

# Annual Financial Report Fiscal Year 2014



**ANNUAL FINANCIAL REPORT**

**OF THE**

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

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

**Year Ended December 31, 2014**

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

# RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY

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# **Introductory Section**

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY  
ORGANIZATION**

**December 31, 2014**

**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
Johanna Berg	Ramsey County Information Services	Director, CIO

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July 21, 2015

Ramsey County Regional Railroad Authority  
Board of Commissioners  
15 West Kellogg Boulevard  
St. Paul, Minnesota 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, 2014. 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. 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 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 2014

- Track, signal and switch work leading into Union Depot was complete allowing for the launch of Amtrak service and the opportunity to exhibit vintage and special railroad engines and cars at the platform.
- Amtrak launched service on May 7 from Union Depot for its popular *Empire Builder* route.
- Greyhound and megabus.com began providing service at Union Depot, increasing intercity transit options available.

- Car sharing, a popular option for transit commuters and car-free individuals, was added at Union Depot. Providers include Zipcar and Car2Go.
- The Central Corridor/Green Line opened for service on June 14 and immediately exceeded ridership projections. The Union Depot station provides a strong connection for individuals using LRT to access intercity bus and rail services in addition to local riders seeking connections for special events such as Vikings and Twins games.
- The Flood Management Plan was successfully implemented to minimize impact on transit operations and to recover costs from FEMA.
- Parking revenues increased and bicycle storage was more than 50% leased.
- President Barak Obama gave a transportation-themed speech at Union Depot in February.
- Public events drew thousands of people to Union Depot. Events ranged in size from the weekly offerings of yoga and game night to the celebrations of National Train Day and the holiday bake sale.
- Tours remained popular with over 1,900 attendees on public and private tours.
- Partnerships with Twin Cities Jazz Fest, Twin Cities Marathon, Visit Saint Paul and St. Paul Art Crawl created opportunities for shared events at Union Depot such as a music stage, shuttles for runners, extensive tourism promotion and artist space in addition to a cutting edge video poem project broadcast on the façade facing 4<sup>th</sup> Street.
- Several notable public events included Rail~Volution, the Great River Gathering and RiverWork Exhibit, the Friends of the 261 North Pole Express and the Canadian Pacific Holiday Train.
- The final artwork installed was the six-panel mural in the waiting room, completing the Regional Railroad Authority's \$1.25 million in public art commissions at Union Depot.
- Awards earned in 2014 for Union Depot include:
  - Leed Gold Certification – U.S. Green Building Council
  - Achievement Award: Community/Economic Development – National Association of Counties
  - Sustainable Saint Paul Award: Commercial Green Building Design – City of Saint Paul
  - Heritage Preservation Award – Saint Paul Heritage Preservation Commission and Saint Paul Chapter of the American Institute of Architects



- The Regional Railroad Authority commissioned the Rush Line Corridor and Riverview Corridor Pre-Project Development studies. Both studies launched in 2014 and the outcomes are expected to include recommendations for a mode and a route on each corridor. The study area of the Rush Line Corridor runs between Union Depot and Forest Lake. The Riverview Corridor study area lies between the Mall of America and Union Depot.
- Work continues on regional corridor projects:
  - Gateway Corridor
 

The Gateway Corridor runs from Union Depot east to Manning Avenue in Washington County. In 2014, work continued on the corridor including the initiation of the Draft Environmental Impact Statement and its formal scoping period. Significant technical work and public engagement was completed, resulting in the selection of a locally preferred alternative. The selection of the locally preferred alternative involved the Regional Railroad Authority's hosting a public hearing and passing a resolution of support for bus rapid transit in a dedicated guideway from Union Depot to Manning Avenue, parallel to I-94. In Ramsey County, the alignment stays on the north side of I-94 and includes stations at Union Depot, Mounds Blvd., Etna St. (possible), White Bear Avenue, Sunray and 3M. With the selection of the locally preferred alternative and its adoption into the Metropolitan Council's Transportation Policy Plan, 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 in St. Paul and on to Minneapolis. The Alternatives Analysis Update study was complete in 2014. The study identified the need for improved transit service in the corridor and the role of bus rapid transit (BRT) in near-term improvements for transit while allowing for long-term implementation of commuter rail. The study identified the need to complete a bus rapid transit implementation plan that will launch in 2015. Additionally, a new transit center under construction in Newport, south of I-494, will open in early 2015.
  - Riverview Corridor
 

The Riverview Corridor Pre-Project Development study work began in 2014 and will be complete in early 2016. The study will transit modes and alternatives in the corridor with the goals of improving mobility and equity, fostering economic development and providing greater regional and local connectivity. Two open houses held in late 2014 were attended by approximately 120 members of the public. The technical and policy advisory committee meetings for the study are open to the public and have membership that includes members of neighborhoods/district councils, business community, state agencies, and federal agencies. A locally preferred alternative will be the end product of the study.

