RAMSEY COUNTY
Regional Railroad Authority

Annual Financial Report
Fiscal Year 2015

ANNUAL FINANCIAL REPORT

OF THE

RAMSEY COUNTY
REGIONAL RAILROAD AUTHORITY

A Component Unit of Ramsey County, Minnesota

Year Ended December 31, 2015

Prepared by:
Finance Department
Ramsey County, Minnesota

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY

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Introduction Section

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY ORGANIZATION

December 31, 2015

Authority Members

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

Tim Mayasich, Director-Regional Rail Authority

Support & Advisory Staff

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

May 27, 2016

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

Dear Honorable Chair and Members:

The Annual Financial Report of the Ramsey County Regional Railroad Authority is submitted for the fiscal year ended December 31, 2015. This report was prepared by the Ramsey County Finance Department and the Ramsey County Regional Railroad Authority. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Regional Railroad Authority.

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

ORGANIZATION AND PURPOSE

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

SIGNIFICANT EVENTS FOR 2015

- Leasing at Union Depot continued with the addition of the iconic Royal Zeno Shoe Shine, Red Team Security and Amtrak's District Office. Royal Zeno Shoe Shine operations are seasonal from September – May.

- Custom House opened a leasing office in Union Depot. The short-term lease is the beginning of a longer-term partnership.

- Parking Lot C was fully constructed upon completion of the Lafayette Bridge, adding 333 parking spaces for use for daily, event and contract parking.

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

- Loading dock enhancements were made to accommodate expanded recycling opportunities including organic waste collection from events, tenants and condominiums and increased capacity for event recycling.

- Two markets – one for Minnesota Makers and another for European-style, winter-themed crafts – were added to the roster of annual public events. Lowertown Pop's preview market during the Holiday Bake Sale was a rousing success drawing media attention and shoppers. The European Christmas Market drew large crowds during the holiday season.

- Games Galore expanded to 10 a.m. – 8 p.m. every Wednesday. The free offering creates a popular gathering spot for a wide range of people. The new train cart Little Free Library® in the Waiting Room encourages sharing of books for travelers, passersby and visitors.

- Free community programming included popular live music dance nights complete with free lessons, the return of the CP Holiday Train, and a continuation of yoga, holiday-themed events and Train Day. Two transportation-themed photo and poster exhibitions were presented in the Head House.

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

- Regional Railroad Authority staff members continue to lead Rush Line Corridor and Riverview Corridor Pre-Project Development studies. Both studies launched in 2014. 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:

  - Riverview Corridor
    The Riverview Corridor Pre-Project Development study will be compete in late 2016 with the selection of a locally preferred alternative. The study team is analyzing transit modes and alternatives with the goals of improving mobility and equity, fostering economic development and providing greater regional and local connectivity. Open houses, community meetings, presentations, social media postings and pop-up meetings resulted in engagement of over 2,300 people. The technical and policy advisory committee meetings are open to the public and membership includes representatives from neighborhoods, district councils, the business community, and local, state and federal agencies.

  - Rush Line Corridor
    The Rush Line Corridor Pre-Project Development study team is analyzing transit modes and route alternatives to improve mobility and equity, foster economic development and provide greater regional and local connectivity in the corridor. The study will complete in early 2017.

Multiple engagement activities, including open houses, community meetings, presentations, social media postings, and pop-up meetings, resulted in participation by more than 1,000 community members. A locally preferred alternative will be the end product of the study.

- Gateway Corridor
  Gateway Corridor connects Union Depot to Manning Avenue in Washington County. In 2015, work continued on the Draft Environmental Impact Statement (DEIS) following completion of the formal scoping period. The DEIS is being led by the Washington County Regional Railroad Authority. Ramsey County Regional Railroad Authority is a cooperating agency on the study. Significant technical work and public engagement was completed resulting in the selection of a locally preferred alternative. The Regional Railroad Authority hosted a public hearing and passed a support resolution for bus rapid transit in a dedicated guideway. In Ramsey County the alignment is on the north side of I-94 and includes stations at Union Depot, Mounds Blvd., Etna St. (possible), White Bear Avenue, Sunray and 3M campus. After 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 and on to Minneapolis. A bus rapid transit implementation plan study was launched in 2015 and will be complete in summer 2016. This study will identify the best bus rapid transit option for implementation within the corridor. Additionally, a new transit center located south of I-494 served by bus route 364 opened in Newport.

