



NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY



FINANCIAL REPORT

Year Ended December 31, 2008

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2008

Prepared by Finance and Central Services Division of Anoka County, Minnesota
Cevin Petersen, Division Manager

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Northstar Corridor Development Authority

Financial Report Year Ended December 31, 2008

Prepared by Finance and Central Services Division of Anoka County, Minnesota
Cevin Petersen, Division Manager
2100 3rd Avenue
Anoka, Minnesota 55303-2265

NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA

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NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA

INTRODUCTORY SECTION



NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY

Organization - 2008

Affiliate	Member ₁	Alternate ₁
Anoka County	Dennis Berg, Commissioner	Dan Erhart, Commissioner
Anoka County RRA	Dan Erhart, Commissioner (Chair ₂)	Tim Yantos, Deputy Administrator
Hennepin County RRA	Mark Stenglein, Commissioner	Peter McLaughlin, Commissioner
Morrison County	Eugene Young, Commissioner	Don Meyer, Commissioner
Morrison County RRA	Tom Wenzel, Commissioner	Jeff Schilling, Commissioner
Sherburne County	Ewald Petersen, Commissioner (Vice Chair)	John Riebel, Commissioner
Sherburne County RRA	Arne Engstrom, Commissioner	Felix Schmiesing, Commissioner
Stearns County	DeWayne Mareck, Commissioner	Leigh Lenzmeier, Commissioner
City of Anoka	Carl Anderson, Councilmember	Carolyn Braun, Planning Director
City of Becker	Ken Paulson, Councilmember	Kelli Neu, City Planner
City of Big Lake	Scott Johnson, Councilmember	Chuck Heitz, Councilmember
City of Blaine	Tom Ryan, Mayor	Ron Wood, City Manager
City of Clear Lake	Amy Dinkel-VanValkenburg, Councilmember	William Kiffmeyer, Mayor
City of Columbia Heights	Bruce Nawrocki, Councilmember	Walt Fehst, City Manager
City of Coon Rapids	Scott Schulte, Councilmember	Bruce Sanders, Councilmember
City of Elk River	Paul S. Motin, Councilmember	Stephanie Klinzing, Mayor
City of Fridley	Robert Barnette, Councilmember	Paul Bolin, HRA Assistant Executive Director
City of Minneapolis	Paul Ostrow, Councilmember	Diane Hofstede, Councilmember
City of Ramsey	Tom Gamec, Mayor	David Elvig, Councilmember
City of Rice	Lyn Mohs, Councilmember	Les Mateffy/Joseph Voigt, Councilmembers
City of Sauk Rapids	Paul Weber, Councilmember	None
City of Spring Lake Park	Jeanne Mason, Councilmember	None
City of St. Cloud	Bob Johnson, Councilmember	Sonja Hayden-Berg, Councilmember
Becker Township	Mark Limpert, Boardmember	None
Big Lake Township	Mike Hayes, Councilmember	John Norgren, Citizen Representative
Clear Lake Township	Paul Goenner, Boardmember	None
Haven Township	Mark W. Knowles, Boardmember	LeRoy Pauley/Lewis Stark, Citizen Representatives
Langola Township	Greg Bruestle, Boardmember	None
St. Cloud MTC	Carolyn Garven, Councilmember	Thomas Cruikshank, Transit Planner

Notes:

- 1) The members and alternates are elected for a two year term.
- 2) The term expires for Chair on January 1, 2009.

NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA

FINANCIAL SECTION



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Joint Powers Board
Northstar Corridor Development Authority

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Northstar Corridor Development Authority as of and for the year ended December 31, 2008, 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 financial position of the governmental activities and the General Fund of the Northstar Corridor Development Authority as of December 31, 2008, 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, as listed in the table of contents, are not a required part 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 required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2009, on our consideration of the Northstar Corridor Development 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 the audit.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

October 29, 2009

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008
(Unaudited)**

The Northstar Corridor Development Authority (NCDA) Management's Discussion and Analysis (MD&A) provides an overview of the NCDA's financial activities for the fiscal year ended December 31, 2008. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the NCDA's financial statements.

The NCDA is a joint powers between 29 counties, regional rail authorities, cities and townships to analyze the feasibility and environmental impacts of integrated transportation improvements along the Highway 10 corridor and to develop commuter rail in the Northstar Corridor.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. The NCDA's basic financial statements consist of two parts: the financial statements and the notes to the financial statements. The MD&A (this section) and a budgetary comparison schedule for the General Fund are required to accompany the basic financial statements and, therefore, are included as required supplementary information.

