



NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY



FINANCIAL REPORT

Year Ended December 31, 2009

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2009

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

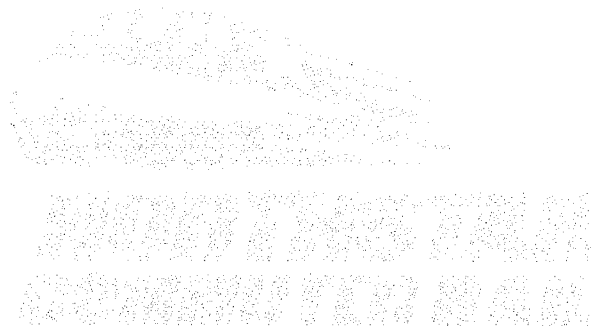
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Northstar Corridor Development Authority

Financial Report Year Ended December 31, 2009



Prepared by Finance and Central Services Division of Anoka County, Minnesota
Cevin Petersen, Division Manager
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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 - 2009

<u>Affiliate</u>	<u>Member 1</u>	<u>Alternate 1</u>
Anoka County	Dennis Berg, Commissioner	Dan Erhart, Commissioner
Anoka County RRA	Dan Erhart, Commissioner (Chair)	Tim Yantos, Deputy Administrator
Hennepin County RRA	Mark Stenglein, Commissioner	Peter McLaughlin, Commissioner
Morrison County	Rich Collins, 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	Felix Schmiesing, Commissioner	Larry Farber, Commissioner
Stearns County	DeWayne Mareck, Commissioner	Leigh Lenzmeier, Commissioner
Stearns County RRA	Leigh Lenzmeier, Commissioner	Don Otte, Commissioner
City of Anoka	Carl Anderson, Councilmember	Carolyn Braun, Planning Director
City of Becker	Dave Graning, Mayor	Kelli Neu, City Planner
City of Big Lake	Scott Johnson, Administrator	Chuck Heitz, Councilmember
City of Blaine	Tom Ryan, Mayor	Clark Arneson, 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	Bruce Sanders, Councilmember	Scott Schulte, Councilmember
City of Elk River	Paul S. Motin, Councilmember	Stephanie Klinzing, Mayor
City of Fridley	Robert Barnette, Councilmember	Paul Bolin, HRA Executive Director
City of Minneapolis	Paul Ostrow, Councilmember	Diane Hofstede, Councilmember
City of Ramsey	David Elvig, Councilmember	Bob Ramsey, Mayor
City of Rice	Mitch Fiedler, Mayor	Les Mateffy/Joseph Voigt, Councilmembers
City of Sauk Rapids	Dave Saunders, Councilmember	Paul Weber, Councilmember
City of Spring Lake Park	Jeanne Mason, Councilmember	None
City of St. Cloud	Sonja Hayden-Berg, Councilmember	Bob Johnson, Councilmember
Becker Township	Mark Limpert, Boardmember	None
Big Lake Township	Mike Hayes, Township Officer	Norman Leslie, Township Officer
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.

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 (NCDA) as of and for the year ended December 31, 2009, which collectively comprise the NCDA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the NCDA'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.

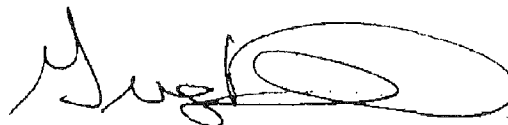
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Northstar Corridor Development Authority as of December 31, 2009, and the respective changes in financial position thereof 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, 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 September 21, 2010, 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

September 21, 2010

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2009
(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, 2009. 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 2009 financial data, as well as comparative 2008 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.

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA**

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

Net Assets				
	Year Ended December 31		Change	
	2009	2008	Increase or (Decrease)	Percent Change
Total assets	\$ 17,433,733	\$ 3,178,821	\$ 14,254,912	448.43%
Total liabilities	11,897,963	5,583,263	6,314,700	113.10%
Total net assets	<u>\$ 5,535,770</u>	<u>\$ (2,404,442)</u>	<u>\$ 7,940,212</u>	330.23%

The increase in total assets from 2008 to 2009 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:

