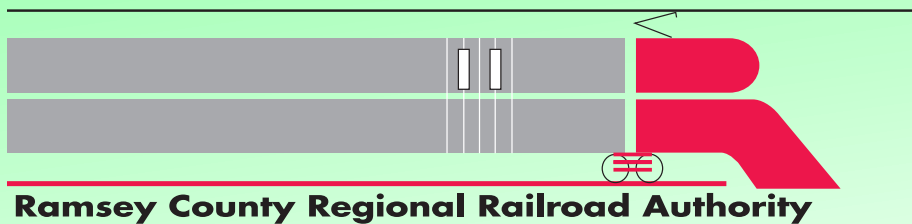


Ramsey County Regional Railroad Authority



Annual Financial Report Year ended December 31, 2009



ANNUAL FINANCIAL REPORT

OF THE

RAMSEY COUNTY
REGIONAL RAILROAD AUTHORITY

A Component Unit of Ramsey County, Minnesota

Year Ended December 31, 2009

Prepared by:
Office of Budgeting & Accounting
County Manager's Department
Ramsey County, Minnesota

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY

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**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
ORGANIZATION**

December 31, 2009

Authority Members

Jim McDonough	Chair
Jan Parker	Vice Chair
Tony Bennett	Secretary
Toni Carter	Treasurer
Rafael Ortega	Member
Victoria Reinhardt	Member
Janice Rettman	Member

Tim Mayasich, Director-Regional Rail Authority

Support & Advisory Staff

Susan Gaertner	Ramsey County Attorney	County Attorney
Lee Mehrkens	Ramsey County Office of Budgeting & Accounting	Director
Mary Mahoney	Ramsey County Information Services	Director



Ramsey County Regional Railroad Authority

6560 Ramsey County Government Center West, 50 West Kellogg Boulevard
St. Paul, Minnesota 55102 (651) 266-2760 / FAX (651) 266-2761

May 20, 2010

Honorable Chair & Members
Ramsey County Regional Railroad Authority
15 West Kellogg Boulevard
St. Paul, Minnesota 55102

The Annual Financial Report of the Ramsey County Regional Railroad Authority (RCRRA) is submitted for the fiscal year ended December 31, 2009. This report was prepared by the Ramsey County Office of Budgeting & Accounting. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Authority.

We believe the data is accurate in all material aspects and sets forth the financial position and results of operations of the Authority, as measured in the financial statements, and all disclosures necessary to enable maximum understanding of the financial affairs of the Authority. The schedule of expenditures of federal awards is included in this report on Schedule 2.

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, as a "political subdivision of the State of Minnesota to exercise thereunder part of the sovereign power of the state." The Authority is dedicated to a long-range vision of transit services to meet changing needs for today and for succeeding generations. The Authority is composed of the seven members of the Ramsey County Board of Commissioners with its registered office in St. Paul, County of Ramsey, Minnesota. Neither the State of Minnesota, nor the County of Ramsey, nor any other political subdivision is liable for obligations of the Authority.

SIGNIFICANT EVENTS FOR 2009

- Utility work began on the Central Corridor Light Rail transit project. The project is a 10.9 mile line that links Saint Paul with Minneapolis.