- Robert Street Corridor
  The Robert Street Corridor runs from Union Depot south to Rosemount. The completed Alternatives Analysis recommended further study of streetcar and arterial bus rapid transit options.

- Passenger Rail
  A feasibility analysis for a second daily train between Union Depot and Chicago's Union Station was completed by Amtrak. Analysis showed that adding a second daily train was feasible and forecast 155,000 riders yearly. The Minnesota Department of Transportation will lead the next phase to result in the completion of an Environmental Analysis and a Service Development Plan. The Regional Railroad Authority committed the Minnesota share of $300,000 for the first phase of this work. This funding has since been matched by $300,000 from Wisconsin Department of Transportation.

- East Metro Rail Capacity
  East Metro Rail Capacity project work continues to be led by the Regional Railroad Authority. Funding was committed by the freight railroads and the Regional Railroad Authority to begin environmental study and design for a grade separation of Union Pacific Railroad and BNSF Railway track at between Westminster Junction and the Division Street Wye. Regional Railroad

Authority staff secured funding and began development of a work scope for environmental study and design for capacity improvements to Canadian Pacific Railway, BNSF Railway and Union Pacific Railroad track including Hoffman Interlocking, the freight rail yards and track between Saint Paul and Newport. Additional funds are required for the grade separation project before next steps can be taken.

- High Speed Rail
  The Minnesota High Speed Rail Commission is a joint powers board comprised of local elected officials that advocates for the development of high speed passenger rail service within the federally designated high-speed rail corridor that connects the Twin Cities to Milwaukee and Chicago. The Commission is also supportive of legislative initiatives and bonding measures to improve freight rail safety and increase capacity. The Commission contributed $50,000 toward a study to complete environmental analysis that could lead to a second round trip passenger train between Union Depot in Saint Paul and Union Station in Chicago. Ramsey County Regional Railroad Authority is a member and serves as the fiscal agent for the Commission.

- During 2015, Regional Railroad Authority commissioners and staff members participated in the Counties Transit Improvement Board (CTIB), Transportation Advisory Board, Red Rock Corridor Commission, Gateway Corridor Commission, Rush Line Corridor Task Force, Riverview Corridor, Minnesota High-Speed Rail Commission, I-35W Corridor Coalition and Robert Street Steering Committee.

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, 2015.

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

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

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STATE AUDITOR

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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, 2015, 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 Equal Opportunity Employer

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, 2015, 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.E. to the financial statements, in 2015 the Authority adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (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*, and GASB Statement No. 82, *Pension Issues*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

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 Ramsey County Regional Railroad Authority's basic financial statements. The introductory section and the supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2016, on our consideration of the Ramsey County Regional Railroad Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ramsey County Regional Railroad Authority's internal control over financial reporting and compliance.

REBECCA OTTO
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

May 27, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The management of Ramsey County Regional Railroad Authority (RCRRA) offers readers of its financial statements, this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2015. Readers are encouraged to consider this information in conjunction with additional information that has been furnished in the letter of transmittal and notes to the financial statements which can be found on pages 3-7 and 21-29 respectively, of this report.

Financial Highlights

- The assets and deferred outflows of resources of the RCRRA exceeded its liabilities and deferred inflows of resources by $205,695,615 in 2015 (net position).

- The total net position increased by $7,680,766 from the prior year.

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all of RCRRA's assets and 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 RCRRA is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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

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

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

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

<u>Financial Analysis of Ramsey County Regional Railroad Authority</u>

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the RCRRA, assets exceeded liabilities by $205,695,615 in 2015, increasing net position by 3.9% over 2014.