There are two financial statements: (1) the Statement of Net Assets and Governmental Fund Balance Sheet; and (2) the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance. The first column of each statement presents governmental fund data, which focus on how money flows in and out and the balances left at year-end that are available for spending. These columns are reported using the modified accrual method of accounting. This method measures cash and all other financial assets that can be readily converted to cash. This column provides a detailed short-term view of the NCDA's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the NCDA's programs.

The center column of each statement reconciles the accounting differences between the governmental funds and governmental activities. Further discussion of the reconciliation can be found in the Notes to the Financial Statements, section 1. C, on page 14 of this report.

The third column in each statement represents the governmental activities balance and provides information about the activities of the NCDA as a whole by presenting a longer-term view of the NCDA's finances. These columns tell how these services were financed in the short-term as well as what remains for future spending.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables present NCDA's 2008 financial data, as well as comparative 2007 data.

The NCDA and the Northstar Commuter Rail project are funded in large part with expenditure reimbursement grants from federal, state and local governmental units. The nature of these grants requires the expenditures to be made prior to receipt of any grant monies.

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ANOKA, MINNESOTA**

The following table and discussion present the NCDA's current net assets as compared to the prior period at year end.

	Year Ended December 31		Change	
	2008	2007	Increase or (Decrease)	Percent Change
	Total assets	\$ 3,178,821	\$ 2,196,494	\$ 982,327
Total liabilities	5,583,263	4,027,203	1,556,060	38.64%
Total net assets	\$ (2,404,442)	\$ (1,830,709)	\$ (573,733)	-31.34%

The increase in total assets from 2007 to 2008 is due to additional receivables from other governmental units for expenditures made in the current year. NCDA is funded in large part with expenditure driven grants, requiring the expenditures to be made prior to a request for reimbursement.

The increase in liabilities is a short term loan due to other governmental units.

The changes in NCDA's net assets are outlined in the table below and the discussion that follows:

	Year Ended December 31		Change	
	2008	2007	Increase or (Decrease)	Percent Change
	Revenues:			
Program revenues				
Intergovernmental / Capital grants and contributions	\$ 24,515,867	\$ 9,707,553	\$ 14,808,314	152.54%
Charges for services	722,214	654,402	67,812	10.36%
General revenues:				
Miscellaneous / Other	-	15,498	(15,498)	-100.00%
Total revenues	25,238,081	10,377,453	14,860,628	143.20%
Expenses:				
Transportation -				
Administration	1,956,837	1,840,932	115,905	6.30%
Project and construction	23,854,977	9,189,127	14,665,850	159.60%
Total expenses	25,811,814	11,030,059	14,781,755	134.01%
Increase (Decrease) in net assets	(573,733)	(652,606)	78,873	12.09%
Net assets - January 1	(1,830,709)	(1,178,103)	(652,606)	-55.39%
Net assets -December 31	\$ (2,404,442)	\$ (1,830,709)	\$ (573,733)	-31.34%

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
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The \$14.8 million increase in intergovernmental revenues reflects the reimbursement from the State of Minnesota for the Burlington Northern Santa Fe Rail easement payment made the previous year. The reconciling item increasing revenue by \$926,976 is for grant reimbursements the NCDA will receive in the following calendar year but are not considered available to liquidate obligations of the current period and therefore not reported in the governmental fund column of Exhibit 2.

The \$116 thousand increase in administration expenses is the operation of the Northstar Commuter Bus operation. The NCDA is currently operating a commuter bus service from Elk River, Minnesota, to Downtown Minneapolis, Minnesota. NCDA also has a second commuter bus operation from the City of Ramsey to Downtown Minneapolis named the Ramsey Star Express.

The 159.6% increase in project and construction expenses is payment for the purchase of rolling stock or train vehicles.

FINANCIAL ANALYSIS AT THE FUND LEVEL

The focus of NCDA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the NCDA'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.

At the end of 2008, NCDA reported a negative fund balance of \$5,083,155. Most of the project funding is reimbursement grants, where reimbursement requests are made after NCDA expends the funds. As seen in Exhibit 2, there is \$926,976 of deferred revenue, where NCDA has submitted a request for reimbursement but the monies were not received soon enough to be considered available for liquidating current liabilities.