- The amount of RCRRA's local share for the Central Corridor Light Rail Transit Project was modified to reflect the Federal Transit Administration's (FTA) adjustment in the Cost Effectiveness Index. The revised project budget is \$941.3 million and increases the RCRRA's commitment of 7 percent to \$65,900,000 from \$63,000,000. RCRRA's partners in the project, and their respective commitments to the Central Corridor include, the FTA at 50 percent, the Counties Transit Improvement Board (CTIB) at 30 percent, the State of Minnesota at 10 percent, and Hennepin County at 3 percent. CTIB and the State of Minnesota will share equally in the operating costs of the line expected to open in 2014.
- RCRRA made a second installment payment of \$15,625,000 on the purchase of the Post Office concourse to implement the Union Depot multi-modal transit hub. A third installment payment is due May 2010 in the amount of \$3,000,000 and the final payment due on December 31, 2010 in the amount of \$15,012,250 less any interest credit.
- RCRRA purchased the Head House at the Union Depot for \$8.2 million. Its purchase allows the Rail Authority to own the premier multi-modal facility in the Twin Cities permitting Ramsey County's and the region's residents and business access to light rail, high speed rail, Amtrak, commuter rail, intra and intercity buses, bicycle and pedestrian facilities at a single location.
- Submitted applications for \$135.8 million in American Recovery and Reinvestment Act economic stimulus funds as well as Transportation Investment Generating Economic Recovery (TIGER) funds for the renovation of the Union Depot.
- RCRRA participated in the CTIB, LOCATE, Post Office Partnership, Red Rock Corridor Commission, Rush Line Corridor Task Force, Central Corridor Partnership, Minnesota High Speed Rail Association, On Board Midwest, Northeast Diagonal Policy Advisory Committee, the Northeast Corridor, and the Robert Street Steering Committee.
- RCRRA was selected to serve as fiscal agent for the Minnesota High Speed Rail Commission.
- RCRRA selected Mortenson Construction as the Phase 1 Construction Manager at Risk/Design services for the renovation of the Union Depot.
- State bond funding of \$500,000 was awarded to the Union Depot project. A federal appropriation of \$3 million was also received for the Union Depot.

NOTES TO THE FINANCIAL STATEMENTS

The Notes to the Financial Statements, presented with the financial statements section, are an integral part of this Annual Financial Report and should be read for a fuller understanding of the statements and information presented in this report.

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

The Authority uses the Ramsey County accounting system, as provided by a Joint Powers Agreement entered into by the Ramsey County Regional Railroad Authority and Ramsey County.

INTERNAL CONTROL

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance, regarding: (1) safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits to be derived; and (2) the evaluation of the costs and benefits requires estimates and judgments by management.

We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance and proper recording of financial transactions.

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 reservations of Fund Balance at December 31, 2009.

INDEPENDENT AUDIT

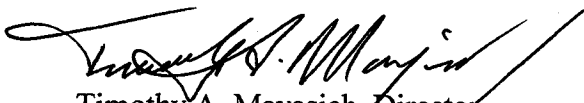
Minnesota State Law requires an audit by the State Auditor of the books of account, financial records and transactions. This requirement has been complied with, and the Auditor's opinion has been included in this report. The State Auditor will issue a management and compliance letter covering the review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


ACKNOWLEDGMENTS

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

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

Sincerely,


Timothy A. Mayasich, Director
Regional Railroad Authority


Lee Mehrkens, Finance Director
Office of Budgeting and Accounting



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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

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

INDEPENDENT AUDITOR'S REPORT

Ramsey County Regional Railroad Authority
Ramsey County, Minnesota

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ramsey County Regional Railroad Authority, a component unit of Ramsey County, as of and for the year ended December 31, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Authority's 2008 financial statements and, in our report dated June 22, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities and each major fund.

We conducted our audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

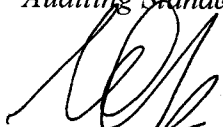
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Ramsey County Regional Railroad Authority as of December 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the Ramsey County Regional Railroad Authority. The statement and schedule listed as other supplementary information in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Ramsey County Regional Railroad Authority. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report 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* and should be considered in assessing the results of our audit.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

May 20, 2010

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, 2009. Readers are encouraged to consider this information in conjunction with additional information that has been furnished in the letter of transmittal and notes to the financial statements which can be found on pages 2-4 and 17-23 respectively, of this report.

Financial Highlights

- The assets of the Ramsey County Regional Railroad Authority exceeded its liabilities by \$78,748,871 in 2009 (net assets). Of this amount, \$60,098,323 (unrestricted net assets) may be used to meet ongoing obligations to creditors.
- The total net assets increased by \$9,709,497 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 Assets presents information on all of Ramsey County Regional Railroad Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 16 of this report.

Financial Analysis of Ramsey County Regional Railroad Authority

Government-wide Financial Analysis

As noted earlier, net assets 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 \$78,748,871 in 2009, increasing net assets by 14% over 2008.

