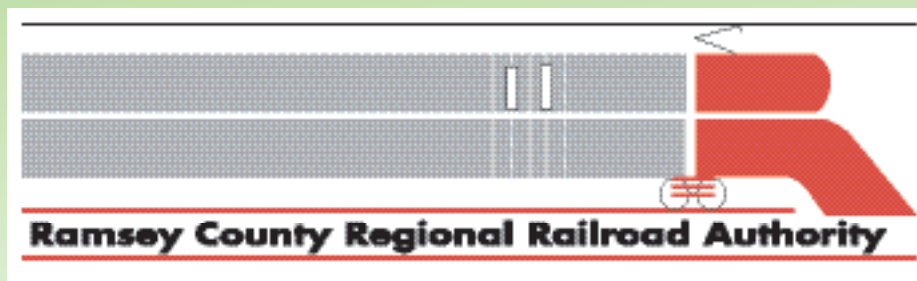


# Ramsey County Regional Railroad Authority



## Annual Financial Report Year ended December 31, 2013



**ANNUAL FINANCIAL REPORT**

**OF THE**

**RAMSEY COUNTY**  
**REGIONAL RAILROAD AUTHORITY**

**A Component Unit of Ramsey County, Minnesota**

**Year Ended December 31, 2013**

**Prepared by:**  
**Finance Department**  
**Ramsey County, Minnesota**

# RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY

## TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
ORGANIZATION	1
LETTER OF TRANSMITTAL	3
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR'S REPORT	7
MANAGEMENT'S DISCUSSION AND ANALYSIS	11
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position – Governmental Activities	Exhibit A 15
Statement of Activities – Governmental Activities	Exhibit B 16
FUND FINANCIAL STATEMENTS:	
Balance Sheet	Exhibit C 17
Statement of Revenues, Expenditures, and Changes in Fund Balances	Exhibit D 18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	Exhibit E 19
Statement of Fiduciary Net Position – Agency Fund	Exhibit F 20
Notes to the Financial Statements	21
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual General Fund	Schedule 1 31
Notes to the Required Supplementary Information	32
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual Debt Service Fund	Schedule 2 34
Statement of Changes in Assets and Liabilities – Agency Fund	Statement 1 35
Schedule of Expenditures of Federal Awards	Schedule 3 36
Notes to Schedule of Expenditures of Federal Awards	37

# **Introductory Section**

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY  
ORGANIZATION**

**December 31, 2013**

**Authority Members**

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

Tim Mayasich, Director-Regional Rail Authority

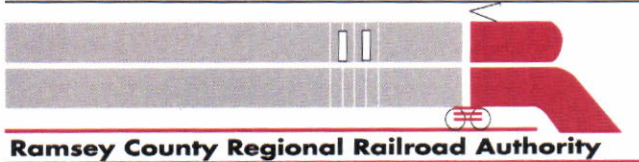
**Support & Advisory Staff**

John Choi  
Lee Mehrkens  
Johanna Berg

Ramsey County Attorney  
Ramsey County Finance Department  
Ramsey County Information Services

County Attorney  
Director, CFO  
Director

This Page Left Blank Intentionally



Union Depot, Suite 200, 214 4th Street E  
St. Paul, Minnesota 55101 (651) 266-2760 / FAX (651) 266-2761

June 25, 2014

Ramsey County Regional Railroad Authority  
15 West Kellogg Boulevard  
St. Paul, Minnesota 55102

Dear Honorable Chair and Members:

The Annual Financial Report of the Ramsey County Regional Railroad Authority (RCRRA) is submitted for the fiscal year ended December 31, 2013. This report was prepared by the Ramsey County Finance Department. 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 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 Authority. The schedule of expenditures of federal awards is included in this report on Schedule 3.

#### 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 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. Neither the State of Minnesota, nor the County of Ramsey, nor any other political subdivision is liable for obligations of the Authority.

#### SIGNIFICANT EVENTS FOR 2013

- The Union Depot multimodal transportation hub is fully operational and 2013 brought Jefferson Lines bus service to Union Depot. Metro Transit buses, casino shuttle buses, taxis, automobiles, bicycles, and pedestrians are also served at Union Depot.