Changes in Net Assets				
	Year Ended December 31		Change	
	2009	2008	Increase or (Decrease)	Percent Change
Revenues:				
Program revenues				
Intergovernmental / Capital grants and contributions	\$ 16,766,156	\$ 24,515,867	\$ (7,749,711)	-31.61%
Charges for services	645,879	722,214	(76,335)	-10.57%
General revenues:				
Miscellaneous / Other	31,402	-	31,402	100.00%
Total revenues	<u>17,443,437</u>	<u>25,238,081</u>	<u>(7,794,644)</u>	-30.88%
Expenses:				
Transportation -				
Administration	1,889,642	1,956,837	(67,195)	-3.43%
Project and construction	7,613,583	23,854,977	(16,241,394)	-68.08%
Total expenses	<u>9,503,225</u>	<u>25,811,814</u>	<u>(16,308,589)</u>	-63.18%
Increase (Decrease) in net assets	7,940,212	(573,733)	8,513,945	1483.96%
Net assets - January 1	<u>(2,404,442)</u>	<u>(1,830,709)</u>	<u>(573,733)</u>	-31.34%
Net assets - December 31	<u>\$ 5,535,770</u>	<u>\$ (2,404,442)</u>	<u>\$ 7,940,212</u>	330.23%

Unaudited

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA**

Intergovernmental revenues for 2009 reflect federal government reimbursements for and local contributions to the construction of the Northstar Commuter Rail line. The total intergovernmental revenue decreased \$7.7 million in 2009 from the prior year. Although the federal reimbursement amount increased in 2009, the State's \$14.4 million reimbursement for the Burlington Northern Santa Fe Rail easement payment occurred in 2008 and would not be repeated in 2009, creating a net decrease in intergovernmental revenue. The reconciling item increasing the revenue by \$4,107,104 is for grant reimbursement the NCDA will receive in the following calendar year but is not considered available to liquidate obligations of the current period and therefore not reported in the governmental fund column of Exhibit 2.

The 68.08% decrease in project and construction expenses from prior year, reflect the final expenses for the Northstar Commuter Rail stations. On November 16, 2009, Northstar Commuter Rail opened for service.

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 2009, NCDA reported a negative fund balance of \$1,250,047. 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 \$4,107,104 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.

NCDA will recover additional monies for past expenditures from both grants and the State of Minnesota, 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 continued to be strong through November 2009. On November 16, 2009 Northstar Commuter Rail opened for service with daily trips to Minneapolis and the commuter bus stopped operations. 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
ANOKA, MINNESOTA**

In June of 2007, Northstar awarded the LRT Connection contract to Graham Penn-Co Construction, Incorporated. Completion of the LRT connection allows Northstar Commuter Rail to 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.

In July of 2007, Northstar awarded the Vehicle Maintenance Facility contract to Morcon Construction, Incorporated. The maintenance facility provides a central location for coordination between operations and light duty repair and maintenance functions required on a day-to-day basis. The facility was completed in January, 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 and all stations were completed in the summer of 2009.

In 2007, Northstar awarded the contract to Motive Power, Inc. for the construction of five locomotives. Delivery of the locomotives occurred in January 2009.

Northstar awarded the contract for construction of the coach/cab cars to Bombardier in May of 2008. The contract was for 17 coach/cab cars with an option to order an additional cab car if the project so chose. Construction of the cars began in July 2008 and all cars were delivered in June 2009.

The Northstar Rail Project commenced revenue operations on November 16, 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, 2009

	<u>General Fund</u>	<u>Reconciliation</u>	<u>Governmental Activities</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 100,478	\$ -	\$ 100,478
Accounts receivable	8,316	-	8,316
Due from other governments	17,324,939	-	17,324,939
Total Assets	17,433,733	-	17,433,733
<u>Liabilities</u>			
Current liabilities			
Accounts payable	233,984	-	233,984
Contracts payable	906,043	-	906,043
Due to other governments	10,757,936	-	10,757,936
Deferred/Unearned revenue	6,785,817	(6,785,817)	-
Total Liabilities	18,683,780	(6,785,817)	11,897,963
<u>Fund Balance/Net Assets</u>			
Fund Balance			
Reserved for encumbrances	1,243,045	(1,243,045)	
Unreserved			
Undesignated	(2,493,092)	2,493,092	
Total Fund Balance	(1,250,047)	1,250,047	
Total Liabilities and Fund Balance	\$ 17,433,733		
Net Assets			
Unrestricted		5,535,770	5,535,770
Total Net Assets		\$ 5,535,770	\$ 5,535,770
Reconciliation of the Governmental Fund Balance to Net Assets			
Fund Balance - Governmental Fund			\$ (1,250,047)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			6,785,817
Net Assets - Governmental Activities			\$ 5,535,770