By far, the largest portion of the Ramsey County Regional Railroad Authority's total assets is comprised of Current and Other Assets (81% in 2009 and 89% in 2008). The largest portion of Current and Other Assets is the option to purchase.

	Net Assets	
	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$78,216,725	\$88,426,197
Capital Assets	<u>18,650,548</u>	<u>10,543,088</u>
Total Assets	96,867,273	98,969,285
Current Liabilities	(17,770,895)	(16,174,973)
Non-current Liabilities	<u>(347,507)</u>	<u>(13,754,938)</u>
Total Liabilities	(18,118,402)	(29,929,911)
Net Assets:		
Invested in Capital Assets	18,650,548	10,543,088
Unrestricted	<u>60,098,323</u>	<u>58,496,286</u>
Total Net Assets	<u>\$78,748,871</u>	<u>\$69,039,374</u>

Governmental Activities

	<u>2009</u>	<u>2008</u>
Revenues:		
Program Revenues:		
Operating Grants and Contributions	\$ 219,609	\$ 710,773
Capital Grants and Contributions	183,034	-
General Revenues:		
Property Taxes	18,935,286	19,082,184
Grants & Contributions not Restricted to Specific Programs	706,045	700,948
Investment Earnings	27,407	238,442
Miscellaneous	<u>207,891</u>	<u>155,964</u>
Total Revenues	20,279,272	20,888,311
 Expenses:		
Transportation	<u>10,569,775</u>	<u>2,604,858</u>
Total Expenses	<u>10,569,775</u>	<u>2,604,858</u>
 Increase in Net Assets	9,709,497	18,283,453
Net Assets – Beginning of the Year	<u>69,039,374</u>	<u>50,755,921</u>
Net Assets – End of the Year	<u>\$78,748,871</u>	<u>\$69,039,374</u>

Governmental activities increased the Ramsey County Regional Railroad Authority's net assets by \$9,709,497. This increase is due to levy revenues used to support planning, design studies, and capital acquisition for future rail infrastructure. The plans to establish a multi-modal transportation Hub at St. Paul's Union Depot and preliminary engineering on the Central Corridor projects continued in 2009.

Capital Assets

	<u>2009</u>	<u>2008</u>
Land	\$13,160,210	\$10,527,650
Building	5,482,526	-
Furniture, Fixtures, and Equipment	<u>7,812</u>	<u>15,438</u>
Capital Assets, Net	<u>\$18,650,548</u>	<u>\$10,543,088</u>

Additional information on the Rail Authority's capital assets can be found in note 1E on page 18 of this report.

Long-Term Liabilities

The Ramsey County Regional Railroad Authority has booked a noncurrent liability of \$3,500 for estimated unpaid claims and \$388,414 in compensated absences. Of this amount, \$44,407 is due within one year.

A contract for deed was entered into with the U.S. Postal Services for the acquisition of the Union Depot to develop a multimodal transit hub. The amount outstanding as of December 31, 2009 is \$13,690,658. Of this amount, \$13,690,658 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, unreserved 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 2009, the Ramsey County Regional Railroad Authority's governmental funds reported an ending fund balance of \$28,502,536, a decrease of \$13,644,499 in comparison with the prior year. Approximately 57% of this total amount or \$16,321,588 constitutes unreserved fund balance which is available for spending at the government's discretion. Additional information on unreserved fund balance can be found on note 1F on page 18. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

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 2009 from projects budgeted in prior years are included.

The actual expenditures, on a budgetary basis, differ from the final budget because the 2009 budget included appropriations for several long-term capital projects for which all or a significant amount of the expenditures will be made in future years.

Economic Factors Rates and Next Year's Budget

The Ramsey County Regional Railroad Authority approved a levy of \$19,938,811 for 2010 that will be used for the work on rail corridors and the acquisition, restoration and/or refurbishment of a downtown Saint Paul multi-modal transportation Hub. There is no change in approved levy between 2010 and 2009.