There are future grants that NCDA will recover additional monies for expenditures made in the past and the State of Minnesota's share of expenditures will be paid, alleviating the deficit fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The variance between budget and actual amounts for the NCDA General Fund is in large part the timing of the expenditures made on the Northstar Commuter Rail Project and the associated intergovernmental revenues for those expenditures. Both revenues and expenditures are under budget.

Ridership of the Northstar Commuter Bus continues to be strong. The farebox revenue and associated administrative expenditures were not originally budgeted for, therefore there is a variance in charges for services and administration expenses.

FACTORS BEARING ON THE NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY'S FUTURE

The Northstar Commuter Rail Project (Northstar) received a Full Funding Grant Agreement (FFGA) from the Federal Transit Administration in the fall of 2007. The FFGA provides the Project with the federal funding needed to complete the Northstar Commuter Rail Project. The commitments from the State of Minnesota, Anoka County, Hennepin County and Sherburne County allowed Northstar to award contracts in mid 2007 for construction of the Light Rail Transit (LRT) Connection in downtown Minneapolis and the Vehicle Maintenance Facility in Big Lake.

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
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In June of 2007, Northstar awarded the LRT Connection contract to Graham Penn-Co Construction, Incorporated. When construction of the LRT Connection is completed, Northstar Commuter Rail will seamlessly integrate with Hiawatha LRT, allowing Northstar commuters to conveniently access the Mall of America, Minneapolis-St. Paul International Airport, and other stops along the Hiawatha LRT line. Contract progress through December 2008 was 75 percent complete. Anticipated completion of the LRT Connection is November 2009.

In July of 2007, Northstar awarded the Vehicle Maintenance Facility contract to Morcon Construction, Incorporated. The maintenance facility will provide a central location for coordination between operations and light duty repair and maintenance functions required on a day-to-day basis. Contract progress through December 2008 was 90 percent, with scheduled completion in March 2009.

In December of 2007, Northstar awarded the contract for station construction to Knutson Construction. Knutson began work on the Anoka, Coon Rapids, Elk River and Big Lake station sites in 2008: a) a pedestrian overpass will be constructed at the Coon Rapids station site; b) earthwork will be completed at the Anoka station site, and will begin at the Elk River station site; and c) platforms and curbs will be poured at the Big Lake station site. Contract progress through December 2008 was 80 percent complete. All stations will be completed in the summer of 2009.

In 2007, Northstar awarded the contract to Motive Power, Inc. for the construction of five locomotives. Contract progress through December 2008 was 85 percent complete. Delivery of the locomotives will be timed with the completion of the vehicle maintenance facility in early 2009.

Northstar awarded the contract for construction of the coach/cab cars to Bombardier in May of 2008. The contract will be for 17 coach/cab cars with an option to order an additional cab car if the Project so chooses. Construction of the cars began in July 2008 and is 50 percent complete at the end of the year. Anticipated delivery of the cars is April 2009.

It is anticipated that the Northstar Rail Project will commence revenue operations in November 2009.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the NCDA's finances. If you have questions about this report or need additional financial information, contact the Executive Director, NCDA, Tim Yantos or the Director of Accounting, Anoka County, Brenda Pavelich-Beck at 2100 3rd Avenue, Anoka, Minnesota 55303.

BASIC FINANCIAL STATEMENTS

NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA

EXHIBIT 1

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2008

	General Fund	Reconciliation	Governmental Activities
<u>Assets</u>			
Cash and cash equivalents	\$ 69,212	\$ -	\$ 69,212
Due from other governments	3,109,609	-	3,109,609
Total Assets	3,178,821	-	3,178,821
<u>Liabilities</u>			
Current liabilities			
Accounts payable	159,217	-	159,217
Contracts payable	933,676	-	933,676
Due to other governments	4,490,370	-	4,490,370
Deferred/Unearned revenue	2,678,713	(2,678,713)	-
Total Liabilities	8,261,976	(2,678,713)	5,583,263
<u>Fund Balance/Net Assets</u>			
Fund Balance			
Reserved for encumbrances	3,175,361	(3,175,361)	
Unreserved			
Undesignated	(8,258,516)	8,258,516	
Total Fund Balance	(5,083,155)	5,083,155	
Total Liabilities and Fund Balance	\$ 3,178,821		
Net Assets			
Unrestricted		(2,404,442)	(2,404,442)
Total Net Assets		\$ (2,404,442)	\$ (2,404,442)
Reconciliation of the Governmental Fund Balance to Net Assets			
Fund Balance - Governmental Fund			\$ (5,083,155)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			2,678,713
Net Assets - Governmental Activities			\$ (2,404,442)