- The Red Cap Room, Veteran's Gallery, and Gateway Conference Room opened in 2013 at Union Depot. These rooms, as well as the concourse and waiting room areas of Union Depot, are available for rental for meetings and other events. Each of these areas hosted various events during 2013.
- Public events drew thousands of people to Union Depot. The events ranged in size from the small and weekly offerings of yoga and game night to the large celebrations of National Train Day and the holiday bake sale.
- The RCRRA board authorized contracts with artists to complete \$1.25 million in public art commissions for Union Depot, with \$1 million coming from the Federal Transit Administration. Most of the artworks were installed in 2013 and the final artwork projects will be completed and installed in 2014.
- The Rail View Picnic Area and east parking lot construction were completed in the fall of 2013.
- Track work leading into Union Depot was substantially complete in 2013 with expected refinements and installation of signals and switches scheduled for 2014.
- Various awards earned in 2013 for Union Depot include:
  - National Project of the Year: Historical Restoration/Preservation — American Public Works Association
  - Best Project: Rehabilitation, Renovation, Restoration — Design-Build Institute of America (DBIA) — Upper Midwest Region
  - Honor Award: Restoration and Renovation — The American Institute of Architects (AIA) — Minnesota
  - Minnesota Preservation Award — Preservation Alliance of Minnesota
  - Best Project — Preservation Alliance of Minnesota
- The Central Corridor/Green Line Light Rail Transit project has completed heavy construction and is testing trains before it is open for service on June 14, 2014.
- RCRRA acquired BNSF property from the City of Maplewood. This property is an extension to the Rush Line Corridor with the newly purchased property running from County Road D to Buerkle Road.
- RCRRA continued its involvement in a multi-jurisdictional effort to encourage livable communities. The effort recognizes that transit corridors can serve as the geographic



basis for planning for affordable housing, economic development, environmental efforts, public health and work force development—in additional to multi-modal transportation—as means of supporting the development of “livable communities.” RCRRA received federal funding through the Department of Housing and Urban Development’s (HUD) Sustainable Communities Regional Planning Grant Program for this work.

- Work is continuing on RCRRA's various corridor projects: The Red Rock Alternatives Analysis Update Study began in 2013; the Rush Line Pre-Project Development Study RFP was released in September 2013 with an award in December for a consultant expected to begin work in early 2014; the Robert Street Alternatives Analysis Study continued in 2013 with technical recommendations available in 2014; the Gateway Corridor Draft Environmental Impact Statement was initiated in March 2013 and an intensive public scoping period will begin in 2014; and funding was approved and a work scope was developed for the Riverview Corridor Pre-Project Development Study.
- During 2013, RCRRA participated in the Counties Transit Improvement Board (CTIB), Red Rock Corridor Commission, Gateway Corridor Commission, Rush Line Corridor Task Force, Central Corridor Partnership, Minnesota High-Speed Rail Association, the Northeast Corridor and the Robert Street Steering 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, 2013.

#### INDEPENDENT AUDIT

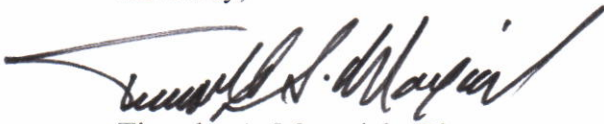
Minnesota State Law requires an audit by the State Auditor of the books of account, financial records and transactions. This requirement has been complied with, and the Auditor’s opinion has been included in this report. The State Auditor will issue a management and compliance letter covering the review 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

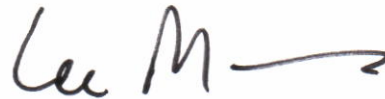
We thank the Ramsey County Regional Railroad Authority members for their interest and support in planning and conducting the financial activities of the Authority in a responsible manner.

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

Sincerely,



Timothy A. Mayasich, Director  
Regional Railroad Authority



Lee Mehrkens, Director, CFO  
Ramsey County Finance Department

# **Financial Section**



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

## INDEPENDENT AUDITOR'S REPORT

Regional Railroad Authority Board  
Ramsey County Regional Railroad Authority

### 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, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, listed in the table of contents as basic financial statements, fund financial statements, and notes to the financial statements.

### *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 of 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 aggregate remaining fund information of the Ramsey County Regional Railroad Authority as of December 31, 2013, 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.

### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2013 the Authority adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which represent changes in accounting principles. Our opinion is not modified with respect to this matter.

### ***Report on Summarized Comparative Information***

We have previously audited the Ramsey County Regional Railroad Authority's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, 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 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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency

with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and 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 and the supplementary information 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 25, 2014, 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 Authority's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 25, 2014

This Page Left Blank Intentionally



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**

The management of Ramsey County Regional Railroad Authority offers readers of its financial statements, this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2013. 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 2-5 and 19-27 respectively, of this report.

**Financial Highlights**

- The assets of the Ramsey County Regional Railroad Authority exceeded its liabilities by \$197,241,222 in 2013 (net position).
- The total net position increased by \$2,750,747 from the prior year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Ramsey County Regional Railroad Authority'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 Ramsey County Regional Railroad Authority's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of Ramsey County Regional Railroad 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 Rail 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 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 Ramsey County Regional Railroad Authority'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 18 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 Ramsey County Regional Railroad Authority, assets exceeded liabilities by \$197,241,222 in 2013, increasing net position by 1% over 2012.

By far, the largest portion of the Ramsey County Regional Railroad Authority's total assets is comprised of capital assets (86% in 2013 and 85% in 2012).

