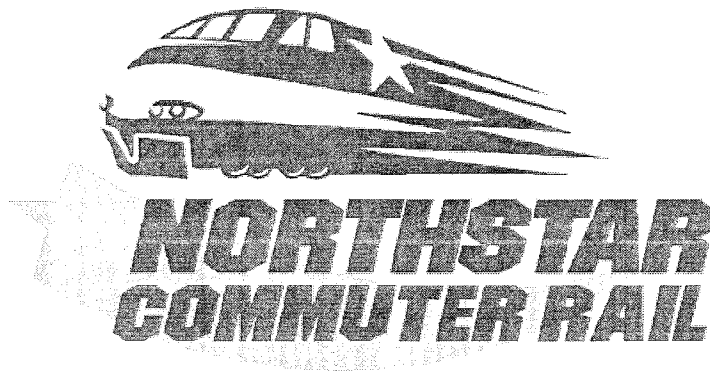


# **NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY**

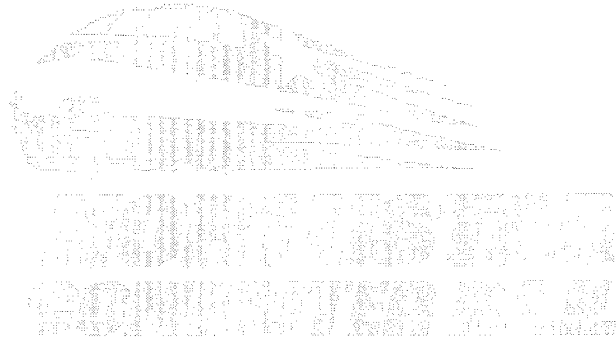


## **FINANCIAL REPORT**

Year Ended December 31, 2011

# Northstar Corridor Development Authority

## Financial Report Year Ended December 31, 2011



Prepared by Finance and Central Services Division of Anoka County, Minnesota  
Cevin Petersen, Division Manager  
2100 3<sup>rd</sup> 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 - 2011**

<b>Affiliate</b>	<b>Member <sub>1</sub></b>	<b>Alternate <sub>1</sub></b>
Anoka County	Matt Look, Commissioner	Rhonda Sivarajah, Commissioner
Anoka County RRA	Matt Look, Commissioner	Rhonda Sivarajah, Commissioner
Hennepin County RRA	Mark Stenglein, Commissioner	Peter McLaughlin, Commissioner
Sherburne County	Ewald Petersen, Commissioner	John Riebel, Commissioner
Sherburne County RRA	Felix Schmiesing, Commissioner	Larry Farber, Commissioner
Stearns County	DeWayne Mareck, Commissioner	Mark Sakry, 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	Todd Bodem, Interim City Administrator	Lori Kampa, Mayor
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, Assistant HRA Director
City of Minneapolis	Diane Hofstede, Councilmember	Kevin Reich, Councilmember
City of Ramsey	David Elvig, Councilmember	Bob Ramsey, Mayor
City of Rice	Mitch Fiedler, Councilmember	Joseph Voigt, Councilmember
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	None
Haven Township	Mark W. Knowles, Boardmember	LeRoy Pauley/Lewis Stark, Citizen Representatives
St. Cloud MTC	Carolyn Garven, Councilmember	Thomas Cruikshank, Director of Planning and Marketing

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

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

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, 2011, 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 respective financial position of the governmental activities and the General Fund of the NCDA as of December 31, 2011, 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.

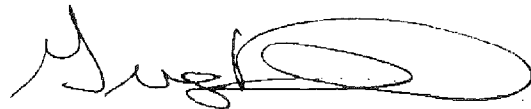
The NCDA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended December 31, 2011. GASB Statement 54 provides clearer fund balance classifications that can be more consistently applied and clarifies existing governmental fund type definitions.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In accordance with auditing standards generally accepted in the United States of America, we have applied certain limited procedures to the required supplementary information, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2012, on our consideration of the NCDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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

November 8, 2012



**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY  
ANOKA, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2011  
(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, 2011. 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 25 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 focuses 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 2011 financial data, as well as comparative 2010 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.

<b>Net Assets</b>		
	Year Ended December 31	
	2011	2010 as restated
Total assets	\$ 2,113,307	\$ 5,588,052
Total liabilities	144,830	3,523,304
Total net assets	\$ 1,968,477	\$ 2,064,748

The decrease in total assets from 2010 to 2011 is due to receipt of grant monies from other governmental units for expenditures made in the prior years. The NCDA has been funded in large part with expenditure driven grants, requiring the expenditures to be made prior to a request for reimbursement.

The decrease in liabilities reflects the repayment of a short term loan due to other governmental units in 2011.

