes are levied by the County as of January 1 on property values assessed as of the same date. The tax is divided into two billings: the first billing (due from property owners on May 15th) and the second billing (due on October 15th or November 15th). Taxes, which remain unpaid by property owners at December 31, are considered delinquent.

The taxes receivable on the Statement of Net Position is shown net of an allowance for uncollectible taxes for $204,594.

Accounts Receivable:
The Accounts Receivable on the statement of Net Position is show net of an Allowance for Doubtful Accounts of $42,308.

Capital Assets:
Capital assets, which include property, plant, and equipment, are reported on the Statement of Net Position. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 to more than $50,000, depending on asset category, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Authority does not depreciate land. Machinery and equipment have useful lives of three years and buildings have useful lives of 10-50 years, all are depreciated using the straight-line method.

A summary of changes in capital assets follows:

	2016 Beginning Balance	Increase	Decrease	2016 Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 48,564,667	$ -	$ -	$ 48,564,667
Total Capital Assets not Being Depreciated:	$ 48,564,667	$ -	$ -	$ 48,564,667
Capital Assets, Being Depreciated:				
Building	$ 159,485,668	$ 608,208	$ 148,690	$ 159,945,186
Improvements other than Building		13,950		13,950
Machinery and Equipment	246,936	171,245	12,376	405,805
Accumulated Depreciation	(9,758,945)	(3,260,070)	(12,376)	(13,006,639)
Total Capital Assets Being Depreciated	$ 149,973,659	$ (2,466,667)	148,690	$ 147,358,302
Total Capital Assets Net	$ 198,538,326	$ (2,466,667)	$ 148,690	$ 195,922,969

Depreciation expense was charged to the transportation function of the governmental activities $ 3,260,070.

2) Deferred Outflow of Resources:
In addition to assets, the statement of financial position reports 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has recorded a deferred outflow for pensions in the government-wide statement of net position. The amount consists of pension plan contributions paid subsequent to the measurement date, changes in actuarial assumptions, and also the differences between projected and actual earnings on pension plan investments.

3) Liabilities

Vacation and Sick Leave:
Under the County's personnel policies and union contracts, employees are granted vacation and sick leave in varying amounts based on length of service. County employees are also granted compensatory time. Unused accumulated vacation, compensatory time, and vested sick leave are paid to employees

upon termination. Unvested sick leave is available to employees in the event of illness-related absences and is not paid to employees upon termination. Each permanent employee earns up to 25 days of vacation and 15 days of sick leave per year. The current portion of compensated absences was calculated based on a five-year average of historical usage. The non-current portion consists of the remaining amount of compensated absences.

Pension Plan Obligations

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

The pension liability is liquidated through the General Fund.

Long-Term Obligations

The following is a list of changes in long-term obligations for the year ending December 31, 2016:

Long-Term Debt Schedule:

	2016 Beginning Balance	Increase	Decrease	2016 Ending Balance
Payable January 1				
Claims Payable	$ 13,500	$ -	$ 10,000	$ 3,500
Loans Payable	$ 10,065,001		6,693,334	3,371,667
Compensated Absences	$ 103,367	72,236	68,773	106,830
	$ 10,181,868	$ 72,236	$ 6,772,107	$ 3,481,997
Due within one year				$ 3,430,656

The obligations are recorded on the Statement of Net Position - Governmental Activities. Claims payable and compensated absences will be liquidated by the General Fund.

LOANS PAYABLE

On April 19, 2012, the Authority closed on a $10,000,000 Limited Tax Obligation Note (Union Depot Project), Series 2012A through U.S. Bank. The loan term is five years, callable at par after three years, with interest only payments beginning August 1, 2012 and principal and interest payments beginning August 1, 2014. The final payment is scheduled to be made February 1, 2017. The loan carries an interest rate of 1.68%. Loan proceeds were used to provide partial financing of construction costs to transform the Union Depot into a multi-modal transit hub and to make Central Corridor (Green Line) financial obligation payments.