	<b>Net Position</b>	
	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 30,891,864	\$ 32,941,388
Capital Assets	197,167,568	191,730,967
Total Assets	<u>228,059,432</u>	<u>224,672,355</u>
Current Liabilities	14,030,964	10,132,955
Non-current Liabilities	16,787,246	20,048,925
Total Liabilities	<u>30,818,210</u>	<u>30,181,880</u>
Net Position:		
Net Investment in Capital Assets	177,167,568	171,730,967
Unrestricted	20,073,654	22,759,508
Total Net Position	<u>\$ 197,241,222</u>	<u>\$ 194,490,475</u>

### Governmental Activities

	<u>2013</u>	<u>2012</u>
Revenues:		
Program Revenues:		
Fees, Fines, Charges and Other	\$ 697,352	\$ 171,379
Operating Grants and Contributions	-	90,626
Capital Grants and Contributions	21,456,620	43,722,480
General Revenues:		
Property Taxes	19,630,757	19,525,364
Grants and Contributions Not Restricted to Specific Programs	1,468	7,411
Investment Earnings	4,178	4,412
Total Revenues	41,790,375	63,521,672
Expenses:	39,039,628	21,733,755
Transportation	39,039,628	21,733,755
Total Expenses		
Increase in Net Position	2,750,747	41,787,917
Net Position – Beginning	194,490,475	152,702,558
Net Position – Ending	\$ 197,241,222	\$ 194,490,475

Governmental activities increased the Ramsey County Regional Railroad Authority's net position by \$2,750,747. This increase is due to levy revenues and grant receipts used to support planning, design studies, capital acquisition, and construction. Construction began in 2011 to renovate Union Depot into a multi-modal transportation hub. Construction was completed in 2013.

### Capital Assets

	<u>2013</u>	<u>2012</u>
Land	\$ 48,564,667	\$ 48,163,105
Construction in Progress	56,622	127,541,227
Building	157,877,829	16,837,188
Machinery and Equipment	319,190	94,118
Accumulated Depreciation	(9,650,740)	(904,671)
Capital Assets, Net	\$ 197,167,568	\$ 191,730,967

Additional information on the Rail Authority's capital assets can be found in note 1F on page 20 of this report.

## **Long-Term Liabilities**

The Ramsey County Regional Railroad Authority has booked a noncurrent liability of \$3,500 for estimated unpaid claims, \$20,000,000 for loan payable, and \$96,127 in compensated absences. Of these amounts, \$3,312,381 is due within one year.

### **Financial Analysis of the Government's Funds**

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

**Governmental Funds** – The focus of the Ramsey County Regional Railroad 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 Ramsey County Regional Railroad Authority'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 2013, the Ramsey County Regional Railroad Authority's governmental funds reported an ending fund balance of \$6,522,672, a decrease of \$7,738,774 in comparison with the prior year. Information on the assigned fund balance can be found on note 1F on page 20.

**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 2013 from projects budgeted in prior years are included.

The actual expenditures, on a budgetary basis, differed from the final budget. The 2013 budget included appropriations for several long-term capital projects for which a significant amount of the expenditures were not completed as anticipated in 2013.

### **Economic Factors Rates and Next Year's Budget**

The Ramsey County Regional Railroad Authority approved a levy of \$19,053,307 for 2014 that will be used for the work on rail corridors and studies of other corridors. There is a reduction of \$885,504 in approved levy between 2014 and 2013.

### **Request for Information**

This financial report is designed to give a general overview of the Ramsey County Regional Railroad Authority'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.

## EXHIBIT A

**RAMSEY COUNTY, MINNESOTA**  
**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2013**  
**WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 16,217,548	\$ 19,376,626
Petty Cash and Change	350	350
Taxes Receivable (Net)	253,067	311,764
Accounts Receivable (Net)	1,179	39,542
Due From Other Governments	14,419,720	13,213,106
<b>Total Current Assets</b>	<b>30,891,864</b>	<b>32,941,388</b>
Non-Current Assets:		
Capital Assets:		
Land	48,564,667	48,163,105
Construction in Progress	56,622	127,541,227
Building	157,877,829	16,837,188
Machinery and Equipment	319,190	94,118
Less: Accumulated Depreciation	(9,650,740)	(904,671)
<b>Total Non-Current Assets</b>	<b>197,167,568</b>	<b>191,730,967</b>
<b>Total Assets</b>	<b>228,059,432</b>	<b>224,672,355</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Salaries Payable	58,186	51,814
Accounts Payable	583,463	324,126
Contracts Payable	9,623,450	6,509,423
Due to Ramsey County	301,885	272,589
Interest Payable, Current	151,352	102,718
Due to Other Governments	247	2,806,675
Loan Payable, Short-term	3,260,000	-
Vacation and Compensatory Time Payable	52,381	65,610
<b>Total Current Liabilities</b>	<b>14,030,964</b>	<b>10,132,955</b>
Non-Current Liabilities:		
Claims and Judgments Payable, Long-Term	3,500	3,500
Loan Payable, Long-term	16,740,000	20,000,000
Compensated Absences Payable	43,746	45,425
<b>Total Non-Current Liabilities</b>	<b>16,787,246</b>	<b>20,048,925</b>
<b>Total Liabilities</b>	<b>30,818,210</b>	<b>30,181,880</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	177,167,568	171,730,967
Unrestricted	20,073,654	22,759,508
<b>Total Net Position</b>	<b>\$ 197,241,222</b>	<b>\$ 194,490,475</b>