- Robert Street Corridor  
The Robert Street Corridor runs from Union Depot south to Rosemount. The Alternatives Analysis continued with a narrowing of alignments and modes. The focus was bus rapid transit or streetcar along Robert Street and bus rapid transit along Highway 52.
  
- Rush Line Corridor  
The Rush Line Corridor Pre-Project Development study currently underway is analyzing transit modes and alternatives in the corridor between Union Depot and Forest Lake. The study began in 2014 and will complete in winter 2015/2016. The study will evaluate ways to improve mobility and equity, foster economic development and provide greater regional and local connectivity. Two series of open houses were each attended by approximately 150 members of the public. A locally preferred alternative will be the end product of the study.
  
- During 2014, Regional Railroad Authority commissioners and staff members participated in the Counties Transit Improvement Board (CTIB), Red Rock Corridor Commission, Gateway Corridor Commission, Rush Line Corridor Task Force, Riverview Corridor, Central Corridor Partnership, Minnesota High-Speed Rail Association, the Northeast Corridor, the I35W Corridor Coalition, 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, 2014.

#### INDEPENDENT AUDIT

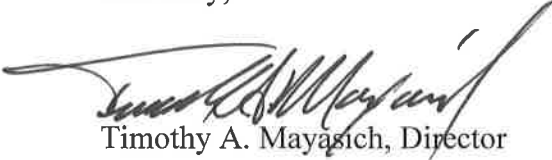
Minnesota State Law requires an audit by the State Auditor of the books of account, financial records and transactions. This requirement has been complied with, and the Auditor's opinion has been included in this report. The State Auditor will issue a management and compliance letter covering the review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



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

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1-800-627-3529 (Relay Service)

### INDEPENDENT AUDITOR'S REPORT

Regional Railroad Authority Board  
Ramsey County Regional Railroad Authority  
Saint Paul, 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, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as 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 remaining fund information of the Ramsey County Regional Railroad Authority as of December 31, 2014, 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.

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

We have previously audited the Ramsey County Regional Railroad Authority's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 25, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, 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 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 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.

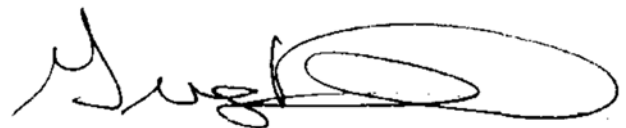
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2015, 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

July 21, 2015

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**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, 2014. 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 23-31 respectively, of this report.

**Financial Highlights**

- The assets of the Ramsey County Regional Railroad Authority exceeded its liabilities by \$198,569,175 in 2014 (net position).
- The total net position decreased by \$4,947,761 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 22 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 \$198,569,175 in 2014, decreasing net position by 2.4% over 2013, after accounting for the restated 2013 net position.

By far, the largest portion of the Ramsey County Regional Railroad Authority's total assets is comprised of capital assets (90.8% in 2014 and 86.8% in 2013).

	<b>Net Position</b>	
	<u>2014</u>	Restated <u>2013</u>
Current and Other Assets	\$ 20,343,354	\$ 30,891,864
Capital Assets	<u>201,046,529</u>	<u>203,443,282</u>
Total Assets	221,389,883	234,335,146
Current Liabilities	12,711,349	14,030,964
Non-current Liabilities	<u>10,109,359</u>	<u>16,787,246</u>
Total Liabilities	22,820,708	30,818,210
Net Position:		
Net Investment in Capital Assets	184,343,195	183,443,282
Unrestricted	<u>14,225,980</u>	<u>20,073,654</u>
Total Net Position	<u>\$ 198,569,175</u>	<u>\$ 203,516,936</u>