On November 19, 2012, the Authority closed on a $10,000,000 Limited Tax Obligation Note (Union Depot Project), Series 2012B through U.S. Bank. The loan term is five years, callable at par after three years, with interest only payments beginning February 1, 2013 and principal and interest payments beginning August 1, 2014. The final payment is scheduled to be made February 1, 2017. The loan carries an interest rate of 1.91%. Loan proceeds were used to provide partial financing of construction costs to transform the Union Depot into a multi-modal transit hub and to make Central Corridor (Green Line) financial obligation payments.

Loans Repayment Schedule

Year	Principal	Interest
2017	3,371,667	30,911

4) Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 or reduction of expense) until that time. The Authority has two types of items. The first, unavailable revenue, arises only under a modified accrual basis of accounting, and is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The Authority also has deferred inflows related to pension obligations. The differences between expected and actual economic experience are recognized over a four-year period. The other deferred inflows related to pension are deferred and the length of the expense recognition period is equal to the average of the expected remaining services lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period.

5) Fund Balance / Equity

Classification of Net Position

Net position in the government-wide financial statement is classified in the following categories:

Net investment in capital assets

The amount of net position representing capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position

The amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position

The amount of net position that does not meet the definition of restricted or net investment in capital assets.

Classification of Fund Balance

In the fund financial statements, the fund balance accounts are segregated:

The nonspendable fund balance consisted of $100 of petty cash reserves.

The restricted fund balance consists of funds restricted for the Debt Service Fund.

Assigned fund balance consists of internally imposed constraints established by the Board and/or management that reflect the specific purpose for which it is the Authority's intended use. Examples include encumbrances, budget carryovers for a specific item or purpose and an appropriation of existing fund balance for a specific use. The Board has adopted a policy that delegates authority to assign fund balance to the Ramsey County Manager. The assigned fund balances indicate the portion of fund balance set aside for planned future projects.

The assigned fund balance consists of:

	General Fund	Capital Project Fund
Administration	$ 180,121	$ -
Union Depot	3,718,223	8,511,095
Northeast Corridor	467	-
Riverview Corridor	679,640	-
Rush Line Corridor	455,835	-
Passenger Rail	353,392	-
	$ 5,387,678	$ 8,511,095

Unassigned fund balance consists of funds that are available for any purpose.

The Authority applies restricted resources first when expenditures are incurred for the purposes for which either restricted or unrestricted amount are available.

Similarly, within unrestricted fund balance, assigned fund balances are reduced first followed by unassigned amounts when expenditures are incurred for the purposes for which amounts in the any of the unrestricted fund balance classifications could be used.

G. REVENUES AND EXPENDITURES

1) Revenues

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues for nonexchange transaction are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs. The modified accrual basis of accounting is used by all governmental fund types. Under this basis, revenue is not recognized in the financial statements unless it is available to finance current expenditures.

Imposed Nonexchange Transactions

Imposed nonexchange transactions result from assessments by governments on non-governmental entities and individuals. Property taxes are imposed nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes were levied, to the extent they are collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable but not available are reported as deferred inflow of resources – unavailable revenue and will be recognized as revenue in the fiscal year that they become available.

Intergovernmental

Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and requires that government to use them for a specific purpose. The provider government establishes purpose restrictions and also may establish time requirements. Federal and state grants mandating the County perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when eligibility and time requirements are met, usually when the corresponding expenditure is incurred.

Voluntary nonexchange transactions result from legislative or contractual agreements, such as grants, entitlements, appropriations, and donations. The provider may establish purpose restrictions or eligibility requirements. Revenues are recognized in the year to which they apply according to the statute or contract.

Exchange Transactions
Other revenues, such as investment income and miscellaneous are recognized as revenue when earned.

2) Expenditures
Expenditure recognition for governmental fund types on the fund level financial statements includes only current liabilities. Since noncurrent liabilities do not affect net current assets, they are not recognized as governmental fund expenditures or fund liabilities.