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

EXHIBIT B

**RAMSEY COUNTY, MINNESOTA  
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY  
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013  
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012**

	<u>2013</u>	<u>2012</u>
<b>Expenses:</b>		
Transportation:		
Materials and Services	\$ 29,939,301	\$ 21,228,079
Depreciation	8,746,068	354,425
Interest	354,259	151,251
Total Program Expenses	<u>39,039,628</u>	<u>21,733,755</u>
<b>Program Revenues:</b>		
Fees, Fines, Charges and Other	697,352	171,379
Operating Grants and Contributions	-	90,626
Capital Grants and Contributions	21,456,620	43,722,480
	<u>22,153,972</u>	<u>43,984,485</u>
 Net Program Expenses (Revenues)	 <u>16,885,656</u>	 <u>(22,250,730)</u>
<b>General Revenues:</b>		
Property Taxes	19,630,757	19,525,364
Grants and Contributions Not Restricted to Specific Programs	1,468	7,411
Investment Earnings	4,178	4,412
Total General Revenues	<u>19,636,403</u>	<u>19,537,187</u>
 Increase in Net Position	 2,750,747	 41,787,917
 Net Position - Beginning	 <u>194,490,475</u>	 <u>152,702,558</u>
 Net Position - Ending	 <u><u>\$ 197,241,222</u></u>	 <u><u>\$ 194,490,475</u></u>

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, 2013**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012**

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS	
				2013	2012
<b>ASSETS</b>					
Assets:					
Cash and Short Term Investments	\$ 3,569,840	\$ -	\$ 12,647,708	\$ 16,217,548	\$ 19,376,626
Petty Cash and Change	350	-	-	350	350
Receivables:					
Taxes	452,455	-	-	452,455	511,152
Accounts	8,076	-	-	8,076	51,103
Due From Other Governments	303,024	-	14,116,696	14,419,720	13,213,106
<b>TOTAL ASSETS</b>	<b>4,333,745</b>	<b>-</b>	<b>26,764,404</b>	<b>31,098,149</b>	<b>33,152,337</b>
<b>LIABILITIES</b>					
Liabilities:					
Salaries Payable	58,186	-	-	58,186	51,814
Accounts Payable	583,463	-	-	583,463	324,124
Contracts Payable	98,130	-	9,525,320	9,623,450	6,509,423
Due to Ramsey County	215,190	-	1,186	216,376	190,176
Due to Other Governments	247	-	-	247	2,806,675
Total Liabilities	955,216	-	9,526,506	10,481,722	9,882,212
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	763,555	-	13,330,200	14,093,755	9,008,679
Total Deferred Inflows	763,555	-	13,330,200	14,093,755	9,008,679
<b>FUND BALANCE</b>					
Nonspendable	350	-	-	350	350
Restricted	-	-	-	-	125,128
Assigned	2,614,624	-	3,907,698	6,522,322	8,316,204
Unassigned	-	-	-	-	5,819,764
Total Fund Balance	2,614,974	-	3,907,698	6,522,672	14,261,446
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
	<b>\$ 4,333,745</b>	<b>\$ -</b>	<b>\$ 26,764,404</b>		

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	197,167,568	191,730,967
Some receivables, net of uncollectibles, that are not currently available are reported as deferred inflows of resources in the fund financial statements.	13,887,470	8,797,731
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds	(20,336,488)	(20,299,669)
Total Net Position in Statement of Net Position	<u>\$ 197,241,222</u>	<u>\$ 194,490,475</u>



**RAMSEY COUNTY, MINNESOTA  
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2013  
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2012**