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

NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
 ANOKA, MINNESOTA

EXHIBIT 2

STATEMENT OF ACTIVITIES AND
 GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 2008

	General Fund	Reconciliation	Governmental Activities
Revenues			
Intergovernmental			
Federal	\$ 7,094,084	\$ 926,976	\$ 8,021,060
State	14,044,010	-	14,044,010
Local	2,450,797	-	2,450,797
Charges for services	722,214	-	722,214
Total Revenues	24,311,105	926,976	25,238,081
Expenditures			
Current			
Transportation			
Administration	1,956,837	-	1,956,837
Project and construction	23,854,977	-	23,854,977
Total Expenditures/Expenses	25,811,814	-	25,811,814
Net Change in Fund Balance/Net Assets	(1,500,709)	926,976	(573,733)
Fund Balance/Net Assets - January 1	(3,582,446)	1,751,737	(1,830,709)
Fund Balance/Net Assets - December 31	\$ (5,083,155)	\$ 2,678,713	\$ (2,404,442)

Reconciliation of the Statement of Governmental Fund
 Revenues, Expenditures, and Changes in Fund Balance
 to the Statement of Activities

Net Change in Fund Balance	\$ (1,500,709)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund statement. The earned but unavailable portion of deferred revenue reported in the governmental fund.	926,976
Change in Net Assets of Governmental Activities	\$ (573,733)

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. Summary of Significant Accounting Policies

The Northstar Corridor Development Authority's (NCDA) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2008. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the NCDA are discussed below.

A. Financial Reporting Entity

The Northstar Corridor Development Authority (NCDA) was established in May of 1997, by Minn. Stat. §§ 471.59 and 398A.04, subdivision 9, as a joint powers agreement between 31 counties, regional rail authorities, cities and townships. During 2008, Benton County and the Benton County Regional Railroad Authority withdrew from the NCDA, leaving 29 members. Its purpose is to analyze the feasibility and environmental impacts of integrated transportation improvements along the U.S. Highway 10 corridor and develop a commuter rail project in the Northstar Corridor.

The NCDA Joint Powers Board consists of one elected official from each member governmental unit for a two year term. The Authority elects a Chair and Vice Chair from its membership for a two year term.

The Authority has contracted with Anoka County to receive and manage Authority funds and provide any and all budgetary and accounting services.

The NCDA is a separate entity independent of the governmental units which formed it. In accordance with generally accepted accounting principles, the NCDA's financial statements are not included in any member county's financial statements. However, Anoka County accounts for all transactions of the NCDA and shows the NCDA as an agency fund in its financial statements. No single government unit retains control over the operations or is financially accountable for the NCDA.

B. Basic Financial Statements

Basic financial statements include information on the NCDA's activities as a whole and information on the General Fund of the NCDA. These separate presentations are reported in different columns on Exhibits 1 and 2. Each of the Exhibits starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the "governmental activities" of the NCDA as a whole.

1. Governmental Fund Financial Statement Columns

The governmental fund financial statement columns provide information about the NCDA's General Fund. The General Fund is the NCDA's primary operating fund. It accounts for all financial resources of the general government.

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements (Continued)

2. Governmental Activities Columns

The governmental activities financial statement columns on the statement of net assets and the statement of activities display information about the NCDA. These columns include the financial activities of the overall NCDA Joint Powers Board.

C. Measurement Focus and Basis of Accounting

The governmental activities columns are reported using the economic resources measurement focus and the full 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund columns (General Fund) 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. The NCDA considers all revenues as available if collected within 60 days after the end of the current period, except for reimbursement (expenditure driven) grants collected in 120 days. Intergovernmental grants, charges for services, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred.

When both restricted and unrestricted resources are available for use, it is the NCDA's policy to use restricted resources first and then unrestricted resources as needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Pooled Investments

NCDA's cash is pooled and invested with Anoka County. The County obtains collateral to cover deposits in excess of insurance coverage.