## Governmental Activities

	<u>2014</u>	<u>Restated 2013</u>
Revenues:		
Program Revenues:		
Fees, Fines, Charges and Other	\$ 1,534,338	\$ 697,352
Operating Grants and Contributions	299,177	-
Capital Grants and Contributions	713,988	21,456,620
General Revenues:		
Property Taxes	18,706,236	19,630,757
Grants and Contributions Not Restricted to Specific Programs	12,196	1,468
Investment Earnings	1,030	4,178
Total Revenues	<u>21,266,965</u>	<u>41,790,375</u>
Expenses:		
Transportation	26,214,726	32,763,914
Total Expenses	<u>26,214,726</u>	<u>32,763,914</u>
Increase in Net Position	(4,947,761)	9,026,461
Net Position – Beginning	203,516,936	194,490,475
Net Position – Ending	<u>\$ 198,569,175</u>	<u>\$ 203,516,936</u>

Governmental activities decreased the Ramsey County Regional Railroad Authority's net position by \$4,947,761. This decrease is due to the decrease in the amount federal grant receipts used to support capital acquisition and construction. Construction began in 2011 to renovate Union Depot into a multi-modal transportation hub. Construction was substantially completed in 2013.

## Capital Assets

	<u>2014</u>	<u>Restated 2013</u>
Land	\$ 48,564,667	\$ 48,564,667
Construction in Progress	-	56,622
Building	158,613,471	157,877,829
Machinery and Equipment	465,979	319,190
Accumulated Depreciation	(6,597,588)	(3,375,026)
Capital Assets, Net	<u>\$ 201,046,529</u>	<u>\$ 203,443,282</u>

Additional information on the Rail Authority's capital assets can be found in note 1) F.1.) on page 24 of this report.

## **Long-Term Liabilities**

The Ramsey County Regional Railroad Authority has booked a noncurrent liability of \$3,500 for estimated unpaid claims, \$16,703,334 for loan payable, and \$102,006 in compensated absences. Of these amounts, \$6,699,481 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 2014, the Ramsey County Regional Railroad Authority's governmental funds reported an ending fund balance of \$9,819,956, an increase of \$3,297,284 in comparison with the prior year. Information on the assigned fund balance can be found on note 1) F.3.) on page 26.

**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 2014 from projects budgeted in prior years are included.

The actual expenditures, on a budgetary basis, differed from the final budget. The 2014 budget included appropriations for several capital outlay projects for which a significant amount of the expenditures were not completed as anticipated in 2014.

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

The Ramsey County Regional Railroad Authority approved a levy of \$19,143,354 for 2015 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 \$90,047 in approved levy between 2015 and 2014.

### **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, 2014**  
**WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013**

	<u>2014</u>	<u>Restated 2013</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 15,059,496	\$ 16,217,548
Petty Cash and Change	350	350
Taxes Receivable (Net)	191,429	253,067
Accounts Receivable (Net)	59,579	1,179
Due From Other Governments	5,032,500	14,419,720
<b>Total Current Assets</b>	<u>20,343,354</u>	<u>30,891,864</u>
Non-Current Assets:		
Capital Assets:		
Land	48,564,667	48,564,667
Construction in Progress	-	56,622
Building	158,613,471	157,877,829
Machinery and Equipment	465,979	319,190
Less: Accumulated Depreciation	<u>(6,597,588)</u>	<u>(3,375,026)</u>
<b>Total Non-Current Assets</b>	<u>201,046,529</u>	<u>203,443,282</u>
<b>Total Assets</b>	<u>221,389,883</u>	<u>234,335,146</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Salaries Payable	53,448	58,186
Accounts Payable	407,475	583,463
Contracts Payable	3,974,590	9,623,450
Due to Ramsey County	219,700	301,885
Interest Payable, Current	127,685	151,352
Due to Other Governments	1,228,970	247
Loan Payable, Short-term	6,638,333	3,260,000
Vacation and Compensatory Time Payable	61,148	52,381
<b>Total Current Liabilities</b>	<u>12,711,349</u>	<u>14,030,964</u>
Non-Current Liabilities:		
Claims and Judgments Payable, Long-Term	3,500	3,500
Loan Payable, Long-term	10,065,001	16,740,000
Compensated Absences Payable	40,858	43,746
<b>Total Non-Current Liabilities</b>	<u>10,109,359</u>	<u>16,787,246</u>
<b>Total Liabilities</b>	<u>22,820,708</u>	<u>30,818,210</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	184,343,195	183,443,282
Unrestricted	14,225,980	20,073,654
<b>Total Net Position</b>	<u>\$ 198,569,175</u>	<u>\$ 203,516,936</u>