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	2013	2012
<b>Revenues:</b>					
Taxes:					
General Property Taxes	\$ 4,631,838	168,000	\$ 14,889,616	\$ 19,689,454	\$ 19,566,145
Intergovernmental:					
Grants:					
Federal	69,984	-	16,179,878	16,249,862	35,362,692
State	1,468	-	-	1,468	160,550
Local	60,704	-	-	60,704	169,157
Investment Income	4,178	-	-	4,178	4,412
Rental Income	469,131	-	-	469,131	84,348
Miscellaneous	230,503	-	-	230,503	85,756
<b>Total Revenues</b>	<b>5,467,806</b>	<b>168,000</b>	<b>31,069,494</b>	<b>36,705,300</b>	<b>55,433,060</b>
<b>Expenditures:</b>					
Current					
Transportation					
Administration					
Personal Services	636,074	-	-	636,074	615,235
Services and Charges	550,293	-	-	550,293	564,698
Supplies	2,647	-	-	2,647	3,478
Capital Outlay	3,408	-	-	3,408	504,015
Total Administration	1,192,422	-	-	1,192,422	1,687,426
Red Rock Corridor					
Services and Charges	16,497	-	-	16,497	468,719
Union Depot					
Services and Charges	5,143,337	-	10,136,682	15,280,019	1,318,501
Capital Outlay	176,711	-	13,859,649	14,036,360	55,265,106
Northeast Corridor Operations					
Services and Charges	60,183	-	-	60,183	85,422
Northeast Corridor Extension					
Capital Outlay	416,583	-	-	416,583	-
Northeast Diagonal Operations					
Services and Charges	18	-	-	18	-
Riverview Corridor					
Services and Charges	6,593	-	-	6,593	-
Rush Line Corridor					
Services and Charges	286,548	-	-	286,548	124,958
Central Corridor - Preliminary Engineering					
Services and Charges	169,742	-	11,199,777	11,369,519	11,359,538
Gateway Corridor (formerly I-94)					
Services and Charges	901,145	-	-	901,145	154,296
Jobs Central					
Services and Charges	530,413	-	-	530,413	88,859
Robert Street Corridor					
Services and Charges	10,733	-	-	10,733	2,847
High Speed Rail Commission					
Services and Charges	31,416	-	-	31,416	26,993
Debt Service:					
Interest	-	305,625	-	305,625	48,533
<b>Total Expenditures</b>	<b>8,942,341</b>	<b>305,625</b>	<b>35,196,108</b>	<b>44,444,074</b>	<b>70,631,198</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(3,474,535)</b>	<b>(137,625)</b>	<b>(4,126,614)</b>	<b>(7,738,774)</b>	<b>(15,198,138)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Notes	-	-	-	-	20,000,000
Transfers In and (Out)	(12,497)	12,497	-	-	-
<b>Net Change in Fund Balance</b>	<b>(3,487,032)</b>	<b>(125,128)</b>	<b>(4,126,614)</b>	<b>(7,738,774)</b>	<b>4,801,862</b>
<b>Fund Balance at Beginning of Year</b>	<b>6,102,006</b>	<b>125,128</b>	<b>8,034,312</b>	<b>14,261,446</b>	<b>9,459,584</b>
<b>Fund Balance at End of Year</b>	<b>\$ 2,614,974</b>	<b>\$ -</b>	<b>\$ 3,907,698</b>	<b>\$ 6,522,672</b>	<b>\$ 14,261,446</b>

EXHIBIT E

**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, 2013  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>2013</b>	<b>2012</b>
Net change in fund balance - Exhibit D	\$ (7,738,774)	\$ 4,801,862
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.	5,436,601	48,833,872
In the Statement of Activities, only the loss on the sale of capital is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.	-	(11,089)
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.	(32,155)	74,658
The issuance of long-term debt (e.g. contract for deed provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	-	(20,000,000)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	5,085,075	8,088,614
Change in Net Position in Statement of Activities	\$ 2,750,747	\$ 41,787,917

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

EXHIBIT F

RAMSEY COUNTY, MINNESOTA  
 RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 DECEMBER 31, 2013  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012

	Agency Fund	
	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 84,782	\$ 80,736
Total Assets	<u>\$ 84,782</u>	<u>\$ 80,736</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 6,868
Custodial Payable	84,782	73,868
Total Liabilities	<u>\$ 84,782</u>	<u>\$ 80,736</u>

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

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Authority conform to generally accepted accounting principles for governmental units. Following is a summary of the more significant policies:

**Changes in Accounting Principles**

During 2013, the Ramsey County Regional Railroad Authority (RCRRA) adopted new accounting guidance by implementing the provisions of GASB Statement No. 65. GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items previously reported as assets and liabilities. See Note 4 in the notes to the financial statements for additional information regarding the RCRRA's deferred inflows/outflows of resources.

Restatements of December 31, 2012, net position or fund balance were not required as a result of adopting this change in accounting principles.

**A. FINANCIAL REPORTING ENTITY**

In conformity with the principles set forth in Governmental Accounting Standards Board pronouncements, the RCRRA 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 Ramsey County Regional Railroad

Authority to provide administrative services to the Authority on September 14, 1987.

**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. For the most part, the effect of the interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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, 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. The agency fund is used to account for the fiscal agent activity of the Minnesota High Speed Rail Commission.

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

When both restricted and unrestricted resources are available for use, it is the County'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 and claims and judgments, are recorded only when payment is due.

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. PRIOR YEAR COMPARATIVE DATA**

The basic financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended December 31, 2012, from which such partial information was derived. Also, certain amounts presented in the prior

year data have been reclassified in order to be consistent with the current year's presentation.

**F. ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND EQUITY ACCOUNTS**

**1) Assets**

**Deposits and Investments:**

Authority cash balances are managed and invested by Ramsey County pursuant to the investment policy. Earnings from these investments are allocated monthly to the Authority based on average daily balances during the month.