By far, the largest portion of the RCRRA's total assets is comprised of capital assets (90.6% in 2015 and 90.8% in 2014).

Net Position

	2015	Restated 2014
Current and Other Assets	$ 20,700,909	$ 20,343,354
Capital Assets	198,538,326	201,066,003
Total Assets	219,239,235	221,409,357
Deferred Outflows of Resources		
Deferred Pension Outflows	85,159	-
Total Deferred Outflow of Resources	85,159	-
Current Liabilities	9,531,518	12,711,349
Non-current Liabilities	4,028,424	10,109,359
Total Liabilities	13,559,942	22,820,708
Deferred Inflows of Resources		
Deferred Pension Inflows	68,837	-
Total Deferred Inflow of Resources	68,837	-
Net Position:		
Net Investment in Capital Assets	188,473,325	184,362,669
Unrestricted	17,222,290	14,225,980
Total Net Position, as previously reported	$ 205,695,615	198,588,649
Change in Accounting Priniciple*		(573,800)
Total Net Position, as restated		$ 198,014,849

*This is the first year the RCRRA implemented the new pension accounting and financial reporting standards in GASB Statements 68 and 71. The County had to make a prior year change in accounting principles to record the RCRRA's net pension liability and deferred outflows of resources.

Governmental Activities

	2015	Restated 2014
Revenues:		
Program Revenues:		
Fees, Fines, Charges and Other	$ 1,884,257	$ 1,534,338
Operating Grants and Contributions	271,736	299,177
Capital Grants and Contributions	13,040	713,988
General Revenues:		
Property Taxes	18,676,828	18,706,236
Grants and Contributions Not Restricted to Specific Programs	9,449	12,196
Investment Earnings	4,522	1,030
Total Revenues	20,859,832	21,266,965
Expenses:		
Transportation	13,179,066	26,195,252
Total Expenses	13,179,066	26,195,252
Increase in Net Position	7,680,766	(4,928,287)
Net Position – Beginning as Restated	198,014,849 *	202,943,136
Net Position – Ending	$ 205,695,615	$ 198,014,849

*Amount includes a change in accounting principles.

Governmental activities increased the RCRRA's net position by $7,680,766. This increase is due to the reduction in the amount of expenditures used to support capital acquisition and construction.

Capital Assets

	2015	Restated 2014
Land	$ 48,564,667	$ 48,564,667
Building	159,485,668	158,757,128
Machinery and Equipment	246,936	284,731
Accumulated Depreciation	(9,758,945)	(6,540,523)
Capital Assets, Net	$ 198,538,326	$ 201,066,003

Additional information on the RCRRA's capital assets can be found in note 1) F.1.) on page 22 of this report.

Long-Term Liabilities

The RCRRA has booked a noncurrent liability of $3,500 for estimated unpaid claims, $10,065,001 for loan payable, and $103,367 in compensated absences. Of these amounts, $6,757,170 is due within one year.

<u>Financial Analysis of the Government's Funds</u>

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

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

As of the end of 2015, the RCRRA's governmental funds reported an ending fund balance of $17,154,270, an increase of $7,334,314 in comparison with the prior year. Information on the assigned fund balance can be found on note 1) F.3.) on page 24.

Budget Variances - The actual revenues, on a budgetary basis, differ from the final budget because grant revenue is received on a cost reimbursement basis and receipts received in 2015 from projects budgeted in prior years are included.

The General Fund final expenditure budget decreased to $8,391,920 from an original expenditure budget of $12,170,735, a decrease of $3,778,815. This budget adjustment was related to expected rail related projects beginning to wind down or were contingent on events that did not occur.

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

Economic Factors Rates and Next Year's Budget

The RCRRA approved a levy of $20,459,447 for 2016 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 $1,316,093 in approved levy between 2016 and 2015.