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, 2014**  
**WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013**

	<u>2014</u>	<u>Restated 2013</u>
<b>Expenses:</b>		
Transportation:		
Materials and Services	\$ 22,651,845	\$ 29,939,301
Depreciation	3,222,562	2,470,354
Interest	340,319	354,259
Total Program Expenses	<u>26,214,726</u>	<u>32,763,914</u>
<b>Program Revenues:</b>		
Fees, Fines, Charges and Other	1,534,338	697,352
Operating Grants and Contributions	299,177	-
Capital Grants and Contributions	713,988	21,456,620
	<u>2,547,503</u>	<u>22,153,972</u>
 Net Program Expenses (Revenues)	 <u>23,667,223</u>	 <u>10,609,942</u>
<b>General Revenues:</b>		
Property Taxes	18,706,236	19,630,757
Grants and Contributions Not Restricted to Specific Programs	12,196	1,468
Investment Earnings	1,030	4,178
Total General Revenues	<u>18,719,462</u>	<u>19,636,403</u>
 Increase (Decrease) in Net Position	 (4,947,761)	 9,026,461
 Net Position - Beginning as Restated	 <u>203,516,936</u>	 <u>194,490,475</u>
 Net Position - Ending	 <u>\$ 198,569,175</u>	 <u>\$ 203,516,936</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, 2014**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2013**

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS	
				2014	Restated 2013
<b>ASSETS</b>					
Assets:					
Cash and Short Term Investments	\$ 7,273,171	\$ 1,592	\$ 7,784,733	\$ 15,059,496	\$ 16,217,548
Petty Cash and Change	350	-	-	350	350
Receivables:					
Taxes	381,962	-	-	381,962	452,455
Accounts	65,491	-	-	65,491	8,076
Due From Other Governments	175,437	-	4,857,063	5,032,500	14,419,720
<b>TOTAL ASSETS</b>	<b>7,896,411</b>	<b>1,592</b>	<b>12,641,796</b>	<b>20,539,799</b>	<b>31,098,149</b>
<b>LIABILITIES</b>					
Liabilities:					
Salaries Payable	53,448	-	-	53,448	58,186
Accounts Payable	405,552	-	1,923	407,475	583,463
Contracts Payable	182,465	-	3,792,125	3,974,590	9,623,450
Due to Ramsey County	128,828	-	1,796	130,624	216,376
Due to Other Governments	35	-	1,228,935	1,228,970	247
Total Liabilities	770,328	-	5,024,779	5,795,107	10,481,722
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	567,673	-	4,357,063	4,924,736	14,093,755
Total Deferred Inflows	567,673	-	4,357,063	4,924,736	14,093,755
<b>FUND BALANCE</b>					
Nonspendable	350	-	-	350	350
Restricted	-	1,592	-	1,592	-
Assigned	6,558,060	-	3,259,954	9,818,014	6,522,322
Total Fund Balance	6,558,410	1,592	3,259,954	9,819,956	6,522,672
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
	<b>\$ 7,896,411</b>	<b>\$ 1,592</b>	<b>\$ 12,641,796</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				201,046,529	203,443,282
Some receivables, net of uncollectibles, that are not currently available are reported as deferred inflows of resources in the fund financial statements.				4,728,291	13,887,470
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds				(17,025,601)	(20,336,488)
Total Net Position in Statement of Net Position				<u>\$ 198,569,175</u>	<u>\$ 203,516,936</u>