Minn. Stat. §118A.04 and §118A.05 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 15<sup>th</sup>) and the second billing (due on October 15<sup>th</sup> or November 15<sup>th</sup>). Taxes, which remain unpaid by property owners at December 31, are considered delinquent.

**Capital Assets:**

Capital assets, which include property 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 and an estimated useful life in excess of one year, as well as certain exceptions that are considered to be high risk to theft. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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:

	2013 Beginning Balance	Increase	Decrease	2013 Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 48,163,105	\$ 401,562	\$ -	\$ 48,564,667
Construction In Progress	127,541,227	56,622	(127,541,227)	56,622
Total Capital Assets Not Being Depreciated	175,704,332	458,184	(127,541,227)	48,621,289
Capital Assets, Being Depreciated:				
Building	16,837,188	141,040,641	-	157,877,829
Machinery and Equipment	94,118	225,072	-	319,190
Accumulated Depreciation	(904,671)	(8,746,069)	-	(9,650,740)
Total Capital Assets Being Depreciated	16,026,635	132,519,644	-	148,546,279
Total Capital Assets, Net	\$191,730,967	\$132,977,828	(\$127,541,227)	\$197,167,568

	2012 Beginning Balance	Increase	Decrease	2012 Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 48,163,105	\$ -	\$ -	\$ 48,163,105
Construction In Progress	78,883,728	48,657,499	-	127,541,227
Total Capital Assets Not Being Depreciated	127,046,833	48,657,499	-	175,704,332
Capital Assets, Being Depreciated:				
Building	16,360,360	476,828	-	16,837,188
Machinery and Equipment	53,634	53,968	(13,484)	94,118
Accumulated Depreciation	(552,642)	(354,425)	2,396	(904,671)
Total Capital Assets Being Depreciated	15,861,352	176,371	(11,088)	16,026,635
Total Capital Assets, Net	\$142,908,185	\$ 48,833,870	(\$ 11,088)	\$191,730,967

Depreciation expense is summarized below:

	2013	2012
Depreciation Expense	\$ 8,746,069	\$ 354,425

**Interfund Transfer**

\$12,497 was transferred from the General Fund to the Debt Service Fund for a portion of the interest payments on two, \$10,000,000 loans.

**2) 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 vacation and 15 days of sick leave per year.

**Long-Term Obligations**

The following is a list of changes in long-term obligations for the year ending December 31, 2013:

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**Long-Term Debt Schedule:**

	2013		2013	
	Beginning			Ending
	Balance	Increase	Decrease	Balance
Payable January 1				
Claims Payable	\$ 3,500	-	-	\$ 3,500
Loans Payable	20,000,000	-	-	20,000,000
Comp. Absences	111,035	70,069	84,977	96,127
	<u>\$20,114,535</u>	<u>70,069</u>	<u>84,977</u>	<u>\$20,099,627</u>

Due within one year \$3,312,381

	2012		2012	
	Beginning			Ending
	Balance	Increase	Decrease	Balance
Payable January 1				
Claims Payable	\$ 3,500	-	-	\$ 3,500
Loans Payable	-	20,000,000	-	20,000,000
		0		
Comp. Absences	307,042	63,055	259,062	111,035
		<u>20,063,055</u>		
	<u>\$ 310,542</u>	<u>5</u>	<u>259,062</u>	<u>\$20,114,535</u>

Due within one year \$65,610

**LOANS PAYABLE**

On April 19, 2012, the RCRRA 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 began 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.

On November 19, 2012, the RCRRA 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 began 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.

**Loans Repayment Schedule**

Year	Principal	Interest
2014	\$ 3,260,000	\$ 361,653
2015	6,610,000	273,088
2016	6,720,000	153,202
2017	3,410,000	30,966
	<u>\$ 20,000,000</u>	<u>\$ 818,909</u>

**3) Equity**

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

**Fund Balance**

Unassigned Fund Balance consists of funds that are available for any purpose.

Assigned Fund Balance consists of internally imposed constraints established by the Board and/or management that reflect the specific purpose for which it is Regional Rail'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 2013 Assigned Fund Balances indicates the portion of fund balance set aside for planned future projects. The Assigned Fund Balance consists of:

	2013	
	General Fund	Capital Project Fund
Union Depot	\$ -	\$ 3,907,698
Riverview Corridor	1,329,527	-
Rush Line Corridor	1,285,097	-
	<u>\$ 2,614,624</u>	<u>\$ 3,907,698</u>

	2012	
	General Fund	Capital Project Fund
Union Depot	\$ 281,892	\$ 8,034,312
	<u>\$ 281,892</u>	<u>\$ 8,034,312</u>



**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

Nonspendable Fund Balance consists of fund balance that is not in a spendable form, such as: inventory, long-term amounts of loans and notes receivable, property held for resale, and petty cash reserves. The 2013 Nonspendable Fund Balance consisted of \$350 of petty cash reserves.