Request for Information

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

EXHIBIT A

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015

ASSETS	
Current Assets:	
Cash and Investments	$ 18,797,502
Petty Cash and Change	350
Taxes Receivable (Net)	148,305
Accounts Receivable (Net)	43,530
Due From Other Governments	1,711,222
Total Current Assets	20,700,909
Non-Current Assets:	
Capital Assets:	
Land	48,564,667
Building	159,485,668
Machinery and Equipment	246,936
Less: Accumulated Depreciation	(9,758,945)
Total Non-Current Assets	198,538,326
Total Assets	219,239,235
DEFERRED OUTFLOWS OF RESOURCES	
Net Change in Fund Balance	85,159
Total Deferred Outflows of Resources	85,159
LIABILITIES	
Current Liabilities:	
Salaries Payable	28,523
Accounts Payable	902,150
Contracts Payable	1,564,196
Due to Ramsey County	202,525
Interest Payable, Current	76,919
Due to Other Governments	35
Loan Payable, Short-term	6,693,334
Vacation and Compensatory Time Payable	63,836
Total Current Liabilities	9,531,518
Non-Current Liabilities:	
Claims and Judgments Payable, Long-Term	13,500
Loan Payable, Long-term	3,371,667
Compensated Absences Payable	39,531
Net Pension Liability	603,726
Total Non-Current Liabilities	4,028,424
Total Liabilities	13,559,942
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Inflows	68,837
Total Deferred Inflows of Resources	68,837
NET POSITION	
Net Investment in Capital Assets	188,473,325
Unrestricted	17,222,290
Total Net Position	$ 205,695,615

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, 2015

Expenses:		
Transportation:		
Materials and Services	$	9,699,568
Depreciation		3,256,217
Interest		223,281
Total Program Expenses		13,179,066
Program Revenues:		
Fees, Fines, Charges and Other		1,884,257
Operating Grants and Contributions		271,736
Capital Grants and Contributions		13,040
		2,169,033
Net Program Expenses (Revenues)		11,010,033
General Revenues:		
Property Taxes		18,676,828
Grants and Contributions Not Restricted to Specific Programs		9,449
Investment Earnings		4,522
Total General Revenues		18,690,799
Increase in Net Position		7,680,766
Net Position - Beginning as Restated		198,014,849
Net Position - Ending		205,695,615

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

EXHIBIT C

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
BALANCE SHEET
DECEMBER 31, 2015

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Assets:				
Cash and Short Term Investments	$ 11,009,410	$ 418,212	$ 7,369,880	$ 18,797,502
Petty Cash and Change	350	-	-	350
Receivables:				
Taxes	339,739	-	-	339,739
Accounts	51,412	-	-	51,412
Due From Other Governments	77,532	-	1,633,690	1,711,222
TOTAL ASSETS	11,478,443	418,212	9,003,570	20,900,225
LIABILITIES				
Liabilities:				
Salaries Payable	28,523	-	-	28,523
Accounts Payable	901,697	-	453	902,150
Contracts Payable	239,063	-	1,325,133	1,564,196
Due to Ramsey County	109,576	-	-	109,576
Due to Other Governments	35	-	-	35
Total Liabilities	1,278,894	-	1,325,586	2,604,480
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	460,535	-	680,940	1,141,475
Total Deferred Inflows	460,535	-	680,940	1,141,475
FUND BALANCE				
Nonspendable	350	-	-	350
Restricted	-	418,212	-	418,212
Assigned	5,120,595	-	6,997,044	12,117,639
Unassigned	4,618,069	-	-	4,618,069
Total Fund Balance	9,739,014	418,212	6,997,044	17,154,270
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 11,478,443	$ 418,212	$ 9,003,570	

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	198,538,326
Deferred outflows resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.	85,159
Some receivables, net of uncollectibles, that are not currently available are reported as deferred inflows of resources in the fund financial statements.	942,159
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds	(10,955,462)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reporting in governmenal funds.	(68,837)
Total Net Position in Statement of Net Position	$ 205,695,615