**RAMSEY COUNTY, MINNESOTA**  
**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2013**

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	2014	2013
<b>Revenues:</b>					
Taxes:					
General Property Taxes	\$ 10,553,675	3,625,000	\$ 4,598,055	\$ 18,776,730	\$ 19,689,454
Intergovernmental:					
Grants:					
Federal	443,736	-	8,990,099	9,433,835	16,249,862
State	12,196	-	-	12,196	1,468
Local	33,822	-	700,000	733,822	60,704
Investment Income	1,030	-	-	1,030	4,178
Rental Income	1,301,203	-	-	1,301,203	469,131
Miscellaneous	177,141	-	27	177,168	230,503
<b>Total Revenues</b>	<b>12,522,803</b>	<b>3,625,000</b>	<b>14,288,181</b>	<b>30,435,984</b>	<b>36,705,300</b>
<b>Expenditures:</b>					
Current					
Transportation					
Administration					
Personal Services	653,826	-	-	653,826	636,074
Services and Charges	546,280	-	-	546,280	550,293
Supplies	3,856	-	-	3,856	2,647
Capital Outlay	25,308	-	-	25,308	3,408
Total Administration	1,229,270	-	-	1,229,270	1,192,422
Red Rock Corridor					
Services and Charges	22,587	-	-	22,587	16,497
Union Depot					
Services and Charges	6,165,538	-	444,168	6,609,706	15,280,019
Supplies	82,290	-	-	82,290	-
Capital Outlay	128,560	-	826,136	954,696	14,036,360
Northeast Corridor Operations					
Services and Charges	61,582	-	-	61,582	60,183
Supplies	758	-	-	758	-
Northeast Corridor Extension					
Services and Charges	128	-	-	128	-
Capital Outlay	-	-	-	-	416,583
Northeast Diagonal Operations					
Services and Charges	-	-	-	-	18
Riverview Corridor					
Services and Charges	258,646	-	-	258,646	6,593
Rush Line Corridor					
Services and Charges	446,114	-	-	446,114	286,548
Central Corridor					
Services and Charges	-	-	13,665,621	13,665,621	11,369,519
Gateway Corridor (formerly I-94)					
Services and Charges	99,137	-	-	99,137	901,145
Jobs Central					
Services and Charges	-	-	-	-	530,413
Robert Street Corridor					
Services and Charges	15,315	-	-	15,315	10,733
High Speed Rail Commission					
Services and Charges	32,198	-	-	32,198	31,416
Debt Service:					
Principal	-	3,296,666	-	3,296,666	-
Interest	-	363,986	-	363,986	305,625
<b>Total Expenditures</b>	<b>8,542,123</b>	<b>3,660,652</b>	<b>14,935,925</b>	<b>27,138,700</b>	<b>44,444,074</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,980,680</b>	<b>(35,652)</b>	<b>(647,744)</b>	<b>3,297,284</b>	<b>(7,738,774)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In and (Out)	(37,244)	37,244	-	-	-
<b>Net Change in Fund Balance</b>	<b>3,943,436</b>	<b>1,592</b>	<b>(647,744)</b>	<b>3,297,284</b>	<b>(7,738,774)</b>
<b>Fund Balance at Beginning 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>
<b>Fund Balance at End of Year</b>	<b>\$ 6,558,410</b>	<b>\$ 1,592</b>	<b>\$ 3,259,954</b>	<b>\$ 9,819,956</b>	<b>\$ 6,522,672</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, 2014  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>2014</b>	<b>Restated 2013</b>
Net change in fund balance - Exhibit D	\$ 3,297,284	\$ (7,738,774)
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 (were less than) depreciation in the current period.	(2,396,753)	11,712,315
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.	3,320,726	(32,155)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(9,169,018)	5,085,075
Change in Net Position in Statement of Activities	\$ (4,947,761)	\$ 9,026,461

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  
AGENCY FUND  
DECEMBER 31, 2014  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 91,695	\$ 84,782
Total Assets	<u>\$ 91,695</u>	<u>\$ 84,782</u>
<b>LIABILITIES</b>		
Custodial Payable	\$ 91,695	\$ 84,782
Total Liabilities	<u>\$ 91,695</u>	<u>\$ 84,782</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, 2014**

**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:

**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. Eliminations have been made to minimize the double counting of internal activities. In the Statement of Net Position the authorities; net position is reported in two parts: (1) net investment in capital assets and (2) 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. 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.

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

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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, 2013, 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.

**Prior Period Adjustment**

The 2013 depreciation expense and accumulated depreciation were overstated due to an error in the capital asset software.