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 Budgeting & Accounting Office, Room 270 Courthouse, 15 West Kellogg Boulevard, St. Paul, MN 55102.

EXHIBIT A

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2008

	2009	2008
ASSETS		
Current Assets:		
Cash and Investments	\$ 32,528,182	\$ 42,654,502
Petty Cash and Change	100	100
Taxes Receivable (Net)	399,951	342,648
Accounts Receivable (Net)	10,084	303
Due From Other Governments	-	150,236
Total Current Assets	32,938,317	43,147,789
Non-Current Assets:		
Option to Purchase	45,278,408	45,278,408
Capital Assets:		
Land	13,160,210	10,527,650
Buildings	5,547,243	-
Furniture, Fixtures, and Equipment	56,973	61,444
Less: Accumulated Depreciation	(113,878)	(46,006)
Total Non-Current Assets	63,928,956	55,821,496
Total Assets	96,867,273	98,969,285
LIABILITIES		
Current Liabilities:		
Salaries Payable	35,845	29,775
Accounts Payable	5,558	9,072
Contracts Payable	212,787	118,017
Due to Ramsey County	104,745	350,574
Contract for Deed, Current	13,690,658	15,625,000
Due to Other Governments	3,676,895	432
Compensated Absences Payable	44,407	42,103
Total Current Liabilities	17,770,895	16,174,973
Non-Current Liabilities:		
Claims and Judgments Payable, Long-Term	3,500	3,500
Contract for Deed, Long-term	-	13,690,658
Vacation and Compensatory Time Payable	344,007	60,780
Total Non-Current Liabilities	347,507	13,754,938
Total Liabilities	18,118,402	29,929,911
NET ASSETS		
Invested in Capital Assets	18,650,548	10,543,088
Unrestricted	60,098,323	58,496,286
Total Net Assets	\$ 78,748,871	\$ 69,039,374

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, 2009
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2008**

	2009	2008
Expenses:		
Transportation:		
Materials and Services	\$ 10,495,543	\$ 2,590,789
Depreciation	74,232	14,069
Total Program Expenses	10,569,775	2,604,858
Program Revenues:		
Operating Grants and Contributions	219,609	-
Capital Grants and Contributions	183,034	710,773
	402,643	710,773
Net Program Expenses (Revenues)	10,167,132	1,894,085
General Revenues:		
Property Taxes	18,935,286	19,082,184
Grants Not Restricted to Specific Programs	706,045	700,948
Investment Earnings	27,407	238,442
Miscellaneous	207,891	155,964
Total General Revenues	19,876,629	20,177,538
Increase in Net Assets	9,709,497	18,283,453
Total Net Assets - Beginning	69,039,374	50,755,921
Total Net Assets - Ending	\$ 78,748,871	\$ 69,039,374

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, 2009
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008

				TOTAL GOVERNMENTAL FUNDS	
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	2009	2008
ASSETS					
Assets:					
Cash and Short Term Investments	\$ 20,687,656	\$ -	\$ 11,840,526	\$ 32,528,182	\$ 42,654,502
Petty Cash and Change	100	-	-	100	100
Receivables:					
Taxes	599,340	-	-	599,340	542,036
Accounts	14,424	-	-	14,424	4,173
Due From Other Governments	-	-	-	-	150,236
TOTAL ASSETS	21,301,520	-	11,840,526	33,142,046	43,351,047
LIABILITIES AND FUND BALANCE					
Liabilities:					
Salaries Payable	35,845	-	-	35,845	29,775
Accounts Payable	5,472	-	86	5,558	9,073
Contracts Payable	212,787	-	-	212,787	118,018
Due to Ramsey County	104,418	-	327	104,745	350,574
Due to Other Governments	4	-	3,672,926	3,672,930	283
Deferred Revenue	607,645	-	-	607,645	696,289
Total Liabilities	<u>966,171</u>	<u>-</u>	<u>3,673,339</u>	<u>4,639,510</u>	<u>1,204,012</u>
Fund Balance:					
Reserved for:					
Encumbrances	1,201,478	-	10,979,370	12,180,848	1,822,595
Petty Cash	100	-	-	100	100
Unreserved:					
Designated for Capital Outlay:					
General Fund	-	-	-	-	60,915
Designated for Subsequent Years' Expenditures:					
General Fund	19,133,771	-	-	19,133,771	16,573,247
Debt Service Fund	-	-	-	-	9,322,513
Capital Projects Fund	-	-	(2,812,183)	(2,812,183)	14,367,665
Total Unreserved Fund Balance	<u>19,133,771</u>	<u>-</u>	<u>(2,812,183)</u>	<u>16,321,588</u>	<u>40,324,340</u>
Total Fund Balance	<u>20,335,349</u>	<u>-</u>	<u>8,167,187</u>	<u>28,502,536</u>	<u>42,147,035</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 21,301,520	\$ -	\$ 11,840,526		
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				63,928,956	55,821,496
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				399,951	492,884
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds				(14,082,572)	(29,422,041)
Total Net assets in Statement of Net Assets				<u>\$ 78,748,871</u>	<u>\$ 69,039,374</u>