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

EXHIBIT D

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Taxes:				
General Property Taxes	$ 10,222,556	7,329,000	$ 1,167,495	$ 18,719,051
Intergovernmental:				
Grants:				
Federal	275,982	-	3,689,163	3,965,145
State	9,449	-	-	9,449
Local	39,922	-	-	39,922
Investment Income	4,522	-	-	4,522
Rental Income	1,708,102	-	-	1,708,102
Miscellaneous	196,903	-	-	196,903
Total Revenues	12,457,436	7,329,000	4,856,658	24,643,094
Expenditures:				
Current				
Transportation				
Administration				
Personal Services	620,581	-	-	620,581
Services and Charges	551,188	-	-	551,188
Supplies	3,686	-	-	3,686
Total Administration	1,175,455	-	-	1,175,455
Red Rock Corridor				
Services and Charges	20,832	-	-	20,832.25
Union Depot				
Services and Charges	6,372,531	-	379,859	6,752,390
Supplies	46,766	-	-	46,766
Capital Outlay	226,436	-	739,254	965,690
Northeast Corridor Operations				
Services and Charges	63,757	-	-	63,757
Riverview Corridor				
Services and Charges	858,594	-	-	858,594
Rush Line Corridor				
Services and Charges	370,751	-	-	370,751
Central Corridor				
Services and Charges	-	-	455	455
Gateway Corridor (formerly I-94)				
Services and Charges	117,329	-	-	117,329
Robert Street Corridor				
Services and Charges	2,895	-	-	2,895
High Speed Rail Commission				
Services and Charges	21,486	-	-	21,486
Debt Service:				
Principal	-	6,638,333	-	6,638,333
Interest	-	274,047	-	274,047
Total Expenditures	9,276,832	6,912,380	1,119,568	17,308,780
Net Change in Fund Balance	3,180,604	416,620	3,737,090	7,334,314
Fund Balance at Beginning of Year	6,558,410	1,592	3,259,954	9,819,956
Fund Balance at End of Year	$ 9,739,014	$ 418,212	$ 6,997,044	$ 17,154,270

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

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, 2015

Net change in fund balance - Exhibit D	$	7,334,314
Amounts reported in the Statement of Activities (Exhibit B) are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(2,527,677)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not Net Change in Fund Balance		6,657,390
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(3,783,261)
Change in Net Position in Statement of Activities	$	7,680,766

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, 2015

	Agency Fund
ASSETS	
Cash and Cash Equivalents	$ 90,368
Total Assets	$ 90,368
LIABILITIES	
Custodial Payable	$ 90,368
Total Liabilities	$ 90,368

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority. Eliminations have been made to minimize the double counting of internal activities. In the Statement of Net Position the 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. Program revenues include: (1) Fees, fines, charges and other; and (2) Operating grants and contributions; and (3) Capital grants and contributions. Direct expenses are those that are clearly identifiable with a specific function or activity. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. BASIS OF PRESENTATION - FUND ACCOUNTING

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

When both restricted and unrestricted resources are available for use, it is the 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, principal and interest on long-term debt are recorded only when payment is due. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

E. CHANGE IN ACCOUNTING PRINCIPLES

During the year ended December 31, 2015, the Authority adopted new accounting guidance by implementing the provisions of GASB Statements 68 and 71. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, requires governments providing defined benefit pensions to employees through pension plans administered through trusts to record their proportionate share of the net pension obligation as a liability on their financial statements along with related deferred outflows of resources, deferred inflows of resources, and pension expense. This statement also requires additional note disclosures and schedules in the required supplementary information.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, addresses an issue regarding amounts associated with contributions made to a pension plan after the measurement date of the net pension liability.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statement No. 68*, modifies the measure of payroll that is presented in the required supplementary information schedules.

GASB Statements 68 and 71 require the County to report its proportionate share of the PERA total employers' unfunded pension liability. As a result, beginning net position has been restated to record the County's net pension liability and related deferred outflows of resources.