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

<b>Changes in Net Assets</b>		
	Year Ended December 31	
	2011	2010
Revenues:		
Program revenues		
Intergovernmental / Capital grants and contributions	\$ 461,417	\$ 2,421,511
Charges for services	86,567	-
General revenues:		
Miscellaneous / Other	2,221	1,916
Total revenues	550,205	2,423,427
Expenses:		
Transportation - Administration	443,158	426,864
Project and construction	203,318	2,480,785
Total expenses	646,476	2,907,649
Increase (Decrease) in net assets	(96,271)	(484,222)
Net assets - January 1, as restated	2,064,748	2,548,970
Net assets -December 31	\$ 1,968,477	\$ 2,064,748

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY  
ANOKA, MINNESOTA**

Northstar Commuter Rail began transportation operations in late 2009. There was a lag in some expenditures and subsequent grant reimbursements leading to continued activity in both the intergovernmental revenues and project and construction expenses. The decrease in both of these lines on the previous table labeled "Changes in Net Assets" reflects this shift in activity for the Northstar Commuter Rail project as NCDA wraps up Phase I of the project.

The increase in charges for services is the recognition of fare box revenue for bus service from St. Cloud, Minnesota to Big Lake, Minnesota, part of Phase II of the project. Bus service allows residents and commuters from St. Cloud to use bus service to Big Lake where they can take the Northstar Commuter Rail into Minneapolis, Minnesota.

**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, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

NCDA's fund balance decreased by \$96 thousand in 2011 as the Phase I project (Big Lake to Minneapolis) is completed.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The capital budget for the Northstar Commuter Rail was expected to end in 2009 as evidenced by the beginning of rail operations in November 2009. There was a timing difference when the actual project and construction expenditures and associated intergovernmental revenues were received, so there is no original budget but only the remaining capital budget reflected in the final budget amount. NCDA had a positive variance in project and construction expenditures. Local revenues fund the administrative portion of the NCDA budget and were budgeted at \$540 thousand.

Due to timing of charges and reimbursement for the commuter rail project from Big Lake to downtown Minneapolis, there are budget and actual dollars in intergovernmental revenue and project and construction expenditures.

**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 provided 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 for construction of the Light Rail Transit (LRT) Connection in downtown Minneapolis and the Vehicle Maintenance Facility in Big Lake. Five stations were constructed in Big Lake, Elk River, Anoka, Coon Rapids and Fridley.

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

Since that start, the total number of rides has increased. For 2010 the monthly average number of rides was 59,202 and in 2011 that average remained fairly constant at 58,619. Total rides include all rides on Northstar with several additional trips to downtown Minneapolis for Minnesota Twins and Minnesota Vikings games.

There was an increase in weekday rides which are more closely related to the ongoing commuter rail traffic. Average weekday rides for 2010 were 2,209 and increased by nearly 5% to 2,315 for 2011. This increase may be attributed in part to the increased fuel prices for commuters.

**NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY  
ANOKA, MINNESOTA**

NCDA is constructing an additional station in Ramsey, Minnesota, providing a sixth stop for the commuter rail with an anticipated opening in late 2012.

**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 3<sup>rd</sup> 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, 2011

	<u>General Fund</u>	<u>Reconciliation</u>	<u>Governmental Activities</u>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 1,972,276	\$ -	\$ 1,972,276
Due from other governments	1,031	-	1,031
Advance to other governments	140,000	-	140,000
<b>Total Assets</b>	<b>2,113,307</b>	<b>-</b>	<b>2,113,307</b>
<b><u>Liabilities and Fund Balance/Net Assets</u></b>			
Current liabilities			
Accounts payable	21,417	-	21,417
Contracts payable	103,164	-	103,164
Deferred/Unearned revenue	20,249	-	20,249
<b>Total Liabilities</b>	<b>144,830</b>	<b>-</b>	<b>144,830</b>
Fund Balance			
Nonspendable	140,000	(140,000)	
Restricted for transportation	1,828,477	(1,828,477)	
<b>Total Fund Balance</b>	<b>1,968,477</b>	<b>(1,968,477)</b>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,113,307</b>		
Net Assets			
Restricted for transportation		1,968,477	1,968,477
<b>Total Net Assets</b>		<b>\$ -</b>	<b>\$ 1,968,477</b>

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, 2011

	<u>General Fund</u>	<u>Reconciliation</u>	<u>Governmental Activities</u>
<b><u>Revenues</u></b>			
Intergovernmental			
Federal	\$ 21,417	\$ -	\$ 21,417
Local	440,000	-	440,000
Charges for services	86,567	-	86,567
Miscellaneous	2,221	-	2,221
	<u>550,205</u>	<u>-</u>	<u>550,205</u>
<b>Total Revenues</b>			
<b><u>Expenditures</u></b>			
<b>Current</b>			
Transportation			
Administration	443,158	-	443,158
Project and construction	203,318	-	203,318
	<u>646,476</u>	<u>-</u>	<u>646,476</u>
<b>Total Expenditures/Expenses</b>			
<b>Change in Fund Balance/Net Assets</b>	<u>(96,271)</u>	<u>-</u>	<u>(96,271)</u>
<b>Fund Balance/Net Assets - January 1, as restated (Note 2.B)</b>	<u>2,064,748</u>	<u>-</u>	<u>2,064,748</u>
<b>Fund Balance/Net Assets - December 31</b>	<u>\$ 1,968,477</u>	<u>\$ -</u>	<u>\$ 1,968,477</u>