This results in a restatement of beginning net position for the Governmental Activities as follows:

	Governmental Activities
	2014
Net Position – Beginning as previously reported	\$ 197,241,222
Restatement	6,275,714
Net Position – Beginning as Restated	\$ 203,518,950

**Future Change in Accounting Standards**

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, replaces Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, and Statement No. 50, Pension Disclosures, as they relate to employer governments that provide pensions through pension plans administered as trusts or similar arrangement that meet certain criteria. GASB Statement 68 requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement will be effective for the Authority's calendar year 2015. The Authority has not yet determined the financial statement impact of adopting this new standard.

**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

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
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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 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 estimated fair market 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:

	2014 Beginning Balance	Increase	Decrease	2014 Beginning Balance
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 48,564,667	\$ -	\$ -	\$ 48,564,667
Construction In Progress	56,622	-	(56,622)	-
<b>Total Capital Assets not Being Depreciated:</b>	<b>\$ 48,621,289</b>	<b>\$ -</b>	<b>\$ (56,622)</b>	<b>\$ 48,564,667</b>
<b>Capital Assets, Being Depreciated:</b>				
Building	\$ 157,877,829	\$ 735,642	-	\$ 158,613,471
Machinery and Equipment	319,190	146,789	-	465,979
Accumulated Depreciation	(3,375,026)	(3,222,562)	-	(6,597,588)
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 154,821,993</b>	<b>\$ (2,340,131)</b>	<b>\$ -</b>	<b>\$ 152,481,862</b>
<b>Total Capital Assets Net</b>	<b>\$ 203,443,282</b>	<b>\$ (2,340,131)</b>	<b>\$ (56,622)</b>	<b>\$ 201,046,529</b>
	2013 Beginning Balance	Restated Increase	Decrease	Restated 2013 Beginning Balance
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 48,163,105	\$ 401,562	\$ -	\$ 48,564,667
Construction In Progress	127,541,227	56,622	(127,541,227)	56,622
<b>Total Capital Assets not Being Depreciated</b>	<b>\$ 175,704,332</b>	<b>\$ 458,184</b>	<b>\$(127,541,227)</b>	<b>\$ 48,621,289</b>
<b>Capital Assets, Being Depreciated:</b>				
Building	\$ 16,837,188	\$ 141,040,641	\$ -	\$ 157,877,829
Machinery and Equipment	94,118	225,072	-	319,190
Accumulated Depreciation	(904,671)	(2,470,355)	-	(3,375,026)
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 16,026,635</b>	<b>\$ 138,795,358</b>	<b>\$ -</b>	<b>\$ 154,821,993</b>
<b>Total Capital Assets Net</b>	<b>\$ 191,730,967</b>	<b>\$ 139,253,542</b>	<b>\$(127,541,227)</b>	<b>\$ 203,443,282</b>

Depreciation expense was charged to the transportation function of the governmental activities as summarized below:

	2014	Restated 2013
Depreciation Expense	\$ 3,222,562	\$ 2,470,354

**Interfund Transfer**

\$37,244 was transferred from the General Fund to the Debt Service Fund for a portion of the interest and principal 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

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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, 2014:

**Long-Term Debt Schedule:**

	2014 Beginning Balance	Increase	Decrease	2014 Ending Balance
Payable January 1				
Claims Payable	\$ 3,500	\$ -	\$ -	\$ 3,500
Loans Payable	20,000,000	-	3,296,666	16,703,334
Compensated Absences	96,127	52,647	46,770	102,004
	<u>\$ 20,099,627</u>	<u>\$ 52,647</u>	<u>\$ 3,343,436</u>	<u>\$ 16,808,838</u>
Due within one year				\$ 6,699,481

	2013 Beginning Balance	Increase	Decrease	2013 Ending Balance
Payable January 1				
Claims Payable	\$ 3,500	\$ -	\$ -	\$ 3,500
Loans Payable	20,000,000	-	-	20,000,000
Compensated Absences	111,035	70,069	84,977	96,127
	<u>\$ 20,114,535</u>	<u>\$ 20,063,055</u>	<u>\$ 259,062</u>	<u>\$ 20,114,535</u>
Due within one year				\$ 3,312,391

The obligations are recorded on the Statement of Governmental Activities.

**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 and to make Central

Corridor (Green Line) financial obligation payments.

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 and to make Central Corridor (Green Line) financial obligation payments.