**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.

**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 \$20,336,488 difference are as follows:

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

Due Ramsey County for contribution to OPEB liability	\$ 85,509
Claims and judgments payable	3,500
Loans Payable	20,000,000
Interest Payable	151,352
Compensated Absences Payable, Vacation, & Comp Time Payable Net Adjustment to Reduce Fund Balance	<u>96,127</u>
Total Governmental Activities to Arrive at Net Position – Governmental Activities	<u>\$ 20,336,488</u>

Compensated Absences	\$ 14,908
Due Ramsey County for contribution to OPEB liability	(3,093)
Accrued Interest Payable	(48,634)
Bad debt expense	<u>4,664</u>

Net Adjustment to Decrease Net Changes in Fund Balances –

Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities \$ (32,155)

**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 \$5,436,601 difference are as follows:

Capital Outlay	\$ 14,182,670
Depreciation Expense	<u>(8,746,069)</u>

Net Adjustment to Increase Changes in Fund Balances –

Total Governmental Funds to Arrive at Changes in Net position of Governmental Activities \$ 5,436,601

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 \$32,155 difference are as follows:

**3) DUE TO OTHER COUNTY FUNDS**

	<u>2013</u>	<u>2012</u>
Due to Ramsey County:		
General Fund	\$ 179,829	\$ 150,235
Information Services Fund	12,728	12,783
Property Management Fund	-	26,673
Retirees Insurance Fund	85,509	82,416
Telecommunications Fund	721	482
Workforce Solutions Fund	<u>23,098</u>	<u>-</u>
	<u>\$ 301,885</u>	<u>\$ 272,589</u>

**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.

	<u>2013</u>	<u>2012</u>
Taxes Receivable	\$ 452,455	\$ 511,152
Accounts Receivable	8,075	10,408
Due from Other Governments	13,633,225	8,487,119
Total	<u>\$ 14,093,755</u>	<u>\$ 9,008,679</u>

**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.

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**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, 2013, 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
2013	\$ 3,500	\$ -	\$ -	\$ 3,500
2012	\$ 3,500	\$ -	\$ -	\$ 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:**

Ramsey County Regional Rail Authority entered into a joint powers agreement pursuant to the provision of Minnesota Statute Sect. 471.59 and 398A.04, Subd. 9, with Chisago County Regional Railroad Authority and Washington County Regional Railroad Authority. The purpose of the agreement is to analyze the feasibility and environmental impacts of integrated

transportation improvements along the Rush Line Corridor, including highway improvements, commuter, light and freight rail, recreational trails, ITS, safety, and related land use issues.

**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 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 RCRRA 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 RCRRA as its fiscal agent.

**Gateway (formerly I-94) Corridor:**

On March 17, 2009, the RCRRA entered into a joint powers agreement pursuant to the provision of

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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 RCRRA are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356.

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average

salary for each of the first ten years of service and 2.7 percent for each remaining year. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service.

For General Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is either 65 or 66 (depending on date hired) for General Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

**Funding Policy:**

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. The RCRRA makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

9.10 and 6.25 percent, respectively, of their annual covered salary.

The RCRRA is required to contribute the following percentages of annual covered payroll in 2013:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.25%

The RCRRA's contributions for the years ending December 31, 2013, 2012, and 2011, for the General Employees Retirement Fund were:

2013	2012	2011
\$ 47,319	\$ 45,570	\$ 51,670

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

**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, 2013 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 RCRRA's 2013 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, 2013 and 2012 were \$85,509 and \$82,416 respectively. The OPEB liability is reported in the Due to Ramsey County liability account.

This Page Left Blank Intentionally

# **Required Supplementary Information**



**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, 2013**

	BUDGET		ACTUAL ON A BUDGETARY BASIS	VARIANCE FINAL BUDGET OVER/(UNDER)
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes:				
General Property Taxes	\$ 4,610,444	\$ 4,610,444	\$ 4,631,838	\$ 21,394
Intergovernmental:				
Grants:	-	-	-	-
Federal	-	1,189,700	69,984	(1,119,716)
State	-	-	1,468	1,468
Local	400	54,978	60,704	5,726
Interest on Investments	30,000	30,000	4,178	(25,822)
Rental Income	1,032,056	1,038,219	469,131	(569,088)
Miscellaneous	-	-	230,503	230,503
<b>Total Revenues</b>	<u>5,672,900</u>	<u>6,923,341</u>	<u>5,467,806</u>	<u>(1,455,535)</u>
<b>Expenditures:</b>				
Transportation:				
Administration				
Personal Services	609,363	960,112	960,112	-
Other Services and Charges	900,502	538,076	538,076	-
Supplies	7,100	2,551	2,551	-
<b>Total Administration</b>	<u>1,516,965</u>	<u>1,500,739</u>	<u>1,500,739</u>	<u>-</u>
Union Depot	5,279,240	5,187,364	5,241,705	54,341
Diagonal Property - Roseville	5,000	18	18	-
Northeast Corridor	72,485	60,183	60,183	-
Riverview Corridor	32,400	1,506,593	6,593	(1,500,000)
Rush Line Corridor Project Grant	298,200	1,521,372	277,094	(1,244,278)
Central Corridor Project Grant	67,000	169,742	169,742	-
Red Rock Corridor Operation	38,800	16,497	16,497	-
Robert Street Corridor	225,800	10,733	10,733	-
Gateway (formerly I-94 East Corridor)	798,200	776,145	776,145	-
High Speed Rail	298,200	31,415	31,415	-
<b>Total Expenditures</b>	<u>8,632,290</u>	<u>10,780,801</u>	<u>8,090,864</u>	<u>(2,689,937)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,959,390)</u>	<u>(3,857,460)</u>	<u>(2,623,058)</u>	<u>1,234,402</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out)	-	(12,497)	(12,497)	-
<b>Net Change in Fund Balance</b>	<u>(2,959,390)</u>	<u>(3,869,957)</u>	<u>(2,635,555)</u>	<u>1,234,402</u>
Adjustment	(851,477)	(851,477)	(851,477)	-
<b>Fund Balance at Beginning of Year</b>	<u>6,102,006</u>	<u>6,102,006</u>	<u>6,102,006</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 2,291,139</u>	<u>\$ 1,380,572</u>	<u>\$ 2,614,974</u>	<u>\$ 1,234,402</u>