RAMSEY COUNTY, MINNESOTA
RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2009
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2008

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	2009	2008
Revenues:					
Taxes:					
General Property Taxes	\$ 3,464,325	\$ -	\$ 15,413,657	\$ 18,877,982	\$ 18,943,517
Intergovernmental:					
Grants:					
Federal	230,706	-	283,500	514,206	486,939
State	38,674	-	-	38,674	3,572,128
Shared Revenues	106,102	-	599,943	706,045	702,419
Investment Income	27,407	-	-	27,407	238,442
Rental Income	173,529	-	-	173,529	47,090
Miscellaneous	33,889	-	-	33,889	8,436
Total Revenues	4,074,632	-	16,297,100	20,371,732	23,998,971
Expenditures:					
Current					
Transportation					
Administration					
Personal Services	461,297	-	-	461,297	576,038
Services and Charges	787,709	-	-	787,709	942,828
Supplies	4,366	-	-	4,366	4,815
Capital Outlay	123,455	-	-	123,455	10,158
Total Administration	1,376,827	-	-	1,376,827	1,533,839
Red Rock Corridor					
Services and Charges	3,676	-	-	3,676	615
Union Depot					
Services and Charges	646,271	-	276,802	923,073	578,225
Capital Outlay	-	-	8,155,243	8,155,243	3,625,535
Northeast Corridor Operations					
Services and Charges	50,721	-	-	50,721	63,902
TCAAP Site					
Services and Charges	-	-	-	-	25,408
Rush Line Corridor					
Services and Charges	14,103	-	-	14,103	8,648
Central Corridor - Preliminary Engineering					
Services and Charges	33,396	-	7,833,101	7,866,497	143,569
Robert Street Corridor					
Services and Charges	-	-	-	-	1,163
I-94 Corridor					
Services and Charges	1,091	-	-	1,091	646
Debt Service - Principal Retirement	-	-	15,625,000	15,625,000	11,962,750
Total Expenditures	2,126,085	-	31,890,146	34,016,231	17,944,300
Excess (Deficiency) of Revenues Over Expenditures	1,948,547	-	(15,593,046)	(13,644,499)	6,054,671
Other Financing Sources (Uses):					
Transfers In and (Out)	487,500	(9,322,513)	8,835,013	-	-
Net Change in Fund Balance	2,436,047	(9,322,513)	(6,758,033)	(13,644,499)	6,054,671
Fund Balance at Beginning of Year	17,899,302	9,322,513	14,925,220	42,147,035	36,092,364
Fund Balance at End of Year	\$ 20,335,349	\$ -	\$ 8,167,187	\$ 28,502,536	\$ 42,147,035

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, 2009
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2008**

	2009	2008
Net change in fund balance - Exhibit D	\$ (13,644,499)	\$ 6,054,671
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.	8,107,459	3,621,415
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.	(285,531)	(102,883)
The issuance of long-term debt (e.g. contract for deed provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	15,625,000	11,962,750
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(92,932)	(3,252,500)
Change in Net Assets in Statement of Activities	\$ 9,709,497	\$ 18,283,453