Estimates in Financial Statements
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows or resources, liabilities, and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A) Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds." The details of this $4,522,683 difference are as follows:

Due Ramsey County for contribution to OPEB liability	$ 96,894
Net Pension liability	918,033
Claims and judgments payable	3,500
Loans Payable	3,371,667
Interest Payable	25,759
Compensated Absences Payable, Vacation, & Comp Time Payable	106,830
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position – Governmental Activities	$ 4,522,683

B) Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $(2,615,357) difference are as follows:

Capital Outlay	$	644,713
Depreciation Expense		(3,260,070)
Net Adjustment to Increase Net Changes in Fund Balances – Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	$	(2,615,357)

Finally, the reconciliation states, "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." The details of this $6,639,062 difference are as follows:

Compensated Absences	$	(3,463)
Due Ramsey County for contribution to OPEB liability		(3,945)
Net Pension Liability		(60,438)
Loan Payable		6,693,334
Accrued Interest Payable		51,160
Bad debt expense		(47,586)
Claims and Judgements Payable		$10,000
Net Adjustment to Decrease Net Changes in Fund Balances –Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	$	6,639,062

3) DUE TO RAMSEY COUNTY

The detail of payables due to Ramsey County is as follows:

Due to Ramsey County:		
General Fund	$	15,143
Information Services Fund		26,217
Retirees Insurance Fund		96,894
Community Human Services Fund		13
	$	138,267

4) DEFERRED INFLOWS OF RESOURCES

In the fund statement, deferred inflows of resources consist of receivables that are not collected soon enough after year-end to pay liabilities of the current year, thus considered unavailable revenue at year-end.

Taxes Receivable	$	291,645
Accounts Receivable		49,291
Due from Other Governments		327,901
Total	$	668,837

5) ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, capital reserves, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assignments of Fund Balance and provide authority for the carry-over of appropriations to the subsequent year in order to complete these transactions.

6) RISK MANAGEMENT

The Authority is exposed to various risks of losses 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 for certain risks and is self-insured for all others. 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. The Authority retains risks for the deductible portions of the insurance policies. The amount of these deductions is immaterial to the financial statements. Insurance is provided for the Authority's operations for Auto and General Tort. The Authority currently reports all of its Risk Management activities in its General Fund. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

At December 31, 2016, the amount of these liabilities was $3,500. This liability is the Authority's best estimate based on available information.

Beginning Of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
$ 13,500	$ (10,000)	$ -	$ 3,500

Since the Authority is a component unit of Ramsey County, Ramsey County's Comprehensive Annual Financial Report includes additional information on self-insurance liabilities and expenditures.

7) JOINT VENTURES

Rush Line Corridor Task Force:
The Rush Line Corridor Joint Powers Agreement was established in March 1999, pursuant to *Minnesota Statutes* ch. 398A and §471.59, as a joint powers entity. The Rush Line Corridor is a transit way corridor that originates in St. Paul extends north to Duluth. The Rush Line Corridor consists of the cities, counties, and towns from St. Paul to Duluth and was created to preserve the corridor for future multi-modal transportation improvements including highway, rail transit, and multi-use paths. This agreement is between Anoka County, Carlton County, Chisago County Regional Railroad Authority, Pine County, Ramsey County Regional Railroad Authority, St. Louis and Lake Counties Regional Railroad Authority, Washington County Regional Railroad Authority, and 39 cities and 6 townships therein.

As part of the agreement, a joint powers board called the Rush Line Corridor Task Force was created to make the decisions needed to carry out the terms of the joint powers agreement. This Task Force consists of one member and one alternate appointed from each party, with their membership terms beginning on January 15 and ending on January 14 of the next succeeding year, or until a successor is appointed.

The Task Force has the authority to adopt budgets; enter into transactions, contracts, and leases; incur debts, liabilities, and obligations; employ agents and employees; and enter into legal claims. The Task Force is also a separate entity from its members, and the members are not liable for the Task Force's actions. Funding for the Rush Line Corridor Task Force is with federal and state grant monies and contributions from the member organizations based on corridor county population for the most recent census year or state demographer data available.

Red Rock Corridor:
Ramsey County Regional Railroad Authority entered into a joint powers agreement pursuant to the provision of Minnesota Statute Sect. 471.59 and 398A.04, Subd. 9, with other local municipalities. The purpose of the agreement is to analyze the feasibility and environmental impacts of integrated transportation improvements along the Red Rock Corridor, including highway improvements, commuter and freight rail, recreational trails, ITS, safety, and related land use issues.