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

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2013**

**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:**

	<u>2013</u>
Budgetary Basis-Schedule 1	\$8,090,864
Adjustments	<u>851,477</u>
Expenditures GAAP Basis – Exhibit D	\$8,942,341

# **Supplementary Information**

**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, 2013**

	BUDGET		ACTUAL ON A BUDGETARY BASIS	VARIANCE FINAL BUDGET OVER/(UNDER)
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes:				
General Property Taxes	\$ -	\$ -	\$ 168,000	\$ 168,000
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>168,000</u>	<u>168,000</u>
<b>Expenditures:</b>				
Interest	168,000	180,497	180,497	-
<b>Total Expenditures</b>	<u>168,000</u>	<u>180,497</u>	<u>180,497</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(168,000)	(180,497)	(12,497)	168,000
<b>Other Financing Sources (Uses):</b>				
Transfers In and (Out)	-	12,497	12,497	-
<b>Net Change in Fund Balance</b>	(168,000)	(168,000)	-	168,000
Adjustment	(125,128)	(125,128)	(125,128)	
<b>Fund Balance at Beginning of Year</b>	<u>125,128</u>	<u>125,128</u>	<u>125,128</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ (168,000)</u>	<u>\$ (168,000)</u>	<u>\$ -</u>	<u>\$ 168,000</u>

**RAMSEY COUNTY, MINNESOTA**  
**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2013</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 80,736	\$ 40,689	\$ 36,643	\$ 84,782
Total Assets	<u>80,736</u>	<u>40,689</u>	<u>36,643</u>	<u>84,782</u>
<b>LIABILITIES</b>				
Accounts Payable	6,868	-	6,868	-
Custodial Payable	<u>73,868</u>	<u>40,689</u>	<u>29,775</u>	<u>84,782</u>
Total Liabilities	<u>\$ 80,736</u>	<u>\$ 40,689</u>	<u>\$ 36,643</u>	<u>\$ 84,782</u>

**SCHEDULE 3**

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Federal Grantor Pass Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>Department of Housing and Urban Development</b>			
Passed Through Metropolitan Council Sustainable Communities Regional Planning Grant Program	14.703	370,034	-
<b>Department of Transportation</b>			
Passed Through Minnesota Department of Transportation: Highway Planning and Construction	20.205	918,854	-
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assurance Grants	20.319	21,502,143	-
Surface Transportation Discretionary Grants for Capital Investment - ARRA	20.932	3,942,075	-
Passed Through Metropolitan Council Federal Transit Capital Investment Grants	20.500	2,947,006	-
Total Department of Transportation		<u>\$ 29,680,112</u>	<u>\$ -</u>

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 DECEMBER 31, 2013**

**1) REPORTING ENTITY**

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Ramsey County Regional Railroad Authority. The Ramsey County Regional Railroad Authority's reporting entity is defined in Note 1 to the financial statements.

**2) BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Ramsey County Regional Railroad Authority under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Ramsey County Regional Railroad Authority, it is not intended to and does not present the financial position or changes in net position of the Authority.

**3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

**4) SUBRECIPIENTS**

No federal awards were passed through to subrecipients.

**5) RECONCILIATION TO STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

Federal grant revenue per Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 16,249,862
Grants received more than 60 days after year-end, deferred in 2013	
Sustainable Communities Regional Planning Grant Program (CFDA# 14.703)	300,050
Highway Planning and Construction (CFDA# 20.205)	132,359
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants (CFDA# 20.319)	12,381,225
Federal Transit - Capital Improvement Grants (CFDA# 20.500)	616,616
Expenditures Per Schedule of Expenditures of Federal Awards.	\$ 29,680,112

**6) AMERICAN RECOVERY AND REINVESTMENT ACT**

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.