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, 2009

	General Fund	Reconciliation	Governmental Activities
Revenues			
Intergovernmental			
Federal	\$ 10,625,071	\$ 4,107,104	\$ 14,732,175
Local	2,033,981	-	2,033,981
Charges for services	645,879	-	645,879
Miscellaneous	31,402	-	31,402
	13,336,333	4,107,104	17,443,437
Expenditures			
Current			
Transportation			
Administration	1,889,642	-	1,889,642
Project and construction	7,613,583	-	7,613,583
	9,503,225	-	9,503,225
Net Change in Fund Balance/Net Assets	3,833,108	4,107,104	7,940,212
Fund Balance/Net Assets - January 1	(5,083,155)	2,678,713	(2,404,442)
Fund Balance/Net Assets - December 31	\$ (1,250,047)	\$ 6,785,817	\$ 5,535,770

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

Net Change in Fund Balance	\$ 3,833,108
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.	4,107,104
Change in Net Assets of Governmental Activities	\$ 7,940,212

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

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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, 2009. 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 NCDCA'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, 2009, the General Fund had a deficit fund balance of \$1,250,047. The deficit will be eliminated with future grant monies.

3. Detailed Notes

A. Assets

1. Deposits

As of December 31, 2009, the NCDCA had \$100,478 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.

2. Receivables

	Total Receivables
Governmental Activities	
Accounts receivable	\$ 8,316
Due from other governments	17,324,939
Total governmental activities	\$ 17,333,255

All receivables are expected to be received within the next year. The due from other governments balance represents federal grant reimbursements passed through the Minnesota Department of Transportation.

NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY
ANOKA, MINNESOTA

3. Detailed Notes (Continued)

B. Liabilities

1. Payables

Payables at December 31, 2009, were as follows:

Accounts	\$ 233,984
Contracts	906,043
Due to other governments	<u>10,757,936</u>
Total payables	<u>\$ 11,897,963</u>

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, 2009, is \$6,785,817.

3. Operating Leases

During 2009, NCDA had three operating leases: office facilities, other operating equipment and buses. All three leases ended within calendar year 2009. The details of the leases were as follows:

- The NCDA entered into an operating lease for office space beginning July 1, 2005 and ending December 31, 2009. The NCDA made lease payments totaling \$191,934 on this lease for the year ended December 31, 2009.
- The NCDA entered into a 36-month copier lease beginning January 14, 2007. The NCDA made lease payments totaling \$14,484 on this lease for the year ended December 31, 2009.
- The NCDA entered into an operating lease beginning on October 1, 2003, and terminated on November 13, 2009 the commuter bus service along the Northstar Corridor. The NCDA made lease payments totaling \$1,627,364 on this lease for the year ended December 31, 2009.

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, 2009, 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, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental				
Federal	\$ 3,474,000	\$ 17,937,896	\$ 10,625,071	\$ (7,312,825)
Local	1,899,625	2,019,499	2,033,981	14,482
Charges for services	-	-	645,879	645,879
Miscellaneous	-	-	31,402	31,402
Total Revenues	<u>5,373,625</u>	<u>19,957,395</u>	<u>13,336,333</u>	<u>(6,621,062)</u>
<u>Expenditures</u>				
Current				
Transportation				
Administration	1,899,625	2,019,499	1,889,642	129,857
Project and construction	3,474,000	17,937,896	7,613,583	10,324,313
Total Expenditures	<u>5,373,625</u>	<u>19,957,395</u>	<u>9,503,225</u>	<u>10,454,170</u>
Net Change in Fund Balance	-	-	3,833,108	3,833,108
Fund Balance - January 1	<u>(5,083,155)</u>	<u>(5,083,155)</u>	<u>(5,083,155)</u>	-
Fund Balance - December 31	<u>\$ (5,083,155)</u>	<u>\$ (5,083,155)</u>	<u>\$ (1,250,047)</u>	<u>\$ 3,833,108</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, 2009

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.