2. Deferred Revenue

The NCDA General Fund and governmental activities defer revenue for resources that have been received, but not yet earned. The General Fund also reports deferred revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period.

3. Fund Equity

In the fund financial statements, the General Fund reports reservations of fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of

NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

4. Use of Estimates (Continued)

contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The NCDA's Joint Powers Board adopts estimated revenue and expenditure budgets for the General Fund. The budgets may be amended or modified at any time by the Board. Comparisons of estimated revenues and expenditures to actual are presented as required supplementary information for the General Fund. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles.

B. Deficit Fund Balance

At December 31, 2008, the General Fund had a deficit fund balance of \$5,083,155. The deficit will be eliminated with future grant monies.

3. Detailed Notes

A. Assets

1. Deposits

As of December 31, 2008, the NCDA had \$69,212 on deposit with Anoka County. Authorization to deposit cash in financial institutions is provided by Minn. Stat. § 118A.02. Minn. Stat. §§ 118A.04 and 118A.05 authorize the types of investments available. Minnesota statutes require that all county deposits be covered by insurance, surety bond, or collateral.

B. Liabilities

1. Payables

Payables at December 31, 2008, were as follows:

Accounts	\$ 159,217
Contracts	933,676
Due to other governments	<u>4,490,370</u>
Total payables	<u><u>\$ 5,583,263</u></u>

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA**

3. Detailed Notes

B. Liabilities (Continued)

2. Deferred Revenue

Deferred revenue consists of grant monies that are not collected soon enough after year-end to pay liabilities of the current period. Deferred revenue at December 31, 2008, is \$2,678,713.

3. Operating Leases

The NCDA currently has three operating leases: office facilities, other operating equipment and buses. The details of the leases are as follows:

- The NCDA entered into a 48-month operating lease for office space beginning July 1, 2005. The NCDA made lease payments totaling \$221,580 on this lease for the year ended December 31, 2008.
- The NCDA entered into a 36-month copier lease beginning January 14, 2007. The NCDA made lease payments totaling \$14,433 on this lease for the year ended December 31, 2008.
- The NCDA entered into an operating lease beginning on October 1, 2003, and terminating on March 31, 2009, for commuter bus service along the Northstar Corridor. The NCDA made lease payments totaling \$1,823,561 on this lease for the year ended December 31, 2008.

The following is a schedule of future minimum operating lease payments:

<u>Year Due</u>	<u>Office Space</u>	<u>Copier</u>	<u>Buses</u>	<u>Total</u>
2009	\$ 108,602	\$ 10,186	\$ 446,705	\$ 565,493

4. Risk Management

The NCDA is exposed to various risks of loss related to municipal liability; hired and non-owned autos; and money and securities, for which the NCDA carries commercial insurance. There were no significant reductions for the year ended December 31, 2008, in insurance coverage for any major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA

Schedule 1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental				
Federal	\$ 16,950,000	\$ 16,950,000	\$ 7,094,084	\$ (9,855,916)
State	7,720,000	7,720,000	14,044,010	6,324,010
Local	2,371,711	2,566,111	2,450,797	(115,314)
Charges for services	-	-	722,214	722,214
Total Revenues	<u>27,041,711</u>	<u>27,236,111</u>	<u>24,311,105</u>	<u>(2,925,006)</u>
<u>Expenditures</u>				
Current				
Transportation				
Administration	2,371,711	2,566,111	1,956,837	609,274
Project and construction	24,670,000	24,670,000	23,854,977	815,023
Total Expenditures	<u>27,041,711</u>	<u>27,236,111</u>	<u>25,811,814</u>	<u>1,424,297</u>
Net Change in Fund Balance	-	-	(1,500,709)	(1,500,709)
Fund Balance - January 1	<u>(3,582,446)</u>	<u>(3,582,446)</u>	<u>(3,582,446)</u>	-
Fund Balance - December 31	<u><u>\$ (3,582,446)</u></u>	<u><u>\$ (3,582,446)</u></u>	<u><u>\$ (5,083,155)</u></u>	<u><u>\$ (1,500,709)</u></u>

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

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund.

Before July 1, the proposed budget is presented to the Joint Powers Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund. The legal level of budgetary control, the level at which expenditures may not legally exceed appropriations, is the fund level.

Encumbrance accounting is employed in the General Fund. Encumbrances, such as purchase orders and contracts, that are outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because other commitments will be reapportioned and honored during the subsequent year.