County Transportation Improvement Board (CTIB):
CTIB was created on April 1, 2008, as required by Minn. Statute Section 297A.992, by a joint powers agreement between the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington. Its purpose is to receive and distribute the ¼ cent transit sales tax for the development, construction and operation of transit ways serving the five-county area. Hennepin County is the fiscal agent. Financial statements are available

from Hennepin County, Department of Finance, 300 South Sixth Street, A-2301 Government Center, Minneapolis, Minnesota 55487.

Minnesota High Speed Rail Commission:
On April 28, 2009, the Authority adopted the Minnesota High Speed Rail Joint Powers Agreement. The Minnesota High Speed Rail Corridor begins at the Union Depot and travels southeast along the Canadian Pacific Railway track to La Crescent prior to entering Wisconsin and continuing on to Chicago. The Commission brings together the regional railroad authorities and cities to cooperatively advocate for and analyze the feasibility, environmental impacts, engineering, construction, and operation of an integrated rail transportation system in the corridor. On July 2, 2009, the Commission approved the appointment of the Authority as its fiscal agent.

Gateway (formerly I-94) Corridor:
On March 17, 2009, the Authority entered into a joint powers agreement pursuant to the provision of Minnesota Statute Sect. 471.59 and 398A.04, Subd. 9, with Washington County Regional Railroad Authority. The purpose of this agreement is to analyze the feasibility, environmental impacts, engineering, and construction of multi-modal transportation improvements in the I-94 Corridor including light rail transit, bus rapid transit, commuter rail, multi-use trails, and Intelligent Transportation Systems (ITS) along with the associated land use and development impacts.

8) PENSION PLANS

A. DEFINED BENEFIT PLANS

Plan Description:
All full-time and certain part-time employees of the Authority are covered by a defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. Chs. 353 and 356. PERA's defined benefit pension plan is a tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan. Coordinated Plan members are covered by Social Security. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

Benefits Provided
PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 % post-retirement benefit increase. If the funding ratio reaches 90 % for two consecutive years, the benefit increase will revert to 2.5 %. If, after reverting to a 2.5 % benefit increase, the funding ratio declines to less than 80 % for one year or less than 85 % for two consecutive years, the benefit increase will decrease to 1.0 %.

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

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 General

Employees Retirement Plan Coordinated members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2 % of average salary for each of the first ten years of service and 1.7 % for each remaining year. Under Method 2, the annuity accrual rate is 1.7 % for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989.

For General Employees Retirement Plan 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. Disability benefits are available for vested members and are based on years of service and average high-five salary.

Contributions:

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. Ch. 353. These statutes are established and amended by the state legislature. General Employees Retirement Plan Coordinated members were required to contribute 6.50 % of their annual covered salary in 2016.

In 2016, the Authority was required to contribute the following percentages of annual covered salary:

General Employees Retirement Plan	
Coordinated Plan members	7.50%

The employee and employer contribution rates did not change from the previous year.

The Authority’s contributions for the General Employees Retirement Plan for the year ended December 31, 2016, were $54,330. The contributions are equal to the contractually required contributions as set by state statute.

Pension Costs:

At December 31, 2016, the Authority reported a liability of $ 918,033 for its proportionate share of the General Employees Retirement Plan’s net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2016, the Authority’s proportion was 0.01121 %. It was 0.01165 % measured as of June 30, 2015. The Authority recognized pension expense of $ 63,984 for its proportionate share of the General Employees Retirement Plan’s pension expense.

The Authority also recognized $3,546 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota’s contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute $6 million to the General Employees Retirement Plan each year, starting September 15, 2015, through September 15, 2031.

Authority's proportionate share of net pension liability	918,033
State of Minnesota's proportionate share of the net pension liability associated with the Authority	11,891
Total	929,924

The Authority reported its proportionate share of the General Employees Retirement Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 74,847
Changes in actuarial assumptions	178,262	-
Difference between projected and actual investment earnings	174,589	
Changes in proportion		37,019
Contributions paid to PERA subsequent to the measurement date	29,206	
Total	$ 382,057	$ 111,866

The $ 1,199 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	$ (61,863)
2018	(61,863)
2019	(84,519)
2020	(32,886)

Actuarial Assumptions:
The total pension liability in the June 30, 2016, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants in the General Employees Retirement Plan were based on RP-2014 tables. The cost of living benefit increases for retirees is assumed to be 1.0 %.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Plan was for the period 2008 through 2015.