**Loans Repayment Schedule**

Year	Principal	Interest
2015	6,638,333	274,046
2016	6,693,334	153,282
2017	3,371,667	30,911
	<u>\$ 16,703,334</u>	<u>\$ 458,239</u>

**3) 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.

Unrestricted net position

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

**Classification of Fund Balance**

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

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The Nonspendable Fund Balance consisted of \$350 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 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 2014 Assigned Fund Balances indicates the portion of fund balance set aside for planned future projects.

The Assigned Fund Balance consists of:

	2014	
	General Fund	Capital Project Fund
Union Depot	\$ -	\$ 3,259,954
Gateway Corridor	2,500,000	
Riverview Corridor	1,308,060	-
Rush Line Corridor	2,750,000	-
	\$ 6,558,060	\$ 3,259,954

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

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.

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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 generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. 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 \$17,050,823 difference are as follows:

Due Ramsey County for contribution to OPEB liability	\$ 89,076
Claims and judgments payable	3,500
Loans Payable	16,703,334
Interest Payable	127,685
Compensated Absences Payable, Vacation, & Comp Time Payable Net	
Adjustment to Reduce Fund Balance	<u>102,006</u>
Total Governmental Activities to Arrive at Net Position – Governmental Activities	<u>\$ 17,025,601</u>

**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 \$2,396,753 difference are as follows:

Capital Outlay	\$ 825,809
Depreciation Expense	<u>(3,222,562)</u>
Net Adjustment to Increase Changes in Fund Balances –	
Total Governmental Funds to Arrive at Changes in Net position of Governmental Activities	<u>\$ (2,396,753)</u>

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



**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

funds.” The details of this \$3,321,726 difference are as follows:

Compensated Absences	\$ (5,879)
Due Ramsey County for contribution to OPEB liability	(2,567)
Loan Payable	3,296,666
Accrued Interest Payable	23,667
Bad debt expense	<u>9,839</u>
Net Adjustment to Decrease Net Changes in Fund Balances –	
Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>\$3,321,726</u></u>

**3) DUE TO OTHER COUNTY FUNDS**

The county combined the Telecommunications Fund with the Information Services Fund. The 2013 numbers have been added to reflect that change.

	<u>2014</u>	<u>2013</u>
Due to Ramsey County:		
General Fund	\$ 33,473	\$ 179,829
Information Services Fund	40,062	13,449
Property Management Fund	56,894	-
Retirees Insurance Fund	89,076	85,509
Community Human Services Fund	195	-
Workforce Solutions Fund	-	23,098
	<u>\$ 219,700</u>	<u>\$ 301,885</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, thus considered unavailable revenue at year-end.

	<u>2014</u>	<u>2013</u>
Taxes Receivable	\$ 381,962	\$ 452,455
Accounts Receivable	64,042	8,075
Due from Other Governments	4,478,732	13,633,225
Total	<u>\$ 4,924,736</u>	<u>\$14,093,755</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.

**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, 2014, 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
2014	\$ 3,500	\$ -	\$ -	\$ 3,500
2013	\$ 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.

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**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 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 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 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 Fund, 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

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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 9.10 and 6.25 percent, respectively, of their annual covered salary, in 2014.

In 2014, the RCRRA is required to contribute the following percentages of annual covered payroll:

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

The RCRRA's contributions for the years ending December 31, 2014, 2013, and 2012, for the General Employees Retirement Fund were:

2014	2013	2012
\$ 47,846	\$ 47,319	\$ 45,570

These contribution amounts are equal to the contractually required contributions for each year as set by state statute. Contribution rates increased on January 1 2015, in the General Employees Retirement Fund Coordinated Plan (6.50 percent for members and 7.50 percent for employers).

**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 2014 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, 2014 and 2013 were \$89,076 and \$85,509 respectively. The OPEB liability is reported in the Due to Ramsey County liability account.