Prior Period Adjustment

The beginning balances for 2014 capital assets had not been adjusted to agree with the capital asset software. This resulted in making adjustments to the values in the County's financial system. There is an adjustment for restatement for Net Pension Liability as previously discussed. These two items resulted in a overall decrease to Net Position.

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

	Governmental Activities
Net Position – Beginning as previously reported	$ 198,569,175
Restatement - Net Pension Liability	(573,800)
Restatement - Net Capital Assets	19,474
Net Position – Beginning as Restated	$ 198,014,849

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.03 and §118A.04 authorize Ramsey County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the County Board. Minnesota Statutes require that all County deposits be covered by insurance, surety bond, or collateral. The County invests available cash in various securities in accordance with requirements set forth in Minnesota Statutes. All investments are stated at fair value.

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

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

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:

	Restated Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 48,564,667	$ -	$ -	$ 48,564,667
Total Capital Assets not Being Depreciated:	$ 48,564,667	$ -	$ -	$ 48,564,667
Capital Assets, Being Depreciated:				
Building	$ 158,757,128	$ 728,540	$ -	$ 159,485,668
Machinery and Equipment	284,731	-	37,795	246,936
Accumulated Depreciation	(6,540,523)	(3,256,217)	(37,795)	(9,758,945)
Total Capital Assets Being Depreciated	$ 152,501,336	$ (2,527,677)	-	$ 149,973,659
Total Capital Assets Net	$ 201,066,003	$ (2,527,677)	$ -	$ 198,538,326

Depreciation expense was charged to the transportation function of the governmental activities $ 3,256,217.

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, 2015:

Long-Term Debt Schedule:

	Restated Beginning Balance	Increase	Decrease	Ending Balance
Payable January 1				
Claims Payable	$ 3,500	$ -	$ -	$ 3,500
Loans Payable	16,703,334	-	6,638,333	10,065,001
Compensated Absences	102,004	48,248	46,885	103,367
Pension Liability	590,122	13,604	-	603,726
	$ 17,398,960	$ 61,852	$ 6,685,218	$ 10,775,594
Due within one year				$ 6,757,170

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

LOANS PAYABLE

On April 19, 2012, the Authority closed on a $10,000,000 Limited Tax Obligation Note (Union Depot Project), Series 2012A through U.S. Bank. The loan term is five years, callable at par after three years, with interest only payments 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 Authority closed on a $10,000,000 Limited Tax Obligation Note (Union Depot Project), Series 2012B through U.S. Bank. The loan term is five years, callable at par after three years, with interest only payments beginning February 1, 2013 and principal and interest payments 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
2016	6,693,334	153,282
2017	3,371,667	30,911
	$ 10,065,001	$ 184,193

3) Equity

<u>Classification of Net Position</u>

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

<u>Net investment in capital assets</u>

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.

<u>Unrestricted net position</u>

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

<u>Classification of Fund Balance</u>

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

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 2015 Assigned

Fund Balances indicates the portion of fund balance set aside for planned future projects. The Assigned Fund Balance consists of:

	General Fund	Capital Project Fund
Union Depot	$ 2,328,603	$ 6,997,044
Gateway Corridor	85,000	-
Riverview Corridor	1,436,163	-
Rush Line Corridor	970,829	-
Passenger Rail	300,000	-
	$ 5,120,595	$ 6,997,044

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

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

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

G. REVENUES AND EXPENDITURES

1) Revenues

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

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

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

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

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

2) Expenditures

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

Estimates in Financial Statements
The preparation of financial statements in conformity with 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 $10,955,462 difference are as follows:

Due Ramsey County for contribution to OPEB liability	$ 92,949
Net Pension liability	603,726
Claims and judgments payable	13,500
Loans Payable	10,065,001
Interest Payable	76,919
Compensated Absences Payable, Vacation, & Comp Time Payable Net Adjustment to Reduce Fund Balance	103,367
Total Governmental Activities to Arrive at Net Position – Governmental Activities	$ 10,955,462