The long-term expected rate of return on pension plan investments is 7.5 %. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50 % in 2016, a reduction of the 7.90 % used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Retirement Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2016:

<u>General Employees Retirement Plan</u>

- The assumed post-retirement benefit increase rate was changed from 1.00 % per year through 2035 and 2.50 % per year thereafter, to 1.00 % for all future years.
- The assumed investment rate was changed from 7.90 % to 7.50 %. The single discount rate was also changed from 7.90 % to 7.50 %.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 %. Payroll growth was reduced from 3.50 % to 3.25 %. Inflation was reduced from 2.75 % to 2.50 %.

Pension Liability Sensitivity

The following presents the Authority’s proportionate share of the net pension liability 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 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	Proportionate Share of the General Employees Retirement Plan	
	Discount Rate	Net Pension Liability
1% Decrease	6.5%	$ 1,303,879
Current	7.5%	918,033
1% Increase	8.5%	600,201

Pension Plan Fiduciary Net Position

Detailed information about the 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; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

9) OTHER POST EMPLOYMENT BENEFITS

Ramsey County provides post-employment health care benefits to eligible retirees as described in the Note G of the Ramsey County Comprehensive Annual Financial Report. An actuarial study was performed as of January 1, 2015 to determine the County's annual required contribution. The Retiree Insurance Internal Service fund was created to accumulate funds to pay health insurance premiums for retirees. The Authority's 2016 contribution to the fund was $0. Their share of the unfunded net OPEB liability in the internal service fund for the years ending December 31, 2016 was $96,894. The OPEB liability is reported in the Due to Ramsey County liability account.

Required Supplementary Information

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISONS (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2016

	BUDGET		ACTUAL ON A BUDGETARY	VARIANCE FINAL BUDGET
	ORIGINAL	FINAL	BASIS	OVER/(UNDER)
Revenues:				
Taxes:				
General Property Taxes	$ 10,024,520	$ 10,024,520	$ 10,447,358	$ 422,838
Intergovernmental:				
Grants:				
Federal	-	-	666,942	666,942
State	-	-	9,642	9,642
Local	400	400	29,511	29,111
Interest on Investments	5,000	5,000	36,068	31,068
Rental Income	1,881,128	1,881,128	1,742,887	(138,241)
Miscellaneous	185	185	91,605	91,420
Total Revenues	11,911,233	11,911,233	13,024,013	1,112,780
Expenditures:				
Transportation:				
Administration				
Personal Services	632,179	937,005	937,005	-
Other Services and Charges	1,032,737	654,883	654,883	-
Supplies	5,000	3,590	3,590	-
Capital Outlay	10,000	10,000	10,000	-
Total Administration	1,679,916	1,605,478	1,605,478	-
Union Depot	9,425,768	7,029,453	7,029,453	-
Diagonal Property - Roseville	2,500	-	-	-
Northeast Corridor	82,699	3,023	3,023	-
Riverview Corridor	150,500	644,363	108,862	(535,501)
Rush Line Corridor	114,350	411,048	134,806	(276,242)
Red Rock Corridor	77,500	25,953	25,953	-
Robert Street Corridor	112,000	80	80	-
Gateway (formerly I-94 East Corridor)	122,000	62,142	62,142	-
Passenger Rail	144,000	50,516	50,516	-
Total Expenditures	11,911,233	9,832,056	9,020,313	(811,743)
Net Change in Fund Balance	-	2,079,177	4,003,700	1,924,523
Adjustment	(1,789,796)	(1,789,796)	(1,789,796)	-
Fund Balance at Beginning of Year	9,739,014	9,739,014	9,739,014	-
Fund Balance at End of Year	$ 7,949,218	$ 10,028,395	$ 11,952,918	$ 1,924,523

The notes to the required supplementary information are an integral part of this schedule.