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

EXHIBIT F

RAMSEY COUNTY, MINNESOTA
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 DECEMBER 31, 2009
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008

	Agency Fund	
	2009	2008
ASSETS		
Cash and Cash Equivalents	\$ 60,000	\$ -
Total Assets	<u>\$ 60,000</u>	<u>\$ -</u>
LIABILITIES		
Accounts payable	\$ 19,121	\$ -
Custodial Payable	39,487	-
Due to Other Governments	1,392	-
Total Liabilities	<u>\$ 60,000</u>	<u>\$ -</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, 2009

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 Ramsey County Regional Railroad 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, as a "political subdivision of the State of Minnesota to exercise thereunder part of the sovereign power of the state." The Authority is dedicated to a long range vision of transit services to meet changing needs for today and for succeeding generations. The Authority is composed of the seven members of the Ramsey County Board of Commissioners with its registered office in St. Paul, County of Ramsey, Minnesota. 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 assets and the statement of activities) report information on all of the nonfiduciary activities of the Authority. For the most part, the effect of the interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been

included as part of the program expenses reported for the various functional activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Authority are organized on the basis of Funds. The General Fund is accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. It is used to account for operations of the Authority. The Debt Service Fund is used to make payments on bonds issued by the Rail Authority. As of December 31, 2009, no bonds have been sold. 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 Assets 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.

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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, debt service expenditures, as well as 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, 2008, from which such partial information was derived.

F. ASSETS AND EQUITY ACCOUNTS

1) Assets

Deposits and Investments:

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

Minn. Stat. §118A.04 and §118A.05 authorize Ramsey County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the County Board. Minnesota Statutes require that all County deposits be covered by insurance, surety bond, or collateral. The County invests available cash in various securities in accordance with requirements set forth in Minnesota Statutes. All investments are stated at fair value.

Option to Purchase:

In 2007, the RCRRA approved the Purchase Agreement and Contract for Deed with the United States Postal Service for the acquisition of real estate necessary to develop a multimodal transit hub. The value of the asset is \$45,278,408. The Purchase Agreement required the RCRRA to make an initial payment on the contract for deed of \$4,000,000. In 2009, and 2008 installment payments of \$15,625,000 and \$11,962,750 were made, respectively. In 2010, the final installment payment of \$13,690,658 will be paid.

Capital Assets:

Capital assets, which include property and equipment, are reported on the Statement of Net Assets. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years, as well as certain exceptions that are considered to be high risk to theft. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 are depreciated using the straight-line method.

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

A summary of changes in capital assets follows:

	2009 Beginning <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	2009 Ending <u>Balance</u>
Capital Assets, Not Being Depreciated:				
Land	10,527,650	2,632,560		13,160,210
Capital Assets, Being Depreciated:				
Building		5,547,243		5,547,243
Equipment	61,444	1,889	(6,360)	56,973
Accumulated Depreciation	(46,006)	(74,232)	6,360	(113,878)
Total Capital Assets Being Depreciated	15,438	5,474,900		5,490,338
Total Capital Assets, Net	<u>10,543,088</u>	<u>8,107,460</u>		<u>18,650,548</u>

	2008 Beginning <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	2008 Ending <u>Balance</u>
Capital Assets, Not Being Depreciated:				
Land	6,902,115	3,625,535		10,527,650
Capital Assets, Being Depreciated:				
Equipment	56,671	10,158	(5,385)	61,444
Accumulated Depreciation	(37,112)	(14,069)	5,175	(46,006)
Total Capital Assets Being Depreciated	19,559	(3,911)	(210)	15,438
Total Capital Assets, Net	<u>6,921,674</u>	<u>3,621,624</u>	<u>(210)</u>	<u>10,543,088</u>

Depreciation expense is summarized below:

	<u>2009</u>	<u>2008</u>
Depreciation Expense	\$74,232	\$14,069

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.

Contract for Deed

Ramsey County has entered into a contract for deed with option to purchase the Union Depot Concourse from the U.S. Postal Service.