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, 2011**

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, 2011. 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. Six participants have withdrawn from the NCDA: Benton County and Benton County Regional Railroad Authority in 2008; Morrison County, Morrison County Regional Railroad Authority, Clear Lake Township and Langola Township in 2010. These changes leave 25 members in the joint powers agreement. 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. Classification of Net Assets

Net assets in the government-wide financial statement are classified in the following categories:

Invested in capital assets, net of related debt - the amount of net assets representing capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets. As of December 31, 2011, the NCDA had no capital assets or related debt.

Restricted net assets - the amount of net assets for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY  
ANOKA, MINNESOTA

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

3. Classification of Net Assets (Continued)

Unrestricted net assets - the amount of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

4. Classification of Fund Balances

Beginning in 2011, NCDA implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The standard's objectives are to enhance the usefulness of fund balance information included in the financial report through clearer fund balance classifications that can be consistently applied and to clarify existing governmental fund type definitions.

Fund balance is divided into five classifications based primarily on the extent to which the NCDA is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - the nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Committed - the committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the NCDA. Those committed amounts cannot be used for any other purpose unless the NCDA removes or changes the specified use by taking the same type of actions (ordinance or resolution) it employed to previously commit these amounts.

Assigned - the assigned fund balance classification includes amounts the NCDA intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed based on the functions of the fund. In the General Fund, assigned amounts represent intended uses established by the NCDA Board or their assignee.

Unassigned - the unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

The NCDA applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY  
ANOKA, MINNESOTA

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

5. 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 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 NCDAs 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. Restatement

Prior year advance to other governments was inaccurate. It was necessary to restate the beginning fund balance/net assets as follows:

	Governmental Activities	General Fund
Net assets/Fund balance, January 1, as previously reported	\$ 1,924,748	\$ 1,924,748
Recognition of advance to other governments	140,000	140,000
Net assets/Fund balance, January 1, as restated	\$ 2,064,748	\$ 2,064,748

3. Detailed Notes

A. Assets

1. Deposits

As of December 31, 2011, the NCDAs had \$1,930,609 on deposit with Anoka County and \$41,667 on deposit with Sherburne 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.

NORTHSTAR CORRIDOR DEVELOPMENT AUTHORITY  
ANOKA, MINNESOTA

3. Detailed Notes

A. Assets (Continued)

2. Receivables

Receivables at December 31, 2011, were as follows:

Governmental Activities	
Due from other governments	\$ 1,031
Advance to other governments	<u>140,000</u>
 Total governmental activities	 <u><u>\$ 141,031</u></u>

All receivables are expected to be received within the next year. The due from other governments balance represents grant reimbursements passed through local government agencies.

B. Liabilities

1. Payables

Payables at December 31, 2011, were as follows:

Accounts	\$ 21,417
Contracts	<u>103,164</u>
 Total payables	 <u><u>\$ 124,581</u></u>

2. Risk Management

The NCDCA is exposed to various risks of loss related to municipal liability; hired and non-owned autos; and money and securities, for which the NCDCA carries commercial insurance. There were no significant reductions for the year ended December 31, 2011, 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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues</u></b>				
Intergovernmental				
Federal	\$ -	\$ -	\$ 21,417	\$ 21,417
Local	540,000	1,946,362	440,000	(1,506,362)
Charges for services	58,000	58,000	86,567	28,567
Miscellaneous	-	-	2,221	2,221
<b>Total Revenues</b>	<b>598,000</b>	<b>2,004,362</b>	<b>550,205</b>	<b>(1,454,157)</b>
<b><u>Expenditures</u></b>				
<b>Current</b>				
Transportation				
Administration	598,000	633,000	443,158	189,842
Project and construction	-	1,371,362	203,318	1,168,044
<b>Total Expenditures</b>	<b>598,000</b>	<b>2,004,362</b>	<b>646,476</b>	<b>1,357,886</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(96,271)</b>	<b>(96,271)</b>
<b>Fund Balance - January 1, as restated (Note 2.B)</b>	<b>2,064,748</b>	<b>2,064,748</b>	<b>2,064,748</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,064,748</b>	<b>\$ 2,064,748</b>	<b>\$ 1,968,477</b>	<b>\$ (96,271)</b>

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, 2011**

1. Budgetary Information

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

The Northstar Corridor Development Authority (NCCA) Executive Committee recommends the annual administrative budget to the Authority. The budget must be recommended by four-fifths majority vote of the Executive Committee. The Joint Powers Board must adopt a final budget no later than August 15 of each year, and shall determine the amount of contribution, if any, by each member county regional railroad authority.

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.