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 $(2,527,677) difference are as follows:

Capital Outlay	$ 728,540
Depreciation Expense	(3,256,217)
Net Adjustment to Increase Changes in Fund Balances –	
Total Governmental Funds to Arrive at Changes in Net position of Governmental Activities	$ (2,527,677)

Finally, the reconciliation states, "Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $6,667,390 difference are as follows:

Compensated Absences	$ (1,361)
Due Ramsey County for contribution to OPEB liability	(3,873)
Net Pension Liability	(13,604)
Loan Payable	6,638,333
Accrued Interest Payable	50,766
Bad debt expense	(2,871)
Net Adjustment to Decrease Net Changes in Fund Balances –	
Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	$ 6,667,390

3) DUE TO RAMSEY COUNTY

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

Due to Ramsey County:	
General Fund	$ 85,876
Information Services Fund	23,689
Retirees Insurance Fund	92,949
Community Human Services Fund	11
	$ 202,525

4) DEFERRED INFLOWS OF RESOURCES

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

Taxes Receivable	$ 339,739
Accounts Receivable	43,295
Due from Other Governments	758,441
Total	$ 1,141,475

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, 2015, 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
$ 3,500	$ 10,000	$ -	$ 13,500

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 a joint powers agreement between the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington. Its purpose is to receive and distribute the ¼ cent transit sales tax for the development, construction and operation of transit

ways serving the five-county area. Hennepin County is the fiscal agent. Financial statements are available from Hennepin County, Department of Finance, 300 South Sixth Street, A-2301 Government Center, Minneapolis, Minnesota 55487.

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

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

8) PENSION PLANS

A. DEFINED BENEFIT PLANS

Plan Description:
All full-time and certain part-time employees of Authority 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. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

Benefits Provided
PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.
The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Fund 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. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service 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, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based on years of service and average high-five salary.

Contributions:

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. Ch. 353. These statutes are established and amended by the state legislature. Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2015.

In 2015, the Authority is required to contribute the following percentages of annual covered payroll:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.50%

The Coordinated Plan member and employer contribution rates each reflect a 0.25 percent increase from 2014.

The Authority's contributions for the General Employees Retirement Fund for the year ended December 31, 2015, were $52,002. The contributions are equal to the contractually required contributions as set by state statute.

Pension Costs:

At December 31, 2015, the Authority reported a liability of $ 603,726 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the Authority's proportion was 0.01165 percent. It was 0.01274 percent measured as of June 30, 2014. The Authority recognized pension expense of $ 13,604 for its proportionate share of the General Employees Retirement Fund's pension expense

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 30,438
Changes in actuarial assumptions		-
Difference between projected and actual investment earnings	57,152	
Changes in proportion		38,399
Contributions paid to PERA subsequent to the measurement date	28,007	
Total	$ 85,159	$ 68,837

A total of $ 28,007 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	$ 8,658
2017	8,658
2018	8,658
2019	(14,288)

Actuarial Assumptions:
The total pension liability in the June 30, 2015, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.75 percent per year
Active member payroll growth	3.50 percent per year
Investment rate of return	7.90 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. The cost of living benefit increases for retirees was assumed to be 1.0 percent effective every January 1 through 2035, and 2.5 percent thereafter.

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

In 2015, an updated experience study was done for PERA's General Employees Retirement Fund for the six-year period ending June 30, 2014, which would result in a larger pension liability. However, PERA will not implement the changes in assumptions until its June 30, 2016, estimate of pension liability.

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

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

Discount Rate
The discount rate used to measure the total pension liability was 7.9 percent. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity
The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate - 6.9%	Discount Rate - 7.9%	1% Increase in Discount Rate - 8.9%
Proportionate share of the General Employees Retirement Fund Net Pension Liability	$ 949,272	$ 603,726	$ 318,358

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

Authority's 2015 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, 2015 was $92,949. The OPEB liability is reported in the Due to Ramsey County liability account.