The assets acquired through the contract for deed is as follows:

Asset:	
Option to Purchase	\$45,278,408

The annual requirements to amortize contract for deed outstanding as of December 31, 2009 were as follows:

Year Ending December 31	
2010	\$18,012,250
Less interest credit	<u>(4,321,592)</u>
Total	<u>\$13,690,658</u>

Long-Term Obligations

The following is a list of changes in long-term obligations for the year ending December 31, 2009:

Compensated Absences Payable:

	<u>2009</u>	<u>2008</u>
Payable, January 1	\$102,883	\$0
Due within one year	\$44,407	\$42,103
Payable, December 31	\$388,414	\$102,883

In 2008, salaries and benefits for the employees of the Regional Rail Authority began to be charged directly in the Regional Rail Authority's funds. Prior to 2008, the compensated absences of these employees were reported in the County's general fund.

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

3) Equity

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

Fund Balance

Reserved Fund Balance accounts indicate that portion of fund balance which has been obligated legally for specific purposes or is unappropriable for expenditure. 2009 reserves are \$12,180,848.

Unreserved Designated Fund Balance indicates the portion of fund balance set aside for planned future projects. The fund balance designated for subsequent years' expenditures consists of:

	<u>2009</u>	<u>2008</u>
Northeast Corridor	\$ -	\$1,822,698
Central Corridor	9,679,787	18,849,223
Union Depot	4,803,990	7,783,824
Right-of-Way Acquisition	-	1,500,000
Debt Service	-	9,322,513
Rush Line Corridor	<u>1,837,811</u>	<u>1,046,412</u>
	<u>\$16,321,588</u>	<u>\$40,324,670</u>

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 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.

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

2) DUE TO OTHER COUNTY FUNDS

	<u>2009</u>	<u>2008</u>
Due to Ramsey County:		
General Fund	\$102,863	\$349,070
Information Services Fund	1,447	1,255
Telecommunications Fund	<u>435</u>	<u>249</u>
	<u>\$104,745</u>	<u>\$350,574</u>

3) DEFERRED REVENUE

In the fund statement, deferred revenue consists of taxes receivable that are not collected soon enough after year-end to pay liabilities of the current year and aging accounts receivable.

	<u>2009</u>	<u>2008</u>
Receivable Accounts	\$ 8,305	\$154,253
Taxes	<u>599,340</u>	<u>542,036</u>
Total	<u>\$607,645</u>	<u>\$696,289</u>

4) 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 reservations of Fund Balance and provide authority for the carry-over of appropriations to the subsequent year in order to complete these transactions.

5) 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, 2009, the amount of these liabilities was \$3,500. This liability is the County's best estimate based on available information.

	Beginning Of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim Payments	Balance at Fiscal <u>Year-End</u>
2009	\$3,500	\$ -	\$ -	\$3,500
2008	\$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.

6) 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.

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

Red Rock Corridor:

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

County Transportation Improvement Board (CTIB):

CTIB was created on April 1, 2008, as required by Minn. Statute Section 297A.992, by joint powers agreement between the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington. Its purpose is to receive and distribute the new 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 its 2009 work plan and budget and appointed the RCRRA as its fiscal agent.

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.

7) 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). These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

The RCRRA's Public Employees Retirement Fund members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security. All members must participate in the Coordinated Plan.

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 and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated 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 Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 1.7 percent for Coordinated Plan members for each year of service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund. That report may be obtained on the Internet at 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. Public Employees Retirement Fund Coordinated Plan members are required to contribute 6.0 percent of their annual covered salary.

The RCRRA is required to contribute 6.75 percent of annual covered payroll for Coordinated Plan members in 2009.

The RCRRA's contributions for the years ending December 31, 2009 and 2008 for the Public Employees Retirement Fund were \$38,303 and \$36,865, respectively.

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

**8) 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, 2009 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 2009 Contribution to the Fund was \$0. Their share of the unfunded net OPEB liability in the internal service fund is \$28,589. This amount is reported in due to other funds liability account.