SCHEDULE 2

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2016

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Laibility Associated with Ramsey County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.01121%	$ 918,033	$ 11,891	$ 929,924	$ 690,943	134.59%	68.90%
2015	0.01165%	603,026	N/A	603,026	$ 684,641	88.08%	78.20%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

SCHEDULE 3

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2016

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Actual Contribution as a Percentage of Covered Payroll (b/c)
2016	$ 54,330	$ 54,330	$ -	$ 724,398	7.50%
2015	52,002	52,002	-	718,446	7.24%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The RCRRA's year-end is December 31.

The notes to the required supplementary information are an integral part of this schedule.

A. BUDGET AND BUDGETARY ACCOUNTING

Results of operations included in the Statement of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Comparisons (Schedule 1), are presented on a Non-GAAP budgetary basis. The difference between GAAP and Non-GAAP bases of accounting is that the "actual on a budgetary basis" column in Schedule 1 includes non-revenue receipts, non-expense disbursements and reserve for encumbrances from the current year's appropriation. The "actual on a budgetary basis" column does not include expenditures from prior years' reserve for encumbrances.

Adjustments necessary to convert "actual on a budgetary basis" reported in Schedule 1 to the GAAP basis is:

Actual Expenditures:

Budgetary Basis-Schedule 1	$ 9,020,313
Adjustments	1,789,796
Expenditures GAAP Basis – Exhibit D	$ 10,810,109

Based on a process established by the Ramsey County Manager and staff, all departments of the government submit requests for appropriations to the Ramsey County Manager every two years. After review, analysis and discussions with the departments, the Ramsey County Manager's proposed budget is presented to the Ramsey County Regional Railroad Authority Board for review. The Ramsey County Regional Railroad Authority Board holds public hearings and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. Budgets may be amended during the year with the approval of the Ramsey County Manager or Ramsey County Regional Railroad Authority Board as required by the County's Administrative Code. The Ramsey County Manager is authorized to transfer budgeted amounts within departments or appropriate certain revenues received in excess of the original budget estimate. Transfers of appropriations between departments and other transfers of appropriations require Ramsey County Regional Railroad Authority Board approval. Supplemental appropriations are reviewed by the Ramsey County Manager's office and submitted to the Ramsey County Regional Railroad Authority Board for their approval. If approved, the adjustments are implemented by the Ramsey County Finance Department by budget revision. Supplemental appropriations required during the year were immaterial. Expenditures may not legally exceed budgeted appropriations at the department level. All appropriations, which are not expended, or encumbered, lapse at year end.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts, capital reserves, and other commitments for the expenditure of monies) outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30, 2016:

General Employees Retirement Plan

- The assumed post-retirement benefit increase rate was changed from 1.00 % per year through 2035 and 2.50 % per year thereafter, to 1.00 % for all future years.

- The assumed investment rate was changed from 7.90 % to 7.50 %. The single discount rate was also changed from 7.90 % to 7.50 %.

- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 %. Payroll growth was reduced from 3.50 % to 3.25 %. Inflation was reduced from 2.75 % to 2.50 %.

Other Supplementary Information

SCHEDULE 4

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISONS (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2016

	BUDGET		ACTUAL ON A BUDGETARY BASIS	VARIANCE FINAL BUDGET OVER/(UNDER)
	ORIGINAL	FINAL		
Revenues:				
Taxes:				
General Property Taxes	$ 6,846,616	$ 6,846,616	$ 6,846,616	-
Total Revenues	6,846,616	6,846,616	6,846,616	-
Expenditures:				
Principal	6,693,334	6,693,334	6,693,334	-
Interest	153,282	153,282	153,282	-
Total Expenditures	6,846,616	6,846,616	6,846,616	-
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	418,212	418,212	418,212	-
Fund Balance at End of Year	$ 418,212	$ 418,212	$ 418,212	-

STATEMENT 1

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
ASSETS				
Cash and Cash Equivalents	$ 90,368	$ 43,862	$ 29,382	$ 104,848
Total Assets	90,368	43,862	29,382	104,848
LIABILITIES				
Custodial Payable	90,368	43,862	29,382	104,848
Total Liabilities	$ 90,368	$ 43,862	$ 29,382	$ 104,848