Required Supplementary Information

SCHEDULE 1

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISONS (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGET		ACTUAL ON A BUDGETARY BASIS	VARIANCE FINAL BUDGET OVER/(UNDER)
	ORIGINAL	FINAL		
Revenues:				
Taxes:				
General Property Taxes	$ 10,438,097	$ 10,438,097	$ 10,222,556	$ (215,541)
Intergovernmental:				
Grants:				
Federal	-	-	275,982	275,982
State	-	-	9,449	9,449
Local	400	400	39,922	39,522
Interest on Investments	7,000	7,000	4,522	(2,478)
Rental Income	1,725,238	1,725,238	1,708,102	(17,136)
Miscellaneous	-	-	196,903	196,903
Total Revenues	12,170,735	12,170,735	12,457,436	286,701
Expenditures:				
Transportation:				
Net Change in Fund Balance				
Personal Services	647,606	908,481	908,481	-
Other Services and Charges	1,077,349	626,418	626,418	-
Supplies	5,000	3,686	3,686	-
Capital Outlay	22,500	-	-	-
Total Administration	1,752,455	1,538,585	1,538,585	-
Union Depot	7,682,888	5,202,488	5,202,488	-
Diagonal Property - Roseville	2,500	-	-	-
Northeast Corridor	77,992	63,757	63,757	-
Riverview Corridor	549,400	457,170	447,170	(10,000)
Rush Line Corridor	45,300	107,821	57,821	(50,000)
Red Rock Corridor	87,600	20,832	20,832	-
Robert Street Corridor	322,600	2,895	2,895	-
Gateway (formerly I-94 East Corridor)	95,900	117,329	117,329	-
Passenger Rail	1,554,100	881,043	881,043	-
Total Expenditures	12,170,735	8,391,920	8,331,920	(60,000)
Net Change in Fund Balance	-	3,778,815	4,125,516	346,701
Adjustment	(944,912)	(944,912)	(944,912)	-
Fund Balance at Beginning of Year	6,558,410	6,558,410	6,558,410	-
Fund Balance at End of Year	$ 5,613,498	$ 9,392,313	$ 9,739,014	$ 346,701

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

SCHEDULE 2

RAMSEY COUNTY, MINNESOTA

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2015

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Covered Payroll** (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.01165%	$ 603,026	$ 684,641	88.08%	78.20%

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

SCHEDULE 3

RAMSEY COUNTY, MINNESOTA

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2015

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

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

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

BUDGET AND BUDGETARY ACCOUNTING

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

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

Actual Expenditures:

Budgetary Basis-Schedule 1	$	8,331,920
Adjustments		944,912
Expenditures GAAP Basis – Exhibit D	$	9,276,832

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

Other Supplementary Information

SCHEDULE 4

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISONS (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGET		ACTUAL ON A BUDGETARY BASIS	VARIANCE FINAL BUDGET OVER/(UNDER)
	ORIGINAL	FINAL		
Revenues:				
Taxes:				
General Property Taxes	$ 6,980,000	$ 7,329,000	$ 7,329,000	-
Total Revenues	6,980,000	7,329,000	7,329,000	-
Expenditures:				
Principal	6,700,000	6,638,333	6,638,333	-
Interest	280,000	274,047	274,047	-
Total Expenditures	6,980,000	6,912,380	6,912,380	-
Net Change in Fund Balance	-	416,620	416,620	-
Fund Balance at Beginning of Year	1,592	1,592	1,592	-
Fund Balance at End of Year	$ 1,592	$ 418,212	$ 418,212	-

STATEMENT 1

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
ASSETS				
Cash and Cash Equivalents	$ 91,695	$ 34,159	$ 35,486	$ 90,368
Total Assets	91,695	34,159	35,486	90,368
LIABILITIES				
Custodial Payable	91,695	34,159	35,486	90,368
Total Liabilities	$ 91,695	$ 34,159	$ 35,486	$ 90,368