**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, 2009**

	BUDGET		ACTUAL ON A BUDGETARY BASIS	VARIANCE FINAL BUDGET OVER/(UNDER)
	ORIGINAL	FINAL		
Revenues:				
Taxes:				
General Property Taxes	\$ 3,433,158	\$ 3,433,158	\$ 3,464,325	\$ 31,167
Intergovernmental:				
Grants:				
Federal	-	-	230,706	230,706
State	400	400	38,674	38,274
Shared Revenue	-	-	106,101	106,101
Interest on Investments	400,000	400,000	27,407	(372,593)
Rental Income	75,000	75,000	173,530	98,530
Miscellaneous	-	-	33,889	33,889
Total Revenues	<u>3,908,558</u>	<u>3,908,558</u>	<u>4,074,632</u>	<u>166,074</u>
Expenditures:				
Transportation:				
Administration				
Personal Services	-	735,000	716,962	(18,038)
Other Services and Charges	1,643,602	1,093,602	665,068	(428,534)
Supplies	18,592	18,592	4,348	(14,244)
Capital Outlay	43,080	43,080	43,077	(3)
Total Administration	<u>1,705,274</u>	<u>1,890,274</u>	<u>1,429,455</u>	<u>(460,819)</u>
Union Depot Study	1,284,550	984,550	667,399	(317,151)
Diagonal Property - Roseville	10,000	10,000	-	(10,000)
Northeast Corridor	91,234	91,234	50,727	(40,507)
Twin Cities Army Ammunition	27,000	2,000	-	(2,000)
Rush Line Corridor Project Grant	167,500	167,500	131,307	(36,193)
Central Corridor Project Grant	350,000	190,000	31,562	(158,438)
Red Rock Corridor Operation	16,000	16,000	3,646	(12,354)
Robert Street Corridor	31,000	31,000	-	(31,000)
I-94 East Corridor	226,000	526,000	501,091	(24,909)
Total Expenditures	<u>3,908,558</u>	<u>3,908,558</u>	<u>2,815,187</u>	<u>(1,093,371)</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>-</u>	<u>-</u>	<u>1,259,445</u>	<u>1,259,445</u>
Other Financing Sources (Uses)				
Operating Transfers Out	<u>487,500</u>	<u>487,500</u>	<u>487,500</u>	-
Net Change in Fund Balance	<u>487,500</u>	<u>487,500</u>	<u>1,746,945</u>	<u>1,259,445</u>
Adjustment	689,102	689,102	689,102	-
Fund Balance at Beginning of Year	<u>17,899,302</u>	<u>17,899,302</u>	<u>17,899,302</u>	-
Fund Balance at End of Year	<u>\$ 19,075,904</u>	<u>\$ 19,075,904</u>	<u>\$ 20,335,349</u>	<u>\$ 1,259,445</u>

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

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2009**

**BUDGET AND BUDGETARY
ACCOUNTING**

Results of operations included in the Statement of Revenues, Expenditures, Encumbrances 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>2009</u>
Budgetary Basis-Schedule 1	\$2,815,187
Adjustments	<u>689,102</u>
Expenditures GAAP Basis – Exhibit D	<u>\$2,126,085</u>

**RAMSEY COUNTY, MINNESOTA
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2009</u>
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 60,000	\$ -	\$ 60,000
Total Assets	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
LIABILITIES				
Accounts Payable	-	19,121	-	19,121
Custodial Payable	-	39,487	-	39,487
Due to Other Governments	<u>-</u>	<u>1,392</u>	<u>-</u>	<u>1,392</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>

**RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
Department of Transportation			
Passed Through Metropolitan Council:			
Federal Transit Capital Investment Grants	20.500	\$ 514,206	\$ -

RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2009

1) REPORTING ENTITY

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

2) BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Ramsey County Regional Railroad Authority under programs of the federal government for the year ended December 31, 2009. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Ramsey County Regional Railroad Authority, it is not intended to and does not present the financial position or changes in net assets of the Authority.

**3) SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

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

4) SUBRECIPIENTS

No federal awards were passed through subrecipients.