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# **Required Supplementary Information**

SCHEDULE 1

**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, 2014**

	<b>BUDGET</b>		<b>ACTUAL ON A BUDGETARY BASIS</b>	<b>VARIANCE FINAL BUDGET OVER/(UNDER)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>Revenues:</b>				
Taxes:				
General Property Taxes	\$ 10,350,040	\$ 10,350,040	\$ 10,553,674	\$ 203,634
Intergovernmental:				
Grants:				
Federal	-	-	443,736	443,736
State	-	-	12,196	12,196
Local	400	400	33,822	33,422
Interest on Investments	6,000	6,000	1,030	(4,970)
Rental Income	1,421,184	1,421,184	1,301,204	(119,980)
Miscellaneous	-	585,000	177,141	(407,859)
<b>Total Revenues</b>	<b>11,777,624</b>	<b>12,362,624</b>	<b>12,522,803</b>	<b>160,179</b>
<b>Expenditures:</b>				
Transportation:				
Administration				
Personal Services	531,500	941,500	925,695	(15,805)
Other Services and Charges	1,072,016	634,772	570,478	(64,294)
Supplies	6,000	6,000	3,856	(2,144)
Capital Outlay	-	-	25,308	25,308
<b>Total Administration</b>	<b>1,609,516</b>	<b>1,582,272</b>	<b>1,525,337</b>	<b>(56,935)</b>
Union Depot	7,781,071	8,366,071	6,019,403	(2,346,668)
Diagonal Property - Roseville	2,500	2,500	-	(2,500)
Northeast Corridor	76,237	76,237	62,340	(13,897)
Northeast Corridor Extension	-	-	128	128
Riverview Corridor	49,400	49,400	38,953	(10,447)
Rush Line Corridor	145,800	145,800	449,135	303,335
Red Rock Corridor	88,200	88,200	22,639	(65,561)
Central Corridor	48,500	38,500	-	(38,500)
Robert Street Corridor	274,200	274,200	15,685	(258,515)
Gateway (formerly I-94 East Corridor)	147,050	147,050	109,893	(37,157)
Passenger Rail	1,555,150	1,555,150	157,668	(1,397,482)
<b>Total Expenditures</b>	<b>11,777,624</b>	<b>12,325,380</b>	<b>8,401,181</b>	<b>(3,924,199)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>37,244</b>	<b>4,121,622</b>	<b>4,084,378</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In (Out)	-	(37,244)	(37,244)	-
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>4,084,378</b>	<b>4,084,378</b>
Adjustment	(140,942)	(140,942)	(140,942)	-
<b>Fund Balance at Beginning of Year</b>	<b>2,614,974</b>	<b>2,614,974</b>	<b>2,614,974</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 2,474,032</b>	<b>\$ 2,474,032</b>	<b>\$ 6,558,410</b>	<b>\$ 4,084,378</b>

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

**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>2014</u>
Budgetary Basis-Schedule 1	\$ 8,401,181
Adjustments	140,942
Expenditures GAAP Basis – Exhibit D	<u>\$ 8,542,123</u>

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

# **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, 2014**

	<b>BUDGET</b>		<b>ACTUAL ON A BUDGETARY BASIS</b>	<b>VARIANCE FINAL BUDGET OVER/(UNDER)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>Revenues:</b>				
Taxes:				
General Property Taxes	\$ 3,625,000	\$ 3,625,000	\$ 3,625,000	\$ -
<b>Total Revenues</b>	<u>3,625,000</u>	<u>3,625,000</u>	<u>3,625,000</u>	<u>-</u>
<b>Expenditures:</b>				
Principal	3,260,000	3,296,666	3,296,666	-
Interest	<u>365,000</u>	<u>365,578</u>	<u>363,986</u>	(1,592.00)
<b>Total Expenditures</b>	<u>3,625,000</u>	<u>3,662,244</u>	<u>3,660,652</u>	<u>(1,592.00)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	(37,244)	(35,652)	1,592
<b>Other Financing Sources (Uses):</b>				
Transfers In and (Out)	<u>-</u>	<u>37,244</u>	<u>37,244</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	1,592	1,592
Adjustment	-	-	-	-
<b>Fund Balance at Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,592</u>	<u>\$ 1,592</u>

**RAMSEY COUNTY, MINNESOTA**  
**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2014</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 84,782	\$ 29,988	\$ 23,075	\$ 91,695
Total Assets	<u>\$ 84,782</u>	<u>\$ 29,988</u>	<u>\$ 23,075</u>	<u>\$ 91,695</u>
<b>LIABILITIES</b>				
Custodial Payable	\$ 84,782	\$ 29,988	\$ 23,075	\$ 91,695
Total Liabilities	<u>\$ 84,782</u>	<u>\$ 29,988</u>	<u>\$ 23,075</u>	<u>\$ 91,695</u>